Are you seeking to assess the economic impacts of an initiative in a single market or multiple markets?

Single market

Multiple markets (i.e., small to significant effects on a sectors of the economy)

Use a market-specific (partial equilibrium) model

Focuses on primary effects (doesn't include any flow-on effects or feedbacks outside the primary market). Can estimate welfare effects. Can produce inputs for CGE models and can use outputs from CGE models.

Does the scale of the initiative warrant significant investment in modelling the economic impact?

Yes

No

Use a computable general equilibrium (CGE) model

Tracks inter-industry relationships. Requires behavioural assumptions. Allows for resource constraints and prices. Good for modelling industry-wide and inter-industry impacts. Can estimate welfare effects where specified (although may not account for the opportunity cost of labour and non-market impacts).

Use an input-output model

Tracks inter-industry relationships. Assumes fixed behaviour. Contains no resource constraints or prices. Must be used with considerable caution and explicit reference to assumptions and limitations.