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Ripensare il ruolo del settore pubblico per un capitalismo più innovativo, più equo e più sostenibile
Rethinking the Public Sector: from fixing to mission setting

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exciting time to rethink

• Directed growth
  ❖ Smart growth (better innovation)
  ❖ Sustainable growth (more green)
  ❖ Inclusive growth (less inequality)

• Sustainable Development Goals

• Industrial strategy to rebalance economy
but *boring* policy toolkit

set rules of the game and ‘level’ the playing field

de-risk, enable, incentivise, ‘facilitate’ private sector

fix market ‘failures’

universities produce (only) a ‘public good’?

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bandaging up via (just) fixing failures

- Public goods: e.g. knowledge, clean air
- Negative externalities: e.g. pollution
- Information failures: e.g. SME finance
- Coordination failures: e.g. pro-cyclical investment
- Imperfect competition: e.g. monopolies
what is VALUE?
private wealth creators encouraged to:

- invest in capabilities
- take risks & welcome uncertainty
- learn from trial and error
- make strategic choices (MBA)
- be hungry & foolish!

public servants encouraged to:

- facilitate
- de-risk
- level the playing field
- redistribute value
- fix market failures then get out of the way!

(then criticised as boring, slow, bureaucratic)
Public Choice Theory (and new public management)

- citizens are customers/clients
- privatisation or ‘load shedding’ is a good thing
- outsourcing and contracting saves money
- private sector management tools bring efficiency
- civil servants easily corrupted
- government failure worse than market failure!

yet market failure policies don’t explain transformation

- ‘mass production’ system
- Apollo moonshot
- computers
- internet revolution
- nanotechnology
- green technology
investor of first resort

rethinking how public value is created, nurtured and evaluated
ROAR

**ROUTES & DIRECTIONS.** How to use policy to set direction of change and enable bottom up experimentation?

**ORGANIZATIONS.** How to build explorative public sector organizations that learn-by-doing, and welcome trial and error?

**ASSESSMENT.** How to evaluate public sector market creating investments (pushing market frontiers beyond ‘crowding in’)?

**RISKS AND REWARDS.** How to form new deals between public and private sectors, socializing both risks and rewards?
from **fixing** markets

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actively **co-creating & co-shaping** markets

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**solving missions**

**NASA’s mission** is to “*Drive advances in science, technology, aeronautics, and space exploration to enhance knowledge, education, innovation, economic vitality, and stewardship of Earth.*” NASA 2014 Strategic Plan

“*Creating* breakthrough technologies for national security is the **mission** of the Defense Advanced Research Projects Agency (**DARPA**).”

“The **ARPA-E mission** is to *catalyze* the development of transformational, high-impact energy technologies.”

“**NIH’s mission** is to seek fundamental knowledge about the nature and behavior of living systems and the *application* of that knowledge to enhance health, lengthen life, and reduce illness and disability.”

“The **mission** of the **KfW Group** is to support change and encourage **forward-looking ideas** – in Germany, Europe and throughout the world.”
We measure success by how many risks we have been willing to take (with inevitable failures) and whether the successes actually matter. Cheryl Martin, ex-Director ARPA-E
measuring the *dynamising in process*

- BBC Charter Review: why not soap operas?
- do public banks crowd out private ones?
- health: why many drugs and so little life-style?
- role of universities in commercialisation?
from public good to public values

*Public values are those providing normative consensus about (1) the rights, benefits, and prerogatives to which citizens should (and should not) be entitled; (2) the obligations of citizens to society, the state, and one another; (3) and the principles on which governments and policies should be based”* (Barry Bozeman, 2007, 13).

(from new public management’s fear of government failure, to enabling experimentation and learning)

Universities central to mission setting

new interaction between basic & applied research

reframing problems to be cross-disciplinary

welcoming risk taking, exploration and uncertainty

keep science open, while enabling commercialisation
Universities central to inclusive growth

steer missions with societal value

rethinking collective value creation

building symbiotic partnerships

redefining citizenship and citizen engagement
The Entrepreneurial State: debunking public vs. private sector myths (2013)

The Value of Everything: makers and takers in the global economy (2018)

Financing renewable energy: who is financing what and why it matters (2017), *Technological Forecasting and Social Change*, with G. Semieniuk

