**Productivity - Innovation Subsidies**

| | Subsidies | No Subsidies | Subsidies Product | No Subsidies Product | Subsidies Process | No Subsidies Process | Subsidies Mixed | No Subsidies Mixed |
|---|---|---|---|---|---|---|---|---|
| Product KS - 2 L | 0.110 | -0.003 | 0.088 | 0.010 | | | | |
| | (0.072) | (0.064) | (0.070) | (0.048) | | | | |
| Process Use KS - 2 L | 0.045 | 0.201** | | | 0.114 | 0.109 | | |
| | (0.129) | (0.101) | | | (0.097) | (0.086) | | |
| Mixed KS - 2 L | 0.031 | -0.078* | | | | | 0.083 | -0.003 |
| | (0.080) | (0.046) | | | | | (0.071) | (0.037) |
| Product SO - 2 L | -0.364 | -0.010 | -0.051 | 0.056 | | | | |
| | (0.244) | (0.101) | (0.097) | (0.041) | | | | |
| Process Use SO - 2 L | 0.098 | 0.002 | | | 0.039 | 0.011 | | |
| | (0.205) | (0.129) | | | (0.095) | (0.047) | | |
| Mixed SO - 2 L | 0.202 | 0.056 | | | | | -0.036 | 0.025 |
| | (0.283) | (0.137) | | | | | (0.079) | (0.038) |
| Year fixed effect | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| Observations | 173 | 494 | 173 | 494 | 173 | 494 | 173 | 494 |
| Wald chi2 | 20.454 | 95.300 | 11.855 | 57.829 | 13.817 | 58.556 | 17.572 | 50.779 |

Note: The dependent variable (TFP) is estimated according to Ackerberg, Caves, Frazer (2015). Instruments for level equation are lagged differences. Heteroscedasticity-robust standard errors are in brackets. Controls include firm size, academic employees share, technological potential, price competition, foreign ownership and appropriability. The Arellano-Bond test for zero autocorrelation in first-differenced errors does not reject the null hypothesis of no serial correlation at order two. Hence, the moment conditions are valid. The Hansen test of overid restrictions confirms the validity of the instruments in each equation.
* $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$