

Funding scientific research to spur EU competitiveness

Lessons from the French LabEx programme

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European Excellence Initiative proposal vs French precedent

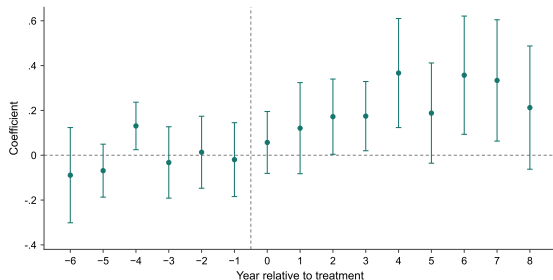
EEI proposal	LabEx, France, 2010–
Bottom-up	Open call; themes and consortia defined by applicants
Large-scale	€1.5bn; 171 clusters; €2–30m each
Long-term	8 years, renewed in 2019
Transnational	National call; most clusters on a single site

- Selection on **scientific excellence**: innovation and impact a stated criterion, but did not predict funding. Firms neither eligible nor members.
- Two published causal evaluations:
 - Carayol, Henry & Lanoë (2025), *Review of Economics and Statistics*;
 - Bergeaud, Guillouzouic, Henry & Malgouyres (2025), *Quarterly Journal of Economics*.

Three results

1. Long-term collective grants **redirected research** toward selected themes, at modest cost.
2. Industry impact not a selection criterion, yet LabEx **raised R&D in firms** close to the clusters, spatially and technologically.
3. Public research funding acts as an **implicit subsidy**: magnitude comparable to research tax credits, very different in whom it reaches.

1. Long-term collective grants redirected research at modest cost



- Collaborations within funded clusters increased by **+30 %**.
- More publications on cluster's topic (**+22 %**).
- No significant average effect on publication counts or citations.

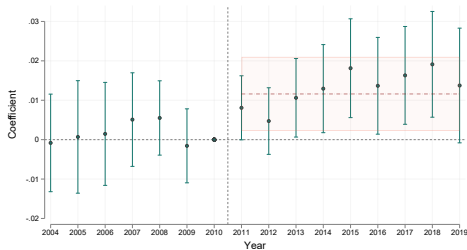
Effect on within-cluster collaborations, by year. Source: Carayol et al. (2025)

- Successful redirection of research, for about €1m per funded cluster per year.
- Switching costs of science are usually large (Myers, 2020).
 - ↳ Switching costs likely lower in long-term collective grants than short-run individual ones.

2. From public labs to private firms: measuring firms' exposure

- **Scientific proximity** of a cluster and an industry: overlap between journals in the cluster's bibliography and journals cited by the industry's patents.
 - The bibliography captures the cluster's science; patent citations, the science the industry uses.
 - Overlap $\approx$ probability that the industry uses the cluster's science.
- **Exposure** of an industry in a commuting zone: local cluster funding, weighted by proximity to the industry. Read: amount implicitly directed to that industry in that place.
- Compare more vs less exposed industry–zone pairs, before vs after 2010, net of everything common to a zone or to an industry in a year.

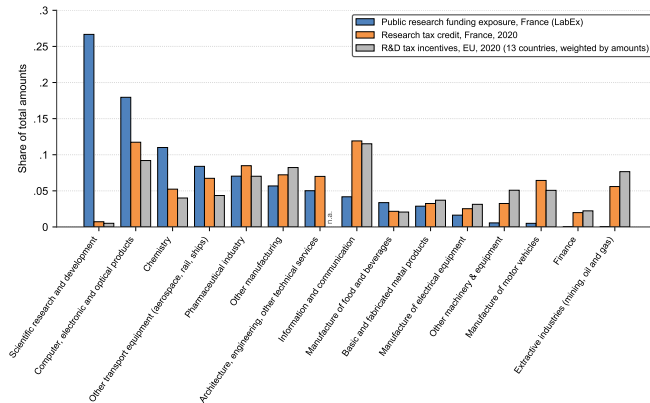
Spillovers of research funding to local firms



Effect of exposure on the log R&D wage bill of local plants, by year. Source: Bergeaud et al. (2025)

- Most exposed third of pairs: R&D wage bill **+15 %** vs least exposed third.
- **€1** spent, **€0.78** of additional private R&D wages.
- Channels: labour mobility, contracting between labs and firms.
- Effects **within the commuting zone**.

3. Implicit targeting: which industries does public research funding reach



Sectors shown cover 95% of public research exposure, 84% of the French tax credit and 74% of EU tax incentives.

- Magnitude comparable to research tax credits (€0.78 per euro vs 0.5–1.5).
- Targeting differs: reaches firms close to the scientific frontier, not R&D in general.

Key takeaways from the LabEx experience

1. Long-term grants to research communities reoriented part of their work, at low cost compared with individual targeted grants.
2. Selected on scientific excellence alone, yet positive effects on industry — where labs and firms were close, in space and in science.
 - ↳ Open question: do ERC grants have similar effects? Ongoing project with the ERC.
3. Funding public research is also an innovation policy: unlike flat-rate R&D subsidies, it reaches industries relying on science, not those spending most on R&D.