Network economies and growth
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Abstract

Recent developments in economic growth theory have focused on increasing returns as a source of self-accelerating growth in countries or regions. Several empirical contributions have investigated whether increasing returns can imply divergence in growth rates, or per-capita income levels, across regions, against the hypothesis of convergence implied by more orthodox growth models.

In this paper we wish to contribute to this debate by analyzing the role for those network externalities associated to the fast-growing share of industries which use the Internet or other information networks as a mean of production.

The evidence on the impact of new information technologies on growth is still mixed: several authors point out that investment in Information and Communication Technologies (ICTs) have significant effects on productivity, thus accelerating growth, while others note that faster growth can better be explained by less stringent monetary and fiscal policy, with investment in ICT being a consequence of growth rather than its cause.

Some references: