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Explores the category of Schumpeterian innovations as an isolated factor of economic development, which creates a new added value and may become like a "stem cell" of new mainstream theory of economic development, assessing the gap between neoclassical theory and innovation activities. Discusses innovations—a known unknown phenomenon of economy; key features of Joseph Schumpeter's theory of economic development; the "vicious cycle" of a political economy without innovations; innovation development versus reindustrialization; evaluating innovation's impact on economy; and human capital and innovation development. Bazhal is Head of the Economics Department at the National University of Kyiv-Mohyla Academy.
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