

## The Impact of the European Single Market on the Austrian Economy

**Authors :** Reinhard Neck, Guido Schäfer

**Abstract :** In this paper, we explore the macroeconomic effects of the European Single Market on Austria by simulating the McKibbin-Sachs Global Model. Global interdependence and the impact of long-run effects on short-run adjustments are taken into account. We study the sensitivity of the results with respect to different assumptions concerning monetary and fiscal policies for the countries and regions of the world economy. The consequences of different assumptions about budgetary policies in Austria are also investigated. The simulation results are contrasted with ex-post evaluations of the actual impact of Austria's membership in the Single Market. As a result, it can be concluded that the Austrian participation in the European Single Market entails considerable long-run gains for the Austrian economy with nearly no adverse side-effects on any macroeconomic target variable.

**Keywords :** macroeconomics, European Union, simulation, sensitivity analysis

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