

# CONTENTS

*Preface* *ix*

Introduction: A Theory of Innovation, Flourishing,  
and Growth 1

EDMUND PHELPS

Overview of the Chapters 20

RAICHO BOJILOV, GYLFI ZOEGA, AND HIAN TECK HOON

## I. ESTIMATING INNOVATION—ACROSS TIME AND ACROSS NATIONS

1. Innovation: The Source of Rapid Growth 31

RAICHO BOJILOV

2. Sources of Indigenous Innovation and Channels of Its  
Transmission across Countries 48

RAICHO BOJILOV

3. Indigenous Innovation during the IT Revolution: We Never  
Had It So Good? 68

RAICHO BOJILOV

## II. THE ROOTS AND BENEFITS OF INNOVATION

- |  |     |
|--|-----|
| 4. A Case Study of Iceland's Successful Innovators                             | 87  |
| GYLFI ZOEGA  |     |
| 5. The Force of Values   | 105 |
| GYLFI ZOEGA  |     |
| 6. Individual Values, Entrepreneurship, and Innovation                         | 123 |
| RAICHO BOJILOV   |     |
| 7. Innovation, Job Satisfaction, and Performance in Western European Countries | 144 |
| GYLFI ZOEGA  |     |

## III. TWO APPLICATIONS OF ROBOTS

- |   |     |
|---|-----|
| 8. Growth Effects of Additive and Multiplicative Robots alongside Conventional Machines                   | 153 |
| HIAN TECK HOON  |     |
| 9. Wage Effects of Additive and Multiplicative Robots alongside Factory Buildings and Physical Structures | 174 |
| HIAN TECK HOON  |     |
| 10. Additive Robots, Relative Prices, and Indigenous Innovation   | 190 |
| HIAN TECK HOON  |     |
| Epilogue  | 201 |
| EDMUND PHELPS   |     |
| <i>Notes</i>  | 207 |
| <i>Acknowledgments</i>  | 227 |
| <i>Index</i>  | 229 |