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# Duplicative research, mergers and innovation<sup>1</sup>

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*Abstract:* We show that in the model of Federico, Langus and Valletti (2017) [A simple model of mergers and innovation, *Economics Letters*, 157, 136-140] horizontal mergers may actually spur innovation by preventing duplication of R&D efforts. Federico et al. do not notice this result because they presume that the merged firm spreads its R&D expenditure evenly across the research units of the merging firms -- a strategy which is optimal, however, only if the probability of failure is log-convex in the RD effort. The possibility that mergers spur innovation is more likely, the greater is the value of innovations and the less rapidly diminishing are the returns to R&D.

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