

A description of the Prato's economic system using a bi-ethnic social accounting matrix

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Liabilities of native and immigrant entrepreneurs in globalization: The case of Prato

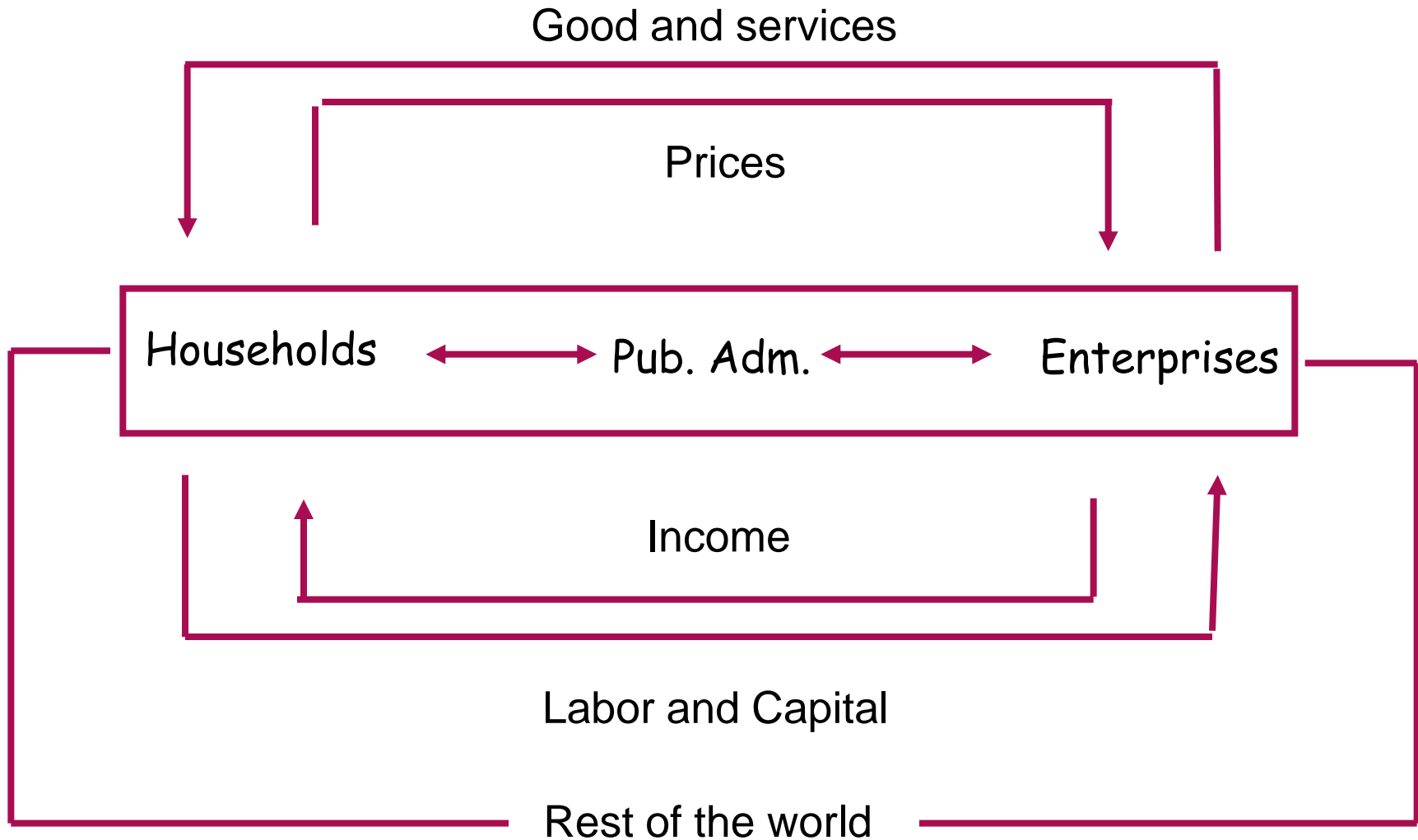
**Monash University Prato Center
Prato, 4 December 2015**

This presentation will show the main structure of the papers and the power of a social accounting matrix as a descriptive tool of an economic system. Particularly I will show:

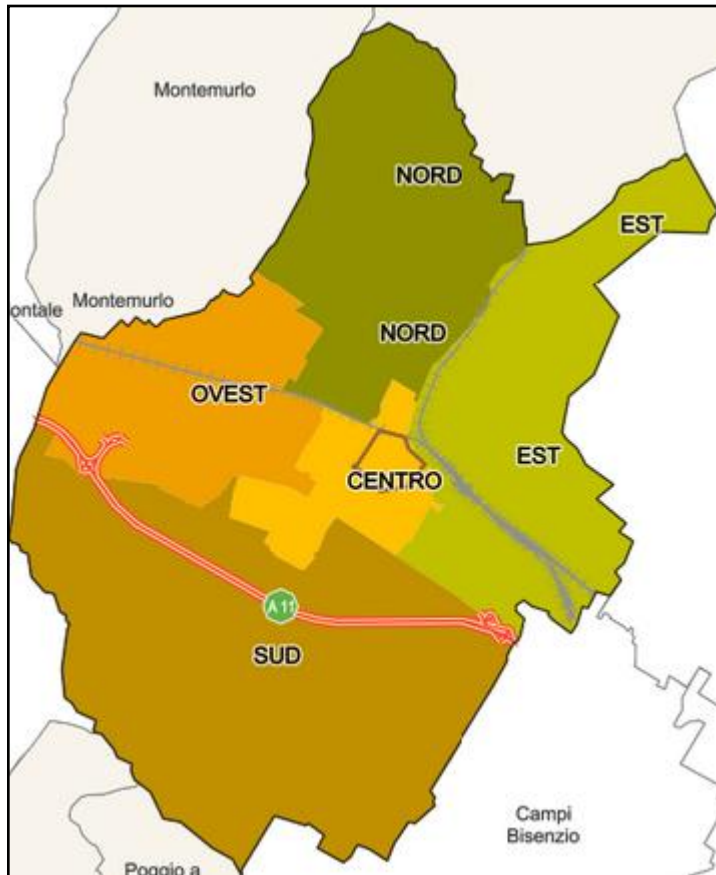
1. What are social accounting matrices (SAM)
2. Why they are important to describe economic systems
3. How are they built
4. How we consider the Chinese community into Prato SAM
5. What are Impact models based on SAM
6. Which is the contribute of Chinese community to the provincial economy measured by SAM-Based model
7. How SAM-based model can be used for cohesion policies evaluation

Relations between operators in an economic system

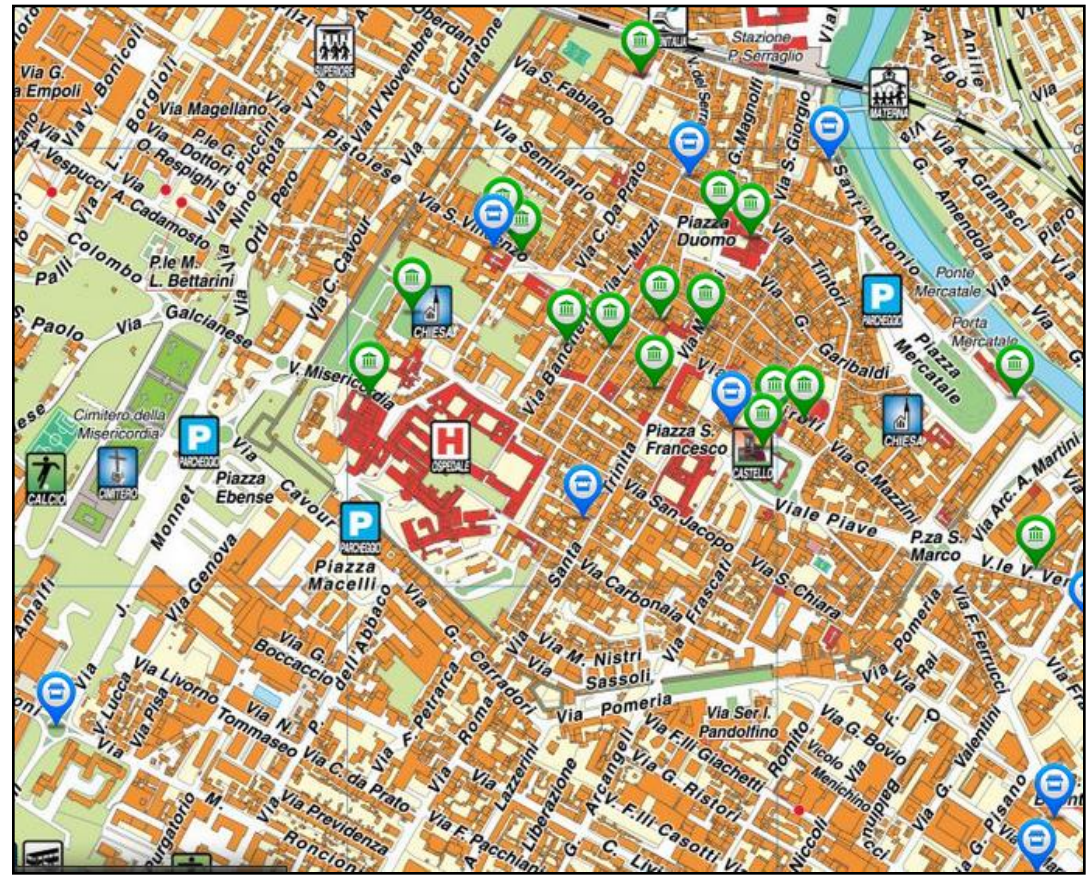
The economic accounts have the aim to estimate economic flows between operators of an economic system in one year.



Low resolution
Map of Prato



High resolution
Map of Prato centre



Resolution of the economic system description

Low resolution
description of provincial
economic system

High resolution
description of provincial
economic system

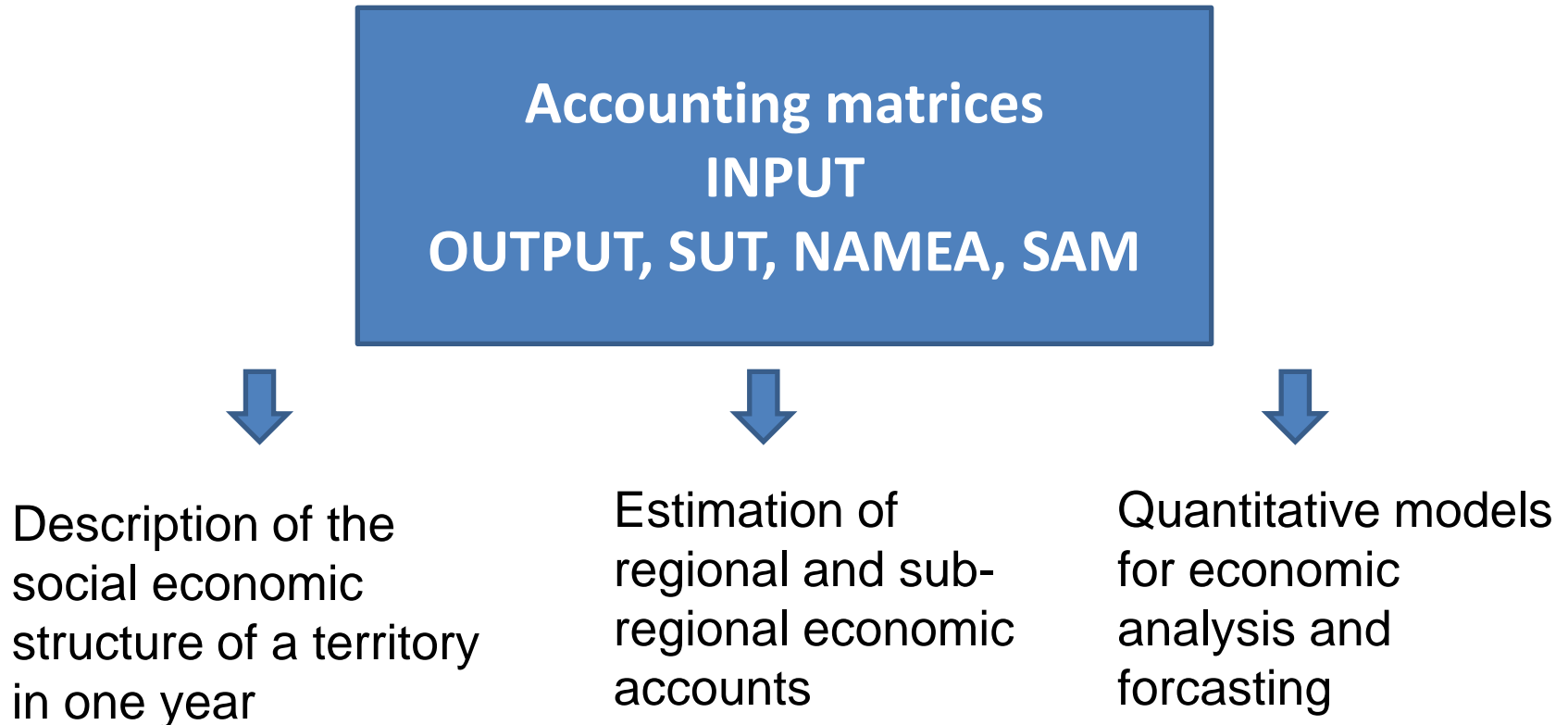
Value added for 7 sectors

Agriculture	25
Manufactures	1320
Energy and water	227
Constructions	297
Market services	2993
Non market services	670
Total	5711

Social accounting matrices

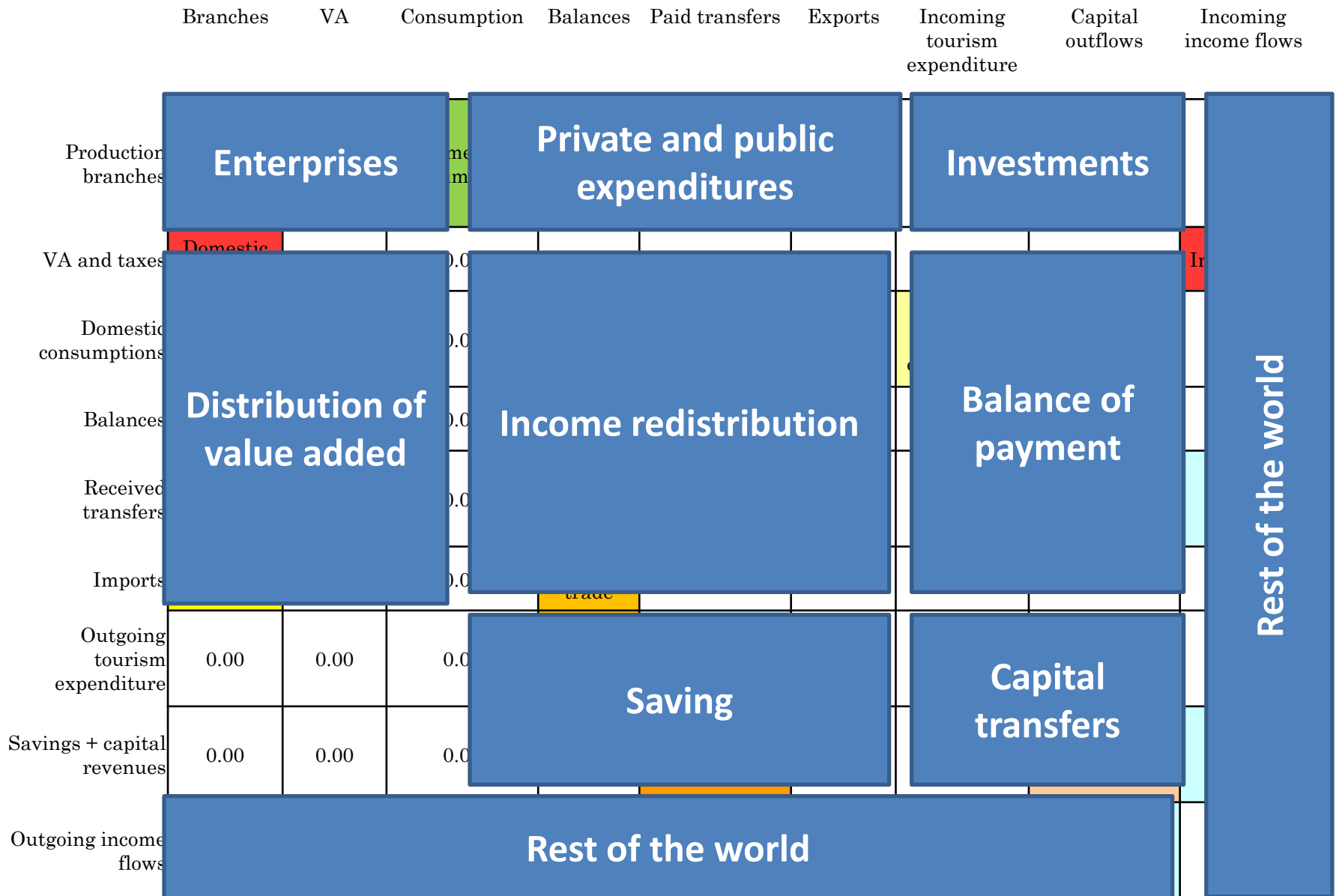
Inter-sectoral exchanges	0.00	Domestic consumptions	0.00	0.00	Exports	0.00	Investments	0.00
Domestic VA	0.00	0.00	0.00	0.00	0.00	0.00	0.00	Incoming VA
0.00	0.00	0.00	0.00	Resident consumptions	0.00	Incoming tourism expenditure	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00	0.00	Balance of sectors	0.00
0.00	Primary income	0.00	0.00	Inter-sectoral current transfers	0.00	0.00	0.00	Incoming current transfers
Imports	0.00	0.00	Balance of trade	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	Tourism balance	Outgoing tourism expenditure	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	Savings	0.00	0.00	Inter-sectoral capital transfers	Incoming capital transfers
0.00	Outgoing VA	0.00	Current account balance	Outgoing current transfers	0.00	0.00	Outgoing capital transfers	0.00

There are many types of accounting matrices, and they are useful for many targets



Bi-ethnic matrix

	Branches	VA	Consumption	Balances	Paid transfers	Exports	Incoming tourism expenditure	Capital outflows	Incoming income flows
Production branches	Inter-sectoral exchanges	0.00	Domestic consumptions	0.00	0.00	Exports	0.00	Investments	0.00
VA and taxes	Domestic VA	0.00	0.00	0.00	0.00	0.00	0.00	0.00	Incoming VA
Domestic consumptions	0.00	0.00	0.00	0.00	Resident consumptions	0.00	Incoming tourism expenditure	0.00	0.00
Balances	0.00	0.00	0.00	0.00	0.00	0.00	0.00	Balance of sectors	0.00
Received transfers	0.00	Primary income	0.00	0.00	Inter-sectoral current transfers	0.00	0.00	0.00	Incoming current transfers
Imports	Imports	0.00	0.00	Balance of trade	0.00	0.00	0.00	0.00	0.00
Outgoing tourism expenditure	0.00	0.00	0.00	Tourism balance	Outgoing tourism expenditure	0.00	0.00	0.00	0.00
Savings + capital revenues	0.00	0.00	0.00	0.00	Savings	0.00	0.00	Inter-sectoral capital transfers	Incoming capital transfers
Outgoing income flows	0.00	Outgoing VA	0.00	Current account balance	Outgoing current transfers	0.00	0.00	Outgoing capital transfers	0.00



The SAM Building procedure needs information from many sources

Surveys

Administrative
statistics

Econometric
estimates



Matrix of non
consistent estimates



we use a balancing
procedure to achieve
consistency between
economic flows



Balanced matrix:
row totals=col totals
And consistency
with official statistics



GDP and main
expenditure
aggregates

Disposable
income and
consumption by
institutional
sectors (Chinese
and not Chinese)

Value added
subdivided in
28 sectors and
ethnic groups of
enterprises

Inter- sectoral exchanges	0.00	Domestic consumptions	0.00	0.00	Exports	0.00	Investments	0.00
Domestic VA	0.00	0.00	0.00	0.00	0.00	0.00	0.00	Incoming VA
0.00	0.00	0.00	0.00	Resident consumptions	0.00	Incoming tourism expenditure	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00	0.00	Balance of sectors	0.00
0.00	Primary income	0.00	0.00	Inter-sectoral current transfers	0.00	0.00	0.00	Incoming current transfers
Imports	0.00	0.00	Balance of trade	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	Tourism balance	Outgoing tourism expenditure	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	Savings	0.00	0.00	Inter-sectoral capital transfers	Incoming capital transfers
0.00	Outgoing VA	0.00	Current account balance	Outgoing current transfers	0.00	0.00	Outgoing capital transfers	0.00

Taxes and contributions by
institutional sectors paid by
(Chinese and not Chinese)
households

Balance of payment
between Prato province
and the rest of the world

SAM Flows of the bi-ethnical economy

Final demand of goods and services

	Chinese community	Rest of economy
Household consumption	173	3.117
Public consumption	0	1.335
Investments	125	1.475
Regional exports	936	2.802
Foreign exports	767	1.378



Enterprises production

	Chinese community	Rest of economy
Enterprises(u)	4.850	24.547
Units of labour(u)	17.600	80.700
Production	2.132	10.433
Value added	669	5.042



Income distribution

	Chinese community	Rest of economy
Primary income	422	4.362
Direct taxes and contributions	111	1.970
Disposable income	184	3.250

From final demand of good and services to production to income distribution.

Sources: ProvincialSAM estimates

Contribute of Chinese community to the Prato economy

Share of Chinese community contribute to the total flows of the Provincial SAM:

Gdp and main aggregates

	Totals	Chinese contribute
Gross domestic product	6,299	11.2%
Private consumption	3,326	5.2%
Investments	1,599	7.8%
Exports	5900	36.1%

Sectorial value added

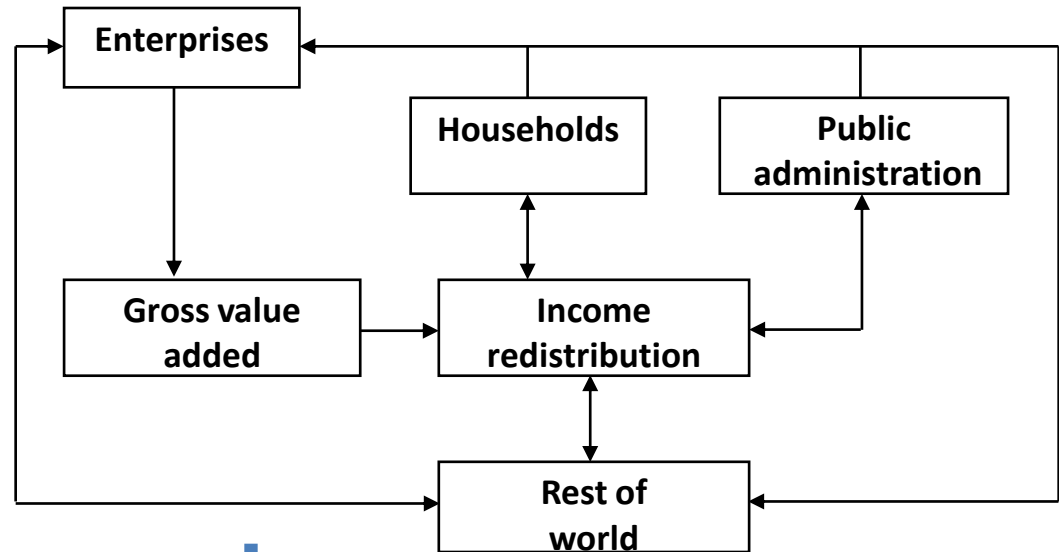
	Totals	Chinese contribute
Agriculture	25	0.0%
Textiles, apparel and leather industries	951	50.8%
Other manufactures	597	3.7%
Constructions	297	0.7%
Trade, transportations, accomoodation	1165	9.4%
Other services	2680	2.0%
Total value added	5711	11.7%

Source: SAM estimates

Relations of bi-ethnic SAM Based model

Exogenous variables

Household consumption
Public expenditure
Investments
Regional Exports
Foreign Exports



Outcome variables

Units of labour
Gdp and import
Value added by sectors
Taxes and contributes
Disposable income

outcome subdivided by institutional sectors with households and enterprises divided by Chinese and not Chinese

From the matrix to the impact model (demand driven)



The contribute rises thanks to the relations of chinese community and the rest of the economy



Direct contribute of value added from chinese enterprises

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Indirect activation due to intermediate and final demand of the chinese community (Enterprises and Households)

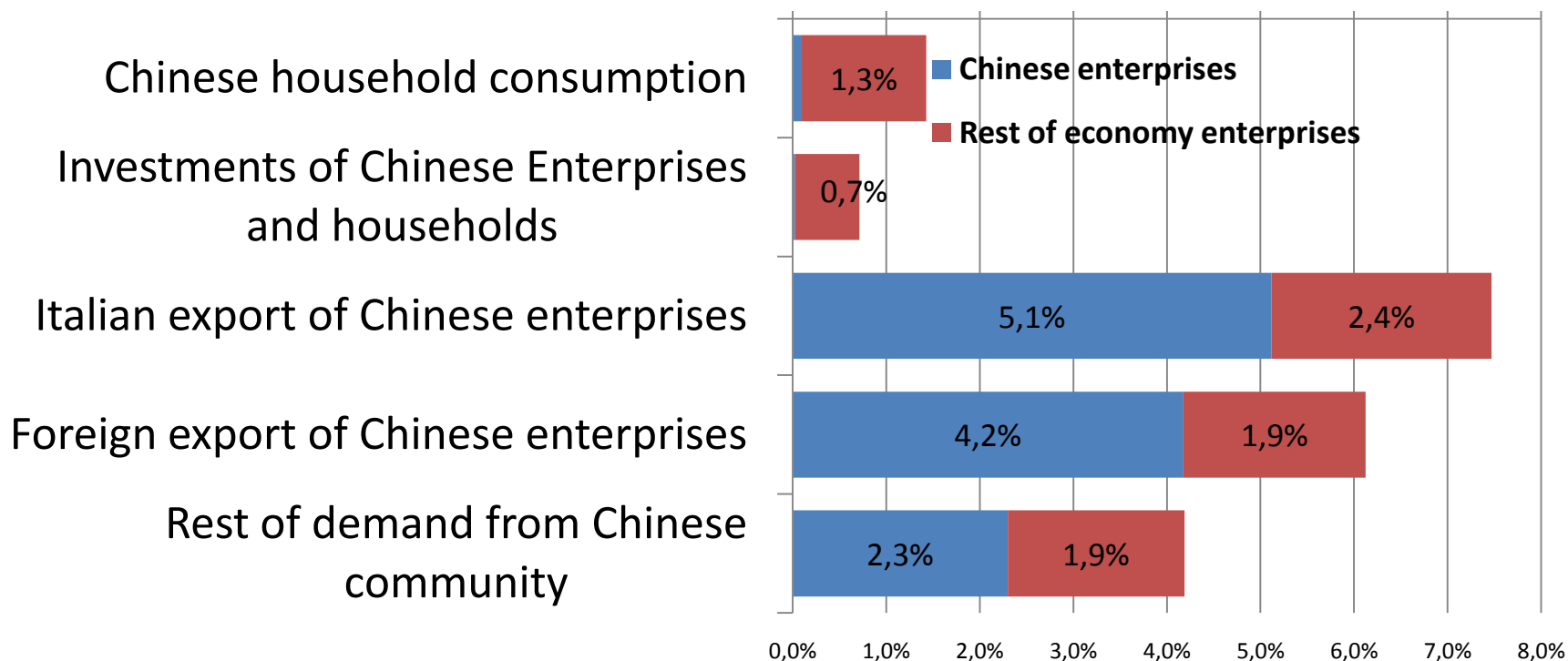
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Overall direct, indirect and induced effect due to the Chinese community to the provincial economy.



Direct and indirect contribute of the chinese community

Considering direct ,indirect and induced relations the chinese community contributes to the 21.7% of the provincial GDP.



Source: SAM Based Model

Evolutionary scenarios based on the qualitative innovation and complete integration of Chinese enterprises and households.

Technological and qualitative improvement of the entire fashion sector, entailing an increased quality (and price) of products.

Reduction in the local production of semi-finished goods, resulting in an intensification of foreign import (especially from China).

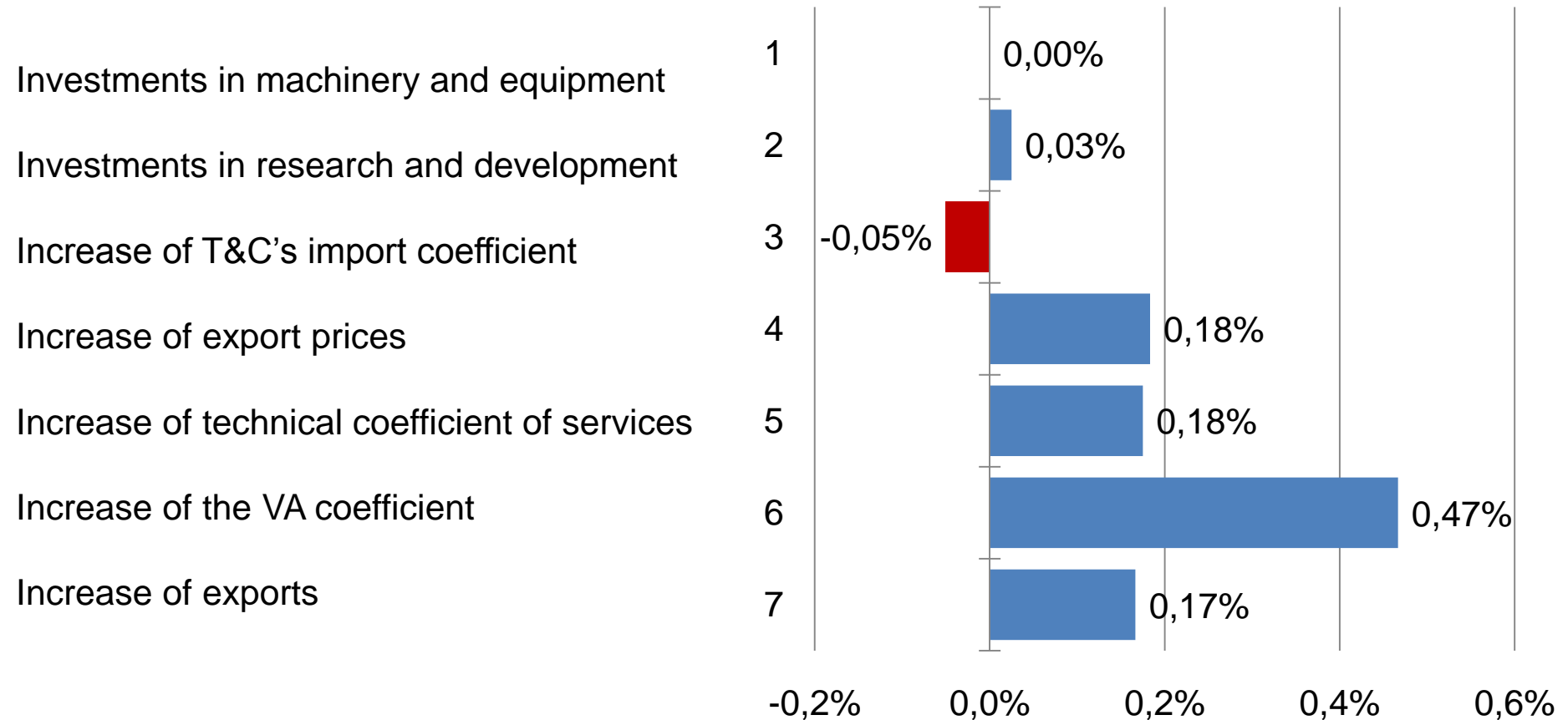
Growth in the demand for intermediate and sector-specific, ancillary services, like marketing and sales, research and development services.

Increase in the exports to the EU and USA

Upgrade of Chinese businesses to meet the quality and economic standards set by Italian firms.

GDP Elasticity to the scenario variations

% Variation of provincial GDP induced by 1% variation of scenario indicators for textile and clothes sector:



Sources: Estimates from SAM Based Model

Thanks