

## A conversation with Prof. Tomas Philipson on 09/04/13

### Participants

- Prof. Tomas Philipson - Daniel Levin Professor of Public Policy, University of Chicago
- Holden Karnofsky - co-Executive Director, GiveWell

**Note:** This set of notes was compiled by GiveWell and gives an overview of the major points made by Prof. Tomas Philipson on the topic of economic literature on the returns to biomedical R&D.

### Topics Covered

- The main literature relevant to social returns to biomedical research focuses on estimating the total value created by reductions in disease burden. This sort of exercise has been done for HIV/AIDS, cholesterol-reducing drugs, and the war on cancer. The general takeaway is that industry captures a small percentage of the total value created, which may lead to a dynamic in which R&D investment is suboptimal. Social and regulatory norms against high prices for health care may be a contributor to this dynamic.
- There isn't much in the way of economic literature addressing (a) likely future reductions in disease burden and how to value today's investments with these taken into account; (b) estimating the returns to the marginal, as opposed to average, dollar of investment in R&D; (c) isolating the impact of different types of research on reductions in disease burden.
- There is some literature on the extent to which publicly funded research "crowds out" or "crowds in" private R&D. Rebecca Henderson at MIT would be knowledgeable on this topic.
- There isn't much economic literature on the topic of how good the NIH, or other funders, is at picking research to support that will be influential/impactful down the line.
- It's possible that a major pharmaceutical company would be interested in partnering to produce more research on the returns to R&D.

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