The policy decision process in a SAM (Social Accounting Matrix) framework.

Topic: Input-output analysis for policy making 5
Author: Susana Santos

Policy analysis and policy making are parts of the policy decision process for which working tools are needed. A Social Accounting Matrix (SAM) consistent with the national accounts is presented at the level of a country, as a possible working tool intended to support that process.

Such a framework will therefore consist of a SAM-based approach. On the one hand, it will involve the presentation of a numerical version of a SAM, constructed from national accounts adapted to the United Nations System of National Accounts (SNA). This numerical version will be shown as a device that makes it possible to take a snapshot of the reality under study. On the other hand, it will also involve the presentation of two algebraic versions, with which alternative scenarios will be defined for the measurement of policy impacts. One version will consist of accounting multipliers, and the other version will be the so-called master model. In the latter each cell will be defined with a linear equation or system of equations, whose components will be all the known and quantified transactions of the SNA, using the parameters deduced from the numerical SAM that served as the basis for this model.

An application of a SAM will be performed for the Portuguese case. A comparison will be made of some aggregates, indicators and balances calculated from the initial numerical SAM and the numerical versions replicated after running the SAM-based models that are representative of those two algebraic versions.

Certain critical remarks will be made in relation to those aspects that are not measured by the national accounts and have not been considered by the underlying system, together with an identification of the limitations of the work undertaken. Some guidelines will be defined for future research, in order to proceed with the study of the SAM-based approach and its use in establishing a suitable framework for explaining the reality of countries and supporting the policy decision process.