

Applications of interindustry analysis

Interindustry analysis is being used in a wide range of applications, including evaluation of the effects of long-range government programs (e.g., public works, farm programs, defense expenditures, space, and urban renewal) on the rest of the economy.⁶ The effects of both increases and decreases in defense programs are being analyzed. For example, in the case of industrial mobilization the competing demands generated by a military buildup may be traced through the intricate network of the economy by use of interindustry models, and determination may be made of the production levels for all industries that are consistent with a given schedule of end-product deliveries. Decreases in defense expenditures may result from changes in U.S. military commitments, from changes in the product mix of defense procurement, or from implementation of international arms-control agreements. Here interindustry analysis is being used for identification of major impacts on specific industries so that policies to assist in required readjustments can be formulated and implemented. For example, projections of the demand for labor, by industry and by occupation, can be developed based on input-output analyses and used for occupational guidance and formulation of plans for long-term retraining programs.

Interagency growth study project. This project was organized to develop a comprehensive framework for analyzing the long-term implications of economic growth in a number of problem areas. The central project staff is in the Bureau of Labor Statistics Division of Economic Growth; overall coordination is provided by a committee of representatives from each participating agency (including OBE, Department of Agriculture; and Bureau of Mines, Department of the Interior) chaired by a member of the Council of Economic Advisors. Alternative projections of the U.S. economy through 1970 are being developed around the Department of Commerce Interindustry Model of the U.S. economy in 1958.⁴ Projections of interindustry relations through 1970 will reflect anticipated changes in technology and, if possible, changes in relative costs. The interindustry model will be used to convert projections of final demand to estimates of total output requirements by industry. Industry output requirements generated by the interindustry model, in conjunction with additional data, will provide a basis for projections of the demand for labor by industry and by occupation.

The growth study project will provide a capability for analyzing the implications of various policy proposals on programs that involve consideration

METHODOLOGY FOR DEVELOPMENT OF THE PROCUREMENT FINAL-DEMAND VECTOR

SUMMARY OF FINDINGS

Table 1 presents the RAC procurement bill of goods for 1963 in the form of a percentage distribution of DOD procurement by four-digit SIC⁵ product codes. The RAC results are presented in percentage terms rather than in dollars; OBE is developing in dollar terms a DOD expenditures estimate for 1963 adjusted to the national income