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TITLE: HYPOTHETICAL INTEGRATION IN A SOCIAL ACCOUNTING MATRIX AND FIXED-PRICE MULTIPLIER ANALYSIS

AUTHORS: KIM, KIJONG ;

EMAIL: kim@levy.org

COUNTRY: UNITED STATES

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ABSTRACT:

This study proposes a simple modification of Social Accounting Matrix (SAM) to analyze multiplier effects of a new sector. A different input composition, or technology, of the sector makes a conventional analysis of final-demand pulling injections on existing sectors invalid. We show that the modification, so called hypothetical integration, is an efficient way to incorporate the difference into the SAM, rather than costly full-scale rebalancing. We apply this method on the case of Expanded Public Works Program in South Africa and show that the proposed approach represents effectively labor intensity requirement of the program and a new factor income distribution.