

SEMINAR

"Health Policy, Innovation, and SOEs – Evidence from China's Vaccine Industry"

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Assistant Professor

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Time: 14:30-16:00

Venue: WYL314



ABSTRACT:

Health policies intended to promote health product utilization often provide strong market incentives to innovate; however, in developing countries, the policy effect on innovation can be offset by government regulations that limit market growth. This paper examines the impact of China's public vaccine policies on vaccine development and its underlying mechanism. Using newly-collected data on vaccine clinical trials and production, we estimate that China's public vaccine program expansion led to a substantial decrease in new trials for policy-affected diseases. This decrease was due to government price regulations that greatly reduced the expected market size for affected products. While the policies led to lower market revenues for both private firms and SOEs, the SOEs did not respond by reducing R&D effort. Our welfare analysis indicates that for many affected diseases, the reduction in innovation is socially desirable as the regulations curbed potentially wasteful R&D spending. However, for one disease, innovation could generate long-run social benefits by bringing in more efficacious products.

BIOGRAPHY:

Prof. Shi is an Assistant Professor in the Department of Economics at the Chinese University of Hong Kong and the Associate Director of the CUHK-Zhejiang University Joint Research Center for Digital Economy. He got his Ph.D. at the University of Virginia. His research interests include industrial organization, innovation, and applied microeconomics. His recent work examines important policy issues in digital and platform markets and the market for pharmaceuticals.

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