

Welcome Speech by the President of SOItmC

We are in the circular flow of economic life as conditioned by given circumstances (Schumpeter, 1934, p. 3). Economic life from the standpoint of a ‘circular flow’ running on in channels is essentially the same year after year-similar to the circulation of the blood in an animal organism (Schumpeter, 1934, p. 61). So the circular flow of economic life means the static situation of economy in the growth limit of capitalism.

But in reality, development which is occurred by new combinations is a distinct economic phenomenon, entirely foreign to what may be observed in the circular flow or in the tendency towards equilibrium (Schumpeter, 1934, p. 65). The new combinations appear discontinuously by the following five cases, then the phenomenon characterizing development emerges (Schumpeter, 1934, p. 66).

- (1) The introduction of a new good
- (2) The introduction of a new method of production
- (3) The opening of a new market
- (4) The conquest of a new source of supply of raw materials of half-manufactured goods
- (5) The carrying out of the new organization of any industry, like the creation of a monopoly position

Open Innovation and new business model can be the strategy and policy for economy development in that open is open connection between technology and market, and that new business model is creative connection, and new combination between technology and market (H. Chesbrough, 2007, 2010; H. W. Chesbrough, 2006, p. 69). Specially, open innovation of start-ups, Small and Medium size Enterprises (SMEs) in value chain will be the main trigger of economy development in Schumpeterian dynamics with new connection between technology and society (Yun, 2015). Frankly talking, open innovation and new combination are best solutions to escape the surplus value decreasing law of capitalism which have been found or developed in modern economy system. Sharing economy including collaboration economy also is a kind of open innovation based economy (Lowitt, 2013, p. 15; Ostrom, 2015, p. 182).

Open innovation of start-ups and Firms in value chain will give new power to conquer the

growth limits of capitalism in now day world economy.

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