Policy Environment for Intangible Investment:
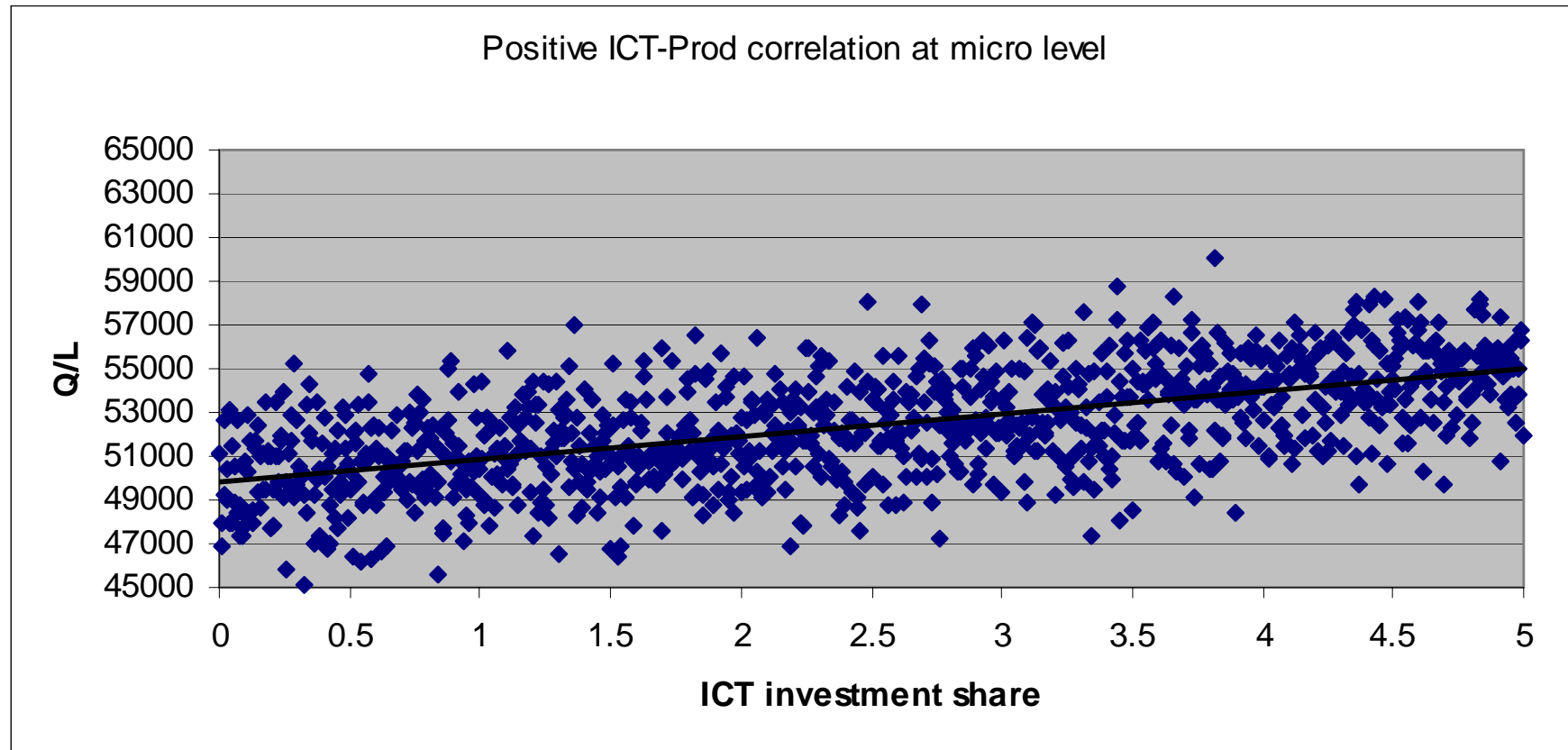
What can we learn from cross-country analysis

Eric J Bartelsman
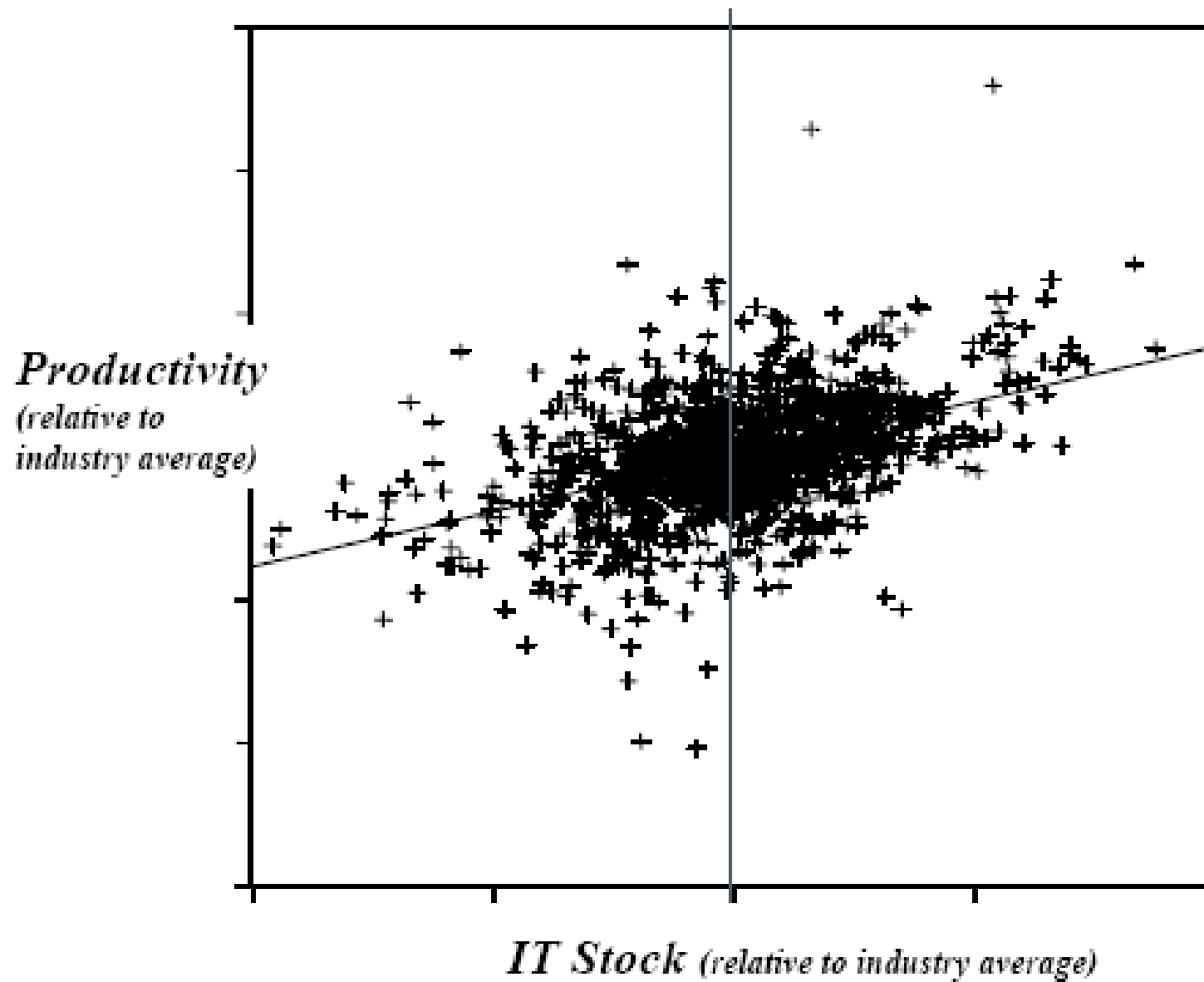
Vrije Universiteit Amsterdam

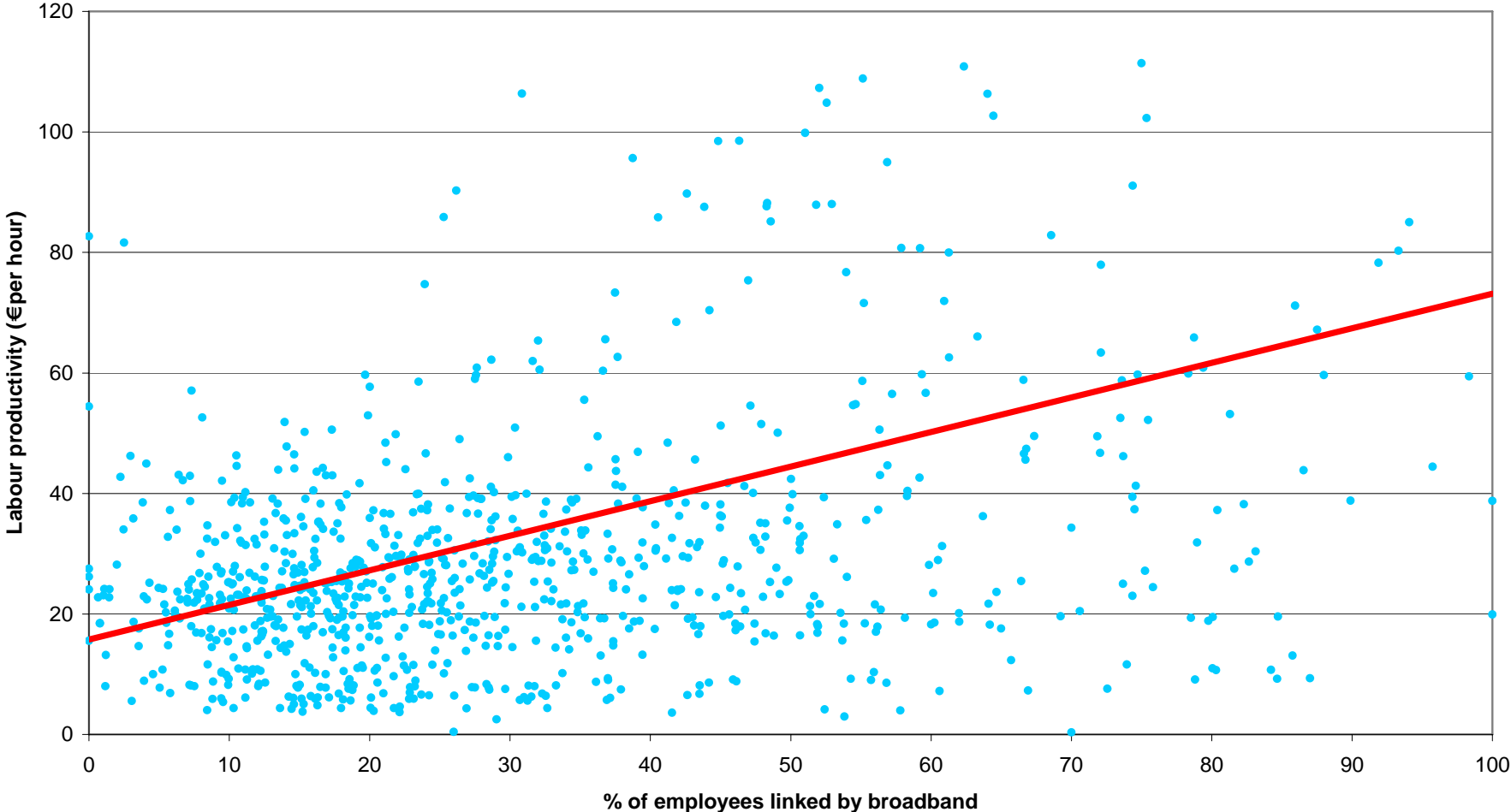CAED, RIETI Panel, October 2, 2009
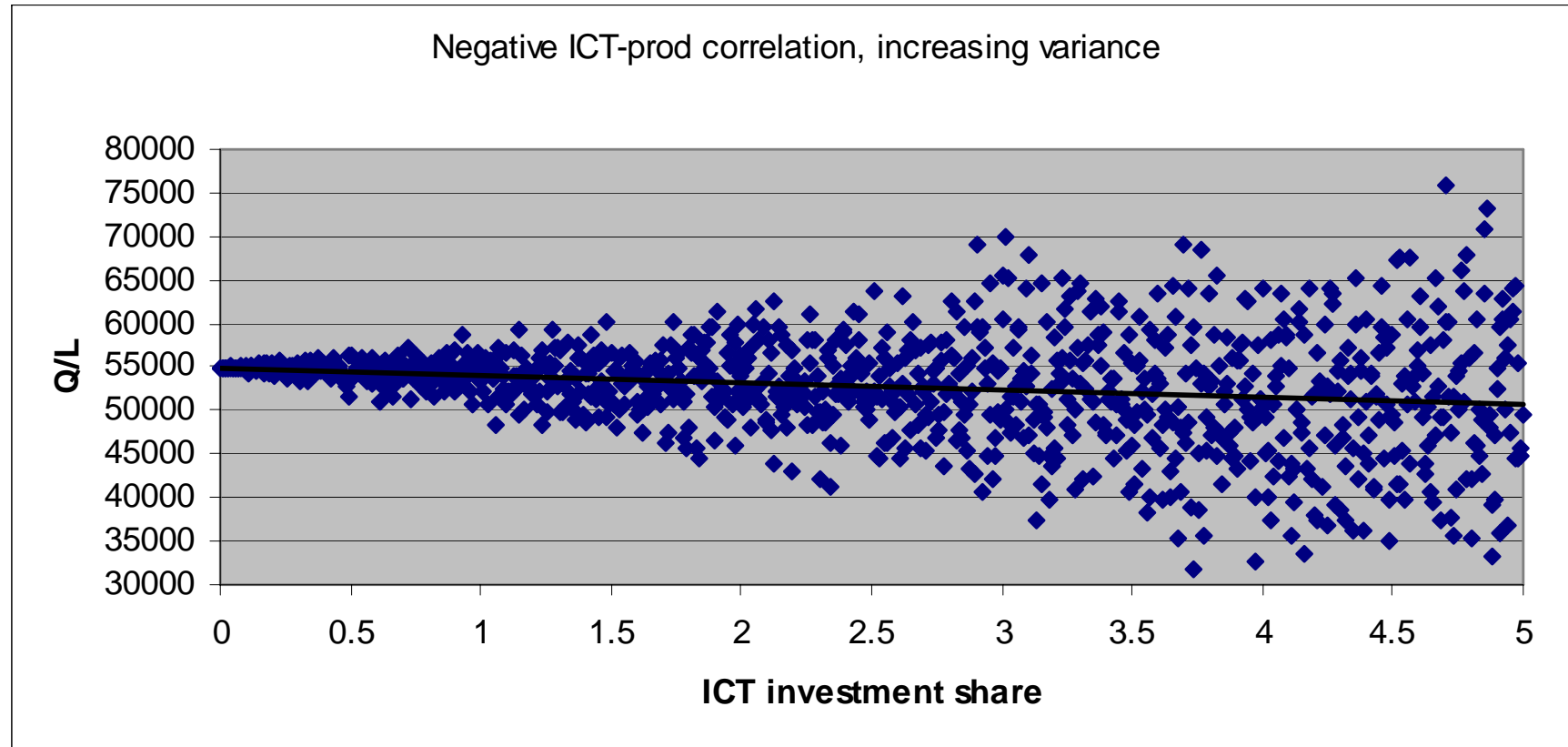
Some micro evidence that:

Source: simulated data

Productivity (relative to industry average)

IT Stock (relative to industry average)

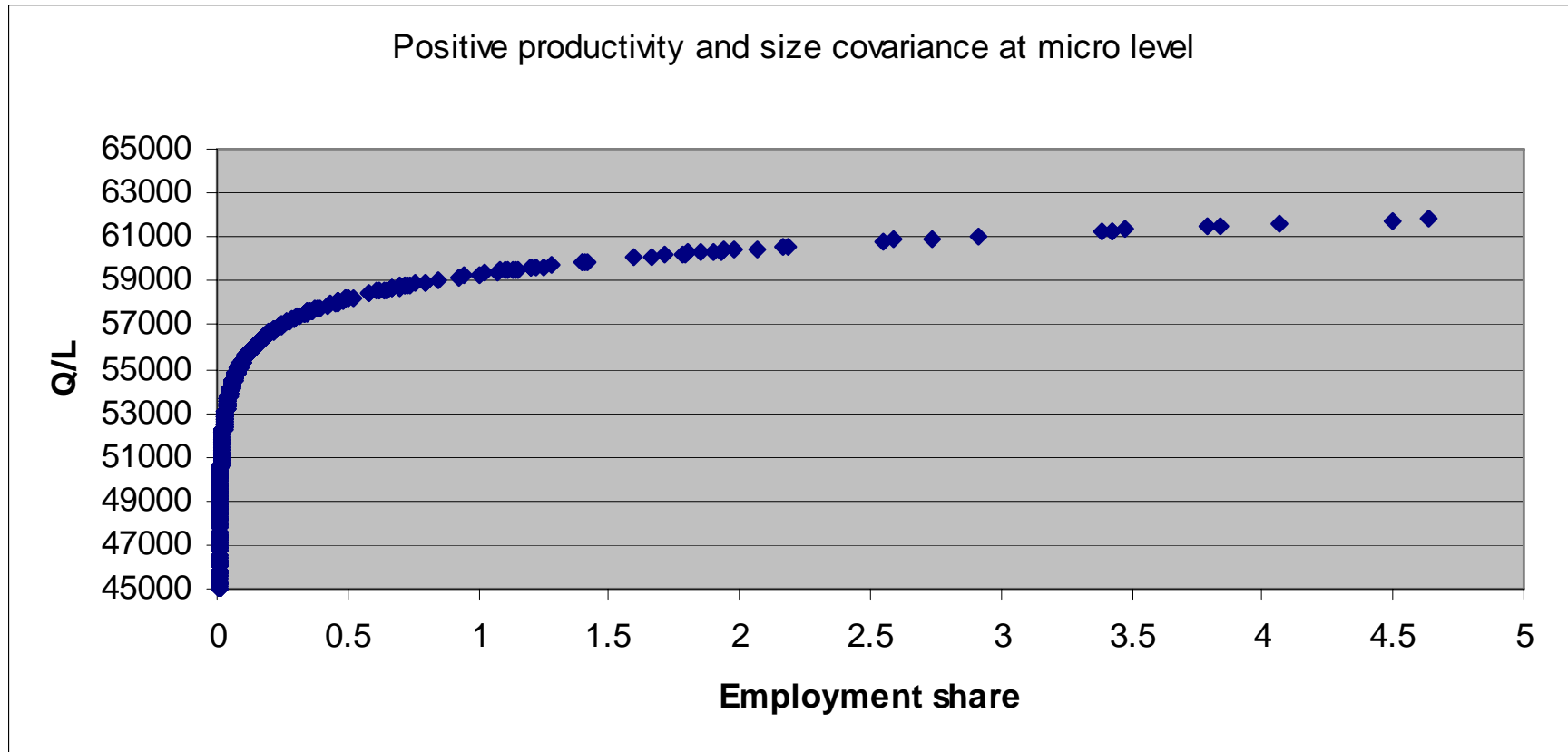Source: Erik Brynjolfsson

Results: ICT Impacts Project

Labour productivity and broadband in selected EU countires (2001 - 05)

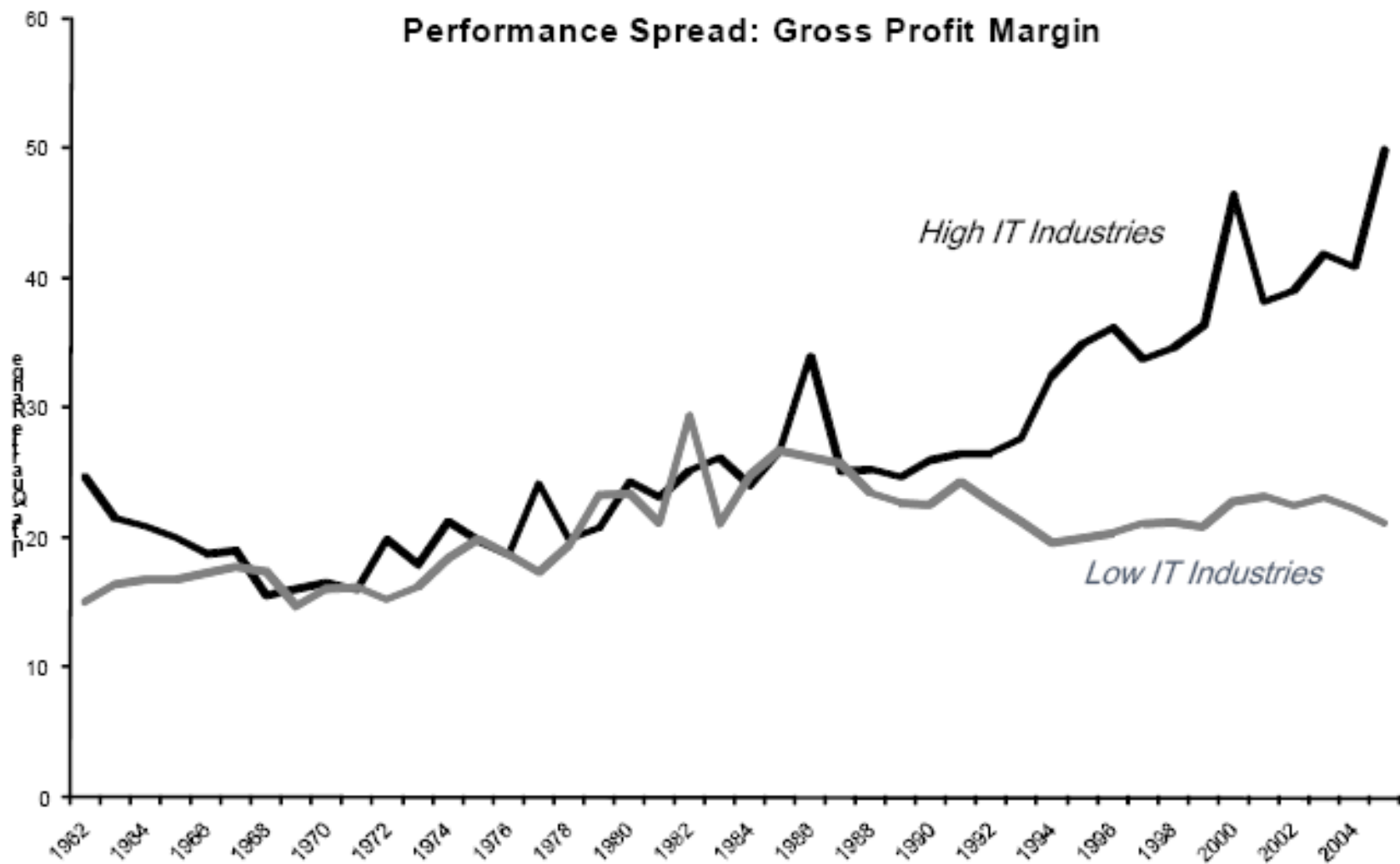# If micro correlation were negative, macro effect would still be positive, if:

Negative ICT-prod correlation, increasing variance

and $\sum_{i \in C} (\phi_i - \overline{\phi})(A_i - \overline{A}) > 0$:

Positive productivity and size covariance at micro level

Cite: model calibration from Bartelsman, Haltiwanger and Scarpetta

Performance Spread: Gross Profit Margin

High IT Industries

Low IT Industries

Source: Erik Brynjolfsson

ICT and variability of outcomes

Correlation Broadband Access and Firm-growth Distrbutioni

Interquartile range of firm growth distribution (pct-points)

Percentage of workers with broadband access
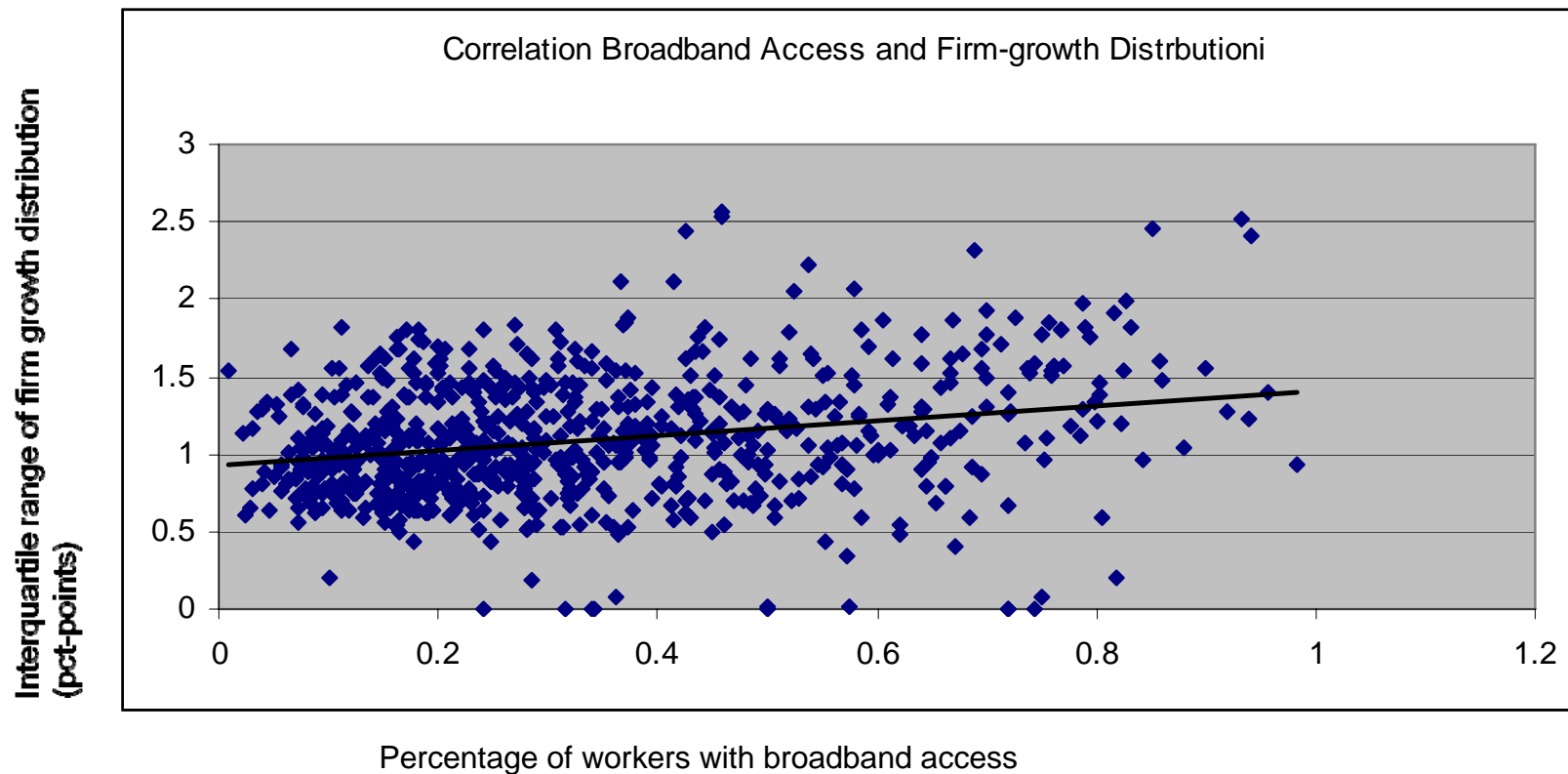
Source: Eurostat ICT-Impacts Project