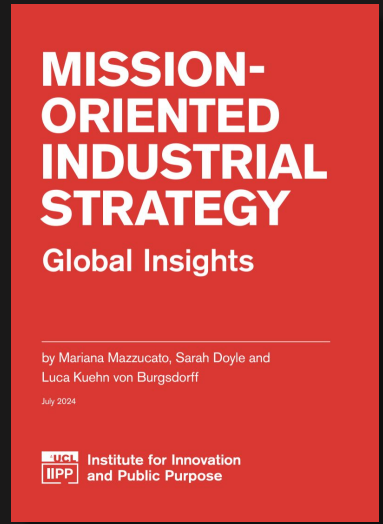
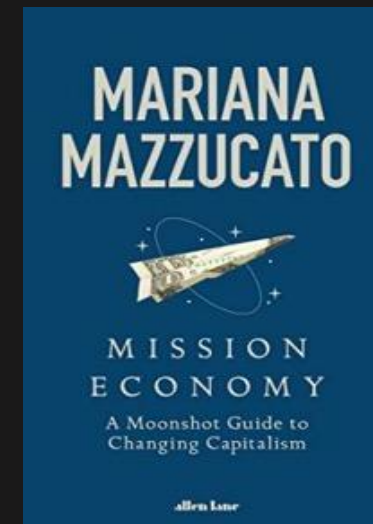




Institute for Innovation
and Public Purpose



New thinking for *new* industrial policy : from fixing markets to shaping them in an outcomes/mission-oriented way

Mariana Mazzucato

Professor in the Economics of Innovation and Public Value
Founding Director Institute for Innovation and Public Purpose
University College London

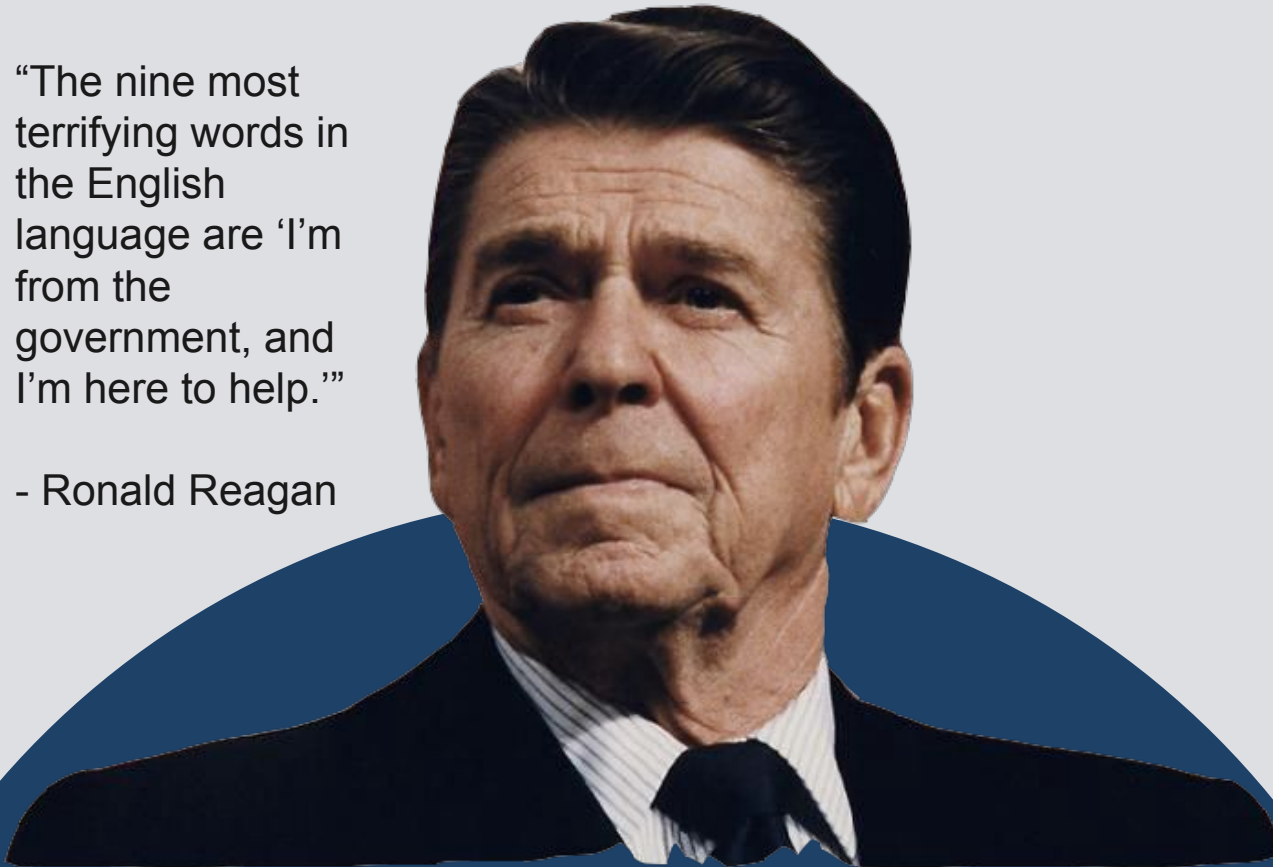
Industrial strategy IS growth strategy
(but only if done right)

From **market fixing** to market shaping.

At Worst

“The nine most terrifying words in the English language are ‘I’m from the government, and I’m here to help.’”

- Ronald Reagan



At Best?



Positive Externalities

Negative externalities

Coordination failures

Information failures

Imperfect competition

From shareholder maximization to stakeholder capitalism.

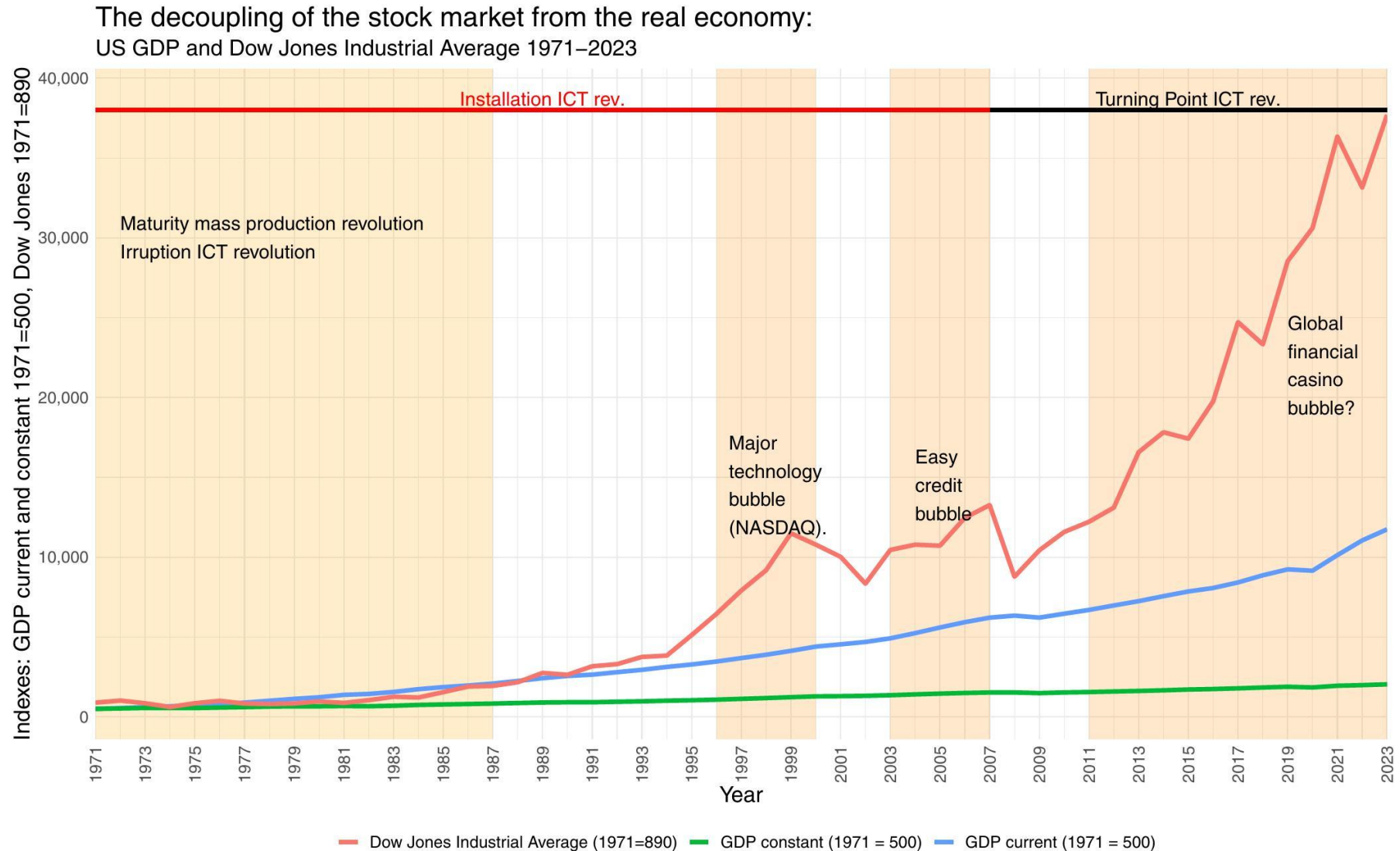


“Without a sense of purpose, no company, either public or private, can achieve its full potential.”

- Larry Fink



Finance decoupled from the real economy



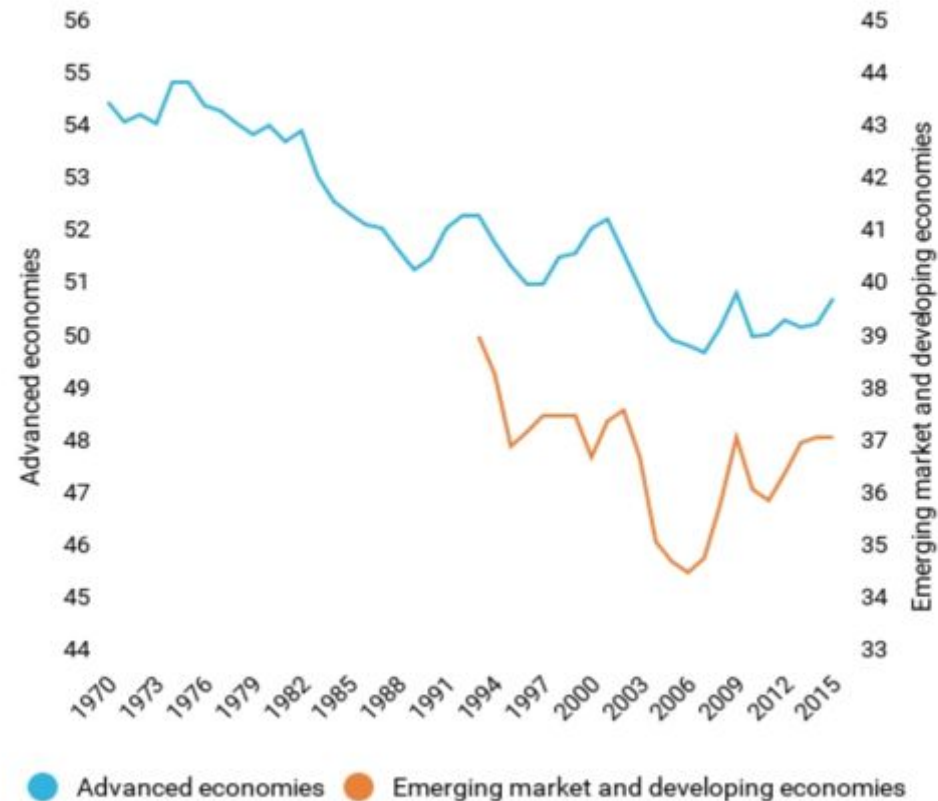
Source: Data from U.S. Bureau of Economic Analysis and S&P Global, recalculated and organised in phases by the author.

Labour share of income is in decline

Labor is losing out

The share of national income paid to workers has been declining in many countries.

(evolution of the labor share of income, percent)

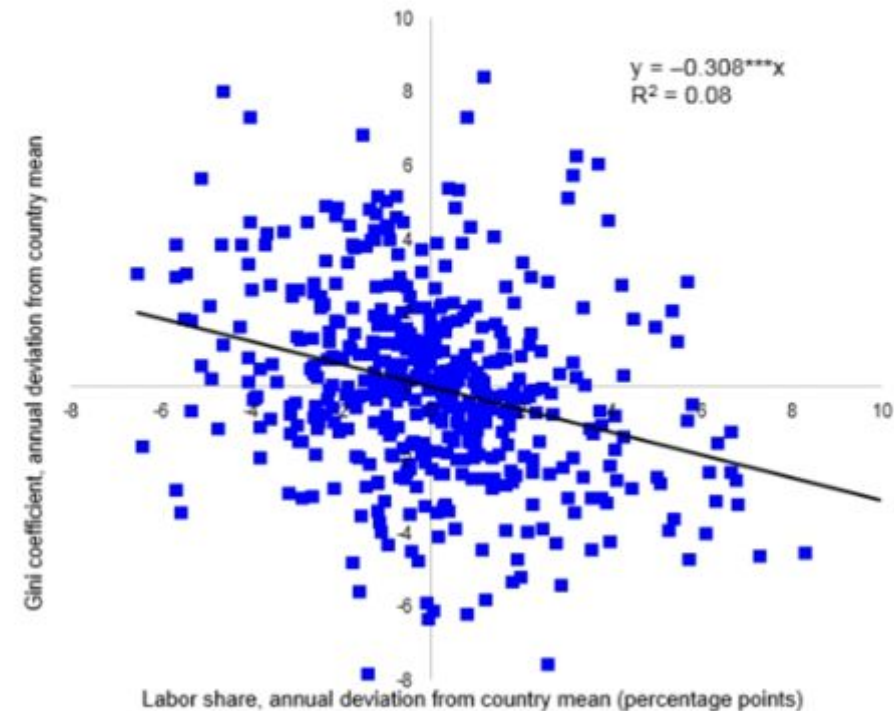


Source: IMF, *World Economic Outlook*, April 2017.

Inequality rising

Falling labor income shares are associated with higher inequality.

(labor shares and income inequality, annual within-country changes)



Source: IMF, *World Economic Outlook*, April 2017.

Note: *** indicates 1 percent statistical significance.

Mission-oriented agenda to guide the rethink:

Policy design

Setting a clear direction to foster bottom up innovation towards a socially relevant goal.
Shaping markets not fixing markets

Institution/tool design

Outcomes oriented tools from public finance to public procurement

New social contract

From parasitic contracts to symbiotic public-private partnerships

Co-creation and participation

Community engagement and participation

Dynamic capabilities

Strengthening implementation capacity

MISSION-ORIENTED INDUSTRIAL STRATEGY

Global Insights

by Mariana Mazzucato, Sarah Doyle and
Luca Kuehn von Burgsdorff

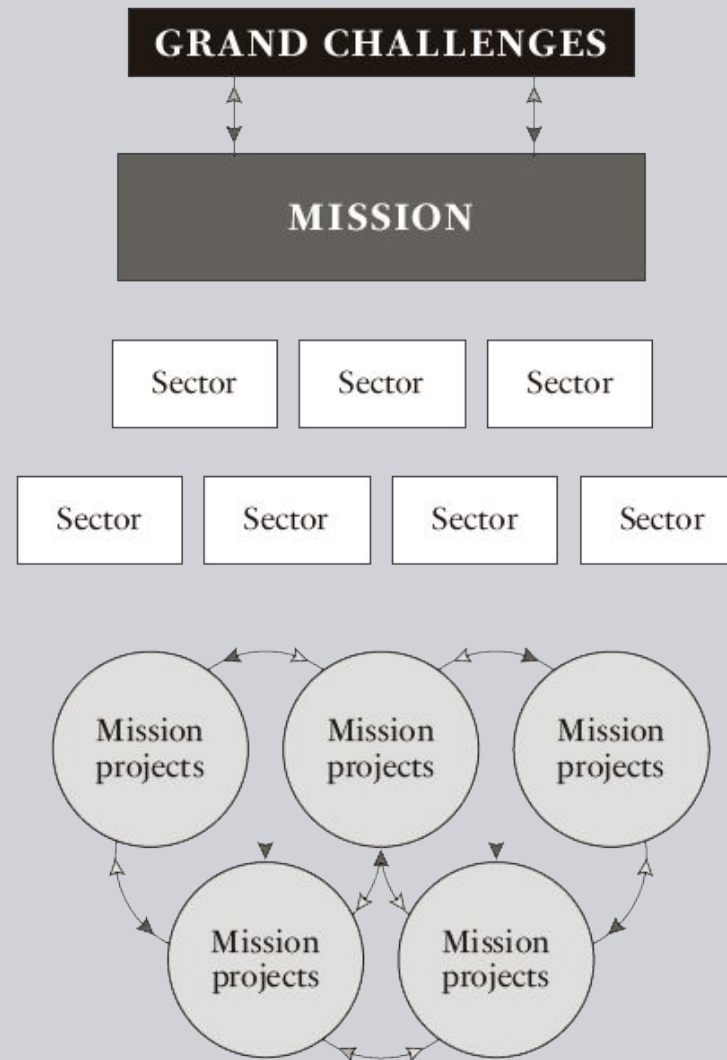
July 2024

 Institute for Innovation
and Public Purpose

A black and white photograph of the Earth rising over the horizon of the Moon. The Earth is a large, bright sphere with visible continents and clouds, partially obscured by the dark, cratered surface of the Moon in the foreground. The sky is a deep black, filled with numerous small, distant stars.

Mission-driven policy design

A new approach to policy design



Political agenda setting
& civic engagement



Clear targeted mission

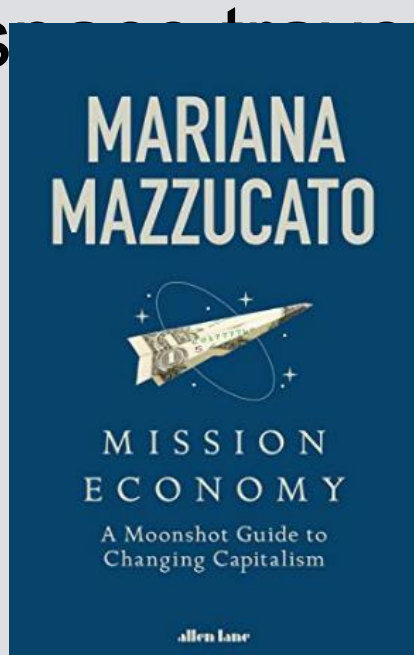


Cross sectoral
innovation



Portfolio of projects
and bottom-up
experimentation

Spillovers: 20 things we wouldn't have without space



Camera Phones



Athletic Shoes



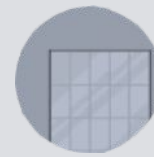
Home Insulation



Adjustable Smoke Detectors



Scratch-resistant Lenses



Foil Blankets



Jays of Life



Baby Formula



CAT Scans



Water Purification Systems



Wireless Headsets



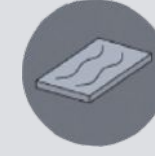
Artificial Limbs



LEDs



Dust Busters



Memory Foam



Computer Mouse



Land Mine Removal



Ear Thermometers



Freeze-dried Food



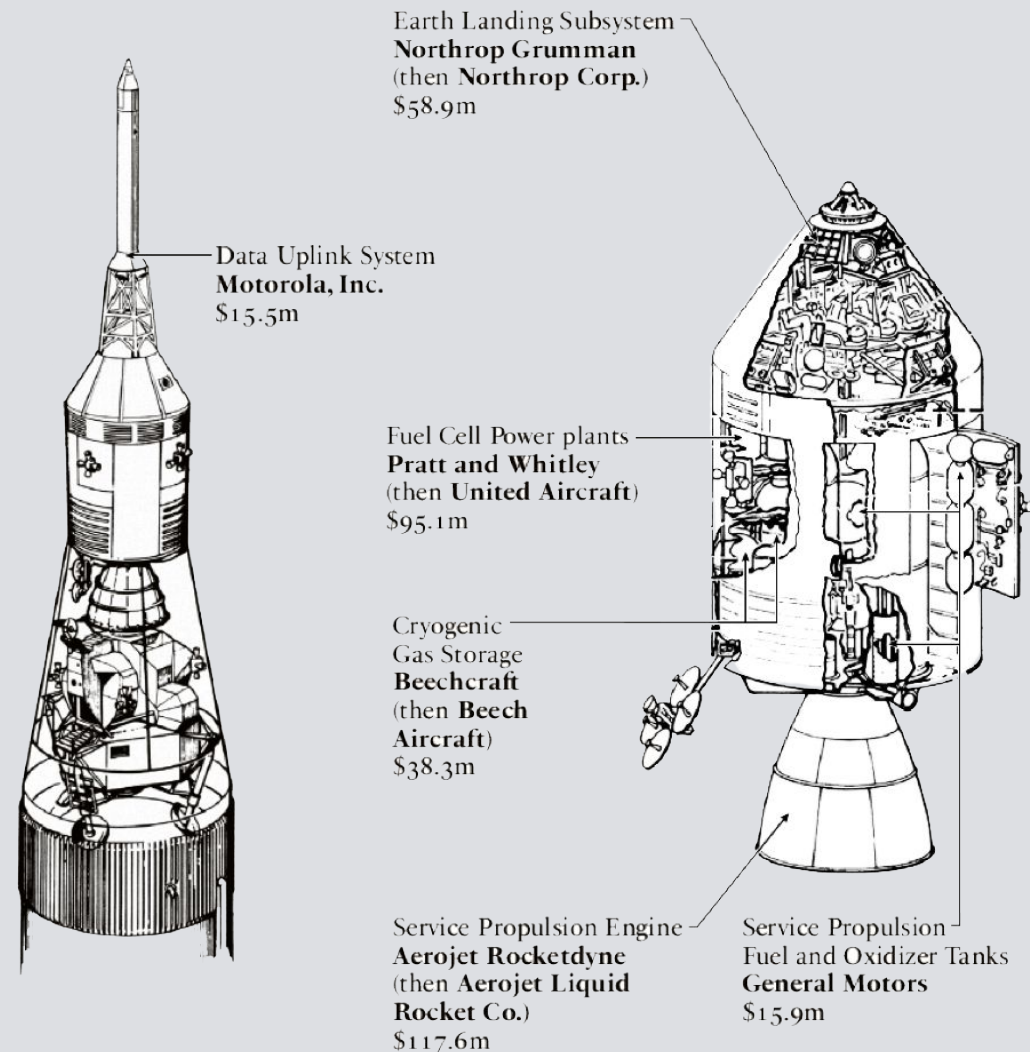
Portable Computer

Public-Private Partnership with a common purpose

NASA sought to work in partnership with innovative businesses, showing relevant capabilities and experience, searching for the best partners possible not just the least expensive ones

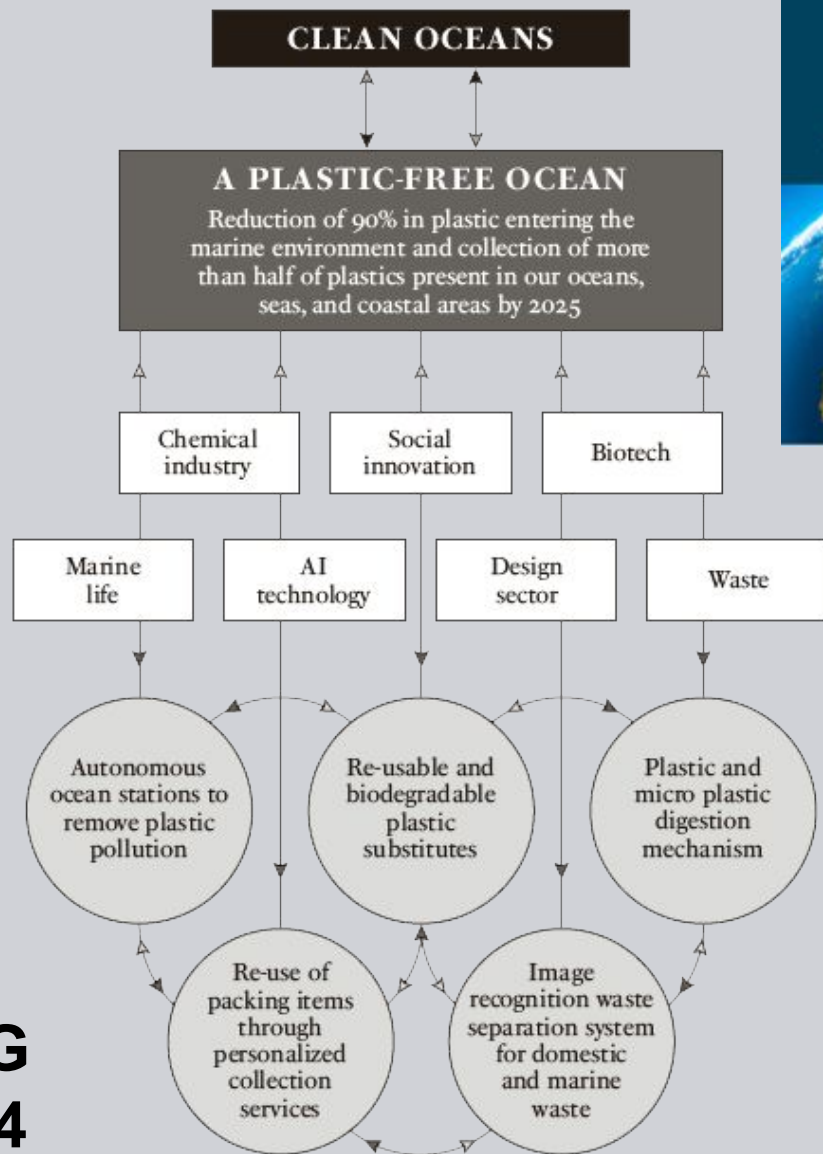
From cost-plus contracts (easily gamed) to fixed price with incentives.

“No-excess profits” clause!

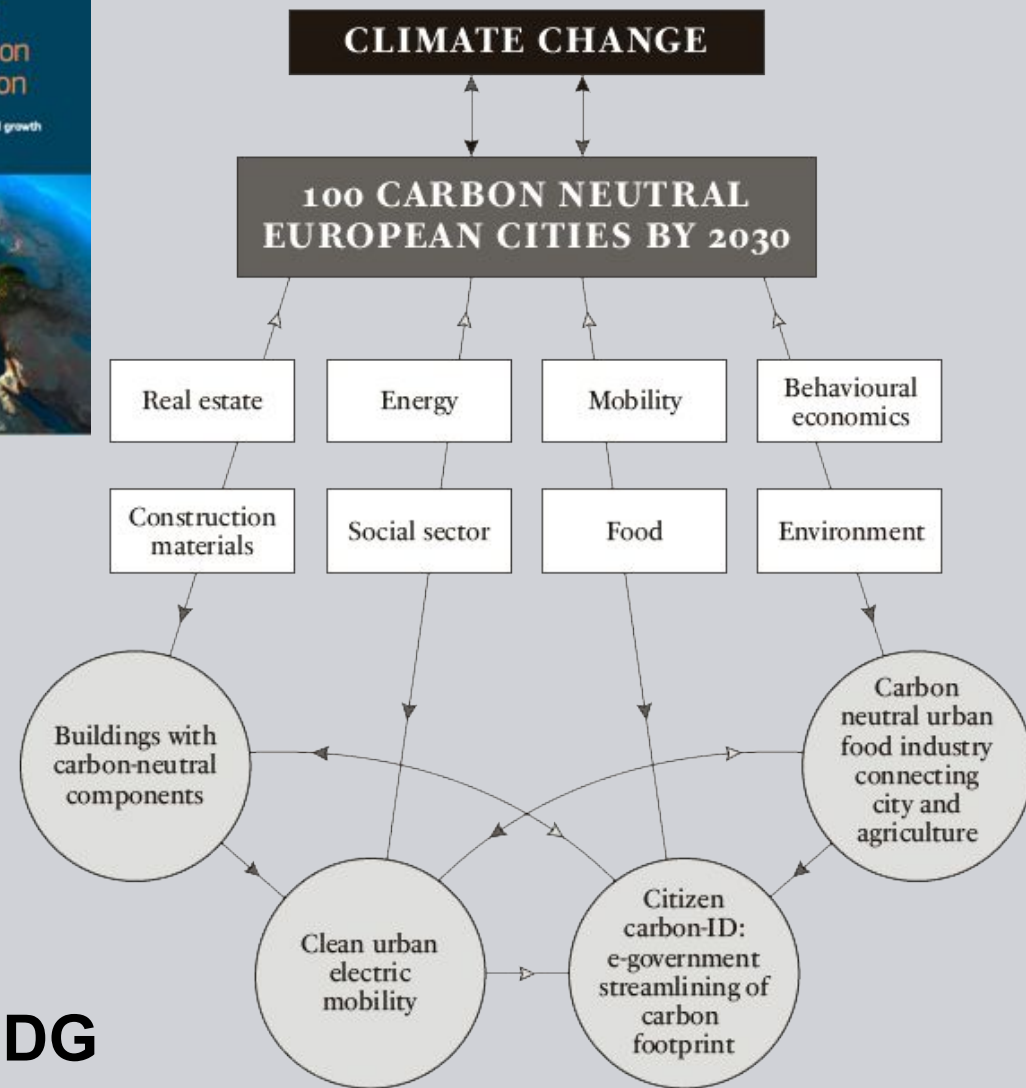


©Mariana Mazzucato

**SDG
n°14**



**SDG
n°13**

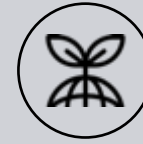


Guiding Industrial Strategy



AI & Data Economy

We will put the UK at the forefront of the artificial intelligence and data revolution.



Clean Growth

We will maximize the advantages for UK industry from the global shift to clean growth.



Future of Mobility

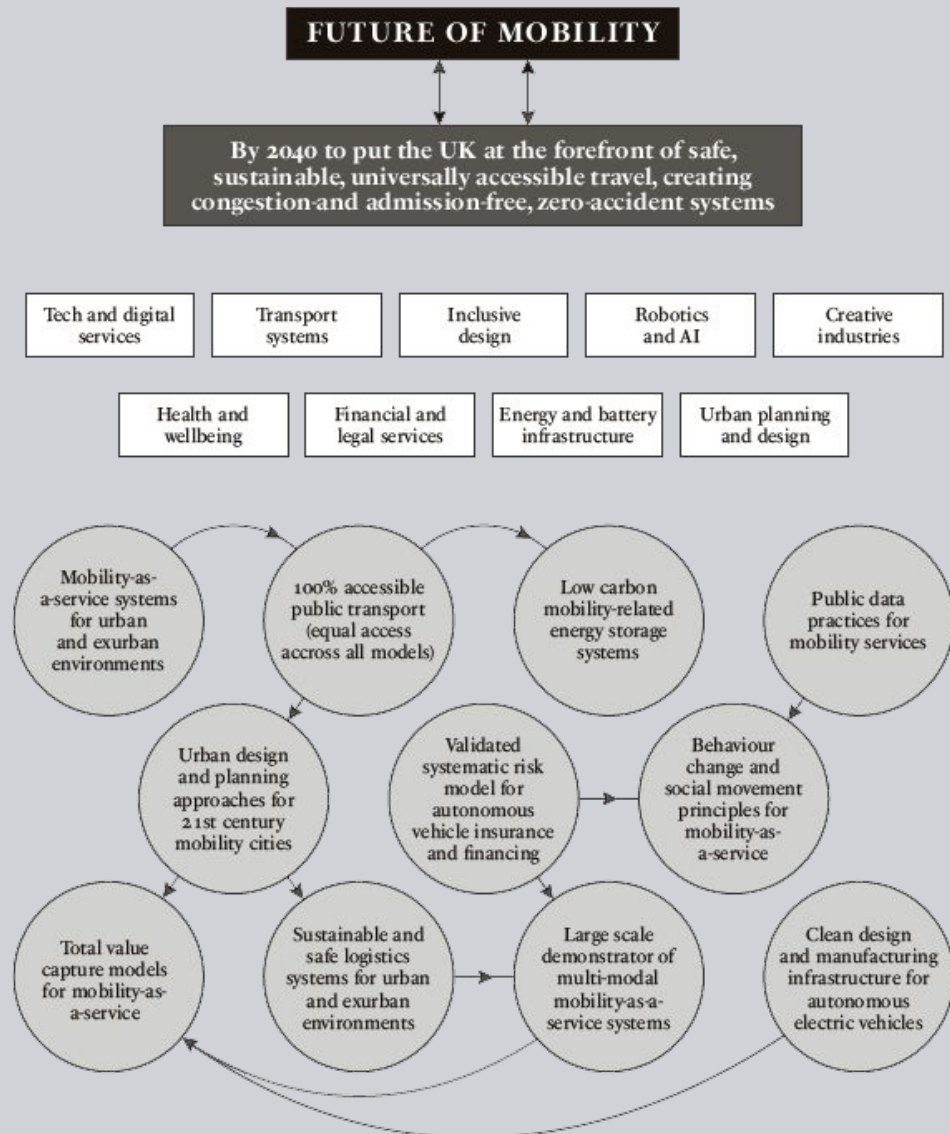
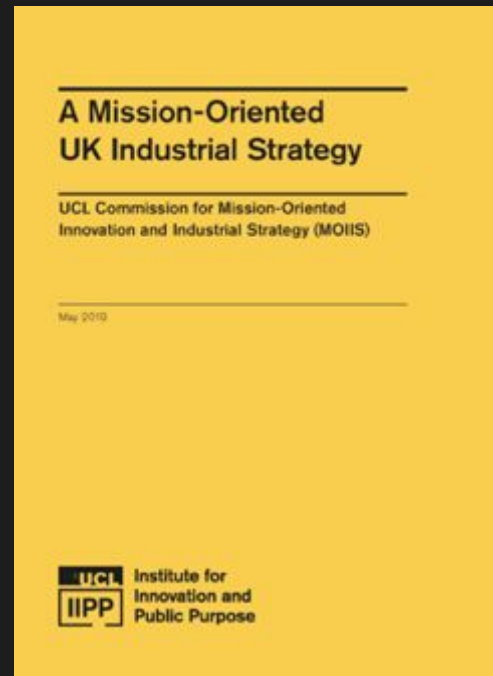
We will become a world leader in the way people, goods and services move.



Ageing Society

We will harness the power of innovation to help meet the needs of an ageing society.

UK Industrial Strategy



Commission chaired by M. Mazzucato & Lord D. Willetts

A black and white photograph of the Earth rising over the horizon of the Moon. The Earth is a large, bright sphere with visible continents and clouds, partially obscured by the dark, cratered surface of the Moon in the foreground. The sky is a deep black, filled with numerous small, distant stars.

INSTITUTIONS & TOOLS

The federal government is the **largest buyer in the world**, spending over \$600 billion in contracts annually, and one of the unique approaches that President Biden has been talking about since the campaign is we need to think about how to leverage this purchasing power strategically to **shape markets**.

- **Brian Deese**, Former Director of the National Economic Council



Federal Buy Clean Initiative

Steel produced in the United States is among the cleanest in the world when it comes to carbon emissions, but the U.S. still imports large amounts of steel from countries with higher carbon intensity.

The Federal Buy Clean Initiative incentivizes green procurement:

1. Prioritize the Federal Government's purchase of steel, concrete, asphalt and flat glass that have lower levels of emissions.
2. Increase data transparency through supplier reporting to help American manufacturers track and reduce emissions.
3. Convene states to partner on Buy Clean.

FEDERAL BUY CLEAN INITIATIVE

The Biden Administration has made significant progress in expanding the market for cleaner, commonly-used construction materials like concrete and steel by leveraging its enormous purchasing power to Buy Clean. This commitment to using low-carbon materials for federal infrastructure projects is a crucial component of a whole-of-government approach to decarbonizing the industrial sector.

Mission oriented procurement

 Institute for Innovation
and Public Purpose

Leveraging procurement to advance Brazil's economic transformation agenda

Working Paper — Tuesday 23 July 2024

Mariana Mazzucato

Founding Director and Professor in the Economics of Innovation and Public
Value | UCL Institute for Innovation and Public Purpose

Eduardo Spanó

Policy Fellow | UCL Institute for Innovation and Public Purpose

Sarah Doyle

Director's Head of Policy | UCL Institute for Innovation and Public Purpose

Mission-led procurement and market-shaping: Lessons from Camden Council

Mariana Mazzucato
Daniel Wainwright

 Institute for Innovation
and Public Purpose

Missions inside public development banks in Germany and Scotland

KfW has set out Paris Climate Agreement-compatible guidelines with minimum requirements for their loans (95% of financing for steel production technologies is reserved only for transformative technologies that directly contribute to GHG neutrality)

This policy has helped German steel remain globally competitive at a time when many countries are shifting production towards low-carbon industrial sectors.



The EIB and EU Missions



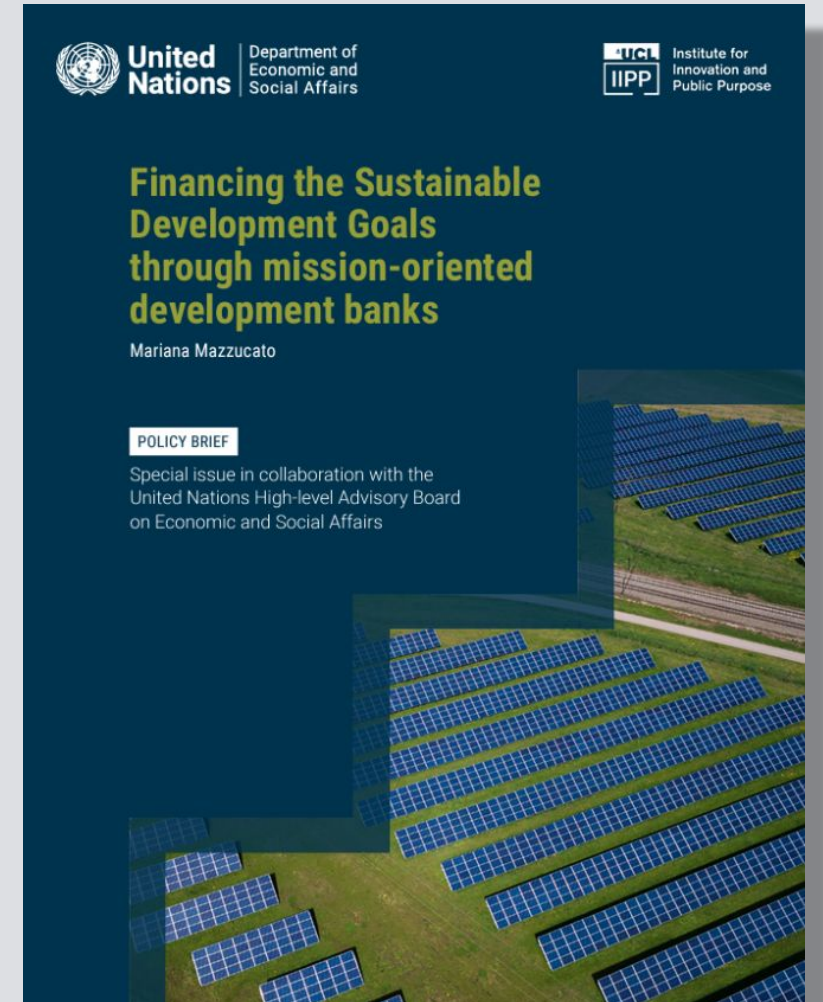
Financing the SDGs through mission-oriented public development banks

\$2.2 trillion

Multilateral development banks (MDBs)
total assets under management

\$20.2 trillion

National development banks
(NDBs) total assets under
management



A black and white photograph of the Earth rising over the horizon of the Moon. The Earth is a bright, curved sphere with visible continents and clouds, set against the dark, star-filled sky. The Moon's surface is in the foreground, showing a rugged, cratered landscape with various sized craters and ridges.

REWARD SHARING AND A NEW SOCIAL CONTRACT

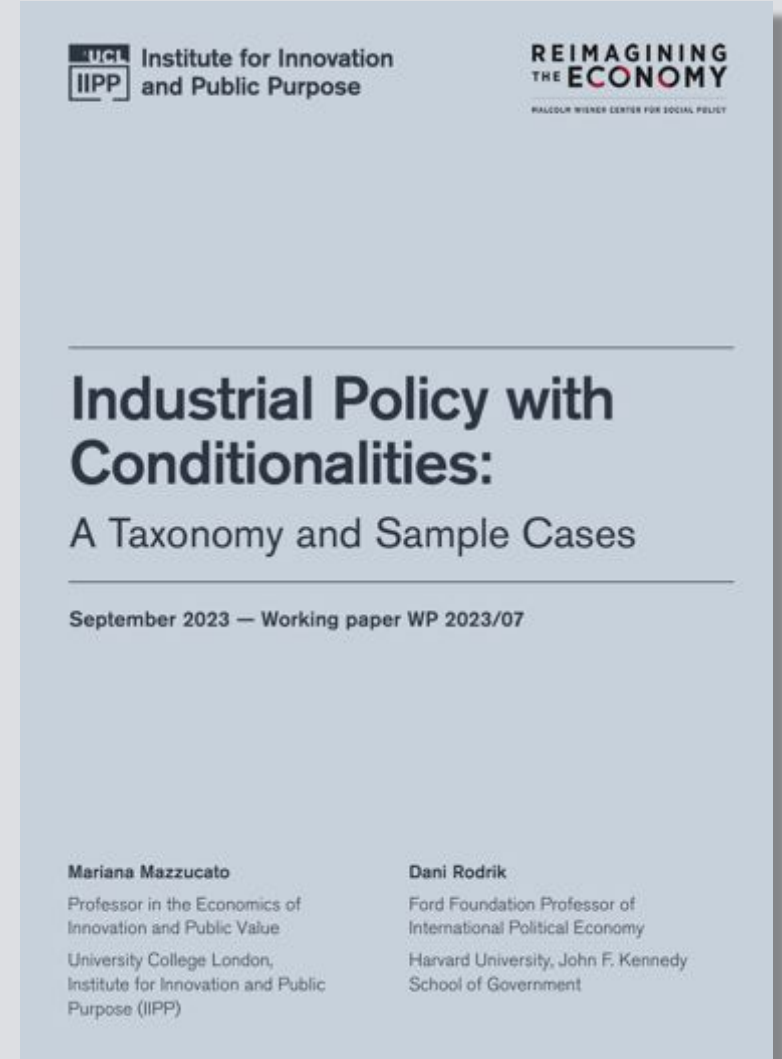
Industrial policy with conditionalities: A taxonomy

Ensure that more citizens and businesses have **ACCESS** to specific goods, services or technologies.

DIRECT investments towards social or environmental objectives.

Include **PROFIT-SHARING** provisions between contributing parties.

Promote the **REINVESTMENT** of business profits into productive activities.



Conditionalities in CHIPS

- **No share buybacks** or dividends
- **Profit sharing** for projects priced at \$150 million or more
- **Access to childcare** for projects priced at \$150 or more
- Proposals must specify **workforce development, investment in R&D, and energy- and water-efficient supply chains**

NOTICE OF FUNDING OPPORTUNITY (NOFO)

CHIPS Incentives Program – Commercial Fabrication Facilities

EXECUTIVE SUMMARY

- **Federal Agency Name:** National Institute of Standards and Technology (NIST), United States Department of Commerce
- **Funding Opportunity Title:** CHIPS Incentives Program – Commercial Fabrication Facilities
- **Announcement Type:** Amendment
- **Funding Opportunity Number:** 2023-NIST-CHIPS-CFF-01
- **Assistance Listing (CFDA Number):** 11.037 – CHIPS Incentives Program
- **Dates:**
 - o Statements of interest from all potential applicants will be accepted on a rolling basis, beginning on Tuesday, February 28, 2023; statements of interest must be submitted at least 21 days prior to submitting a pre-application or full application.
 - o For potential applications for leading-edge facilities, pre-applications (which are optional) and full applications will be accepted on a rolling basis beginning on Friday, March 31, 2023.
 - o For potential applications for current-generation, mature-node, and back-end production facilities, pre-applications (which are recommended) will be accepted on a rolling basis beginning on Monday, May 1, 2023 and full applications will be accepted on a rolling basis beginning on Monday, June 26, 2023.
 - o For potential applications for wafer manufacturing facilities, pre-applications (which are recommended) will be accepted on a rolling basis beginning on Friday, September 1, 2023 and full applications will be accepted on a rolling basis beginning on Monday, October 23, 2023.
 - o For potential applications for semiconductor materials and manufacturing equipment facilities for which the capital investment equals or exceeds \$300 million, pre-applications (which are recommended) will be accepted on a rolling basis beginning on Friday, September 1, 2023 and full applications will be accepted on a rolling basis beginning on Monday, October 23, 2023.
 - o At a later date, CPO expects to launch an additional funding process for applications relating to semiconductor materials and manufacturing equipment facilities with capital investments under \$300 million, as well as an additional funding process for applications relating to R&D facilities. CPO will provide future guidance regarding potential additional funding opportunities.



**A new social
contract with
business and
labor**

EN English ▼

Culture



Auto Strikes and Climate Change

Sep 23, 2023 | **MARIANA MAZZUCATO** and **DAMON SILVERS**

As long as good jobs and workers' rights are seen as optional add-ons in the fight against climate change, we will be waging a losing battle. As the United Auto Workers' strike shows, new industrial strategies must do more to protect and empower the hard-working people who will be carrying them out.

A black and white photograph of the Earth rising over the horizon of the Moon. The Earth is a bright, curved sphere with visible continents and clouds, set against the dark, star-filled sky. The foreground shows the rugged, cratered surface of the Moon.

CAPABILITIES MATTER

**Where
should
missions
sit?**

“All of government approach”

Mission-oriented policies

Ministries

Health

Economy

Environment

Industry/
Innovation

Education

From digital governance to a gov labs

Adapting and learning

Aligning public services with needs

Governing data and digital platforms

Inter and intra-governmental learning and coordination

Governing resilient production systems



Gov Labs welcoming experimentation



CHILE

The logo for CivTech, Scotland, consists of the word "CivTech" in a bold, black, sans-serif font. A registered trademark symbol (®) is located at the top right of the "h". The logo is centered on a light cream-colored rectangular background.

SCOTLAND

The logo for G'NOVA, Brazil, features the text "G'NOVA" in a large, blue, sans-serif font. Below it, in a smaller blue font, is the text "LABORATÓRIO DE INOVAÇÃO EM GOVERNO". The logo is centered on a white rectangular background.

BRAZIL

The logo for AGENCIA DIGITAL DE INNOVACIÓN PÚBLICA, Mexico City, features the letters "ADP" in a large, stylized font. The "A" and "D" are grey, and the "P" is green. To the right of the letters, the full name "AGENCIA DIGITAL DE INNOVACIÓN PÚBLICA" is written in a smaller, grey, sans-serif font.

MEXICO CITY



CENTRO DE INNOVACIÓN
PÚBLICA DIGITAL

COLOMBIA

Public sector capacity for our climate agenda

Leaks show McKinsey pushed fossil fuel agenda at Africa climate summit

Paris (AFP) – Consulting giant McKinsey & Company sought to place controversial carbon market schemes favoured by its fossil fuel clients at the heart of the Africa Climate Summit, according to internal documents and sources who talked to AFP.

Issued on: 15/12/2023 - 11:51 ⌚ 3 min

McKinsey & Company pushes fossil fuel interests as advisor to UN climate talks, whistleblowers say

The world's top management consultancy McKinsey & Company is using its position as a key advisor to the UN's COP28 climate talks to push the interests of its big oil and gas clients, undermining efforts to end the use of the fossil fuels driving global warming, according to multiple sources and leaked documents.

Issued on: 07/11/2023 - 17:45 Modified: 07/11/2023 - 17:43 ⌚ 7 min



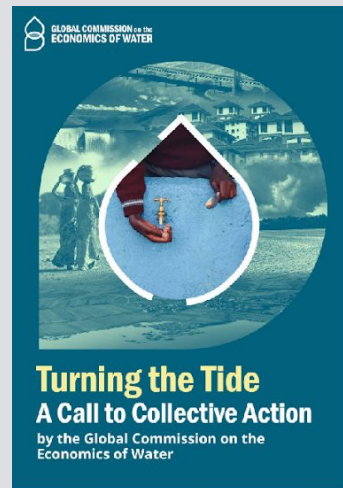
A composite image showing the Earth rising over the horizon of the Moon's surface. The Earth is a bright, curved sphere with visible continents and oceans, set against the black background of space. The Moon's surface is in the foreground, showing a rugged, cratered landscape with various sized craters and ridges. The text "GLOBAL GOVERNANCE" is centered in the middle of the image in a bold, white, sans-serif font.

GLOBAL GOVERNANCE

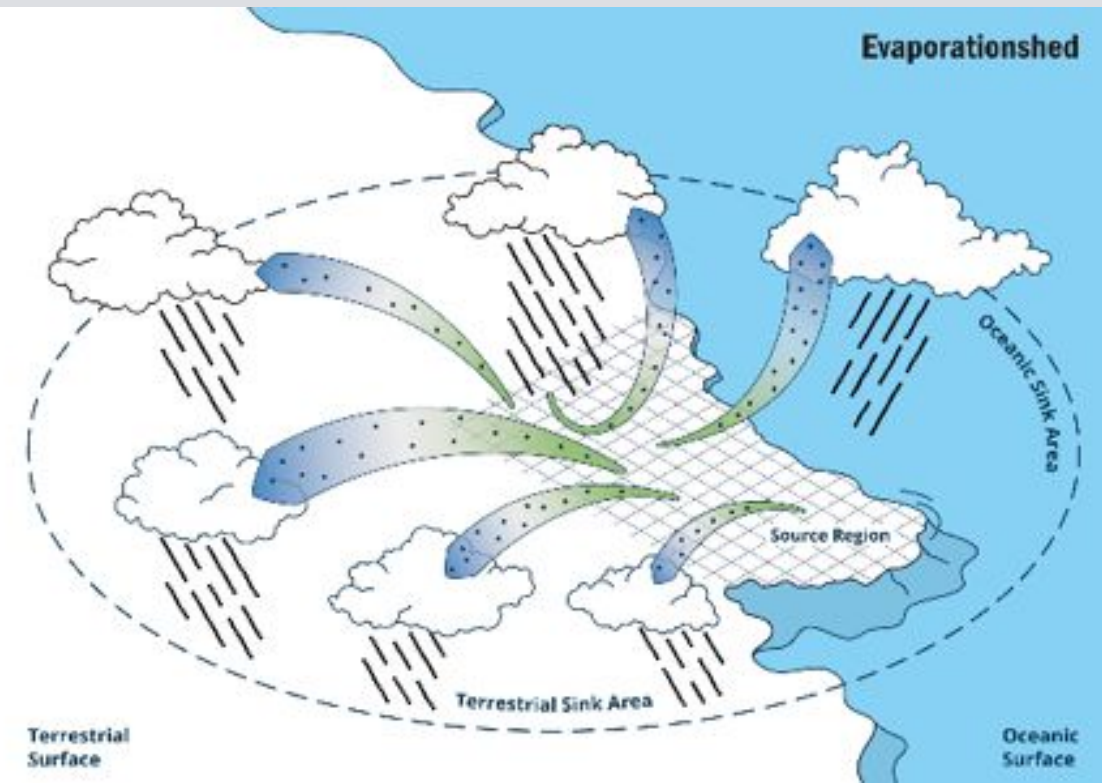
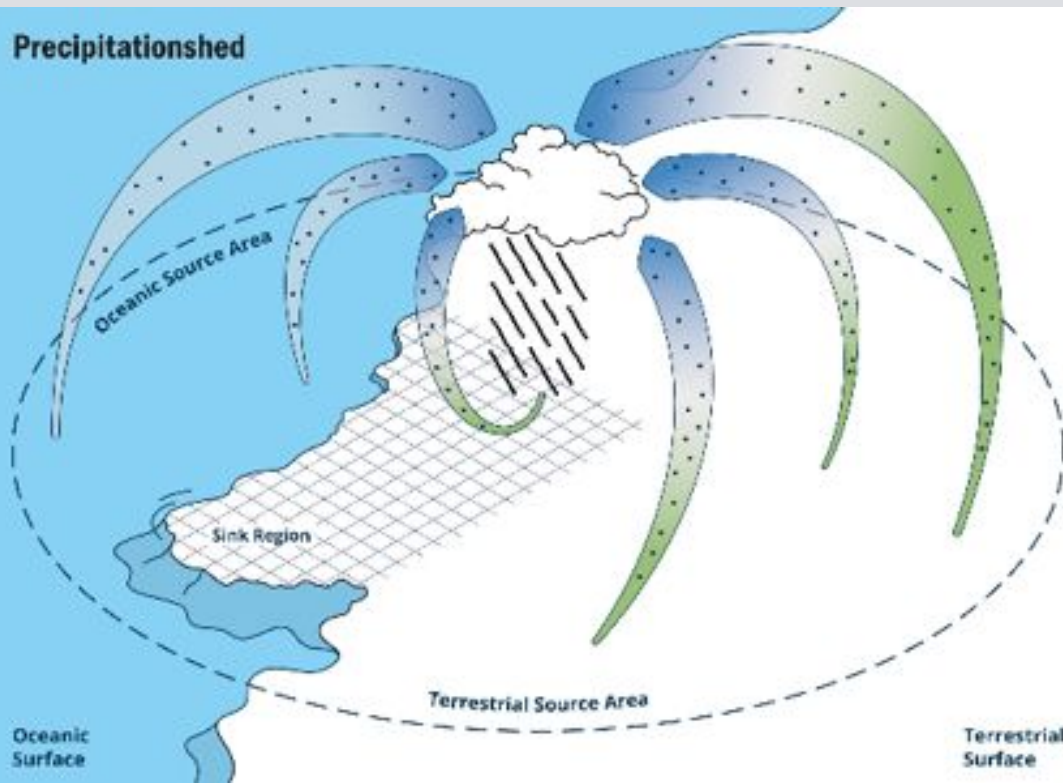
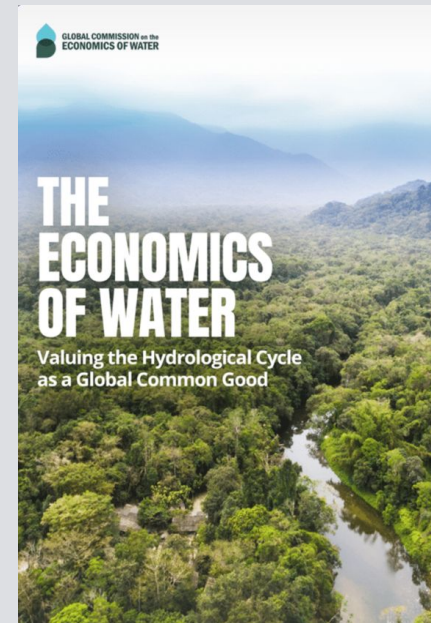
Global Commission on the Economics of Water

We must govern and value the hydrological cycle as a **global common good**:

1. Countries and communities are **interdependent**
2. The water crisis, climate change and biodiversity loss are **interconnected**
3. Water impacts and **cuts across all SDGs**



Governing the hydrological cycle as a global common good



Global governance of industrial (and financial) policies

The final report of the G20 TF CLIMA Group of Experts (Mazzucato and Songwe Co-chairs) sets out a framework for new development pathways that align economic growth with climate and equity goals.

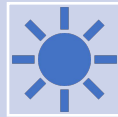
- Green industrial strategies oriented around ambitious NDC targets
- New governance frameworks for global cooperation on green industrial strategy and finance that recognize the global nature of the climate crisis and prioritize equity.



Green industrial strategy in practice



A shift from subsidies to sectors/technologies to orienting industrial strategy around NDCs



Not just about renewable energy. Means transforming how we eat, how we build, how we move.



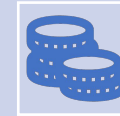
Align public-private collaboration with shared climate goals and maximise public value.



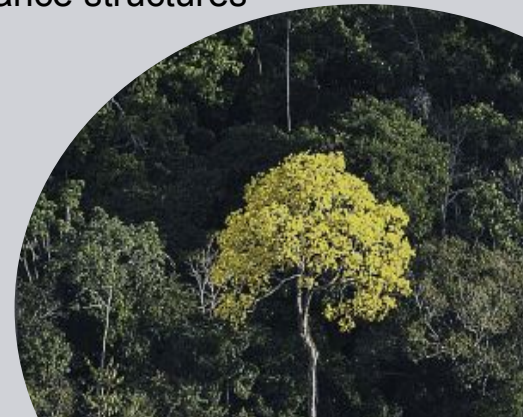
Requires a whole-of-government approach and changes to government structures, tools and institutions.



Equity between countries and a move away from protectionism



Need for affordable green finance and new financial governance structures



A black and white photograph of the Earth rising over the horizon of the Moon. The Earth is a large, bright sphere with visible continents and clouds, partially obscured by the dark, cratered surface of the Moon in the foreground. The sky is a deep black, filled with numerous small, distant stars. The text "DON'T BELIEVE THE HYPE" is centered in the middle of the image in a bold, white, sans-serif font.

DON'T BELIEVE THE HYPE

Debunking eight myths around mission-oriented policies

Myth	Reframe
1. Growth is the mission.	Growth is the result of missions.
2. Digital transformation, skills development and R&D investment are missions.	Digital transformation, skills development and R&D are examples of horizontal conditions for mission success.
3. There is no money.	There is money if missions help to expand the productive capacity of the economy.
4. Industrial strategy must pick winners.	Industrial strategy should pick the willing.
5. The process of defining missions is technocratic.	Missions are about big-thinking government working in partnership with citizens, labour and business.
6. The public sector should de-risk the private sector.	The public and private sectors should share risks and rewards.
7. Missions are top-down.	Missions should be designed to stimulate bottom-up solutions.
8. Missions are easy.	Missions require embracing difficulty.



~~FIXING MARKETS~~ CO-CREATING

~~DE-RISKING~~ WELCOMING UNCERTAINTY

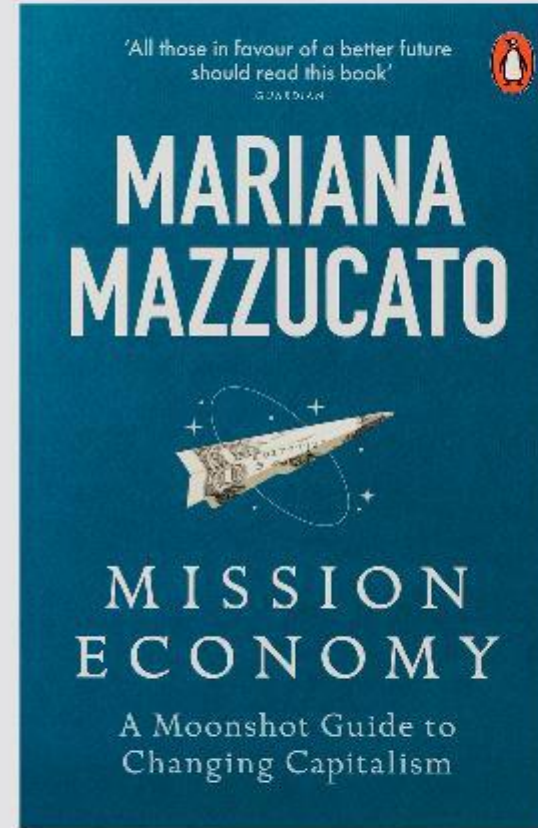
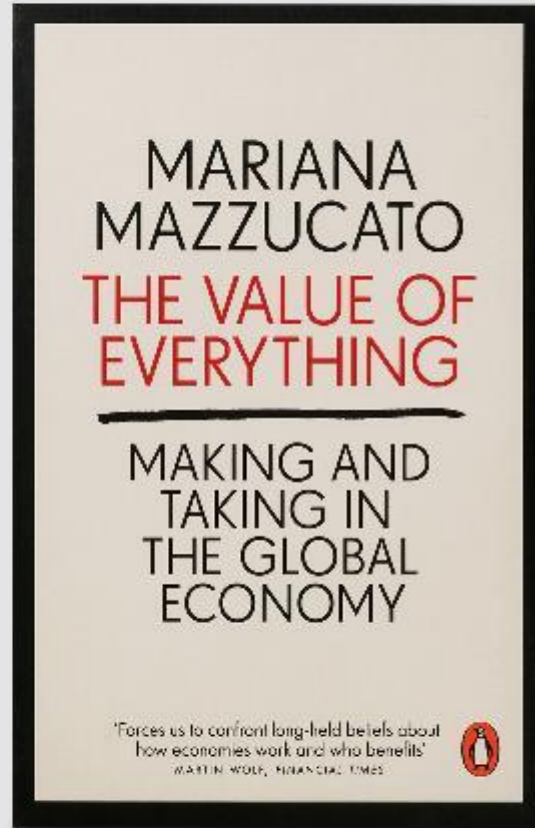
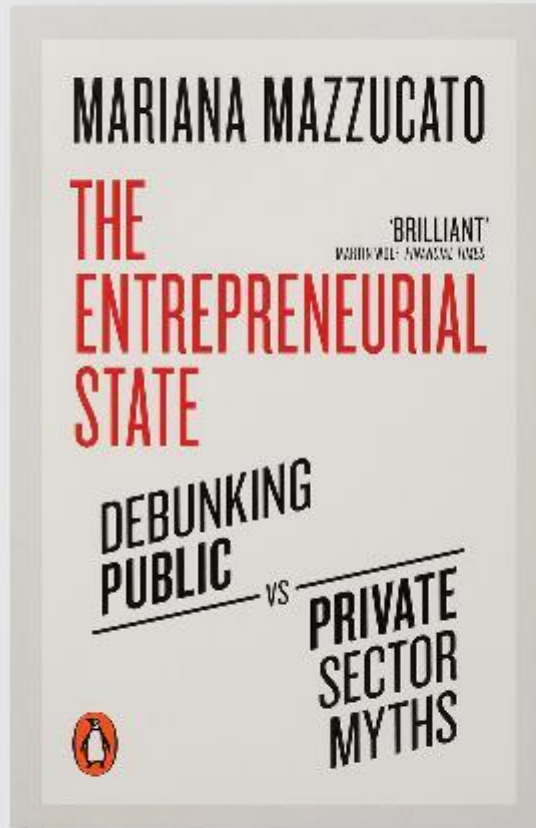
~~PICKING WINNERS~~ PICKING THE WILLING

~~LEVELLING PLAYING FIELD~~ TILTING TOWARD A DIRECTION

~~OUTSOURCING~~ CAPACITY BUILDING

~~COST BENEFIT~~ DYNAMIC SPILLOVERS

Proactive shaping of economy not market fixing





Thank you!

Mariana Mazzucato

Professor of Economics of Innovation and
Public Value

Founding Director, UCL Institute for Innovation
and Public Purpose



@MazzucatoM / @UCL_IIPP

