

# **The Productivity Effect of National Research Grants: Evidence from Japanese JSPS Funding in Economics**

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## **Abstracts**

It is important to measure the effect of research grants on academic productivity in examining the optimality of funding allocation, selection processes, and evaluation criteria. Nonetheless, the question has not been asked for national research grants in Japan, where a decline in international academic ranking of Japanese universities has attracted social attention. This study evaluates the productivity effect of national research grant (*KAKENHI*) in economics. To control for potential endogenous problems and omitted variable bias, we employ a regression discontinuity design using peer review scores that are used to determine the applications to be funded the JSPS. We collect the administrative data from the JSPS, and research outputs (the number of publications and the number of citations) from the Scopus database. The results show that research grants in economics increases the numbers of papers and citations by 10-15% and 20-26%, respectively. Our cost-benefit analysis shows that the effect is four times greater for young scientists (the Grant-in-Aid for Young Scientists) than for the recipients of GSR-B (the Grant-in-Aid for Scientific Research (B)). Additional evidence for differences across subfields and regions are also presented.