

From Creative Destruction to Creative Transformation

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Abstract:

In response to the economic crises of the 1970s and 1980s, a renewed interest in Joseph A. Schumpeter's theory of economic development emerged. Schumpeter's emphasis on innovation and "creative destruction" as the core dynamics of capitalist growth inspired the neo-Schumpeterian concept of innovation systems, in which private actors and the state jointly promote knowledge-based structural transformation that enhances employment, competitiveness, and income.

In the early twenty-first century, future projections oscillate between dystopian and utopian narratives. Dystopian perspectives highlight the catastrophic consequences of anthropogenic climate change - rising global temperatures, biodiversity loss, food insecurity, migration, and conflict. Utopian visions, while acknowledging these threats, emphasize the potential of scientific knowledge and technological innovation to enable sustainable production, fair income distribution, and resilient social systems.

A sustainable transformation, however, will not occur autonomously. It requires purposeful technological, institutional, and social innovation that transcends both the paradigm of unlimited economic growth and the romanticized ideal of degrowth. Schumpeter's cyclical view of development - as a process driven by crises and renewal - remains highly relevant, representing a synthesis of dystopian risk and utopian potential. Yet neither Schumpeter nor neo-Schumpeterian approaches adequately address the endogenous destruction of natural resources. Post-Schumpeterian Economics guideposts the crossing of the tipping point toward sustainable organization before crossing the climate system's tipping point that threatens survival of humanity.