

Experts and Financial Ties: Evidence from FDA Advisory Committees

(joint with Fanny Camara)

The use of expert committees is common in many settings. A key concern is the potential for conflict of interest, particularly for members of committees that oversee regulated firms. However, ties to industry may be correlated with relevant expertise. We examine the voting behavior of members of the Food & Drug Administration's Advisory Committees (ACs), which make recommendations on new drug applications and other regulatory questions. Our work exploits a novel dataset that includes detailed information on each AC member, including their academic degrees, age, areas of expertise, and scientific contributions. We construct a measure of financial ties to industry using information disclosed in scientific publications authored by AC members, as well as those reported directly to the government. Advisors with industry ties generally have higher observable quality: they publish more, receive more NIH grants, etc. We estimate a structural model of voting that allows us to recover each member's skill and bias associated with financial ties. Our results indicate that financial ties to industry are associated with both an increased probability of voting in favor of a drug as well as higher skill. However, the effect of removing financial ties has only a small effect on the conditional probability of voting for a drug.