A TIME TO SOW, A TIME TO REAP*
FOR THE EUROPEAN COUNTRIES:
A MACRO-ECONOMETRIC GLANCE
AT THE RTD NATIONAL ACTION PLANS

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In this contribution, we present an assessment, in terms of growth, employment and competitiveness, of the European Union Member States RTD policies in late 2004, the National Action Plans (NAP). The assessment in this paper is based on the results of a detailed macro-econometric model NEMESIS for the European Union countries. The results refer to two different periods: first, the “Time to Sow”, during which increased RTD effort is rewarded by few innovations. This is a period of delayed RTD maturation. The economy is demand oriented, and GDP and employment levels are multiplier based, while inflationary pressures and deficits abound. Second, the “Time to Reap”, when a virtuous mechanism of innovation based growth and employment is engaged, which should lead European countries to a less material, less polluting knowledge economy.

JEL Classification: C53, D78, E17, O33, O38, O47.

Keywords: Policy Assessment, RTD, Growth, Econometric Modelling, Endogenous Technical Change, Sustainable Growth

* Although originally created for another context, we can not help adopting the beautiful formula of HELPMAN and TRAJTENBERG [1998], which is well suited to our work.

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