Stories about value creation
(and why they matter for achieving the SDGs)

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Inequality
(making and taking)

“The barbarous gold barons—they did not find the gold, they did not mine the gold, they did not mill the gold, but by some weird alchemy all the gold belonged to them.”

Big Bill Haywood, 1929, Founder of the United States’ first industrial union
Who takes? Who Makes?
Where does Value come from?

- 1600s Mercantilists: TRADE!
- 1700s Physiocrats: FARMING!
- 1800s Classical: LABOUR!
- 1900s/nw Neoclassical: PREFERENCES!
What happens when value debate disappears?

Productive?  Unproductive?

"I earn loads, I must be productive!"
Story tellers rule the world (Plato)
‘who is productive? who creates value?’

“The people of Goldman Sachs are among the most productive in the world” Lloyd Blankfein, CEO Goldman Sachs, 2009

‘Ring-fence valuable financial services’ (Brexit)

Silicon Valley wealth creators “don’t do evil” (Google)

High prices justified through ‘value based’ pricing (Big Pharma)

The State facilitates business production—at best ‘redistributing’ value

Public de-risks private (so private value creators take risk)
Coordination failures e.g. pro-cyclical investment

Public goods e.g. knowledge, clean air

Negative externalities e.g. pollution

Information failures e.g. SME finance

Imperfect competition e.g. monopolies

Just fixing failures?
Will levelling the playing field get us there?

Setting rules of the game

De-risking, enabling, incentivising, ‘facilitating’

Fixing market and system ‘failures’

Lender of last resort
the assumption

private sector

vs.

public sector
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!

(get out of the way for philanthropies, consultants, and business to step in)
But wait... market failure policies didn’t get us *radical* innovation (GPTs)

- ‘mass production’ system
- aviation and space technologies
- IT and internet
- nuclear power
- nanotechnology and AI
- *green* technology
... and sure wont get us the SDGs
New lens: market shaping and co-creating
rethinking how public value is created, nurtured and evaluated
Rethinking Value and Purpose through Mission Oriented Policy
CLean OCEANS

A Plastic-Free Ocean

Reduction of 90% of plastics entering the marine environment and collection of more than half of plastics present in our oceans, seas and coastal areas by 2025

Grand Challenge

Mission

Areas of interest & cross-sector

R&I Projects

Chemical industry

Social innovation

Biotech

Human health

Marine life

AI technology

Design Sector

Waste management

Autonomous ocean stations to remove plastic pollution

Re-use of packing items through personalised collection services

Re-usable and biodegradable plastic substitutes

Image recognition and deep learning waste separation system for domestic and marine waste

Plastic and micro plastic digestion mechanism
Criteria

• Bold and addressing societal value
• Concrete targets: you know when you got there!
• Cross-sectoral, cross-actor, cross disciplinary
• Multiple competing solutions and bottom up experimentation
Better ‘deal’ between public & private

- reinvesting profits (and limiting share buybacks)
- retaining golden share of IPR
- capping prices (Bayh Dole act allows it)
- negotiating conditions (generics)
- income contingent loans
- Investment/quality conditions attached to outsourcing contracts
- retain some equity (Tesla & Solyndra lesson)
- % payback into an ‘innovation fund’
- State investment banks

(discussed in Mazzucato, 2015; 2016)
Implications of rethinking Value

- **GDP** (what is counted)
- **Corporate governance** (parasitic vs. symbiotic partnerships)
- **Pricing of drugs** (access)
- **Digital/platform capitalism** (ownership)
- **Role of the state** (governance)
Derisking
Welcoming uncertainty
Fixing markets
Co-creating and shaping
Levelling playing field
Tilting towards a direction

 Outsourcing
 Capacity building
 Picking winners
 Picking the willing
 Cost benefit
 Dynamic spillovers


