A multiplier evaluation of primary factors supply?shocks in a regional economy

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Demand-side multipliers have ruled within multisectorial models as the main indicators for policy effectiveness and key-sector determination both in linear interindustry analysis and in non-linear applied general equilibrium models. In this paper we shift the perspective to supply-side injections by studying the effects of marshalling additional primary factors (K, L) that give rise to a general resource reallocation. We obtain estimates of supply multipliers by numerically approximating the underlying and unobservable general equilibrium Jacobian matrix. These estimates provide complementary information to standard demand multipliers. We illustrate the methodology using an empirical general equilibrium model for the region of Andalusia, Spain. © 2019 The Author(s). Papers in Regional Science © 2019 RSAI

applied general equilibrium

Supply multipliers

supply-side key sectors

demand analysis

empirical analysis

general equilibrium analysis

matrix

policy approach

regional economy

supply chain management

Andalucia

Spain