

## ***Spain, a top overall reformer, with many outstanding duties***

*SpanishReform Monitor: Situation and Outlook of Spain's economic policy reforms*

- *The Spanish Government is one of the top reformers in the EU and its progress accelerated between 2011 and 2013. However, the reform agenda in Europe and Spain seems to have stalled.*
- *Substantial progress is recognized in addressing the financial system reform, mainly in the area of recapitalization and restructuring, but also by adopting the fiscal consolidation and the pension reform.*
- *International organizations and the SpanishReforms' expert panel point to active labour market policies and professional services as the main reforms lagging behind.*
- *The SpanishReforms' expert panel also note limited progress in the areas related to R&D policies, red tape and the business environment, reform of the public administration, and the welfare state.*

IESE's Public-Private Sector Research Center (PPSRC) presents the first *Policy Brief*, "Spain's response to EC and OECD economic policy recommendations", and the third release of the *SpanishReform Monitor*. These documents, gathered in the site [Spanishreforms.com](http://Spanishreforms.com), explain and contextualize the recommendations given to Spain by major international institutions as well as the commitments undertaken by the Spanish government.

The first *Policy Brief* inaugurates a series of policy notes on economic policy reforms and the *Reform Monitor* is the third release of a sequence that started in February 2014.

### **SPAIN'S RESPONSE TO EC AND OECD ECONOMIC POLICY RECOMMENDATIONS**

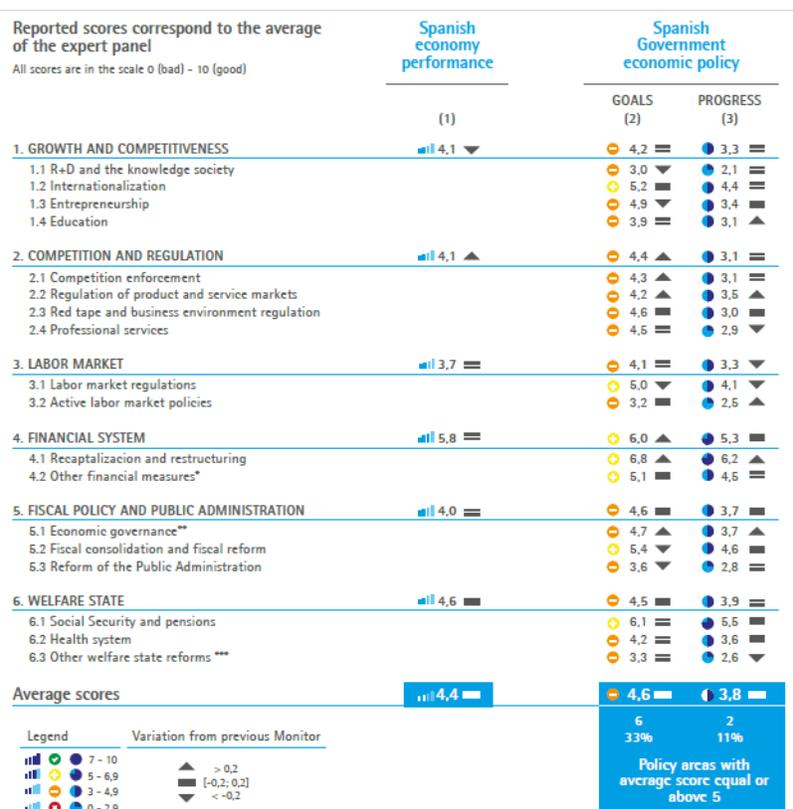
It analyses the overall reformist progress of the Spanish Government in an international perspective. According to the independent assessment of the European Commission (EC) and the OECD, the Spanish Government ranks as one of the top reformers in the Euro Area and the the EU as a whole. A second insight one gets from our *Policy Brief* is that Spain's delivery, in relative terms to other countries, accelerated between 2011 and 2013.

Of course, this is the general trend and the *Policy Brief* offers details on the progress in the 18 policy sub-areas we cover at the SpanishReforms project, including how the reform priorities prescribed to Spain by these institutions have changed over time. Substantial progress is recognized in addressing the financial system reform, mainly in the area of recapitalization and restructuring but also by adopting other financial measures. However, both the OECD and the EC point to active labour market policies and professional services as the main structural reforms lagging behind.

The author of the note is Victor Burguete, researcher at the PPSRC-IESE.

## SPANISHREFORM MONITOR 2014-Q4

Our team of IESE and external experts have reached a stable consensus about the condition of the Spanish economy and the Spanish Government’s policy performance. The aggregate performance of the Spanish economy is below the pass score (4.4 out of 10). Current economic policy targets are assessed with a 4.6 score while the actual progress of the Government in delivering the adequate results is even worse (3.8).



When one looks at the experts’ assessment of the Government’s delivery by policy subareas, the biggest red lights are basically the same ones we identified six months ago in the previous Monitor: R&D, red tape and the business environment, professional services, active labor market policies, reform of the public administration, and welfare reforms other than those in the health and social security systems. Some of our contributors also point to the pre-electoral climate in Spain as a factor that may freeze economic reforms.

Looking ahead, and adopting a constructive spirit, there a number of policy niches in which our experts consider that the general policies are reasonably set out but the actual delivery falls short. The issues

with the largest “goal-delivery” gap are the internationalization of the economy, labor market regulations and fiscal consolidation and reform. In these three areas, it could very well be that the additional Government effort in terms of moving from good plans to results becomes particularly productive.

## **THE REFORM MONITOR**

This work is part of the SpanishReforms project, whose objective is to regularly monitor the progress of Spain in making economic policy reforms.

To produce the third release of the *Reform Monitor*, six PPSRC-IESE experts have been joined by five of some of the most prominent Spanish economists that collaborate with the project. All experts set scores for all dimensions and areas independently and the only quantitative information we report is the experts’ average score.

### **PPSRC – IESE experts:**

Xavier Vives, Alfredo Pastor, Antonio Argandoña, Nuria Mas, Lluís Torrens, Ramon Xifré.

### **External experts:**

Antonio Cabrales, Juan José Dolado, Santiago Carbó, Javier Andrés, Sergi Jiménez.

In addition to the numerical evaluations, experts provide a brief comment on the Government’s reform agenda in the policy area of their expertise. Both the *Reform Monitor* and the experts’ comments are released twice yearly.

## **ABOUT SPANISHREFORMS AND THE PUBLIC-PRIVATE SECTOR RESEARCH CENTER (PPSRC CENTER)**

SpanishReforms is an academic, non-governmental website that aims at being a useful reference for those interested in independent, rigorous and up-to-date information about the Spanish economy and its economic policy reforms. It intends to foster transparency in policy formulation, to serve as a tool for the evaluation of the reforms enacted in Spain and, ultimately, to help to transform the Spanish economy into a more competitive and growth-friendly one.

SpanishReforms is an initiative of the [Public-Private Sector Research Center](#)<sup>1</sup> (PPSRC) at the IESE Business School and it has as partners, Funcas, which provides financial support; everis, the technological partner, and ESCI-UPF, which provides editorial assistance.

Xavier Vives is the academic director of the PPSRC and Ramon Xifré coordinates the SpanishReforms project.

More information in [www.spanishreforms.com](http://www.spanishreforms.com)

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<sup>1</sup> The PPSRC is a research center that belongs to IESE, without legal personality, completely self-financed by projects (public and private) and sponsors’ contribution. It aims to foster research in the sphere of relations between the private sector and public administrations.

