

Reconstructing the Economy by Means of Input-Output Methods
Peter Fleissner (Technical University Vienna – TUW)

By means of input-output methods various logical (and partly historical) layers of the capitalist economy are described in a structured way. Starting at the most abstract stratum of physical entities (mass, exergy, physical space – ecological footprint, and human work) less abstract levels of economic relationships are added. The first step towards a societal model of the economy is based on human work, small commodity production together with the establishment of markets (giving way to prices proportionate to direct and indirect labor content), a second is the introduction of capitalists and the search for higher profits (leading in an assumed equilibrium situation to equal profit rates and also to modified prices). The third step brings the public sector in as an economic agency, modifying the income distribution by taxation and transfers. As a fourth step money and banks, lending and borrowing is introduced which leads to one more reallocation of income. Possible effects of a fifth layer, information society, possibly reorienting the goals of the economy, are discussed. Finally HYBRIO, a draft version of a dynamic growth model of an economy with flows and stocks (physical capital, money capital, inventory stocks) is presented. It could also be used as a tool for investigating financial crises.