Economic growth, development, and institutions - lessons for policy and the need for an evolutionary framework of analysis

It is now widely accepted that knowledge in technology and innovation is a crucial factor in promoting economic growth and that business firms are an essential locus of technological accumulation. The broad conviction that technological advance was the driving force of economic growth gave a strong impulse to the emergence of the neoclassical endogenous growth models. In these models technical change is understood as a result of profit-seeking activities of individual agents and increasing returns, technological spillovers and other phenomena from the economics of innovation. In spite of the progress achieved by these contributions, such developments are still very mechanical. These studies do not seem to accommodate the evidence that firms have different capabilities and strategies or that national economic institutions, for example the university research system, are crucial determinants of economic growth.

In evolutionary theorizing the economic system is characterized by changing diversity and evolving processes of adaptive behaviour, where novelty has a fundamental role. The explanation of the system involves both random and mechanic elements, with the former generating variation among the variables and the latter systematically improving the existent variation. At the same time forces exist that make for the survival of the “fitter”

The clear emphasis on dynamics and on bounded rationality is not consistent with the traditional neoclassical concepts of equilibrium and optimisation. Alternative theoretical frameworks need be further developed. Here, respecting the philosophy of agent based theory, particularly conceiving the firms as heterogeneous and bounded rational agents that face uncertainty associated with the innovation process, and the understanding of learning and the generation and transmission of knowledge, play an essential role. Such topics lead inevitably to the study of the
firm as learning set of capabilities, to different forms of corporate organization and to the economic evolution of the region and/or the country. Also, it requires to pay attention to the social and institutional structures that sustain the creation and diffusion of knowledge. These issues may be analysed from different perspectives such as theoretical/empirical, micro/macro/meso, comprehensive analysis/case study, comparative studies/historical analysis. The analysis can be interdisciplinary in that it draws upon relevant material in psychology, sociology, anthropology, politics and history, as well as economics itself.

Submission of Proposals:

For papers proposals:
The abstract should clearly mention:
- Title of the paper
- Name of the author(s) and full address of the corresponding author (postal address, phone, fax and email)
- the aim of the study and methodology
- (expected) results and/or conclusions
- up to 5 keywords and code of the (closest) EAEPE research area (see eaepe web site)

All the submitted abstracts will be refereed by the scientific committee.

For complete session (four papers):
Please upload the abstracts of the session papers on the EAEPE web site and send your proposal separately to eaepe2007@fep.up.pt.

Note that most of the EAEPE Research Area Coordinators (RACs) will also send out a Call for Papers concerning the specific domain of their research area. If you submit your paper to a RAC then the RAC will make the selection and the papers the RAC cannot accommodate in the RAC session(s) will be sent to the scientific committee to be judge for the general program.
Note also that you can only participate in the conference with only one paper.

**Important dates:**

Deadline for abstract submission: **1st April, 2007**

Notification for abstract acceptance: **1st May, 2007**

Deadline for paper submission: **3rd June, 2007**

In order to be included in the final program, the paper has to be submitted before the above stated date and at least one of the authors has to be registered, has paid the conference fee and be a paid EAEPE member. Please note that you have to be an EAEPE member in order to attend the Conference.

The program of accepted papers will be published in the **July Newsletter**.