Evaluation of the fiscal recovery regime in State of Rio de Janeiro: a CGE analysis

Topic: Methodological aspects of input-output analysis (Chair: Bart Los, University of Groningen)
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In recent years, the State of Rio de Janeiro (SRJ) has gone through a serious fiscal crisis that forced it to adhere to the Fiscal Recovery Regime (FRR), created by the Federal Government to help States in a serious situation of fiscal imbalance. In 2017, the SRJ joined the FRR and was required to implement a series of measures, in particular a fiscal adjustment to reduce government investment spending. The work assumes that a fiscal recovery policy that prioritizes government investments is more likely to generate promising results in the state's fiscal results than a policy that only aims to reduce government spending. Using the Computable General Equilibrium (CGE) methodology, the interregional matrix of the population arrangement of the State of Rio de Janeiro developed by The Regional and Urban Economics Lab at the University of Sao Paulo â€" NEREUS, and the structural lineage developed in the CGE model B-MARIA, an interregional CGE model was developed for the State of Rio de Janeiro and the rest of Brazil, the B-MARIA-RJ (Brazilian Multisectoral And Regional/Interregional Analysis for Rio de Janeiro). The result of the research was a new methodology for evaluating the impact of the Fiscal Recovery Regime on the economy of the SRJ and the rest of Brazil.