Wassily Leontief

Nobel Award-Winning Input-Output Economist

The contributions of Wassily Leontief (1906–1999) to economic theory were gamechangers in many different ways. His seminal work on input-output analysis became integral to understanding both the U.S. and global economies. Leontief’s research on international trade flows led him to be credited with the “Leontief paradox,” which questions the Heckscher-Ohlin theorem on the flows of capital-intensive and labor-intensive goods. This paradox finds that a country with higher capital per worker has a lower capital/labor ratio in exports than in imports, contrary to the Heckscher-Ohlin theorem, which states that U.S. exports would require more capital than imports. Leontief is also credited, along with John Hicks, with the composite commodity theorem on the composite price measurement of a basket of goods, which states that if the prices of a group of goods change in the same proportion, the group of goods behaves as if it were a single commodity. This theorem would help simplify mathematical modeling. Importantly, Leontief’s work underpins the Bureau of Economic Analysis’ work today through the creation of the U.S. Input-Output Accounts, as described in one of this month’s reprints, and their application to construct satellite accounts.

In recognition of his contributions to input-output analysis, Leontief won the 1973 Nobel Prize in economics.

For more on this remarkable economist, see “Wassily Leontief and His Contributions to Economic Accounting,” published in the March 1999 issue of the Survey.