

Discussion

"Misappropriation of R&D Subsidies: Estimating Treatment Effects with One-sided Noncompliance" by Philipp Boeing and Bettina Peters

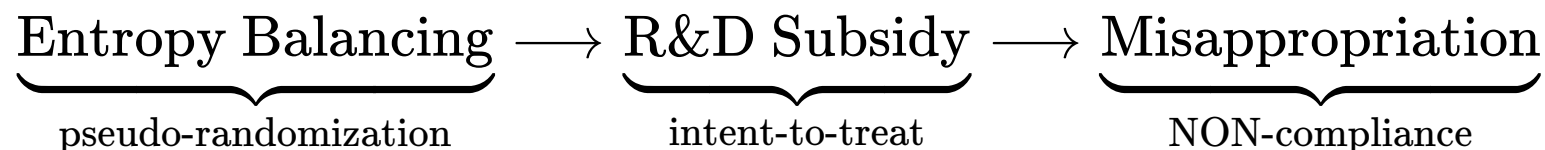
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Subsidy Misappropriation

This is a great paper! Makes my job difficult, in some sense

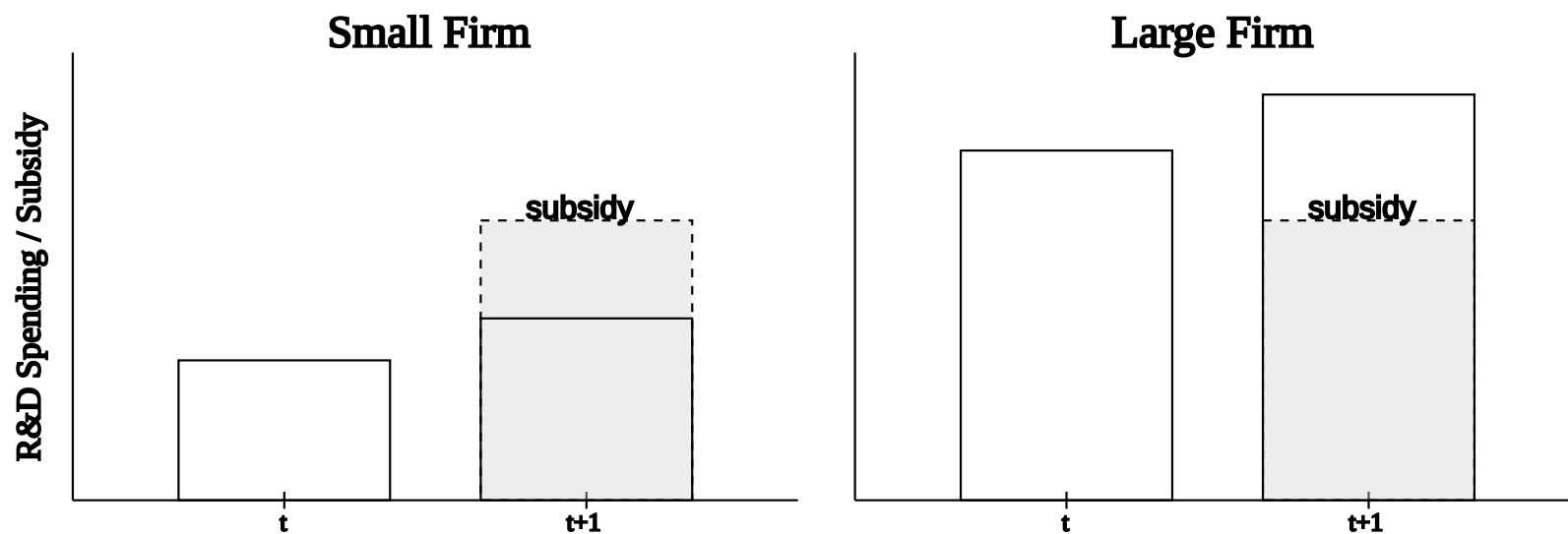
I particularly liked the funding graphs, which are intimidating at first, but upon careful study make the notion of a "pecking order" crystal clear



Very useful results as an "end user": how much can we rely in research subsidies to achieve our goals? Question of how much we can generalize/specialize this

Hidden Misappropriation

Thinking about firm size and the measurement of misappropriation: large firms should be able to "hide" misappropriation in existing R&D spending



But is this really misappropriation? Is it different from crowding out?

Mismeasurement of Subsidies

Somewhat worried about the switch in data sources happening around 2006/2007 and the fact that we see big changes starting around then (around MLP policy change), especially since we're looking for "missing" R&D

$$\log \mathbb{E}[p] = \beta_0 + \beta_1 \log(R_0) + \beta_2 \log(R_1) + \varepsilon$$

But presumably true production function is additive, such as in

$$\log \mathbb{E}[p] = \alpha_0 + \alpha_1 \log(R_0 + R_1) + \varepsilon$$

Lead to underestimate of effect size in proportion to share of subsidies in R&D

$$\beta_2 = \frac{\partial \log \mathbb{E}[p]}{\partial \log(R_1)} = \alpha_1 \left(\frac{R_1}{R_0 + R_1} \right) < \alpha_1$$