

Richard Stone's Contributions to Input-Output Analysis

Topic: Methodological aspects of input-output analysis IV

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This paper aims to highlight Richard Stone's contribution to input-output analysis.

The relevance, originality and effectiveness of Richard Stone's contribution to the development of input-output analysis is closely tied to the international and national positions he held during his fruitful professional life: internationally, by contributing to the United Nations programme for developing a standard system of national accounts; and nationally, through being Director of the Department of Applied Economics and of the Programme for Growth at Cambridge University.

Richard Stone's contributions to input-output analysis - as well as to economics in general - originates from his profound belief that economic analysis needs to be firmly based on quantitative foundations in order to make theory relate effectively to empirical data. 'My interest in economics' says Stone 'was from the beginning in its applications. I thought that the economics I was taught was insufficiently quantitative and that theory and facts were too widely separated. ... The real difficulty is to combine the two so that theory can be used to interpret facts and facts can show what has to be interpreted' [R. Stone and M. Hashem Pesaran, *The ET interview: Professor Sir Richard Stone*, *Econometric Theory*, Vol. 7, No. 1, 1991, pp. 89]. This methodological approach characterized all Stone's academic research and professional career.

The paper provides an overview of both the major theoretical and empirical contributions of Richard Stone to input-output analysis, as well as of those less known.

Among the former we may mention Stone's studies on the integration of input-output tables within the Social National Accounts (SNA), his researches on the Social Accounting Matrices (SAM), the adjustment and updating of the technical coefficients (RAS method). Among the latter may be mentioned the attempt to apply the methods of input-output at the micro level.

In his later years Richard Stone became more interested in topics related to the social aspects of economic life, such as demography, health, education, and environment. In these fields also, his favourite approach was the application of input-output analysis.

For the convenience of researchers, a complete list of Richard Stone's works pertaining to input-output analysis is attached to the present paper

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