

**THE UCL INSTITUTE
FOR INNOVATION AND
PUBLIC PURPOSE**

Rethinking how public value is
created, nurtured and evaluated



Mariana Mazzucato, Jeffrey Sachs and Carlota Perez discuss how to tackle the challenges of the 21st century through mission-oriented innovation (RSA, London, 17 February 2017)

How can institutional and technological innovations be used to tackle societal challenges?

From climate change to ageing populations, tackling the grand challenges of the 21st century requires actors in the public, private and third sectors to work together in new and dynamic ways in order to drive innovation. In this shifting context, the public sector cannot limit itself to simply fixing market failures, but needs to actively co-create and shape the markets of the future to help achieve these societal goals.

Recognising this challenge implies a fundamental break with economic orthodoxy and radical new thinking about how to justify, nurture and evaluate public policy driven by the idea of public purpose.

It prompts questions rarely debated today. How can the public and private sector work collaboratively while producing collective goods and public value? How can we better understand public purpose and transform this concept into operational 'mission-oriented' goals? What political and policy structures are conducive to public value generation? How can new technologies serve a public purpose? How can collectively produced value be shared inclusively?

UCL is establishing a new institute to address these questions and challenges, founded and directed by Mariana Mazzucato, Professor in the Economics of Innovation and Public Value, and author of the highly-acclaimed book, *The Entrepreneurial State*.

Rethinking public purpose to generate public value

IIPP will complement theoretical and practical work on public goods with broader notions of public value which allow new insights into the way in which public purpose can be formulated, and public value nurtured and assessed. While the concept of public goods in economics is useful, its application has been restricted to fixing a problem rather than employed in the creation of a vision of something new, such as a more inclusive, greener and sustainable economy.

From fixing markets to co-creating and shaping markets

Economic orthodoxy limits policy-making to the ostensibly value-free correction of market failures, such as those that arise with positive externalities (e.g. public goods) and negative externalities (e.g. pollution). IIPP will challenge this, developing a market-making and market-shaping framework in which value is understood to be co-created by different actors in the public, private and third sectors. Included in this framework will be a toolkit to dynamically evaluate and assess market shaping processes.

A new vocabulary

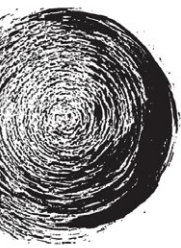
IIPP's work will inform an alternative narrative about the policy-making process – using a lexicon that is less focused on de-risking, mending and levelling, and building a new vocabulary around capacity building and strategic deliberation; exploring and experimenting under uncertainty; learning from trial and error; and dynamic assessment.

Mission-oriented policies

IIPP will work closely with global policy-makers to understand how conceptions of public purpose can help achieve societal and technological goals. In particular, the Institute will explore how mission-oriented innovation policies can tackle grand challenges.

Mission-oriented policies are systemic public policies that draw on frontier knowledge to solve specific technological and/or societal problems. By setting a clear 'mission', they bring focused attention to solving 'wicked' problems, stimulating innovation, and giving direction to investment and growth across many sectors, while enabling bottom-up experimentation.

IIPP's ambitious agenda aims to inform public policy in areas including: industrial and innovation policy; health and social care; institutional innovation; sustainable development and the green economy.



Policy and partnerships

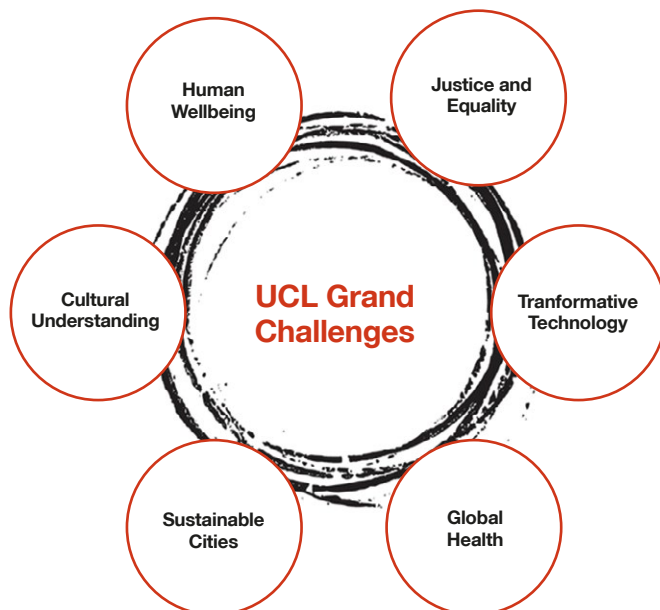
IIPP will work closely with policy-makers from around the world to create a global network of mission-oriented organisations driven by public purpose. The network will offer a unique opportunity for partners to learn from like-minded organisations from diverse contexts, empowering partners to pursue public value driven innovations. A co-production process with IIPP researchers will lead to practical diagnostic tools and analytical frameworks for the creation and assessment of public value generation in policy-making.

IIPP will also build relationships with business partners across different sectors to understand how public investments and new forms of governance and regulation can help create alternative growth pathways, leading to increased business investment and new forms of mutualistic partnerships and ecosystems.

Research

IIPP's path-breaking research into ways to understand public value and public purpose will be interdisciplinary, bringing together economists, philosophers, political scientists, anthropologists, engineers and natural scientists. It will break new ground in economics, public governance and in our understanding of technology and innovation, aiming to build a systems perspective on the complex relationships between economic, institutional, technological and social changes.

Through its research, IIPP will explore different types of public-private partnerships, with the goal of creating symbiotic and resilient ecosystems where both the risks and rewards of innovation are shared.



“IIPP’s work will inform an alternative narrative about the policy-making process – less on de-risking, mending and levelling – more on capacity building, exploration, learning and strategic deliberation”

New metrics will be created to capture the way in which mission-oriented strategic policies can ‘crowd in’ public and private investments.

As cities form the spatial context shaping these systems, IIPP's natural home is in UCL's prestigious faculty of the Built Environment – The Bartlett, with its pioneering radical thinking and teaching about space, design, sustainability, policy and innovation.

Our research streams are connected by three cross-cutting themes: innovation, public value, and inclusive growth. These themes are explored in the following research streams:

- Public value and public purpose
- Mission-oriented innovation and industrial policy
- Digital transformation in public services
- Rethinking health innovation
- Green economy and sustainable growth
- Public-private partnerships in space
- The role of the state in technological revolutions
- Macroeconomic implications of innovation policy
- Financial markets and patient finance

Current research projects are funded by ongoing (and recent) grants by the Open Society Foundations, the European Commission, NASA, the European Space Agency, the Inter-American Development Bank, Innovate UK and the Institute for New Economic Thinking.

Teaching

IIPP will bring together international scholars to develop an exciting teaching programme in areas that connect theories of innovation to new thinking about public value creation. The programme will include short courses for policy-makers and business leaders, a collaborative Masters Programme and a Doctoral Programme. Students will be encouraged to engage with global policy from an early stage of their studies.

UCL Grand Challenges

IIPP's work will focus on real world impact. It aims to make an ambitious contribution to the UCL Grand Challenges agenda, which brings together expertise from across the university with external partners, to address some of the most pressing problems facing human societies worldwide.



Professor Mariana Mazzucato
Founder & Director of the Institute for
Innovation and Public Purpose (IIPP)

The founder and director of IIPP is Mariana Mazzucato, Professor in the Economics of Innovation and Public Value at UCL. IIPP will build on the international impact of her work on the historical role of public organisations as an engine of innovation (*The Entrepreneurial State*, 2013), the role of market-creating policies to address ‘grand challenges’ (*Rethinking Capitalism*, 2016), and the need to rethink value creation in economics and beyond (*The Value of Everything*, forthcoming 2017). Professor Mazzucato advises policy-makers around the world on how to achieve growth that is smart, inclusive and sustainable.

Professor Mazzucato has been described in the *New Republic* as “one of the three most important thinkers about innovation”. She is winner of the 2014 New Statesman SPERI Prize in Political Economy and the 2015 Hans-Matthöfer-Preis. Before joining UCL, Professor Mazzucato worked at the University of Denver, the Open University, Bocconi University, and most recently was the RM Phillips Professor in Science and Technology Policy in the Science Policy Research Unit (SPRU) at the University of Sussex.

“One of the three most important
thinkers about innovation”

New Republic

“She has stormed the global
economic debate as a fresh,
clear and rigorous voice...
unveiling the State’s role not as
simply correcting ‘market failures’
but as a powerful creator
of new markets”

Alicia Bárcena, Executive Secretary, UN
Economic Commission for Latin America
and the Caribbean (ECLAC)

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Contact: IIPP-enquiries@ucl.ac.uk

@IIPP_UCL | @MazzucatoM

