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The role of creative destruction within economic evolution

The research is inspired by Schumpeterian vision of economic evolution in which innovations create the economic development and imitations generate process of diffusion of innovations. Creative destruction is understood as the synthesis of two opposite processes: introducing innovations and processes of elimination of existing, outdated solutions, commodities, firms, technologies etc. Schumpeter maintained that, within economic evolution, creative destruction leads the economy to the circular flow, while Aghion and Howitt took the view that creative destruction generates the economic growth.

In this context, the research aims at the analysis of consequences of creative destruction within evolution of the economy by the use of Hurwicz concept of economic mechanisms in the suitably modified Arrow and Debreu model.