

Response to comments from Professor John T. Scott

"The Growth Effects of R&D Spending in the EU: A Meta-Analysis"

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First, we would like to thank Professor John T. Scott for his comments and suggestions.

We agree that this paper could be used as a springboard for a more detailed analysis of the differences in R&D performance across countries. As pointed out by Professor Scott, the first step, carried out in the paper, is to analyze if there are differences in R&D-growth linkages across countries, and if these are strong enough to be detected by a meta-analysis. Professor Scott suggests deepening the analysis in future work by adding country-specific variables approximating various dimensions of the business or innovation environment. This would open up for an econometric and data based analysis of what are the drivers of differences in R&D performance across countries. Suggested variables include measurers of absorptive capacity, rule of law and IPR, development of capital markets, linkages between public and private R&D, entrepreneurship, supply and quality of skilled workers etc.

We welcome these suggestions for future research, and see both potential and challenges in this endeavor. The complexity of the links between R&D and growth are well described in Professor Scott's comment. Apart from the obvious challenge to formulate a theoretical framework that reflects this complexity in a clear and comprehensible manner, we are also struggling with some more mundane tasks. Apart from data collection, these include questions about how to handle time effects and how to tease out country specific, time varying effects from the data set. While this work lies beyond the scope of the present paper, Professor Scott's comments highlight the value of the first step in this longer process: the meta-analysis shows that there are significant differences between Europe and the US, which suggests that we have a relevant research question to look into in future work.