

MOONSHOT: PUBLIC R&D AND GROWTH

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ABSTRACT

We estimate the long-term effect of public R&D on growth in manufacturing by analyzing new data from the Cold War-era space race. We develop a novel empirical strategy that leverages US-Soviet rivalry in space technology to isolate windfall R&D spending. Our results demonstrate that public R&D conducted by NASA contractors increased manufacturing value added, employment, and capital accumulation in space-related sectors. While migration responses were important, they were not sufficient to generate a wedge between local and national effects. The iconic moonshot R&D program had only modest economic effects for both the local and national space-related sectors. (JEL E22, H54, L60, N12, N42, N62, O47)

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