

Underpinnings for Practical Application

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Chapter Outline:

Industry Targeting and I-O Overarching:

- Policy Goals
 - What is Desirable
 - What is Feasible
- Policy Efforts
 - Import Substitution
 - Export enhancement
 - Identifying Clusters

Industry targeting and I-O Specific

- Model strengths
 - Large amount of detail
 - Economic linkages
 - Secondary impacts
- Model weaknesses:
 - Capacity constraints (input and outputs)
 - Constant returns to scale
 - Future growth paths
 - Profitability
 - Non-market considerations

Synthetic (Ready Made) and Hybrid I-O Models:

- Definitions
- Theoretical Concepts
 - Fundamental Economic Structure
 - Partitative versus Holistic Accuracy
- Practical Concerns
 - Accuracy of overall regional data
 - Accuracy of input coefficients
 - Accuracy of imports versus local use (or rpc accuracy)

Model Application:

- Confirming and Adjusting Models: An Applied Example
 - Changes in local supply and demand estimates
 - Changes in model input coefficients
 - Changes in Regional Purchase Coefficients

Other considerations (time lags; using local input)
Nonparametric Statistics: Test case: how much do recommendations really change?

Summary and Conclusions