


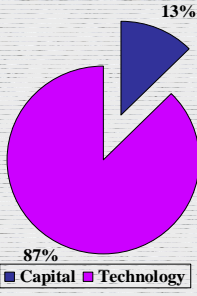
Is there an e-Economy?

By Danny Quah
 Economics Department, London School of Economics
 01 March 2001 Brussels
 European Commission: The e-Economy in Europe



Technology in Economic Life

- The engine of growth
- 20th century
- and earlier ...



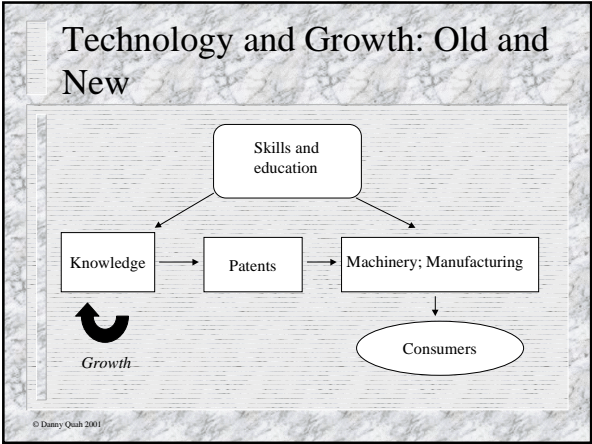
Category	Percentage
Technology	87%
Capital	13%

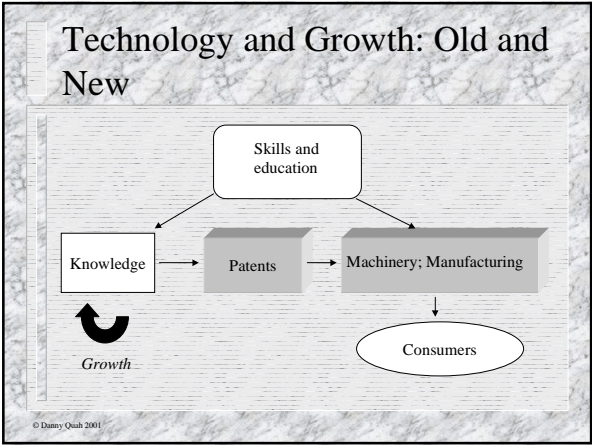
© Danny Quah 2001

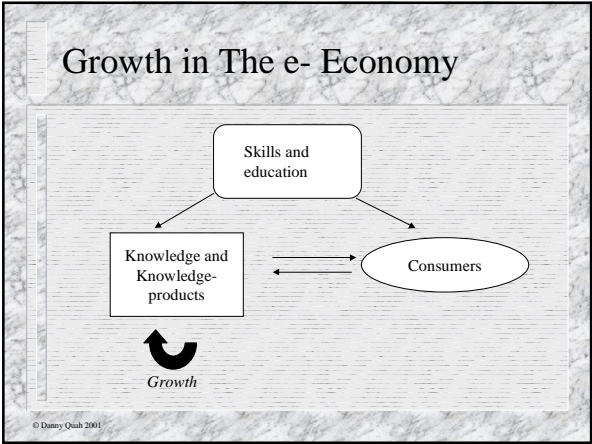
Production ... Consumption

- Supply side technology
 - Knowledge improves productivity
 - Better distribution channels
 - More effective allocation of productive factor inputs
- Demand side?
 - Amazon.com, AOL, Nokia, Vodafone, Yahoo, ..., Napster: *What goods and services?*
 - 6 billion customers

© Danny Quah 2001







ICT — US / (*EU)

Percent- age	US	EU	Highest
Business Empl.	3.9	3.9	Se (6.3), Fi (5.6), UK (4.8)
Value added	8.7	6.4	Se (9.3), UK (8.4), Fi (8.3), Ie ?
R&D	38	24	Fi (51), Ie (48), ... UK (22)

Source: OECD
© Danny Quah 2001

ICT Trade Balance 1998 - US\$ bn.

US	-40
EU	-27
Ireland	+5.8
Finland	+3.6
Sweden	+2.8
UK	-1.7

Source: OECD
© Danny Quah 2001

Knowledge-driven economy?

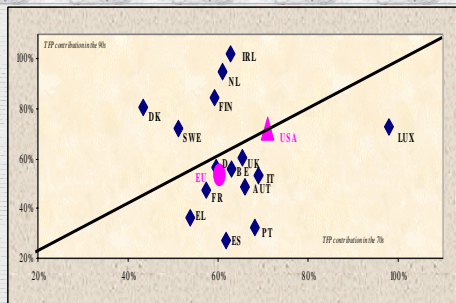
■ US 1987 to 1997

Total bachelor's degrees awarded:	+18%
Computer science	-37%
Mathematics	-24%
Engineering	-16%
Physical sciences	-2%

Source: NSF
© Danny Quah 2001

TFP in cross-country growth over time

(Source: Uppenberg and Vanhoush, EIB)



© Danny Quah 2001

Conclusions

- Production supply side technology?
- Consumption ...?
- Evidence
 - Is the US success supply-side driven?
 - What are we doing in Europe?

© Danny Quah 2001

Is there an e-Economy?

By Danny Quah
Economics Department, London School of Economics
01 March 2001, Brussels
European Commission: The e-Economy in Europe