

Abstract

“R&D, Scale Effects and Spillovers: New Insights from Emerging Countries”

There has been a concomitant rise in R&D and the rate of economic growth in emerging countries. Analyzing a panel of 31 emerging countries, we find

convincing evidence of scale effects which make government policies potent for long-run growth. This contrasts sharply with the well-known findings of Jones (1995a).

Innovations show increasing returns to knowledge stock, implying that the diminishing returns assumed by some semi-endogenous growth models might not be generalized.

International R&D spillovers raise the innovation bar. The observed growth rates of emerging economies appear in transition therefore their growth rates may recede with the passage of time.

JEL Classification: O3; O4; O47.

Key Words: Scale Effects; Ideas Production; Diffusion; Panel Integration and Cointegration.

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