

ECONOMICS RESEARCH SEMINAR



"The impact of innovation subsidies in Atlantic Canada"

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Abstract:

Governments implement policies to support firms' innovation decisions to innovate. This paper aims to contribute to the analysis of the impact of a government support program that has a regional focus in Canada. We study three main elements: i) input additionality specific for the Atlantic Provinces in Canada; ii) output additionality, considering the main outcomes expected in the design of the program; and iii) the long-term effects of government support. Our results suggest that for input additionality, government support for R&D does not contribute to firms increasing their R&D investment. However, it contributes to job creation in general, and to provide better salaries to R&D employees. In addition, our results suggest that firms that receive government support increase their operating expenditure after the reception of the support. Relevant to output additionality, our results suggest that government support has a positive effect on sales after the reception of the support. Our results have important implications in terms of policy making in peripheral regions. Our paper highlights the fact that the impact of a program might not necessarily align with formal R&D activities but unintentionally might be the right one for the region.

Friday Nov 13 ♦ 4:00-5:15pm ♦ MULH 3022