

# **An Innovation Strategy to End the Second Great Depression**

Henry Etzkowitz

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## **Subjects:**

Depressions --1929; Financial crises; Management; Technological innovations; World War, 1939-1945; New England

## **Abstract:**

This paper provides insights into a science-based strategy aimed to address the Great Depression of the 1930s and examines its relevance to policies addressing the contemporary economic crisis. This early science-based strategy was not accepted at the national level at the time, but was enacted at the regional level in New England and became the basis of an innovation response to the Second World War emergency. A few key individuals, like Massachusetts Institute of Technology's Karl Compton, President, and Vannevar Bush, dean of engineering, led this effort. The resulting innovation system, which had a significant triple-helix structure, was taken apart after the war, but key elements persisted, under a banner of support for basic research, health and military innovation, and provided the foundation of the contemporary US innovation system. We argue that a dual strategy to address the contemporary economic crisis should be pursued, combining Keynesian stimulation of the “old economy” with coherent support to the “new economy” through advanced technology development. (from the publisher).