

Partially closed (extended) input-output models: Some theoretical issues

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Partially closed (extended) input-output models are widely used in applied I-O analysis of economic structures. The closure of foreign trade activity (exports and imports) is especially important in analyzing an open economy. Extending the input-output model with the foreign trade implies, in short, that the analysis will connect exports to imports in order to keep the balance of trade in equilibrium. The presentation will critically review the basic concepts and the economic theoretical interpretation of the additional variables and equations of such extended I-O models.