Economic Review

The Changing Input-Output Network Structure of the U.S. Economy

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U.S. industries have become less connected over the last 10 years, and service industries have become more central.

The U.S. economy is a collection of varied industries linked by the goods and services they exchange with one another during production. In this way, industries form a network of input-output relationships with potentially important implications for economic activity. For example, supply disruptions to one industry might spill over to industries that receive inputs from the affected industry. The magnitude of these spillover effects depends crucially on both the affected industry's links to other industries as well as its importance within the network.

Andrew Foerster and Jason Choi document the input-output network structure of the U.S. economy and examine how the connectivity and centrality of industries have changed over time. They find that the number of connections between industries has varied, with a decrease in industry interconnection more recently. In addition, they find that certain services-based industries have become more important in the network over time.

Additional files: Appendix

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