



International Input-Output Association

Working Papers in Input-Output Economics

WPIOX 09-009

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**Macroeconomic Input-Output Modelling –
Structures, Functional Forms and Closure Rules**

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Code: WPIOX 09-009

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**Title: Macroeconomic Input-Output Modelling –
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Abstract:

This paper gives an outline of options and strategies for closing input-output (IO) models by stepwise endogenisation of variables and embedding the IO core into a general macroeconomic model. The accounting framework is a modified linear static IO model built around supply and use tables as provided by EUROSTAT. The modifications take into account that some variables that are determined in the IO quantity and price model will be taken from econometric modelling blocks for production, trade and the price system. The process of endogenising and modelling comprises the different steps of (i) endogenising final demand and factor demand, (ii) applying macroeconomic closure rules, and (iii) full modelling of factor markets. Step (i) comprises the endogenisation of totals of demand as in macroeconomic models or in SAM multiplier models as well as the linking of quantities and prices. Different types of IO models (type I to IV), econometric IO models (EIO) and computable general equilibrium models (CGE) can then be identified as different combinations of these modelling steps. Viewed in this way, the often most “tribal” controversies between the CGE community and the econometric modellers look somewhat exaggerated.

Keywords: Input-output models, CGE models

Archives: CGE models and econometrics

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Date of submission: September 8, 2009