Activity summary of CIAS research fellow in Budapest

Grant category: ☐ junior ☒ senior ☐ non-resident senior

Name: Helmutos Azacis

Home institute (name, position, country): Reader in Economics, Cardiff University, UK

Academic Year / Semester: Spring 2023

Duration: 6 months

Project title: Resource Misallocation in the Presence of R&D Spillovers in the UK Manufacturing Sector

Project description*: We study resource misallocation by explicitly modelling R&D input and knowledge spillovers. The effects of R&D and spillovers on firm-level productivity are extensively studied in applied work, but not in the context of resource misallocation. We establish that, in the presence of spillovers, efficient resource allocation requires that more productive firms face higher R&D input prices. Analysing UK firm-level data, we find that the output gains from correcting misallocation are greatly overestimated when spillovers are ignored. Output losses due to capital distortions dominate those from labour and R&D inputs. Adopting a wrong R&D policy could lead to significant output losses.
Achieved result(s)*: Together with my coauthors Kun Li and Kul Luintel, we have produced a paper, entitled “Resource Misallocation in the Presence of R&D Spillovers” and submitted it to a journal.

Connected publications*
1. 
   **Title:** Resource Misallocation in the Presence of R&D Spillovers  
   **Date of submission:** September 12, 2023.  
   **Journal:** The American Economic Journal: Macroeconomics  
   **Journal category** (if applicable): ☒ Q1  ☐ Q2  ☐ Q3  
   **Status:** ☐ accepted/published  ☒ in progress  ☐ planned

2. 
   **Title:** Simple Forward Induction in Monotonic Multi-Sender Signaling Games  
   **Date of submission:** May 31, 2023  
   **Journal:** Journal of Economic Theory  
   **Journal category** (if applicable): ☒ Q1  ☐ Q2  ☐ Q3  
   **Status:** ☐ accepted/published  ☒ in progress  ☐ planned

Professional collaborations, partnerships*
1. 
   **Name:** Peter Vida  
   **Institution:** CIAS and Institute of Economics  
   **Field of research:** Game Theory  
   **Future plans for joined research:** A competition authority (CA) wants firms to produce the competitive output in every period because it maximizes the society’s welfare. The competitive output depends on the production costs which are unknown to CA. In our previous work, we identified the conditions when CA can elicit information about the costs and implement the competitive outcome. Now we want to study what is the best that CA can achieve when those conditions are not satisfied.

Additional activities* (public lectures, presentations, professional meetings, media connections etc.):
4. I reviewed a grant application for the National Research, Development and Innovation Office of Hungary.
Future plans, planned return (if any):
☒ I plan to return to Hungary later
☐ I plan to maintain my professional contacts via e-mail
☐ Any other comment:

*Please give us a properly detailed summary.

Date: 12.09.2023.
Signature: H. Azacis