

Great Expectations: An Innovation Solution to the Contemporary Economic Crisis

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Abstract:

The causes and cures of the contemporary economic crisis have been a matter of intense debate since 2007–2008, but the persisting signs of decline in virtually all economic sectors question the effectiveness of the measures adopted so far. Stimulus packages have been the most common policy tool for government intervention aimed to revive economic growth, but their success is difficult to assess, and is further complicated by political considerations and an insufficient time frame to observe longer-term results. The cautious approach adopted by many governments, focusing mostly on less resource-intensive and austerity policy measures, has failed to bring about the expected recovery, and now there is a growing call for a bold government intervention to spur economic growth. The papers selected for this Special Issue emphasize a number of ideas that we believe are essential in promoting an innovation-based solution to the economic crisis: (i) targeted and integrated innovation policies are an essential complement to the structural and financial adjustments proposed so far as solutions to the crisis; (ii) large-scale government funding, combined with international donor resources, is needed to secure the investment necessary for the growth of new industries with high job creation potential, and to encourage private investors to follow suit; and (iii) valuable lessons can be drawn from the experience of the past and used to inspire policy actions in the present (from the publisher).