

Beyond Intermediates: The Role of Consumption and Commuting in the Construction of Local Input-Output Tables

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Estimating intermediate trade using non-survey methods produces biased results. This has led to a methodological recommendation which emphasises the accurate estimation of intermediate trade flows. This paper argues for a qualification of the consensus view: When simulating IO tables, construction approaches need also to consider spill-over effects driven by wage and consumption flows. In particular for metropolitan economies, wage and consumption flows are important to obtain accurate Type II multipliers. This is demonstrated by constructing an interregional Input-Output table, which captures the interdependence between a city and its commuter belt, nested within the wider regional economy.

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