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| Kozminski University |
| **Knowledge Flows, Technological Change, and Regional Growth in The European Union** |
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| **2013** |

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**Foreword**

Knowledge and learning have always been central driving forces of economic growth and prosperity. Different speeds of knowledge accumulation and diffusion, as well as different socio-political environments have hampered the successful absorption of knowledge and transfer into economic resources. Almost a century ago Alfred Marshall embraced this interlinkage in one of his statements (1920, pp. 270-271): “Nearly all important knowledge has long deep roots stretching downwards to distant times; and so widely spread have been these roots, so ready to send up shoots of vigorous life, that there is perhaps no part of the old world in which there might not long ago have flourished many beautiful and highly skilled industries, if their growth had been favored by the character of the people; and by their social and political institutions (...).”In fact, many scholars believe people are inherently creative and innovative and that if only the institutional and political circumstances were right, their knowledge would be used for continued technological progress. The economic utility of knowledge rests on its creation, diffusion, and technological application. Knowledge and technology are like the “heart” and “mind” of every economy. By integrating knowledge factors with technological advancement and inserting them into the aggregate production function, economies can take full advantage of scale and long-term prosperity.

Today, more than ever before in human history, there is greater appreciation for the importance of knowledge and learning. Accelerating technological advancement and globalization puts continuous pressure on learning and constantly upgrading skills. Therefore, it should be every government’s role to provide necessary technological infrastructure, encourage and support business R&D efforts, and promote lifelong learning. Increasing the quality of human resources improves the efficiency of the workforce, raises aggregate productivity, and improves allocative efficiencies of economic resources that could generate growth for future generations.

**Acknowledgements**

My most profound thanks to Prof. Grzegorz W. Kolodko, Director of the Transformation, Integration and Globalization Economic Research Center (TIGER), and Prof. Andrzej K. Kozminski, Dean of Kozminski University, who gave me the opportunity to pursue my academic career and scientific interests. I would also like to express my gratitude to numerous experts and colleagues from Harvard University, the University of California at Berkeley, Suffolk University, and Université libre de Bruxelles for sharing their precious comments and experience, and giving their professional advice on my research. For all the interesting comments and valuable feedback my special thanks go to Prof. Philippe Aghion and Prof. Edward L. Glaeser of Harvard University, Prof. David Dowall, Prof. Stephen S. Cohen, and Prof. John Zysman of the University of California at Berkeley, Prof. Zbigniew Bochniarz, the Evans School of Public Affairs, University of Washington, and Prof. Robert DeFillippi of Suffolk University in Boston. I am also very grateful to Prof. Henry Capron and Prof. Michele Cincera from Université libre de Bruxelles for hosting me during two short-term exchange visits during which I had the opportunity to have long discussions with people at the root of my interest. It also enabled me to conduct interviews with representatives of the Wallonie and Flanders regions’ technological clusters as well as policy makers in European institutions. Many thanks also to Dr. Jaan Masso, Dr. Alessandro Vecciato, and Dr. Lydia Greunz for their technical support and feedback.

Many thanks also to my interviewees from different scientific fields for their expert feedback and comments. Finally, I would like to express my deepest and most heartfelt gratitude to my husband, my son, and my parents for their patience and encouragement. Thank you.

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