

# Mission impossible

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Italian-American economist, Mariana Mazzucato, who works and resides in London, has become a big name in what we might call ‘centre-left’ or even in mainstream economic and political circles. She has a new book out, [Mission Economy: a moonshot guide to changing capitalism](#).

Mazzucato was briefly an economic adviser to the UK Labour Party under Corbyn and McDonnell; she apparently “*has the ear*” of radical Congress representative Alexandria Ocasio-Cortez; she advised Democratic presidential hopeful, Senator Elizabeth Warren and also Scottish Nationalist leader Nicola Sturgeon. She was even accorded the title of “*the world’s scariest economist*” because her ideas were apparently really shaking up things among the great and good. According to the London Times newspaper, “*admired by Bill Gates, consulted by governments, Mariana Mazzucato is the expert others argue with at their peril*”.



However, whereas she appeared to start out as adviser to the left of the political spectrum, more recently she has become available to all. She quickly dropped her role as adviser to Corbyn. According to one reviewer of her new book, “*Mazzucato quickly recognised that there was no real role as a Corbyn adviser and resigned after two months.*” She said: “*The actual people pulling the strings were Seumas Milne and others. I felt like well, if you want to do your own thing, do it. But don’t do it in my name,*” she told the Daily Mail. The Mail commented: “*After this brief flirtation with the wrong sort of politician, she is keen to point out that she has worked closely with the Tories, advising Greg Clark, among others, on his industrial strategy when he occupied the constantly changing role of Business Secretary.*”.

Mazzucato now advises governments and institutions internationally ([Policy Papers : Mariana Mazzucato](#)) and appears on various headline forums and seminars. The World Health Organization appointed her chief of its Council on the Economics of Health for All in 2020. Indeed, she recently praised the appointment of (unelected) former ECB chief and central banker, Mario Draghi, as Italy’s prime minister, presumably because he is going to save Italy’s economy. [Not so scary after all, then.](#)

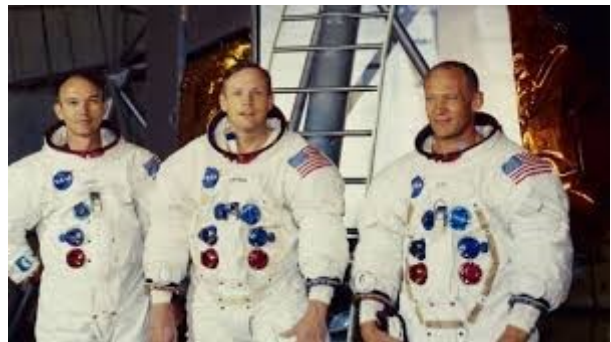
I have reviewed Mazzucato’s previous (much weightier) books, [The Entrepreneurial State](#) and the [Value of Everything](#) in other posts. In this latest book, she continues her main argument that she made in those other books that the public sector should lead the way in modern economies. “*Instead of acting as investors of first resort, far too many governments have become passive lenders of last resort, addressing problems only after they arise. But as we should have learned during the post-2008 Great Recession, it costs far more to bail out national economies during a crisis than it does to maintain a*

*proactive approach to public investment.*” Rightly, she points out that *“the more we subscribe to the myth of private-sector superiority, the worse off we will be in the face of future crises.”* The role of public funded innovation and publicly owned research and development has been deliberately downplayed by the mainstream. And yet it has been publicly funded research that has led to the speedy rollout of vaccines for the COVID pandemic and it’s been the publicly owned and run health services that have provided the best response in reducing deaths from the pandemic.

Mazzucato rightly wants to restore and proclaim the *“narrative of government as a source of value creation.”* (although as I argue in my review of her last book, government does not create value (as profit for capital), but use values (for society) – a distinction that Mazzucato does not recognise, but capitalists do). She notes, for example, that an Obama administration loan was crucial to the success of Tesla, and that a 1980s BBC computer literacy program led to the founding of a leading software development firm and the creation of a low-cost computer used in classrooms around the world.

But above all, in this book, she aims to promote the model of the Apollo space mission to the moon as the way forward to develop innovations and diffuse them across the economy; what she calls a ‘mission-oriented’ approach.

As she puts it: *“The Apollo program demonstrated how a clearly defined outcome can drive organizational change at all levels, through multi-sector public-private collaboration, mission-oriented procurement contracts, and state-driven innovation and risk taking. Moreover, such ventures tend to create spillovers – software, camera phones, baby formula – that have far-reaching benefits.”* And what this model shows, she claims, is that *“landing a man on the moon required both an extremely capable public sector and a purpose-driven partnership with the private sector.”*



So what modern capitalism needs is a ‘purpose-driven’ partnership between the public and private sectors: *“moonshots must be understood not as siloed big endeavours, perhaps the pet project of a minister, but rather as bold societal goals which can be achieved by collaboration on a large scale between public and private entities.”*

Apparently, we need *“a bold portfolio approach, a redesigning of tools like procurement and a proper economic theory to confront the directionality of growth head on”* – whatever *“confronting the directionality of growth”* means.

Mazzucato recognises that so-called public-private partnerships in the past have often not turned out in the public interest. We must *“not repeat the failures associated with today’s digital economy, which emerged in its current form after the state provided the technological foundation and then neglected to regulate what was built on it. As a result,*

*a few dominant Big Tech firms have ushered in a new age of algorithmic value extraction, benefiting the few at the expense of the many.” Instead, we must “capture a common vision across civil society, business, and public institutions.”*

She argues that public–private partnerships have focused on de-risking investment through guarantees, subsidies and assistance. Instead, they should emphasize sharing both risks and rewards. So governments and capitalist companies are to share the risks and then share out the rewards. That idea shows the difficulty inherent in the mission approach. The mission for overcoming the COVID pandemic has already shown which sector has taken the risks and which will gain the rewards- as did the Apollo mission.

Mazzucato reckons that a fundamental reappraisal of the role of the public sector is required that goes beyond the traditional ‘market failure’ framework derived from neoclassical welfare economics to a ‘market co-creating’ and ‘market-shaping’ role. *“It is not about fixing markets but creating markets”*.

But should the mission of government be to ‘create markets’ or ‘shape markets’? Is it really possible that the public sector will be allowed to take the lead in investment for social purpose over investment for profit under capitalism? Is it really possible that a ‘common vision’ can be ‘captured’ between big business in its drive for profits for its shareholders and governments which may have different objectives? Can climate change and global warming be reversed while the fossil fuel industry remains untouched by governments? Can rising inequality be reversed through some public-private ‘common vision’? Can technological unemployment be avoided when the big tech companies apply robots and AI to replace human labour? Can a mission ‘moonshot’ approach based on partnership with big business and ‘creating markets’ really succeed, given the social structure of modern capitalism? When you pose these questions, I think the answer becomes clear.

Indeed, some of the mission-approach schemes that Mazzucato cites in her book have been just as unsuccessful as previous ‘public-private ‘partnerships. She advised Germany’s Energiewende (energy transition to renewables), which has failed to deliver any better than others in reducing carbon emissions. She advised the Scottish Nationalists on launching its Scottish National Investment Bank. Within two months, the SNP government cut its funding from £241m to £205m, a pathetic amount to start with. When Labour under Corbyn first proposed such a SNIB, it was to be capitalised with £20bn! And as for UK PM Johnson’s ‘Operation Moonshot’ for mass test and tracing, say no more.

And how are these missions to be democratically controlled to achieve ‘a common vision’? Mazzucato says it will need *“involving citizens in solving societal challenges and creating wide civic excitement about the power of collective innovation”*. Wading through this jargon, she seems to be saying that policy makers, researchers (like herself) and businesses will get together and listen to ‘citizens’ somehow and out of this will come a widely approved set of ‘missions’ for innovation.

Mazzucato sums it up: “*Mission Economy offers a path to rejuvenate the state and thereby mend capitalism, rather than end it.*” In my view, that is a mission impossible.