

Abstract

This study presents the current status in the development of a novel empirical stock-flow consistent (SFC) model for Austria. SFC models are macroeconomic accounting models that feature several aggregated heterogeneous agents (sectors) and different classes of financial assets and liabilities. Stocks of assets/liabilities and financial flows of and between the sectors are depicted in a consistent and rigid accounting structure based on the logic of national annual sectoral accounts (flow of funds). The modelling approach allows complex interactions between agents as well as between the real and financial economy. Here, the SFC approach is used to construct an empirical model for the Austrian national economy that features endogenous economic dynamics (not necessarily close to a steady state) based on trends derived from national accounting data. The model is then used in exemplary policy simulations to derive tax and spending multipliers to situate it within comparable literature. The main scientific contribution is the inclusion of (1) the interaction between financial markets and the real economy and (2) the SFC method in a macroeconomic forecasting framework. A medium-term target of this work in progress is to develop a tool which is fit for medium to long-term forecasting, scenario-based policy evaluation/simulation, and can thus be the basis for policy advice. In a longer-term perspective, the aim is to construct a modelling framework performing better than usual forecasting models, especially for medium and long term horizons, and which is scalable onto the European level.