



To promote macro-economic stability, full employment, regional cohesion and convergence

New simulation model for analysing public policies

- The Ministry of Finance and Public Administrations and the Ministry of Economy and Competitiveness have signed an agreement in collaboration with the Fundación Rafael del Pino, BBVA, University of Valencia and the Fundación de Economía Analítica.
- The new lines of research aim to ensure the latest available statistical information can be used in simulation exercises

10 July 2012. In a public-private collaboration exercise, the Government has today signed a collaboration agreement to develop economic models for analysing, devising and evaluating public policies aimed at promoting macro-economic stability, full employment, regional cohesion and convergence with neighbouring countries.

The Secretary of State for Budgets and Expenditure, Marta Fernández Currás, together with the Secretary of State for Economy and Business Support, signed the agreement with the Fundación Rafael del Pino, the University of Valencia, the BBVA and the Fundación de Economía Analítica (FPEA).

This new project for developing economic models and other tools which may be used for researching and analysing public policies will focus on three main areas: updating and extending the macro-economic simulation model developed in earlier projects; analysing the factors that determine economic growth and the evolution of productivity and employment in two sample economies, the Spanish regions and the OECD countries; and evaluating and devising regional cohesion policies.

The new lines of research form part of a work plan for the coming years and proposed projects include updating, extending and improving the REMSDB database, so that the latest available statistical information can be used in simulation exercises, information that will also be available to users outside the database.

The new model will be used to conduct studies on the economic impact of the different economic and sectorial policy initiatives adopted, among other applications. It will also enable the efficacy of fiscal policies to be analysed, for example, to determine whether the level of private borrowing in an economy has a bearing on the effectiveness of fiscal policy. Research will also be conducted on the effect of public debt on consumption decisions with credit restrictions in place, and also on which fiscal instrument should be used and how quickly it should be adjusted when faced with economic disruption in order to maximise the well-being of the population.

The agreement signed today is a good example of public-private collaboration and sets out specific lines of collaboration between the two Ministries and the collaborating institutions for carrying out the joint research activities mentioned above. The agreement will be effective from 2012-2015 and will entail annual financial contributions of 20,000 euros each from the Fundación Rafael del Pino and the BBVA, to be received, in accordance with the research projects they conduct, by researchers at the University of Valencia and the FPEA. The research projects conducted will not entail any monetary contributions from the Ministry of Finance and Public Administrations or the Ministry of Economy and Competitiveness.