

An Integrated Keynes-Leontief “Macro-Econometric and Input-Output Model”

Topic: Issues in CGE and econometric modelling

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The objective of this paper is to present a new model, which is based on the integration of the Keynesian multiplier with the Input-Output Framework. According this model the private consumption is considered as an endogenous component of Input-Output Model. This approach gives an opportunity to consider household's consumption as Consumption Matrix (CM), not a vector as in standard Leontief's framework. Specifically, a number of conditions for construction of CM are formulated.

The basic data used for this study has been the Russian input-output tables for 1997, 2000 and 2003. Using the integrated model we have presented some numerical results that can be contrasted with those derived from the standard IO method. The difference of the results supports the view that the proposed accounting procedure allows to carry out more exact calculations for an estimation of the sector multipliers.

Key words: Keynesian Macro-Econometric Model, Input-Output Model, Consumption Matrix, Russia.