Preface

In a recent paper surveying current developments in macroeconomic theory, N. Gregory Mankiw (1990) addresses the divergence in recent years between "theoretical" and "applied" macroeconomists. He points out that the Keynesian consensus of prior decades is no longer accepted by much of the profession. And, since that consensus led to the development of large-scale macroeconometric forecasting models, those models are, in large part, no longer accepted. In fact, he notes,

> A graduate student today is unlikely to devote his
> dissertation to improving some (sector of an
> econometric model). (p. 2)

Mankiw notwithstanding, this dissertation is devoted to improving a large-scale econometric model of the U.S. economy.

For the past twenty-five years, the Interindustry Forecasting Project at the University of Maryland (INFORUM) has been devoted to furthering research on econometric modeling. Although most of the research done directly under INFORUM's auspices has been on the U.S. economy, INFORUM influences have spread to at least fifteen countries around the world, including developed and developing economies, and capitalist and socialist economies. The research effort, under the leadership of Clopper Almon, has concentrated on

the importance of capturing industry-specific behavior in building an econometric model for any country. Even in the face of the declining popularity of modeling, as noted by Mankiw, INFORUM has continued to provide a nurturing environment for econometric modeling. I believe there is much to be learned from studying the economy from an empirical point of view, and from using a structural approach to modeling. The work in this dissertation would not have been possible without INFORUM, and I am grateful for the opportunity and privilege to be associated with them over the past nine years.

This dissertation has been completed over a span of five-to-six years, and I consequently owe much to a host of people who have advised and helped over the years.   Chapter 2 of the dissertation introduces the history of Interindustry Macroeconomic modeling, and it evolved out of a paper written for a course taught by Professor Dudley Dillard. Professor Dillard's recent death is a great loss for students of economics today, and I am grateful I had the opportunity to learn from him. More recently, I have benefitted from discussions with INFORUM colleagues Doug Nyhus, Jeff Janoska, Charles Griffiths, Costas Christou, Qiang Ma, and Doug Meade, as well as with INFORUM's Italian colleague Maurizio Grassini.   I also am grateful to Margaret McCarthy. I am indebted to her for her work maintaining and running the LIFT model, which alone warrants gratitude. In addition, however, her encouragement and support were invaluable.

And of course, I owe much to Professor Clopper Almon, not only for his role as my dissertation advisor, but also for his vision and energy which have made INFORUM possible.

Last, but certainly not least, I thank my husband, Ralph. In innumerable ways, this dissertation could not have been completed without him.