

PUBLIC SECTOR INTANGIBLES (SPINTAN project)

Funded by the Seventh Framework
Programme of the European Union

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CONCEPT AND OBJECTIVES

The **SPINTAN** project (Funded by the Seventh Framework Programme of the **European Union**) proposes to **extend** both the theoretical and the empirical approach introduced by **CHS** (2005, 2009) **including Public Sector intangibles** in **different complementary directions**.

Objectives:

1. **Clarify** the **boundaries** of the **non-market** economy; the **concept** of Public Intangibles; their **distribution by industries**; and the conceptual problems posed by the measurement of its **capital services**.
2. **Build up a Public Sector Intangibles Database** for a set (22) of EU countries, supplemented by some big non-EU countries.
3. **Analyze** the **impact** of Public Sector intangibles on **innovation, well-being** and **“smart” growth**.
4. **Including** Public Intangibles **spillovers** effects to the market sector
5. And analyze the **consequences** of **austerity policies** in view of the expected **recovery**.

CONSORTIUM MEMBERS

	Name	Short name	Country
1	Instituto Valenciano de Investigaciones Económicas, S.A.	Ivie	Spain
2	National Institute of Economic and Social Research Lbg	NIESR	United Kingdom
3	LUISS Libera Universita Internaziolale Degli Studi Sociali Guido Carli	LUISS	Italy
4	Istituto nazionale di statistica	Istat	Italy
5	Imperial College of Science, Technology and Medicine	IC	United Kingdom
6	The Conference Board Inc	TCBE	United States
7	Organisation for Economic Co-operation and Development	OECD	France
8	Zentrum für Europäische Wirtschaftsforschung Gmbh	ZEW	Germany
9	Deutsches Institut für Wirtschaftsforschung E.V.	DIW	Germany
10	Wiener Institut für Internationale Wirtschaftsvergleiche	wiiw	Austria
11	Fores (Forum för reformer och entreprenörskap) Stiftelse	FORES	Sweden
12	Kopint-tarki Konjunkturakutato Intezet Zrt	Kopint	Hungary

Associate partners

[The Department of Industry of the Australian Government](#)
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Australia
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- The **estimates** of Public Sector intangible investments **will complement** the harmonized business intangible measures developed by **INTAN-Invest** (Corrado, Haskel, Jona-Lasinio, Iommi, 2012).
- It will analyze **key issues** with regard to the **boundaries of public intangibles** between different public and private categories, such as R&D, skill formation and IT investment.
- It will also propose **new ways to measure Public Sector intangible capital services**, and especially depreciation and the rate of return.
- The **main objective** of **WP 1 & WP 2** is to settle on the most important **conceptual** and **methodological** issues in measuring public intangibles, which **will lead to the construction of a database for 22 EU countries, United States, China, India, and possibly Brazil.**



Provide an **answer to key issues**:

1. The **role of Public Sector** investment in general, and of Public Sector investment in intangibles in particular, for generating **long term “smart” growth** and for the **competitiveness** of the economies.
2. To what extent are **public** intangibles **complementary** or **substitutes for private** intangibles.
3. How strong are the **spillover effects from public intangibles vis-à-vis private intangibles**, creating benefits for growth beyond the investor itself.
4. If **investment in different kinds of intangibles** is equally important in terms of its impact on growth.
5. **Relevance of Public Sector Intangibles in two key areas: Health and Education (including Higher Education)**



CONSEQUENCES OF AUSTERITY POLICIES IN VIEW OF THE EXPECTED RECOVERY

(WP 5)

Five main research questions to be addressed:

1. Have the current crisis and the accompanying austerity measures adopted by governments affected Public Sector investment intangibles in an even way?
2. Has intangible investment been impacted more (or less) by the crisis than tangible investment? Have public and private intangible investments been affected equally?
3. What has been the impact of austerity measures on growth and competitiveness?
4. What are the expected consequences of the austerity policies on the path to be followed in the subsequent recovery?
5. Will different segments of population be equally affected? Would they enhance future growth and well-being?



GENERAL OVERVIEW WP 1

WP 1 will address **several methodological** issues:

- **Definition of intangible asset boundaries in the Public Sector.** The **CHS approach** was originally thought to identify intangible assets **in the market sector**. Thus, some of the assets have a **pure firm-specific character** (brand equity or new financial product developments), while other assets **have both a public and private component** (R&D, education and health care, cultural expenditures, IT infrastructure...).
- **Identification of sector specific intangible expenditures with the help of WP3 – WP5 research outputs**
- Discussion of a **crucial conceptual issue** with regard to the **rate of return on public intangibles**. In the current National Accounts framework the basic assumption is that government capital has a net return of zero, which is clearly unsatisfactory from both analytical and policy perspectives.



GENERAL OVERVIEW WP 2

WP 2 has the objective of constructing a **database on intangible investment in the Public Sector**. Most of the recent methodological work on intangibles focused on the measurement of intangible investment in the **market sector** (INNODRIVE, COINVEST, INTAN-Invest, TCB & OECD).

The aim is to produce a cross-country harmonized database of Public Sector intangibles coherent with the market sector estimates of intangibles developed by **INTAN-Invest**, and also with **EU KLEMS**.

It will cover **22 EU countries** plus the **US**, and some other countries (**China, India** and possibly **Brazil**).



GENERAL OVERVIEW WP 3

WP 3 will concentrate on two specific areas **Health** and **Education**.

The goal is that the main research questions address will **help the methodological discussion in WP 1**.

Health analysis will take a **macro** and **micro perspective**

Education from **four different perspectives**:

- **Link** between **spending on intangibles** and different **performance indicators**
- **Impact** of intangibles **on school performance** in one country (**UK**) making use of a **newly released database**;
- **Contribution of higher education R&D investment** to the improvement of a set of socio-economic variables
- **Measure the productivity of higher education institutions** by looking at the **quality-adjusted output** in terms of scientific publications and patents associated with intangibles



GENERAL OVERVIEW WP 4

- It will analyse the existing **synergies** between **public intangibles** and **market sector productivity** performance and its impact on economic growth.
- **Spillover effects** will be carefully analyzed.
- It will **formalize** the implicit **van Ark-Jaeger (2010) framework** on measurement of output elasticities.
- It will produce a **case study for Italy** which will analyze the relationship between fiscal stimulus and business cycle taking into account the role of public sector intangible capital.
- It will provide a **case study for Spain** analyzing public tangible (six different types of infrastructures) and intangible capital as well as their spillovers over the market sector performance.
- It will analyze the effects of **international spillovers** on public and private intangibles based on international production linkages and making use of the WIOD database

GENERAL OVERVIEW WP 5

Five objectives:

1. Define a blueprint of a **growth-friendly consolidation** strategy;
2. Analyze the **impact of austerity policies** when **complementarities** between **tangibles** and **intangibles** are present;
3. Analyze **international linkages** during the **last economic cycle**.
4. Review government spending (in both tangible and intangible investment) in the **New Member States**;
5. Study the **reaction of public ICT investment** to economic crisis;

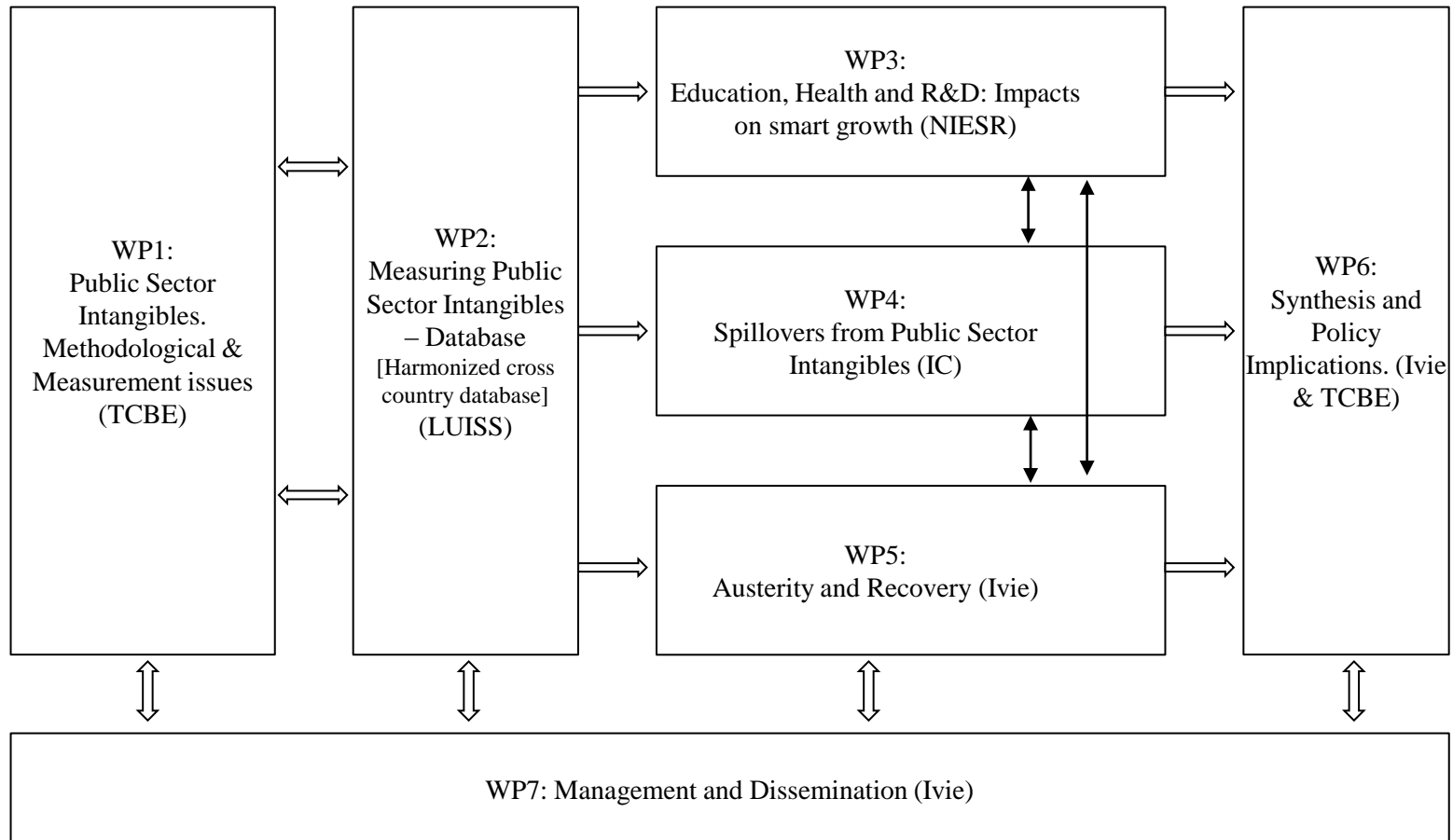


GENERAL OVERVIEW WP 6

- It will present a comprehensive synthesis of the project highlighting its main **policy implications**.
- It will provide a **general diagnosis** of the state of the EU countries in relation with each of the topics analyzed
- and it will establish the **main recommendations** for improving their performance.
- It will also **include a policy note** on the relation between business and government on how to leverage the benefits from public and private intangibles.



INTERDEPENDENCE OF THE WORK PACKAGES



SPINTAN is potentially of interest for the **experts in the academic community** and its subject matter is **highly placed on the European political agenda**.

It can provide **four critical elements**:

- A **coherent method**
- A **rigorous database** for the main advanced and the emergent economies
- **Analytical work** that estimates the benefit of some public policies and the cost of suppressing them;
- And **critical work on policy making**.

From a very early stage there is **great emphasis** put on the expected **return to society** (Europe and beyond) from the **public funding** of this project.

More specifically, on how are the expected results from the SPINTAN project going to **improve policy making, the knowledge of the economies** of the countries involved and the **everyday lives of people**.



- The SPINTAN Web Page (www.spintan.net) offers updated information on the ongoing project and activities related to the topic of intangibles
 - A private Information Sharing section is dedicated to dissemination of internal discussions on the conceptual framework in WP1 and the data collection in WP2

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Welcome to SPINTAN

The SPINTAN project aims at discovering the theoretical and empirical underpinning of public intangible policies.

The project has the following two objectives:

1. to build a public intangible database for a wide set of EU countries and some other big non-EU countries
2. to analyze the impact of public sector intangibles on innovation, well-being and "smart" growth to pay special attention to the medium/long term consequences of austerity policies in view of the expected recovery

What's new in SPINTAN

- [SPINTAN European project launching](#)

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