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STATISTICAL ANALYSIS OF R&D FUNDING IN THE CZECH REPUBLIC

Abstract:

Public support of R&D is today treated as one of the essential tools for ignition of economic growth. Its importance has increased even more after recent financial crisis. The main idea is based on simple causality when higher public R&D expenditures should induce private R&D expenditures and together should generate more innovations. More innovations should lead to higher competitiveness and thus higher economic growth. Despite quite large political consensus around this mechanism the theoretical basis but mainly empirical findings are not sufficiently conclusive. It is quite natural that the crucial role regarding the R&D support and its effectiveness play the implementation of the support. Wrongly designed mechanism of public support will not lead to higher competitiveness but more likely will distort the market and eventually lead to inefficiencies and economic slowdown. That is why empirical studies may come to very different conclusions including those which show negative or non-positive effect of R&D support on economy. This article briefly addresses the support mechanism in the Czech Republic, bringing some new statistical outcomes. We show that current design of public R&D support is probably not very good as it does not bring any competitive edge to supported companies (regarding selected variables). In our research we focused mainly on energy, transportation, environmental and progressive technologies programs so our findings cannot be fully generalized on the whole economy scale. Moreover our study is limited on short term effects only.

Keywords:

R&D, R&D subsidies, competitiveness, counterfactual analysis

JEL Classification: E69, C21, H20