A structural analysis of an input output bi-regional model of the Federal District of Mexico using hybrid methods to assess economic impacts, 2008-2013

Topic: Subnational tables
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The construction of input output matrices at the regional level using no-survey methods acquired great importance in Mexico, due to its capacity to measure the inter-sectoral relations of a region and the economic impact of some policy actions, mainly, the increase in investment in a specific sector, the rise in public spending, change of production or the household consumption in the cities.

The objective of this essay is to analyze the change in the productive structure of Federal District comparing the input output matrix of 2008 and 2013 in an economic recovery scenario; as well as measuring the economic impacts generated in the variables of final demand, the product structure, the generation of added value, imports and domestic demand in the Federal District and on the rest of the country. The main questions are: Which are the changes in the productive structure of Federal District? Which are the main changes in the components of the final demand, the productive structure measured by the productive linkages, the generation of added value and its composition, imports and domestic demand?

The novelty of this paper is the methodological proposal for the construction of a bi-regional input output model is that it is based on a hybrid method for the construction of supply and use table and use information as: State Gross Domestic Product, consumption of households, public institutions at the regional level and the economic censuses; and information at the national level. Subsequently, adjustment processes are implement witch allow accounting balances and a structural analysis to discriminate the economic impacts generated.

The analysis is organized in 4 sections: 1) The methodology for the construction of input output bi-regional model using hybrid methods; 2) An input output bi-regional model of the Federal District and the rest of the country; 3) A structural analysis of the input-output bi-regional model; 4) Conclusions