

# Beyond Austerity: A Neo-Schumpeterian/Keynesian Innovation Strategy

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[www.triplehelix.net](http://www.triplehelix.net)

# The Silicon Valley Paradox

- The Twitter-Katrina Effect
- Two Silicon Valleys
- Union and Protest Organizing Efforts
- Technical Fixes:
- The Gender Dimension
- 50 Silicon Valleys?
- How to Share the Paradox Without the Negative Effects?

# Industrial Society

- Business Cycle drives Political Cycle: Recession, depression, Facism
- Political Cycle drives Business Cycle: New Deal public works, Employment programs

# Knowledge-based Society

- Intellectual infrastructure of Universities, Government labs, Firm R&D units the equivalent of physical infrastructure of Industrial Era roads and bridges
- Thesis: Adapt infrastructure funding model from previous era to the coming era

# Mismatch

- The “innovation paradox” is that the very point at which the business cycle tempts legislators to view austerity as a cure for economic downturn and reduce innovation spend is when increase is most needed to create new industries and jobs and innovate out of recession or depression

# Cyclical VS Counter-cyclical

- Cyclical: follows business cycle: spend rises in upturn; declines in downturn
- Countercyclical: spend rises in downturn
- In a downturn it is a good time to invest in new firms and in new ideas, people are more available in the downturn than the upturn where there is shortage, but the paradox is that this is where the funds are less available.

# Public Role in Downturn

- 1930's PWA WPA based on appropriations
- 2008 Obama Stimulus Package
- 2015 ECB Quantitative Easing

# Citizen Driven Innovation

- California Ballot Initiative: Proposition 71
- Civic entrepreneurship: Coalition of patient advocates, university researchers, Venture Capitalists

## California Institute For Regenerative Medicine

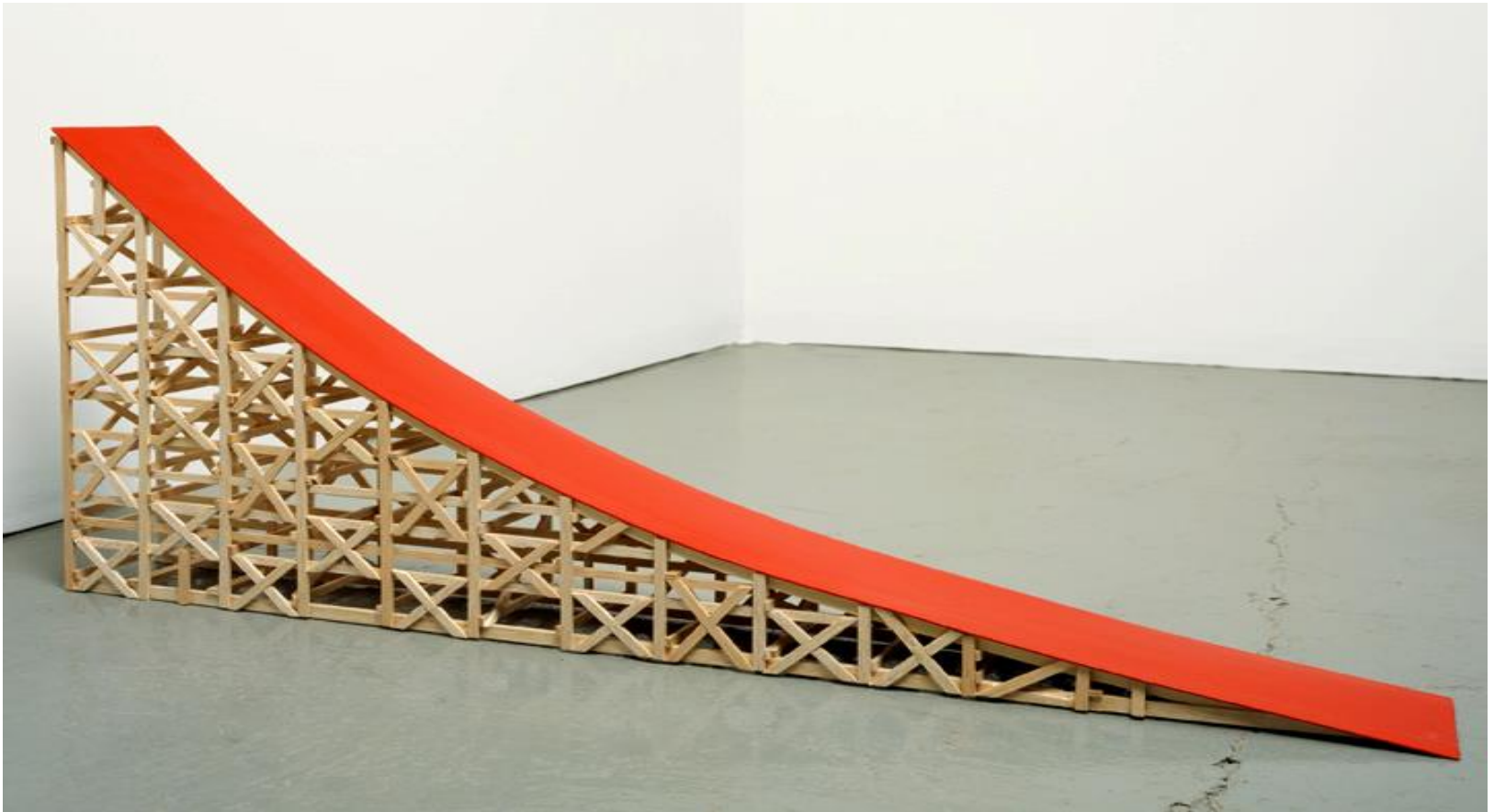
- 3 billion debt funding for stem cell R&D: extension of affordable housing funding model
- 10 year run, with 5 billion extension projected
- Cf Etzkowitz and Rickne: Citizen Driven Innovation Triple Helix Working Paper Series 2013 Prometheus Forthcoming
- Civil Society Platform: The Micro-foundation of the Triple Helix



# Innovation Policy

- Picking Winners: The Necessity of Hard Choices/ Extensively Backing Bets
- Open Structured Competition with Set Criteria  
pre-war UK Aircraft Ministry model->Spitfire
- DARPA Model: Filtering Needs/ Selection of Imaginative Program Managers Remit to Manage across Institutional Spheres and Innovation Stages
- Solyndra “Hands off” dilemma

# Triple Helix Launch Pad $\Xi$ Civil Society

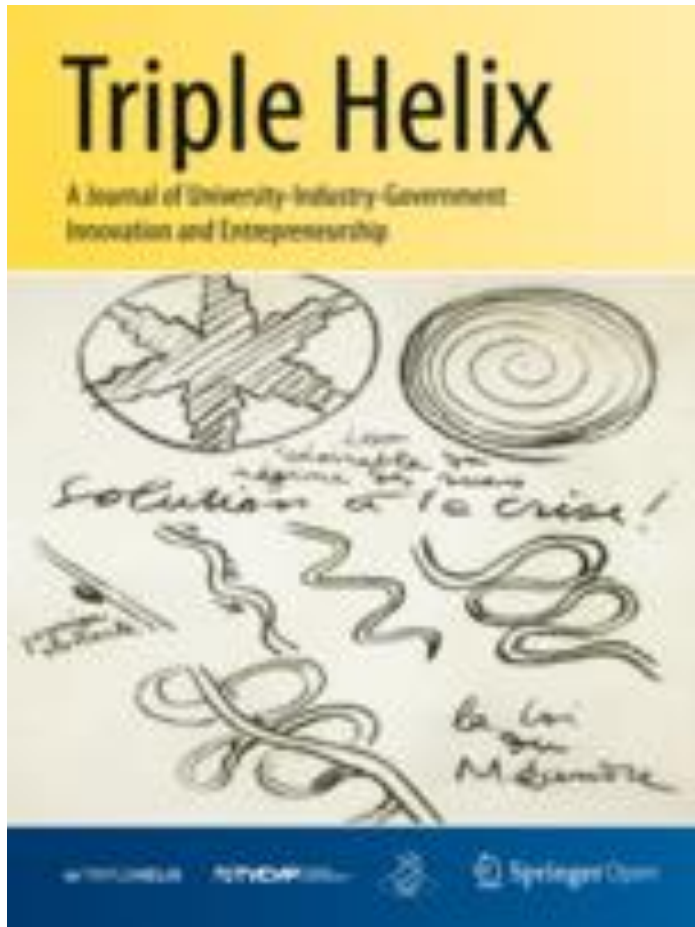


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## Triple Helix

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Thank you

