

FOREWORD

They are at least two reasons for which the theme of this special issue of the *Revue de l'OFCE* is important. The first is general: understanding growth processes and growth strategies is becoming increasingly important for all countries in the world especially in a period of emerging new all purpose technologies. When Robert Solow made his path breaking contribution to growth theory, the context was rather different: OECD countries were growing at a regular rate, very high by historical standards; the trend growth of technical progress was also high and more or less stable; active macroeconomic policies were considered by the profession as a good thing; governments were devoting a lot of resources to investment in infrastructure. Since then the growth of total factor productivity slowed down almost everywhere— at the exception of the US where it seems to exhibit a revival since 1995— and almost all trends which characterized the Golden thirties have been reversed.

The second reason is more European specific. Growth performances in the European Union have been particularly disappointing since the eighties. Moreover Nation States have lost their macroeconomic policy sovereignty, while it does not exist at the level of the Union a well defined policy-mix. It follows that national government have to focus on structural reforms with the aim of fostering an industrial dynamic enhancing productivity and growth. The search for a recipe becomes thus all the more important.

Whatever the reasons, understanding industrial dynamics, the innovation process and structural change is essential at the microeconomic level, essential to understand the functioning of markets and the role of competition. It may itself lead to innovative form of state intervention able to speed the diffusion process of new technologies, and the search of the technology frontier. And indeed, without contradicting the results of the Solow model, growth theory has evolved in a way which allows a better understanding of the link between market structures and growth, of the relationship between institutions, R&D, and total factor productivity.

The essays gathered in this special issue offer a rich menu for all those who want to understand better the underlying forces behind the processes of industrial dynamics and productivity growth.

I would like to thanks all the authors of the papers and in particular Flora Bellone, Jean-Luc Gaffard and Jackie Krafft who played an essential role in gathering the essays, and structuring them in this issue of The Journal of OFCE.

Jean-Paul Fitoussi

