

## ATTENTION PLANNING DESKS

9 July 2014

### UK BUSINESS SECRETARY VINCE CABLE TO OPEN MAJOR CONFERENCE

#### MISSION-ORIENTED FINANCE FOR INNOVATION: RETHINKING PUBLIC & PRIVATE RISKS AND REWARDS

London, 22 – 24 July 2014

Vince Cable, Andy Haldane and Adair Turner are among the keynote speakers at a major international conference challenging conventional thinking about the role of the state in driving the innovation needed for sustainable, inclusive growth.

The conference, organized by Professor Mariana Mazzucato, author of *The Entrepreneurial State*, kicks off on the evening of July 22<sup>nd</sup> in the House of Commons, continuing at the RSA and City Hall on the 23<sup>rd</sup> and 24<sup>th</sup> July 2014.

In the era of the fiscal compact and austerity, in which the state is being told to step back and to think *little*, the conference challenges states to think *big* - as big as putting a man on the moon in the past - in order to address the major challenges facing society today. The conference will hear how an active investment strategy that produces long-term committed finance and courageous and targeted innovation investments, is vital to a mission-oriented approach.

It brings together politicians, policy-makers, business and banking leaders across seven countries to think big about what the state can do in key areas to nurture innovation led growth that is both 'smart' and more 'inclusive', socializing not only risks but also rewards.

Other speakers will include Luciano Coutinho (President, BNDES, Brazil), Shiva Dustadar (Head of Innovation, European Investment Bank), Arun Majumdar (Vice President of Energy, Google, USA), Cheryl Martin (Director, ARPA-E), Kit Malthouse (Deputy Mayor for London), Vivien Lo (Head of Innovation, KfW, Germany), Bernardo Gradin (CEO, GranBio, Brazil) and prominent academics from around the world.

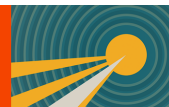
The Rt Hon Dr Vince Cable MP, Secretary of State for Business Innovation & Skills, will make a keynote address on the opening day of the conference.

Dr Cable said:

“Innovation is a critical engine of the real economy. To persuade the public of the need for long-term investment in innovation, we must – as Professor Mazzucato has done – demonstrate the central role played by the state in driving technological progress and putting the economy on a more sustainable footing.”

Conference organizer Mariana Mazzucato, RM Phillips Professor in the Economics of Innovation, SPRU, University of Sussex, said:

“We have focused on fixing finance, while leaving the 'real' economy as sick as before. This is setting up the next bubble. Financial reform and innovation policy must go hand in hand because innovation requires more



long-term committed finance, and a de-financialized private sector. We should not just talk about 'eco-systems' of innovation, but specify concrete ways to make those eco-systems more symbiotic and less parasitic."

The conference is sponsored by the Brazilian Development Bank (BNDES). BNDES President Luciano Coutinho said:

"The rapid pace of technical progress opens windows of opportunities. State agencies, as development banks and public laboratories, have a major role in investing along innovation chains to fulfill these opportunities. Our experience in Brazil shows that these patient and mission-oriented investments do not crowd out private finance but are essential to define new directions and mobilize the private sector, in developing and developed countries."

The conference is part of the Institute for New Economic Thinking research project: 'Financing Innovation: an Application of a Keynes-Schumpeter-Minsky Synthesis', led by Mariana Mazzucato and L. Randall Wray (University of Missouri-Kansas City and Levy Institute of Economics) - <http://ineteconomics.org/grants/financing-innovation>

The conference is sponsored by the Brazilian Development Bank and the Brazilian Ministry for Science and Technology, with some co-funding by the Institute for New Economic Thinking, The Ford Foundation and the Science Policy Research Unit (SPRU), University of Sussex.

## Notes for editors

### For media enquiries & accreditation contact:

Gemma Smith, SPRU, University of Sussex – [gemma.smith@sussex.ac.uk](mailto:gemma.smith@sussex.ac.uk) | 01273 87 3202 | 07973 887 759

Conference updates on twitter: @SPRU | @MazzucatoM | #MOFI2014

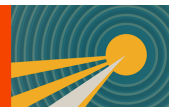
For more information and a full list of speakers visit: [www.missionorientedfinance.com](http://www.missionorientedfinance.com)

Further background research can be found on Mariana Mazzucato's website [www.marianamazzucato.com](http://www.marianamazzucato.com)

## Background

Mariana Mazzucato's book *The Entrepreneurial State: debunking private vs. public sector myths* (Best Books of the Year by Financial Times, Forbes, and Huffington Post) shows that to steer growth into the smarter and more inclusive direction, policies must unite the currently separate conversations about financial reform and industrial policy. Mazzucato argues that the key missing ingredient is not the quantity of 'finance' for innovative companies, but the long-term, committed finance that innovation requires. Currently, this type of finance is being provided either by courageous government agencies like DARPA in the US, or by state investment banks (the China Development Bank, KfW in Germany, and BNDES in Brazil). As these active agencies and banks are often accused of 'crowding out' private finance the conference will focus also on the economic framework that justifies such active public finance. An academic discussion on the third day of the conference will combine lessons from Keynes, Minsky and Schumpeter.

The conference will also hear that without the involvement of an engaged private sector, able and willing to co-invest along the entire innovation chain, investments will not lead to commercialization. Crucially, the conference will address whether the current financialization of the real economy (where many companies spend more on stock repurchases than on R&D) is putting such engagement under threat.



## Notes on sponsors

**Science Policy Research Unit (SPRU)** – Founded in 1966 by Christopher Freeman, SPRU was one of the first interdisciplinary research centres in the field of science and technology policy and management. Today, with over 50 faculty members, SPRU remains at the forefront of new ideas, problem-orientated research, inspiring teaching, and creative, high impact engagement with decision makers across government, business and civil society. Our research addresses pressing global policy agendas, including the future of industrial policy, inclusive economic growth, the politics of scientific expertise, energy policy, security issues, entrepreneurship, and pathways to a more sustainable future. SPRU researchers are driven by a desire to tackle real-world questions, whilst also contributing to a deeper theoretical understanding of how science, technology and innovation is shaping today's world. A 2012 study published in the journal '[Research Policy](#)' ranked SPRU second only to Harvard University in terms of its research impact in innovation studies. With a community of over 140 MSc and doctoral students from all over the world, SPRU is also well known for its high quality, research-led teaching programmes.

**BNDES – The Brazilian Development Bank (BNDES)** is the main financing agent for development in Brazil. Since its foundation, in 1952, the BNDES has played a fundamental role in stimulating the expansion of industry and infrastructure in the country. Over the course of the Bank's history, its operations have evolved in accordance with the Brazilian socio-economic challenges, and now they include support for exports, technological innovation, sustainable socio-environmental development and the modernization of public administration.

**The Institute for New Economic Thinking** was created to broaden and accelerate the development of new economic thinking that can lead to solutions for the great challenges of the 21<sup>st</sup> century. The institute is currently funding a research project by Mariana Mazzucato (SPRU) and Randall Wray (Levy Institute of Economics) called [Financing Innovation: an Application of a Keynes-Schumpeter-Minsky Synthesis](#). The project aims to combine two research paradigms. The first is the Keynes-Minsky vision that puts effective demand front and centre of economic analysis, and the second is the Schumpeter-Minsky vision that focuses on innovation and competition. The project brings the two visions together to provide rigorous and critical analysis of competition in the financial sphere and of how it interacts with competition in the industrial sphere. The project seeks to make policy recommendations on reforming finance to promote the capital development of the economy.

**Ford Foundation: Reforming Global Financial Governance initiative** – [The Ford Foundation](#) is a globally oriented private foundation with the mission of advancing human welfare. Its [Reforming Global Financial Governance initiative](#) aims to contribute to making global financial governance systems more democratic, transparent, accountable and effective. One of the primary lessons of the global financial crisis is that financial markets need the oversight of democratic institutions to ensure transparency and accountability, because the rules governing international trade and financial markets are set by a small group of nations and institutions. The result is a global financial system that is unresponsive to the inequities of economic globalization. The initiative provides grants in support of projects that look at issues related to financial governance and financial systems and that advance policy proposals to ensure that financial governance institutions advance the public good.