FIRM DYNAMICS AND GROWTH MEASUREMENT IN FRANCE

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Abstract

In this paper we use the same methodology as Aghion et al. (2017a) to compute missing growth estimates from creative destruction in France. We find that from 2004 to 2015, about 0.5 percentage point of real output growth per year is missed by the statistical office, which is about the same as what was found in the United States. We look at how missing growth varies across French sectors and regions, and we look at the underlying establishment and firm dynamics. In particular we show that the similar missing growth estimates between France and the United States hide noticeable differences in plant dynamics between the two countries. (JEL: O4)

1. Introduction

In 1938, economist Alvin Hansen explained in his Presidential Address before the American Economic Association that in his opinion, the United States faced inexorable weak growth in the long term that he denoted “secular stagnation” (Hansen 1939). The nation was just emerging from the Great Depression, and Hansen did not anticipate another World War that would stimulate a rebound in public spending and thereby of aggregate demand. Since then, the world has experienced remarkable growth but also another major crisis in 2007. This “Great Recession” led some economists to revive the expression “secular stagnation” to characterize a situation that they assimilated to

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