

NEW FORMS OF FRENCH ECONOMIC REGULATION

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Keywords: innovations, investments, branches of high technologies, high tech, great industrial programs “grand programs”, mobilization programs, structural reorganization.

This article touches upon the problems of new French economic development model, the peculiarities, in particular of cluster institution. Intended for economists and all those interested in France.

Development of knowledge economy puts lens not only before the industry, but also all national economy. In the early nineties great value was given to “intellectual revolution” when technical progress becomes the growth factor. Occurrence on a world scene of new participants of a competition demands course acceleration on an innovation. And this process «does not have alternative», underlined Margaret Thatcher. France has entered the beginning of the century, being in second place in Europe and developing all known scientific and technological areas. But if the established technological level of the country was high enough, other elements of economic system had negative value for economic growth. It is a question, first of all, of an export direction. Basically production and technology arrive on the former foreign markets, not different fast development, and in the smallest degree on the dynamic new markets. For example, 2/3 French export were necessary on the countries of the European union, while on the American markets and markets ATR less than 20 % of total amount. The following will be the basic directions and forms of a new policy, most likely. To change industrial structure of the country - here a priority of an industrial policy. Insufficient competitiveness of industrial and technological manufacturing in France is not connected only with position in research and development area at the separate enterprise or across the nation. An original cause of competitive backlog of the French industry branches and the product testing the sharpest competition came from outside of new international economic structures. Lifting in the field of innovations in France more depends on evolution of industrial structure of the country, rather than politicians at the separate enterprise. Thereupon the President of France J. Shirak in the letter to the general director of company Sen-Goben, Z.-

L. Beeffa underlines «... the special importance and objective necessity of revision of the purposes and actions in the industrial policy as nationally, and internationally ...» «Besides, it is marked, especially important to start the mechanism on introduction of innovations not to admit backlog of separate sectors and branches of the future, such as an information technology, biotechnologies, nanotechnology, preservation of the environment, power and manufacture of the newest materials of hi-tech branches ...». Creation of new workplaces in the industry and service sphere will be the rate in these changes. Until recently the industrial policy, it is possible to say, “had a rest”, we mean that was not undertaken any cardinal actions. Privatization and maintenance of the basic economy proportions was the main priority. Thereby time has been missed. Now, having ordered basically property relations, the industrial policy should be subordinated to new priorities, and it: research and development, preparation of high-skilled personnel and creation of the complex of high technologies. The state help went, basically to the defense industry and the sectors connected with programs and projects 10–20-year-old prescription. Despite it, financing of new branches and manufactures was sufficient, at least, to initiate industrial innovations. Industrial innovations assume coordination between the state researches and development and the enterprises, and also insurance of the enterprises at the state level that is connected with inevitability of financial risks in the given sphere, and the more so in macroeconomic. The USA and Japan show the effective policy of support of high technologies. The USA finance research and development at the enterprises by means of venture firms, basically in a defense complex, the essential part of their research workings out goes subsequently to civil industries.

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The Japanese government gives very essential means to universities, slightly supports research and development at the enterprises, but thus plays very important role in coordination of an innovative policy of the enterprises. Updating of an industrial policy should go to France as it is supposed, in a direction of strengthening of stimulating, co-ordinating, prospecting function of the state. In the past «great industrial programs» just also carried out post-war years these functions. As a result of such policy have been created avia- and rocket production, civil atomic engineering, electronics. At the heart of an industrial policy of those years the triune formula of cooperation – state NOICR / STATE the enterprise/government the accepted model of the open economy, subordinated to rules of functioning of the European community. The new industrial policy is directed on advancement by the state of long-term programs of development of hi-tech industries, increases of competitiveness of French production and basic research. The partnership of private enterprises and the government which carries out half of expenses on research and development in the form of subventions and credits thus is supposed. Other half is financed by the enterprises, state and private, carrying out simultaneously co-ordinating role in this process. The partnership between private sector and the government allows us to use the information on a condition, requirements and perspectivity of the enterprises with the greatest benefit. Partial state financing reduces design risks. It is promoted also by careful selection and examination of those or other projects. Such approach answers problems of an effective industrial policy. Such state regulation is carried out on the basis of the programs which have received the name mobilization, putting essentially other problem and differently organizational issued. These are programs for from five till ten years, financed by the state at the rate from 30 to 150 million euro, their purpose - complex development high-tech. They differ from post-war «great industrial programs» the 20th centuries, in particular, the interaction schema between private and state participants. The initiative of the French government on development of industrial innovations could become the general for all countries of the European community. For this purpose it would be necessary to co-ordinate the

new interstate industrial policy; mobilization programs of the industrial

Innovations could mark a new original way of the European cooperation (in particular, such interaction would be quite possible with Germany). Not casually therefore in 2004 the President of France J. Shirak addressed the heads of the largest industrial groups with the request to study conditions of possible evolution of an industrial policy. Working out of new measures on realization of scientifically-technological programs passed in parallel with the analysis of the successful pilot projects executed at cooperation of private and state structures. It says once again all that the state still prosecuted by subjects of an industrial policy and heads its carrying out though now for it functions of the higher manager (examination, coordination, support of programs are more characteristic) and less the banker – in the field of financing occurs attraction of private businessmen and active cooperation with them. Recently the share of sector of services increases in GNP (Grand National Program) , however the developed industry is necessary for balance of trading balance and economic growth. Demand for an industrial output remains considerable and that speaks about life improvement of quality in the developed countries. If the industrial output is not made in the country, it will be necessary to import. France, for example, could become the agricultural country with the developed tourism infrastructure, and the industrial production goods to buy abroad. But such a specialization would lead to an impoverishment of the French economy and a country weakening in the foreign markets and consequently it is unacceptable. Opposition of sector of services and industrial production which is done often by some researchers of a problem (INSEE premiere, n 972, June 2004), and basically is deprived sense. Development of services is stimulated with necessity of service of the industrial enterprises.

Other economic segments develop in a complex, but it is not independent at all. In the more general sense, the industry remains the important engine of economic development and employment maintenance. Value of the industry should be estimated from the point of view of its influence on all economic components. In the late nineties the industry share in gross national product made 41 %, number occupied in mar-

ket sector – 51 %. It is no wonder that the labour market depends on results of industrial sector. The industry also is the important factor structuring technological innovations in national economy and their influence on global productivity. Now France is a strong industrial power. The French industry has endured deep structural reforms, but despite it, the industrial production share remained stable in volume of the added cost throughout last twenty years. Industrial possibilities of France are based on a number of advanced sectors and manufactures, for example, chemical and a steel industry, cement and glass, aircraft construction, motor industry, the equipment for railways. The French industry leans against research in various areas. France takes the second place in Europe by quantity of scientific publications and the sixth among the countries OESR on scientific researches and developmental workings out after Sweden, Finland and Japan. The scientific potential of France differs in quality, and research is carried out mainly in the public sector. Therefore it is essential to raise possibilities of research base of public sector, and to improve interaction between the state research organizations and the industrial world.

Delay of rates of increase of industrial production occurring in the late nineties – result of insufficient measures on development of research and development and, first of all, concerns branches with low technological level. That is why improvement of positions French industry is connected with change of industrial specialization that is necessary in connection with a high level of development of traditional branches and insufficient in branches of high technologies. Really, French industry takes in the lead positions in a number of sectors and branches – steelmaking, cement, glass, agricultural, aircraft constructing, manufacture of luxury goods. However the enterprises of the high technologies taking leading positions in the world, it is a little (no more than 14 %, for comparison in the USA – almost 25 %). Accordingly employment in this sphere in France is low – not above 2 % of the amateur population. Export specialization of France is focused on low technological branches though position gradually varies towards share increase in export of branches of high technologies. For example, for last twenty years growth of high technologies has made

from 18 to 28 % that could not change structure of the French industry radically. Weakness of a complex of high technologies speaks low level of expenses for research and development in the industry: from 1,4 % in 1990 to 1,3 % of gross national product in 2002. For comparison expenses of Germany – 1,5-2 %, the USA – 2-2,2, Japan – from 2 to 2,5 %. In the late nineties – the beginning of 2000th years the structures which are carrying out the industrial policy in France, have appeared badly adapted for new conditions of economic development. The state financed 14 % of research and development at the enterprises: in 2002 it has made 3,1 billion euro. The help was carried out in six basic directions:

Research and development financing in the defense industry – 1,5 billion euro in 90th years was given to the largest enterprises, and their calculations were not used almost in civil industries; - financing of programs 70 – 80th years – at self-summer - rocket production, the nuclear industry, micro- nan electronic – is based on traditional planned subsidising (575 million euro); - the financing which is carried out by the ministries (200 million euro), basically the help to small and average business, regional development with a view of creation scientifically-industrial «clusters»; - financing on a line ANVAR (80 million euro) in the form of grants and credits to small and average business; - privileges under the research credit (489 million euro); - at last, France finances 10 % of V Program of researches and development in Europe (V PCRD). From this source of 45 % goes on the large enterprises (122 million euro). On this line financing increases (+ 17 % within the limits of VI PCRD). Research and development financing in the defensive industry concerned, first of all, implementation programs in the area of avia - rocket production, the space, nuclear industry, nanoelectronic research and development financing in civil industries slightly, though and not at the lowest level. In comparison with other countries it makes: in France 0,038 % of gross national product, Finland – 0,072, Germany – 0,068, the USA – 0,048, Great Britain – 0,023, Japan – 0,018 %. As a whole, state financing goes to research and development on the large industrial enterprises (almost 60 % on the enterprises employees from 2 and more 5 thousand), connected with the defense industry, and

on implementation of large programs. Such distribution of financial assets in research and development cannot provide structural reorganization.⁴

The system of financing of the enterprises does not stimulate them to development of research and development in the field of new manufacturers of civil production though their contribution to development of the most perspective technologies as a whole is great. Theoretically scientific researches and workings out should be carried out by a network of the small and average enterprises (МСП), at the widest information interchange between them, however value of the large enterprises remains defining. An explanation of it is that the large enterprises carry out a coordinating function in the investment process in a network of the enterprises of small and average businesses. On this basis the scientifically-industrial complexes integrating a network or group of the industrial enterprises of various character, activity and scale, innovative structures and the organizations of serving character - clusters are created. Complex of science-technology, nuclear industry, atomic industry, aircraft

engineering, airspace construction, nan electronic, biotechnology Agency of industrial innovations (АПИ – Agence de l'innovation industrielle - AII). The French agency of innovations (Agence française de l'innovation – ANVAR), National agency of researches (Agence nationale pour la recherche - ANR); the High council on a science (Haut Conseil de la science – HCS), created in 2005, article Maintenance concerns economic problems of France on a boundary of centuries, new forms of regulation of economy of France, in particular, the innovative policy are analyzed. It is of interest for economists and experts in the field of economy of foreign countries. The content of this article touches upon economic problems of France at the turn of century. It analyzes modern forms of economic regulation in France, in particular innovations policy. It is intended for economists and specialists in economy of foreign countries.

INSEE, I, n 972, juin 2004

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