Index

Abernathy, W.J. 68
Abramovitz, M. 89, 130, 135, 167, 168, 169, 183
Abramovsky, L. 114
Acemoglu, D.K. 154, 167, 189
Adams, J.D. 84, 93, 104, 129
Aghion, P. 16, 41, 45, 49, 83, 98, 99, 189
Agrawal, A. 115
Akcigit, U. 97
Albin, P.S. 48
Alchian, A. 6, 48
Andersen, E. 22
Anderson, P. 47
Anderson, P.W. 21, 35, 37, 67
Arocena, R. 145
Arora, A. 86, 89, 150
Arrovian
analysis 5, 96
analysis of knowledge 125
approach 142
framework 95–6, 121, 124, 125, 141
and extreme Arrovian conditions
96
good 103
good in equilibrium 102
hypotheses 122–3
hypothesis of ‘failure of the market’
96
market failure 96, 110, 120, 147
methodology 90
postulate 81–2, 107–8
properties 105
properties of knowledge 81, 83, 101, 102, 121, 122, 198
remedy 106
see also derived demand for knowledge
Arrow, K.J. 15, 81, 87, 88, 90, 95, 96, 98, 129, 144, 189, 200
Arthur, B. 21, 43, 116
Arthur, W.B. 35, 37, 51, 52, 67, 128, 189
Audretsch, D.B. 40, 41, 65, 113
Bailey, A. 160
Bandura, A. 40
Barbiellini Amidei, F. 133
Battisti, G. 169
Bauer, J.M. 110, 148
Bayma, T. 115
Birchenhall, C. 12
Bitnet, adoption of 115
Bloom, N. 16, 82, 83
Blume, L.E. 62
Bockerman, P. 179
Boden, M. 47
Bohlin, E. 149
Bonifati, G. 51
Boppart, T. 115
Borowiecki, K.J. 113
Boschma, R. 46, 113
Branstetter, L. 181
Breschi, S. 181
Bresnahan, T.J. 110
Briglauer, W. 149
Brynjolfsson, E. 110
Business Cycles 19, 30, 32, 33, 67; see also Schumpeter, J.
Caldari, K. 35
Capitalism, Socialism and Democracy 3, 20, 33, 67; see also Schumpeter, J.
Endogenous innovation

Caselli, F. 154
Cassata, F. 19
Cassiman, B. 86, 131
Cerchione, R. 112
Cervone, D. 40
Chesbrough, H. 89, 116, 149
Cimoli, M. 168
Clemence, R.V. 22
Clemmons, R.J. 84
Cobb–Douglas production function 135, 136, 174, 176
Cobo, C. 115
Cohen, W.M. 83, 94, 98, 105, 130
Coleman II, W.J. 154
Comin, D. 168
Consoli, D. 118
constructionist design methodology (CDM) 87–8, 99, 125
approach 93
framework 87, 89
system of equations 106
see also models
Cowan, R. 117
Craft, N. 4, 37, 61
creative response 36–7, 68, 72; see also
Schumpeter, J.
‘The creative response in economic history’ (Schumpeter, 1947) 3, 20
Crépon, B. 87, 99
Crespi, F. 170
Crowston, K. 114
D’Adderio, L. 112
Darwin, C. 8
Darwinian/Darwinistic
analogy 13
approach 9
ascent, theorizing of 39
hypothesis 8
selection 37
Dasgupta, P. 41, 90
Davenport, T.H. 111
David, P.A. 6, 13, 29, 44, 46, 62, 63, 66, 82, 89, 90, 92, 110, 117, 130, 141, 144, 165, 167, 168, 169, 183
Debackere, K. 112
definition(s) of
feedback 51
knowledge portals (KPs) 114
knowledge spillover 97
demand pull approach 42–3, 49, 68, 145, 165–6
derived demand for knowledge 89–94
Arrovian methodology 90
Arrovian properties of knowledge 89, 90–92
chapter note 94
factors affecting 93–4
market failure 92
see also Arrovian
digital knowledge generation and the appropriability trade-off 110–26
chapter note 126
ICT and digital generation of knowledge 110–19
ICT-based innovations and applications 113–17
knowledge interactions 117
knowledge portals (KPs) 114
see also definition(s)
implications 124–5
knowledge interactions 123–4
knowledge spillovers as compensation for market failure? 119–24
Dodgson, M. 111, 116
Doloreux, D. 89, 116, 149
Dosi, G. 12
Durlauf, S.N. 62
economics of knowledge 81–8
the ‘Arrovian postulate’ 81–2
constructionist design methodology (CDM) approach/framework 87–8
externalities: imitation, knowledge, pure (technical) and pecuniary 83–4
literature on 81–2
see also Nelson, R.
Edgeworth box of Z countries 177–8
Edquist, C. 141, 146
Eliasson, G. 146
endogenous innovation as creative response, see an evolutionary complexity of endogenous innovation; innovation as a creative response; innovation
Index

227

as emergent system property; Schumpeterian legacy, reappraisal of; ‘standing on the shoulders of giants’
Enkel, E. 116
entrepreneurship 14, 15, 21, 31–2, 41
equilibrium 16–17
Esposito, E. 111
Evangelista, R. 184
evolutionary complexity of endogenous innovation 51–65
chapter notes 64–5
feedback 51–2
emergence 52–5
endogenous variety 61
organized complexity and knowledge connectivity 55–61
and candelight metaphor (Jefferson) 56–7
path dependence 61–4
Multiple Probability Transition Matrices (MPTMs) 63
standard Markov chains 63
An Evolutionary Theory of Economic Change 7, 8

Fassio, C. 183, 184
Feder, C. 161
Feldman, M.A. 169
Feldman, M.P. 113
Ferraris, G. 64, 131
Feyer, J. 154
Fisher, F.M. 41
Fleming, L. 189
Fontana, M. 67
Foster, J. 47, 67
Fransman, M. 37, 48, 148
Free/Libre and Open Source Software (FLOSS) 143
Freeman, C. 29
Friedman, M. 40
Galasso, A. 149
Gambardella, A. 86
Geels, F.W. 12
Gehringer, A. 49, 116, 145, 170
Geroski, P. 188
Goldfarb, A. 115, 124
Greenstein, S. 148

Griffith, R. 114
Griliches, Z. 15, 18, 45, 73, 82, 83, 84, 90, 94, 97, 98, 99, 105, 129, 135, 181, 189, 190, 195, 199
Growiec, J. 154
Guerrieri, P. 184
Guerzoni, M. 146
Gururaj, R. 113
Habakkuk, H.J. 168
Hafeez-Baiig, A. 113
Hall, B.H. 82, 83, 141, 144
Hall, R.E. 154
Hamermesh, D.S. 115
Harada, T. 116
Harper, D.A. 53
Hausmann, R. 50
Heimeriks, G. 115
Hempell, T. 111
Hendriks, P.H.J. 111
Hicks, J. 42, 167
Hidalgo, C.A. 50
Higon, D.A. 112
Hobijn, B. 168
Howitt, P. 99

ICT (information and communication technology), see digital knowledge generation and the appropriability trade-off
Ientile, D. 144
innovation 3–24, 89–91, 93, 97, 98, 99, 100, 108–9, 125, 127–8
counts 82–3
economics of 110–11
indicators 82
ICT-based 112–14, 117, 120–21
open 116
search for endogenous causation of 37–8
technological 133, 137–40
innovation as a creative response 25–50
adaptive vs creative responses 25–6
causes of mismatches: key role of system characteristics 27–8
chapter notes 48–50
the great synthesis 29–38
see also Marshall, A.; Walras, L.
historic and complex character of
economic processes: history matters 28–9
the Schumpeterian platform 38–48
inclusion of the classical legacies 41–3
market rivalry in the neo-
Schumpeterian approach 41
new economics of knowledge 43–7
reactive decision-making 39–41
selective diffusion of innovations 47–8
system as source of externalities:
causes of mismatches 26–7
see also Schumpeter, J.
innovation as emergent system property 66–72
critical assumptions 66–7
evolutionary approaches 67–8
five new radical elements 70–71
Schumpeterian notion of innovation 70–72
see also Schumpeter, J.
innovation and knowledge policy, new framework of 141–50
analysis of public procurement 146
direct/indirect public interventions 145–7
enhancement of knowledge interactions 149–50
knowledge spillovers and reduction of knowledge costs 147
public policies 144–5
results of analysis carried out 143–4
selective undersupply vs generic undersupply 144
shift in demand curve 145
telecommunications 148–9
Iwai, K. 11–12
Jaffe, A. 82, 86
Jaravel, S. 98
Jaravel, X. 45
Jefferson, T. 56
candelight metaphor 56–7
Johannsson, B. 86
Jones, C.I. 154
Kahneman, D. 39
Kalder, N. 42
Kamien, M. 49
Karabarbounis, L. 180
Kataishi, R. 141, 181
Kim, E.H. 115
knowledge appropriability trade-off 95–109
knowledge appropriability as a problem 95–7
and as an opportunity 97–8
the trade-off 98–109
knowledge governance, pecuniary
knowledge externalities, total factor productivity growth 127–40
chapter notes 140
effects of pecuniary knowledge externalities on total factor productivity 129–33
implications 138–40
integration of Schumpeterian and Marshallian legacies 127–8
model 133–8
see also innovation
knowledge market failure 96, 102–3, 106, 107, 142
Arrovian analysis of 125
hypothesis 123
knowledge spillover 6, 15, 18, 19, 70, 73, 83, 87, 97–8, 105, 110, 119–25, 130, 147, 149, 181
knowledge-abundant countries 183–4, 186
knowledge-intensive business services (KIBS) 89
Koellinger, P. 112
Kongaut, C. 149
Krueger, A. 154
Krugman, P. 48
Lamarck, J.-B. 8
Lamarckian hypothesis and metaphor 8
Lambert, D.A. 21, 35, 37, 50, 51, 67, 128
Langlois, R.N. 30
Larson, R.R. 115
Lazar, M. 110
Laursen, K. 179
Lehnert, D. 12
Leontief paradox 184; see also S–H–O framework
Levinthal, D.A. 64, 83, 94, 98, 105, 130
Lewis, P. 53

Iwai, K. 11–12
Jaffe, A. 82, 86
Jaravel, S. 98
Jaravel, X. 45
Jefferson, T. 56
candelight metaphor 56–7
Johannsson, B. 86
Jones, C.I. 154
Kahneman, D. 39
Kalder, N. 42
Kamien, M. 49
Karabarbounis, L. 180
Kataishi, R. 141, 181
Kim, E.H. 115
knowledge appropriability trade-off 95–109
knowledge appropriability as a problem 95–7
and as an opportunity 97–8
the trade-off 98–109
knowledge governance, pecuniary
knowledge externalities, total factor productivity growth 127–40
chapter notes 140
effects of pecuniary knowledge externalities on total factor productivity 129–33
implications 138–40
integration of Schumpeterian and Marshallian legacies 127–8
model 133–8
see also innovation
knowledge market failure 96, 102–3, 106, 107, 142
Arrovian analysis of 125
hypothesis 123
knowledge spillover 6, 15, 18, 19, 70, 73, 83, 87, 97–8, 105, 110, 119–25, 130, 147, 149, 181
knowledge-abundant countries 183–4, 186
knowledge-intensive business services (KIBS) 89
Koellinger, P. 112
Kongaut, C. 149
Krueger, A. 154
Krugman, P. 48
Lamarck, J.-B. 8
Lamarckian hypothesis and metaphor 8
Lambert, D.A. 21, 35, 37, 50, 51, 67, 128
Langlois, R.N. 30
Larson, R.R. 115
Lazar, M. 110
Laursen, K. 179
Lehnert, D. 12
Leontief paradox 184; see also S–H–O framework
Levinthal, D.A. 64, 83, 94, 98, 105, 130
Lewis, P. 53
Index

Lind, R.C. 144
Link, A. 44, 82, 86, 129, 132, 181
Link, A.N. 150
Lissoni, F. 181
Lööf, H. 86
Loomes, G. 39
Louçã, F. 67
Lucas, R.E. 129

Mairesse, J. 141, 144
Malerba, F. 11, 30, 46, 168
Maliranta, M. 179
Mansfield, E. 84, 130
Marchionatti, R. 19
Marshall, A. 12, 14-21, 22, 23, 33-4, 128; see also Marshallian
Marshallian
analysis of competition process 18
analysis and theory of economic development 15
attractor 35
contributions 30-31
dynamics 22
of imitation 17
endogenous externalities 19
equilibrium 35, 36, 46, 47, 136
frame, Schumpeterian grafts onto 20
framework 14, 33, 35-6
imitation externalities 16
legacy 3
microeconomic foundations 14
model 14
of competition 16
roots 13
search for equilibrium 16-17
selection of variety 67
Martin, R. 34, 46, 64
Marx, K. 42
Maskus, K.E. 183
and Maskus–Nishioka approach 183
Mastroianni, M. 111
the Matthew effect, power law of 115
Maxfield, R. 50
Maxfield, R.R. 51, 67
Meliciani, V. 172, 184
Metcalfe, J.S. 22, 47, 67, 128, 130, 131, 132
Mill, J. 24
Miller, J.H. 48, 51
model(s)
ABS 64
constructionist design methodology (CDM) 119
dynamics of creative response 192-8
of endogenous growth 129, 166, 188, 192, 199
growth 129, 133, 140
see also Romer, P.M.
Heckscher–Ohlin (H–O) 172, 173, 175
history-friendly 11
see also Malerba, F.
of industrial dynamics 12
Marshallian 14–16
NK 54, 64
open innovation business 116
quality ladder framework (Schumpeter) 99
of Schumpeterian growth 187, 198, 200
Schumpeterian version of H–O model 184
S–H–O 176–86
Moen, J. 149
Mohnen, P. 170
Mokyr, J. 61, 130
Montobbio, F. 143, 178, 181
Morikawa, M. 111
Mowery, D.C. 146
Naval, C. 115
Navarrete, T. 113
Neiman, B. 180
Nelson, D. 87
Nelson, R. 81; see also ‘The simple economics of basic scientific research’
Nelson, R.R. 6–7, 8–11, 12, 22, 46, 47, 48, 67, 90, 95, 98, 129, 134
Nerkar, A. 114
Nesta, L. 44
new growth theory 3-4, 43, 129
Nishioka, S. 183
and Maskus–Nishioka approach 183
North, D.C. 52
Organisation for Economic Co-operation and Development (OECD) 173
Endogenous innovation

Orsenigo, L. 30
Oster, S.M. 115
Ostrom, E. 131
out-of-equilibrium conditions 14, 18, 20, 21, 23, 28, 37, 38, 49, 54, 67, 71–2, 124, 127–8, 136–9, 172, 176–8, 180, 181–3, 184–5, 198

Page, S.E. 48, 51
Pakes, A. 82, 94, 99
Patrucco, P.P. 118
Penrose, E. 7, 22
Perez, C. 180
Picketty, T. 165
Pittaway, L. 112
Poisson, S.D. 12
Porcile, G. 168
Porter, M.E. 133
Prusak, L. 111
Pyka, A. 43

Quatraro, F. 49, 160

Raiteri, E. 146
Rampa, F. 178
Rasel, F. 114
Ravix, J.-L. 23
Ricardo, D. 24
and Ricardian specialization of Portugal in wine, England in cotton 168
Rizzello, S. 40
Röller, L. 170
Romer, P.M. 4, 68, 73–4, 84, 129, 140, 181, 199, 200
and postulate of positive-sum game 5
Rosenberg, N. 90
Rosenkopf, L. 114
Rulani, F. 117
Ruttan, V.W. 42, 167, 189
Rybczynski, T.M. 164, 186

Safarzyńska, K. 12
Samuelson, P.A. 185
Saunders, A. 110
Saviotti, P. 43, 44, 130
Scellato, G. 38, 40, 48, 49
Schankerman, M. 149
Scherer, F.M. 3, 11, 41, 188

Schmookler, J. 43, 49, 50, 82, 90, 165
analysis of limits of perfect competition 81
creative response 36–7
essay (1947) 38, 66
equilibrium 5
innovation as a creative response, see innovation as a creative response
Mark One and Mark Two 29–30
Marshallian dynamics 21
notion of innovation 3, 29–30, 39, 52–3, 68, 70–72, 184
reaction and Marshallian externalities 128
see also ‘The creative response in economic history’

Schumpeterian
creative reaction/response 36–7, 68, 72, 178

dynamics 13, 14, 16, 18, 22, 34–5, 46, 57
endogenous innovation 61
of self-reinforcing mechanisms 35
focus on response 39
framework 35–6
framework of creative response 187–8, 198
hypotheses 10–11, 41
hypothesis of endogenous and directed technological change 175–6
legacy 11, 15, 16, 43, 49, 51, 61, 67–8
literature 10–11
and Marshallian legacies 127
notion of innovation as result of creative reaction 52, 70–72, 184
path-dependent dynamics of self-reinforcing mechanisms 21
platform 38–48, 71–2
reactions and Marshallian externalities 128
synthesis 43
tradition 18, 137
see also models
Schumpeterian approach to endogenous specialization in international trade 172–86
chapter notes 186
grafting Schumpeterian creative response on H–O 172–6
implications 184–6
the S–H–O model with knowledge as an input 180–84
the S–H–O model with two inputs 176–80
Schumpeterian growth: the creative response to knowledge exhaustibility 187–201
chapter notes for 200–201
conclusions 198–200
convergent advances in economics of 188–92
innovation 188–9
knowledge 189–92
technological change 189
the model 192–8
Schumpeterian legacy, reappraisal of, see evolutionary complexity of endogenous innovation; innovation as a creative response; innovation as emergent system property; ‘standing on the shoulders of giants’
Schwartz, N. 49
Scitovsky, T. 132
Shearmur, R. 89, 116, 149
S–H–O framework 183–4
Siegel, D. 82, 129
Silverberg, G. 12
Simon, H.A. 39, 40
‘The simple economics of basic scientific research’ (Nelson, 1959) 81
Smith, A. 24, 42
Social Science Indicator 3
Solow, R.M. 36, 160, 161–2, 186
Song, J. 149
Sorenson, O. 64, 189
Soto-Acosta, P.A. 113
‘standing on the shoulders of giants’ 3–24
biological evolutionary approaches, limits of 6–13
innovation when performance level fails 10–13
chapter notes 22–4
the Marshallian foundations 13–21
exogenous innovations 14–15
imitation externalities 15–21
no appropriability 15
new growth theory, limits of 4–6
Staub, K.E. 115
Stiglitz, J. 41
Stoneman, P. 169
Sturgill, B. 154
Subashini, R. 113
Sugden, S. 39
Sunley, P. 34, 64
Sutz, J. 145
Tambe, P. 119
Tassey, G. 89
technological congruence 42, 153–71, 178
chapter notes for 171
evolutionary complexity of 163–6
possible outcomes 164–6
implications of 166–71
advance 166–7
diffusion of innovations 169
direction of technological change 167
firms’ strategies and emergence of innovation systems 168
industrial policies 169–70
innovation policy 170–71
international division of labour 167–8
location 169
its existence, and standard Cobb–Douglas production function 155–60
and total factor productivity growth 160–63
technological congruence and economic complexity of technological change, see technological congruence
Temin, P. 41
The Theory of Economic Development 3, 20, 33
Trajtenberg, M. 110
**Endogenous innovation**

Turvani, M. 40  
Tushman, M. 47  
Tversky, A. 39  

Urraca-Ruiz, A. 172  
Utterback, J.M. 47, 68  

van den Bergh, J.C.J.M. 12  
Van Looy, B. 112  
Van Reenen, J. 141, 144  
Van Schewick, B. 115  
Vasileiadou, E. 115  
Veblen, T. 6  
Verspagen, B. 12  
Veugelers, R. 86, 131  
von Hippel, E. 115  

Walras, L. 14, 33  
general equilibrium approach 33  
Walrasian approach 30–31  
Walrasian framework 33  
Walrasian world 34  

Walsh, J. 115  
Weitzman, M.L. 85, 94, 105, 116, 130, 134, 189, 195  
Whelan, E. 113  
Windrum, P. 12  
Winter, S. 6–7, 8–11, 12, 22  
Winter, S.G. 47, 48, 67  
Wolff, E. 82  
Wright, G. 110  
Young, A. 42  

Z countries/economies 174, 176–83, 186  
Zeira, J. 180  
Zuboff, S. 111  
Zuleta, H. 154, 160  
Zwick, T. 111