

Study Explores Presumed Necessity of an Earmarking Ban

Researchers find that politically selected R&D projects are not inferior to those competitively selected

VALLENDAR, RHINLAND-PALATINATE, GERMANY, April 14, 2022

/EINPresswire.com/ -- For ten years, the United States disallowed the practice of [earmarking](#), which would have otherwise given lawmakers the right to allocate federal funds for specific projects. With President Biden's \$1.5T [spending bill](#) coming into enactment, we are now seeing a reversal of this decision. According to new research evidence, there is an inherent assumption that politically selected, earmarked projects cannot perform as well as those that have been selected competitively. A recently published study, one of the first of its kind, empirically analyzes this assumption and comes to some surprising conclusions.



In their study, Dries Faems and his co-authors found no difference in the quality of earmarked and non-earmarked projects

After a decade-long moratorium on earmarking in the United States, the practice came roaring back thanks to a \$1.5 trillion spending bill that allows American lawmakers to direct federal funds to their districts and states to finance suitable projects. As reported in the New York Times, players from both sides of the political spectrum jointly packed 4,962 earmarks—totaling just over \$9 billion—into the new legislation.

It is generally assumed that publicly funded research and development (R&D) projects that are competitively selected outperform those that receive funding through a political selection process. Proponents of an earmarking ban argue that funding decisions based on competitive selection processes tend to be less biased and less vulnerable to fraud and corruption. However, empirical evidence supporting this core assumption has been lacking.

In a recently published study in the academic journal Research Policy, Professor Dries Faems, holder of the Chair of Entrepreneurship, Innovation and Technological Transformation at the



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Professor Dries Faems, WHU-Otto Beisheim School of Management

WHU – Otto Beisheim School of Management, Germany, and his colleagues Professors Holmer Kok from the Stockholm School of Economics and Pedro de Faria from the University of Groningen have sought to explore this assumption empirically by examining the outcomes of 321 R&D projects funded by the U.S. Department of Energy's Hydrogen Program. Between 2003 and 2011, participating projects could receive funding in one of two ways: through a competitive selection process wherein a jury of experts selected fundable projects; or by being earmarked by a member of Congress.

The researchers have found that earmarked projects receive considerably lower evaluation scores from peer

reviewers than do non-earmarked projects. That being said, they also report that earmarked projects do not underperform as it pertains to publications and patents. In other words, although professional reviewers evaluate earmarked projects as being inferior, this inferiority is absent from the tangible outcomes that reflect their level of productivity and impact. In conducting additional text analyses on the review comments, the researchers found signs of a bias on the part of the peer reviewers, which may be the cause of this misalignment between evaluation and outcome.

Despite not finding consistent underperformance with earmarks (in terms of the research and scientific output), the authors acknowledge that there may be other reasons why societies, and policy makers in particular, prefer to stay away from politically driven selection processes. Notably, the researchers claim that, when actors want to propose or defend a ban on earmarking, they need to rely on the appropriate argumentation and should not simply assume that politically selected projects will be outperformed by those competitively selected.

Reference:

Kok, H.; Faems, de Faria, P. (2022, in press): Pork Barrel or Barrel of Gold? Examining the Performance Implications of Earmarking in Public R&D Grants. Research Policy.
<https://doi.org/10.1016/j.respol.2022.104514>

Bernadette Wagener

WHU - Otto Beisheim School of Management

+49 261 5409540

[email us here](#)

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