

R&D INVESTMENTS AS A FACTOR OF REGIONAL ECONOMIC GROWTH IN ROMANIA

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Abstract

In the context of persistent regional disparities in R&D activity in Romania, our paper analyses the extent and impact of R&D investments on regional economic growth during past two decades by means of a panel data model. Based on the assumption that the success of the regions in transposing knowledge in innovation is a key factor of economic growth, we evaluate the impact of R&D investments, among other factors of economic growth, such as employment, FDI's stock, labour productivity and regional specialization in industrial activities of high- and medium-high technology and knowledge-intensive services. We found that R&D investments are weakly correlated to regional economic growth, therefore Romania needs a shift in its R&D policy towards measures to stimulate diffusion and uptake of knowledge, while increasing the efficiency of the resources used, as well as the capacity of underdeveloped regions to absorb new technologies

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