



INTRODUCTION

Special Issue of the “Meeting on Public Economics 2022”

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This Special Issue of *Hacienda Pública Española/Review of Public Economics* publishes a selection of papers previously presented at the 29th Public Economics Meeting (Encuentro de Economía Pública) that took place in Madrid, on the 5th and 6th of May, 2022. The Department of Applied Economics and Public Management of the Universidad Nacional de Educación a Distancia (UNED) hosted this meeting, which was the first one held face-to-face after the outbreak of the pandemic. The Spanish Institute of Fiscal Studies and the Bank of Spain sponsored the conference, like in previous editions.

The annual Public Economics Meeting allows researchers from all over the world to discuss their on-going investigations on a wide range of topics regarding Public Economics. Although this scientific reunion started in 1994 with a more domestic approach, with scholars from most Spanish universities and research centers attending the first conference held in El Escorial (Madrid), the meetings have become increasingly international in the following years.

The topics discussed in this annual conference have also become more diverse. During the first editions, core Public Economics issues, such as tax policy, efficiency, inequality, public choice, Economics of health and education, and fiscal federalism dominated the programs. Those topics remain, but other themes have gained saliency in the last few years, such as experimental Economics, climate change, gender policies, fiscal policy and COVID-19, coinciding with their larger relevance in public policy. Above all, the evaluation of public policies has become particularly salient.

Under the 29th edition, a total of 89 articles was presented, with each paper having a previously appointed discussant. 125 people attended the conference, with many of them coming from different countries such as Brazil, Chile, France, Germany, Italy, Ivory Coast, Luxembourg, the Netherlands, Saudi Arabia, Portugal, Peru, and the United Kingdom. The papers were presented in 27 parallel sessions, gathered in 15 separate topics, including one on “Teaching Public Economics”, in which a selection of papers related to novel methodologies and tools in the teaching of this topic was discussed.

Several plenary sessions took place as well. The inaugural one was in charge of Nicholas Barr, Professor at the London School of Economics, which gave a comprehensive lecture on the role of the Welfare State in the 21st century. A panel of experts on fiscal rules discussed different aspects of the reform of the European Growth and Stability Pact in the second plenary session. Finally, the Spanish Ministry of Inclusion, Social Security and Migrations, José Luis Escrivá, offered a lecture on the importance of implementing evidence-based public policies.

As it was previously remarked above, this Special Issue includes a selection of the papers presented in the meeting. The wide range of topics constitutes a good reflection of the varied issues discussed during the conference.

The paper “Green public procurement in Spain”, authored by Jordi Rosell, analyzes the impact of the Law on Public Procurement passed in Spain in 2017 on the use of green criteria when awarding public contracts. Although the 2014 European Directive did not include mandatory GPP, the subsequent Spanish law established environmental criteria as compulsory. Using 2012-2019 information from the Tenders Electronic Daily database, the paper offers empirical evidence that the use of a green criterion has gained relevance after the passing of the law. The effects are clear for bureaucratic bodies, but to a lower extent in the case of agencies. Interestingly, the evidence points to a negative fiscal-year-end effect, showing that the green effect becomes weaker in the last part of the year. Although previous evidence on the topic has proved local governments more prone to green procurement, this paper shows that for the Spanish case all levels of government behave similarly.

Studies on the performance of public education systems generally focus on either their efficiency or their equity levels. On the contrary, Rosa Simancas and Gabriela Sicilia coauthor the paper “Eficiencia y equidad educativa en España: un análisis comparativo a nivel regional”, running a performance evaluation of the Spanish education system, both from the efficiency and the equity perspectives. Since the provision of public education is mainly in the hands of the regional governments, the paper uses data from the 2018 Program for International Student Assessment (PISA) at the regional level. The authors run a comprehensive analysis of the Spanish public education system by decomposing the technical and technological change perspectives of regional efficiency and by using several dimensions of education equity. This allows them to perform a simultaneous evaluation of both dimensions, looking for the usual equity-efficiency trade-off. Although the results point to large interregional differences in both aspects, no evidence of such a trade-off was found.

The paper “Computing the EU’s SURE interest savings using an extended Debt Sustainability Assessment tool”, by Pablo Burriel, Iván Kataryniuk and Javier Pérez analyzes the impact of the European “Support to mitigate Unemployment Risks in an Emergency” program of loans to finance anti-COVID-19 policies implemented by country members in 2020-2021. Under this instrument, the EU raised funds in the capital markets and then channeled them to claimant countries. Focusing on the cases of Belgium, Spain, Portugal and Italy, the authors use a DSA framework to measure each country’s interest savings. They find that savings ranged between 3 and 12 percent of the total amount disbursed, depending on the specific

spread of the country, under a scenario of low interest rates such as the one existing during the implementation of the program.

One of the socioeconomic debates that is generating more literature in Public Economics, and, specifically, in its field of economic inequality/redistribution issues, is the need to improve the living conditions of the population at poverty risk. In many countries, the economic analysis of certain wage subsidy measures focused on low income households and, singularly, on so-called in-work benefits (*making work pay*), has attracted increasing attention. This Special Issue includes two papers that deal with this kind of programs, one of them for the Chilean experience, the other for the Spanish experience.

The first of these papers, “Working Tax Credit Schemes in Developing Countries: A Feasible Alternative to Cash Transfers”, by Claudio Agostini, Marcela Peticara and Javiera Selman, compares the effects of implementing a work-income tax credit on inequality, poverty and employment with the effects of a conditional cash transfer for in-need families of Chile. The first strategy leads to an increase in labor participation and a larger reduction of poverty and inequality, being more cost-effective than the latter.

The paper devoted to the Spanish experience, “Propuesta de implantación de políticas de complemento salarial en el Ingreso Mínimo Vital y en el IRPF: análisis empírico a través de EUROMOD”, was coauthored by Miguel Gómez de Antonio and Noemi Villazan Pellejero. Using the EUROMOD tax-benefit microsimulation tool, two assistance programs for low-income individuals are compared in terms of income redistribution and potential labor disincentives. First, the addition of a bonus to employment within a conditional cash transfer, such as the Spanish Minimum Vital Income (IMV). Second, the introduction of an in-work benefit in the Spanish Personal Income Tax in the form of a reimbursable tax credit. The authors highlight the decisive role of working tax credit schemes in reducing poverty, although logically only for the subset of beneficiary taxpayers who participate in the labor market, while reducing labor disincentives at the same time (especially in the extensive margin).

The last two pieces of this Special Issue fit into the field of “Tax Reforms”. The first one, “Labour Supply Responses to Income Tax Changes in Spain”, by Antonio Cutanda and Juan Sanchís, analyzes the potential response of the Spanish labor market to certain tax reforms on wage income. As a main empirical contribution, this paper estimates the intertemporal elasticity of substitution of leisure, through simulations in a dynamic framework, specifying a life-cycle model. Such estimates are obtained with the use of a pseudo-panel that combines information provided by two Spanish micro-level datasets: the Family Expenditure and Income Survey (Encuesta Continua de Presupuestos Familiares, ECPF) and the Labor Survey (Encuesta de Población Activa, EPA). Although this research proves that there is an effective impact on the labor market derived from the introduction of the income tax reforms simulated –and that it is heterogeneous according to age, sex, and type of contract–, the authors state that the magnitude of the impact may not be enough to face the current social security financing problem.

Finally, the paper entitled “Counterfactual assessment in the design of tax reforms: model decomposition of revenue and redistribution effects”, written by Nuria Badenes, Borja

Gambau and José María Labeaga, and which also uses EUROMOD, develops an interesting methodology to formulate counterfactual scenarios in the design of tax reforms. This methodology makes it possible to analyze separately the differences that exist both in terms of redistribution and tax collection when, hypothetically, the tax scheme in force in one country –in this research, the French individual income tax– is applied in a different country –in this paper, on the potential population of Spanish taxpayers. If the objective of the policy-maker is to strengthen tax collection and the progressivity of the tax system, this methodology offers recommendations on whether his/her efforts should be focused on improving the primary or secondary distribution of income.

As co-presidents of the scientific committee, we would like to thank the rest of the members of this committee, for their great job in evaluating and selecting the papers presented in the meeting. We would also like to recognize the local organizers from the UNED, and specially Luis Ayala Cañón, for their leading effort in organizing the logistics of a successful conference.

Finally, we would like to thank *Hacienda Pública Española/Review of Public Economics* for their initiative in launching this Special Issue, which we hope it is only the first of many future collaborations; the authors, for their salient contributions; and the anonymous reviewers that have helped decisively to improve the quality of the selected papers.