

Spillovers from Public Intangibles

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Paper Abstract: This paper sets out a framework for the analysis of spillovers to public investments, tangible and intangible. We exploit a new cross-country industry-level growth accounting database that includes data on intangible investment for the total economy, i.e., covering both market and nonmarket activity at the industry level for 9 EU countries and the United States from 1995 through 2013. Using R&D investment time series newly developed for national accounts, we find support for earlier findings in the literature (e.g., Guellec and Van Pottelsberghe de la Potterie 2002, 2004) that there are spillovers from public sector R&D to market sector productivity. We also find that market sector investments in nonR&D intangible capital generate spillovers to productivity, raising new possibilities for the analysis of policies that might boost economic growth.