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

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