

## Concept Note

### *“Moving the Frontier of the Macroeconomic Modelling of Research & Innovation”*



## The Concept

Research and Innovation (R&I) are critical engines for long-term growth and social prosperity, as proven by an established and robust economic literature that includes quantitative macro and micro-econometric studies and qualitative case studies. However, the macroeconomic models used to support R&I policy making seem to have fallen short in providing sound ex-ante estimates of macroeconomic and social impacts that reflect the empirical evidence.

Therefore, the Directorate General of Research and Innovation (DG R&I) of the European Commission has engaged since 2014 in a medium to long-term agenda aiming at the improvement of the treatment of R&I in macroeconomic models used to assist policy making, following the Commission Communication of June 2014<sup>1</sup> and the Council Conclusions of 5 December 2014<sup>2</sup>.

Since then, multiple activities have been undertaken in close cooperation with the Joint Research Centre (JRC) and the Directorate General for Economic and Financial Affairs (DG ECFIN) of the European Commission. These have **supported the advancement of the treatment of R&I policies in existing models** currently used by the European Commission to assess their impacts<sup>3</sup>; **promoted the development of models designed with R&I at their core** by the academic community<sup>4</sup>; and strong **engagement with partner policy institutions to stimulate** the debate on R&I modelling.

<sup>1</sup> <https://ec.europa.eu/research/innovation-union/pdf/state-of-the-union/2013/research-and-innovation-as-sources-of-renewed-growth-com-2014-339-final.pdf>.

<sup>2</sup> [http://www.consilium.europa.eu/uedocs/cms\\_data/docs/pressdata/en/intm/146065.pdf](http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/intm/146065.pdf), in which, the Council of the European Union called on the European Commission to "promote further research to build the evidence base for R&I policy making and for budgetary decision making, including by further improving the way R&I is accounted for in macro-economic models."

<sup>3</sup> See [https://rio.jrc.ec.europa.eu/search?search\\_api\\_fulltext=quest](https://rio.jrc.ec.europa.eu/search?search_api_fulltext=quest).

<sup>4</sup> Two projects were financed through Horizon 2020: <http://www.h2020frame.eu/frame/home.html> and <http://monroeproject.eu/>.

## The Conference

The Conference marks a **key milestone** in this process, as it will be the occasion to present the latest developments at the frontier of macroeconomic modelling of R&I, at the crossroads between research and policy avenues. It is intended to be the first of a recurrent series of events, stimulating the research and policy debate and gathering the key stakeholders in the field.

The event will bring together **leading experts from academia and policy** to present the latest advancements in macroeconomic modelling of R&I and to discuss their relevance for policy.

This fully digital Conference will be opened by the Director General of DG R&I, **Jean-Eric Paquet**. It will include **two keynote speeches, two papers panels, and one high-level policy panel** and discuss the research avenues at the frontier of macroeconomic modelling of R&I vis-à-vis the main challenges and needs for policy.

The Conference is organised in cooperation with an independent **Group of Experts**<sup>5</sup> set up in 2018 to advise DG R&I of the European Commission on the next steps in its agenda. The Group produced a **Report** identifying those characteristics and properties of R&I that should ideally be included in macro-models, as they would help to understand the behaviour of innovation and to produce sound evaluations of R&I policies. The Report will be **officially launched and discussed** at the Conference.

### **Conference website:**

[https://ec.europa.eu/info/events/moving-frontier-macroeconomic-modelling-research-innovation-2020-sep-07\\_en](https://ec.europa.eu/info/events/moving-frontier-macroeconomic-modelling-research-innovation-2020-sep-07_en)

### When?

7<sup>th</sup>- 8<sup>th</sup> September 2020

### Where?

Online event

Day 1 (14.00-18.30): <https://webcast.ec.europa.eu/first-european-conference-moving-the-frontier-of-the-macroeconomic-modelling-of-research-innovation-07-09-20>

Day 2 (14.00-18.30): <https://webcast.ec.europa.eu/first-european-conference-moving-the-frontier-of-the-macroeconomic-modelling-of-research-innovation-08-09-20>

### For whom?

Public access.

Aimed at economists of innovation, policy makers, academics and scholars working in the domain of economics of R&I and R&I policies.

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<sup>5</sup> The members of the Expert Group are Reinhilde Veugelers (KULeuven - chair), Pierre Mohnen (Maastricht University, rapporteur), Barbara Annicchiarico (Università Roma Tor Vergata), Giovanni Dosi (Scuola Superiore Sant'Anna di Pisa), Omar Licandro (University of Nottingham) and Eva Ortega (Banco de España).