

## Global Cost Structure Analysis

Topic: IO Theory: Input-Output Price Model

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The aim of this paper is to introduce a new analytical method of global cost structure. Home country imports goods produced in foreign countries which imports goods from home country. This means that some portion of imported goods are produced by means of domestic labour of home country. This paper aims to grasp real costs of domestic product by distinguishing the costs which should be attributed to home country from those attributed to foreign countries. The analytical method of our paper is the cost structure analysis originally introduced in Yagi (2017). The cost structure analysis of Yagi (2017) applied Sraffa's Standard system, which is defined by the eigenvector and eigenvalue of the input coefficient matrix, to a non-competitive import type input-output table, and construct one dimensional theory of distribution. This paper explains how to apply the cost structure analysis of Yagi (2017) to the International Input-Output Table and calculate the global cost structure.

[Reference]

Takashi Yagi (2017), "A Theory of Cost Structure Analysis", The Review of Economics and Political Science, School of Political Science and Economics, Meiji University.