

The second refinement of the original procedure consists in breaking the regions into subregions.²⁴ The region, for example, which in the present computation includes Illinois, Indiana, and Wisconsin can be subdivided into two parts, one comprising Illinois and Indiana and the other—Wisconsin. The percentage figures describing the participation of these three States in the total production of each national good would have to be split into two separate figures. The output of the industries originally classified as local can be treated in two different ways. The regional outputs of some local goods might balance the demand not only for the three States together, but also separately, in each of the two subregions. That might be true of automobile repair services and retail trade. Other local goods, while not moving in sufficiently large amounts across the borders of the three-State region, still might be traded freely between its two parts. For such goods the distribution of the total regional output between the two subregions might be described better by a set of constant subregional coefficients. On the lower subregional level, these empirically determined coefficients would play a role analogous to that assigned to regional coefficients in determining the interregional distribution of the total output of each national good. Without elaborating the technical details of such a complicated analytical scheme, involving not one but several layers of regional breakdowns, it suffices to observe that while the successive rounds of such computations can be introduced one by one without modifying the results of the higher rounds, the overall results always will be internally consistent at every stage.

Finally, an entirely different nonlinear, multiregional input-output scheme was proposed several years ago.²⁵ It is being tested now in the United States, in Latin America, and also in Europe. All of these interregional input-output schemes require detailed regional information which is not always available.

Thus, highest priority should be assigned to improvement of the basic data. For statistics which are collected on a national level, a systematic, regional breakdown becomes more and more important. On the other hand, most data collected by local and State organizations—often in connection with various programs of regional economic development—are limited in their usefulness because of lack of comparability with other regional and national statistics. This needs to be remedied by agreement on and compliance with certain common classifications and standards.

²⁴ See Wassily Leontief (Ed.), *Ibid.*, ch. 4.

²⁵ Wassily Leontief and Alan Strout, "Multiregional and Input-Output Analysis," Tibor Barna (Ed.) *Structural Interdependence and Economic Development*, (Macmillan: London, 1963), ch. 7.