

Demand Side as Co-Engine of Innovative Evolution*

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Abstract

An evolutionary theory of economic change states that technological progress generated by processes of innovation is the most important determinant of economic wealth. The search for factors that enhance or impede the generation and spread of innovations is a central theme of modern evolutionary economics. For a long time, this theory has ignored the role of the demand side in innovative processes. Hence the main aim of this paper is to give a new theoretical account of the innovativeness of consumers and demonstrate, that their activity is a co-engine of the innovative evolution of the whole economy.

Keywords: demand sphere, innovative evolution, formal model of economy, Schumpeterian approach,