The Regional Economic Consequences of the Upcoming Crisis: Simulations using Sindelar 10, a Spatial CGE-Model for Austria

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Past business cycles clearly show that the economic up- and downturns of the Austrian economy exhibit distinct regional patterns. The economic crisis experienced in 2009, for instance, had a larger impact on regions specialized in manufacturing activities and foreign exports – the same regions that had enjoyed above-average growth rates in the years before.

This paper wants to explore the regional economic consequences of the economic downturn that is projected to hit Austria and Europe in the year(s) to come. A newly developed spatial CGE-model for Austria, Sindelar 10, is applied to this purpose. Sindelar 10 disaggregates the national economy into its nine federal states and distinguishes around 40 sectors and commodities. The simulations carried out to quantify potential regional impacts of a new recession will be based on short- and medium-run national forecasts of key economic variables like GDP, exports, investment etc. Since forecasts usually include only macroeconomic variables and are always characterized by a high degree of uncertainty, various scenarios are simulated using different assumptions about the (sectoral and other) characteristics of the national and international economic development expected for the near future.