

A positive observation of long-term knowledge industries change in France and Japan.

Topic: Analyses of specific economic sectors

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None of the economy cannot avoid taking the risk to adapt global institutional changes or technological innovations.

France, having recognised technology gap in 1970s, constructed European Single Market (ESM) and engaged into it strongly, while Japan concentrated her effort to improve the productivity in private sector and entered in global competitive market under GATT/OECD institutions in 1960s.

We observed series of IO tables published by INSEE, France, from 1959 to 2008 with 40 branches, and by Soumusho, Japan, from 1960 to 2005 with more than 104 branches, to see if the following hypothesis works;

"A long-term meso-economic performance depends on the institutional change rather than private R&D expenditure."

Positive observation of "Skyline Charts", "IO induction analysis" and "long-term input coefficients changes" shows us that the ESM gave chance to France to expand her agriculture, commerce and some types of the knowledge industries, such as type B(*) and C(*), while Japan enjoyed GATT's free trade scheme and concentrated her capacity into the knowledge industry type A(*) with well trained engineers and intensive input of knowledge services.

After 1989, although Japan seemed neither to well adapt to the post cold-war order nor to prepare the rise of the new industrialized economies, France seemed to continue the trade development with stronger linkage of EU member states.

Two cases show us that the hypothesis would be accepted and Japan shall prepare any institution to get profit from the continuous high risk investment for R&D and to mitigate private activities into the service trade, namely by reinforcing the knowledge industry type B or C.

(*) Reference of three types of knowledge industry: NAKANO Yukinori, 2007, Comparison of several types of knowledge industries between Japan and Europe, the 16th conference of IIOA, Istanbul.