It's 2023: Here's How We Fixed the Global Economy[1]

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The year is 2023. The COVID-19 pandemic has come to an end, and the global economy is on the path to recovery. How did we get here? How did our economy and society evolve to overcome the greatest crisis of our age?

Let's begin in the summer of 2020, when the unabated spread of disease was heralding an increasingly dire outlook for economies and societies. The pandemic had exposed critical vulnerabilities around the world—underpaid essential workers, an unregulated financial sector, and major corporations neglecting investment in favor of higher stock prices. With economies shrinking, governments recognized that both households and businesses needed help—and fast. But with memories of the 2008 financial crisis still fresh, the question was how governments could structure bailouts so they would benefit society, rather than prop up corporate profits and a failing system.

In an echo of the "golden age" of capitalism—the period after 1945 when Western nations steered finance toward the right parts of the economy—it became clear that new policies were needed to address climate risks, incentivize green lending, scale up financial institutions tackling social and environmental goals, and ban financial-sector activity that did not serve a clear public purpose. The European Union was the first to take concrete steps in this direction after agreeing in August to a historic €1.8 trillion recovery package. As part of the package, the European Union made it mandatory for governments receiving the funds to implement strong strategies for addressing climate change, reducing the digital divide, and strengthening health systems.

In late 2020, this ambitious recovery plan helped the euro stabilize and ushered in a new European renaissance, with citizens helping to set the agenda. The European leadership used challenge-oriented poli-

1 This essay was first published in *TIME* on October 21, 2020.

cies to create one hundred carbon-neutral cities across the continent. This approach led to a resurgence of new energy-efficient buildings; revamped public transport designed to be sustainable, accessible and free; and an artistic revival in public squares, with artists and designers rethinking city life with citizenship and civic life at its heart. Governments used a digital revolution to improve public services, from digital health to e-cards, and create a citizen-centered welfare state. This transformation required both supply-side investments and demand-side pulls, with public procurement becoming a tool for innovative thinking that funneled through all branches of government.

The United States began to change its approach after November 3, 2020, when Joe Biden defeated Donald Trump in the presidential election and the Democrats held the majority in both houses of Congress. Following his inauguration in January 2021, President Biden moved quickly to rebuild frayed ties between America and Europe, setting up a forum to share collective intelligence that could inform a smarter form of government. European governments were eager to learn from the investment strategies used by the U.S. government—like those led by defense research agency DARPA—to spur research and development in high-risk technologies. And the United States was eager to learn from Europe how to create sustainable cities and reinvigorate civic participation.

With COVID-19 still rampant, the world woke up to the need to prioritize collective intelligence and put public value at the center of health innovation. The United States and other countries dropped opposition to a mandatory patent pool run by the World Health Organization that prevented pharmaceutical companies from abusing patents to create monopoly profits. Bold conditions were placed on the governance of intellectual property, pricing, and manufacturing of COVID-19 treatments and vaccines to ensure the therapies were both affordable and universally accessible.

As a result, pharmaceutical companies could no longer charge whatever they wished for drugs or vaccines; governments made it mandatory for the pricing to reflect the substantial public contribution to their research and development. This extended beyond COVID-19 therapies, impacting the pricing of a range of medicines from cancer therapies to insulin. Richer countries also committed to increasing manufacturing capabilities globally and using mass global procurement to buy vaccines for poorer countries.

When the vaccine was ready for distribution, national health authorities worked constructively with a coalition of global health actors—led by the WHO, the Bill and Melinda Gates Foundation, and others—to collectively devise an equitable global distribution plan that supported public-health goals. Low- and middle-income countries, along with health workers and essential workers, were granted priority access to the vaccine, while higher-income countries rolled out immunization programs in parallel.

The end was in sight for our health crisis. But in June 2021, the global economy was still in a depressed state. As governments started debating their options for new stimulus packages, a wave of public protests broke out, with taxpayers in Brazil, Germany, Canada, and elsewhere calling for shared rewards in exchange for bailing out corporate giants.

With Biden in office, the United States took those demands seriously and attached strong conditions to the next wave of corporate bailouts. Companies receiving funds were required to maintain payrolls and pay their workers a minimum wage of $15 per hour. Firms were permanently banned from engaging in stock buybacks and barred from paying out dividends or executive bonuses until 2024. Businesses were required to provide at least one seat on their boards of directors to workers, and corporate boards had to have all political spending approved by shareholders. Collective bargaining agreements remained intact. And CEOs had to certify that their companies were complying with the rules—or face criminal penalties for violating them.

Globally, gold-standard bailouts were those that safeguarded workers and sustained viable businesses that provided value to society. This was not always a clear-cut exercise, especially in industries whose business models were incompatible with a sustainable future. Governments were also eager to avoid the moral hazard of sustaining unviable companies. So the U.S. oil shale sector, which was unprofitable before the crisis, was mostly allowed to fail, and workers were retrained for the Permian Basin's fast-growing solar industry.

In the summer of 2022, the other major crisis of our age took a turn for the apocalyptic. Climate breakdown finally landed in the developed world, testing the resilience of social systems. In the midwestern United States, a severe drought wiped out crops that supplied one-sixth of the world's grain output. People woke up to the need for governments to form a coordinated response to climate change and direct global fiscal stimulus in support of a green economy.

Yet, this was not about just Big Government, but Smart Government. The transition to a green economy required innovation on an enormous scale, spanning multiple sectors, entire supply chains and every stage of technological development, from R&D to deployment. At regional, national, and supranational levels, ambitious Green New Deal programs rose to the occasion, combining job-guarantee schemes with focused industrial strategy. Governments used procurement, grants and loans to stimulate as much innovation as possible, helping fund solutions to rid the ocean of plastic, reduce the digital divide, and tackle poverty and inequality.

A new concept of a Healthy Green Deal emerged, in which climate targets and well-being targets were seen as complementary and required both supply- and demand-side policies. The concept of "social infrastructure" became as important as physical infrastructure. For the energy transition, this meant focusing on a future of mobility strategy and creating an ambitious platform for public transportation, cycling paths, pedestrian pathways and new ways to stimulate healthy living. In Los Angeles, Mayor Eric Garcetti successfully turned one lane of the 405 freeway into a bicycle lane and broke ground in late 2022 on a zero-carbon underground metro system, free at the point of use.

Rising to the role of the "entrepreneurial state," government had finally become an investor of first resort that co-created value with the public sector and civil society. Just as in the days of the Apollo program, working for government—rather than for Google or Goldman Sachs—became the ambition for top talent coming out of university. Government jobs became so desirable and competitive, in fact, that a new curriculum was formed for a global master in public administration for people who wanted to become civil servants.

And so we stand here in 2023 the same people but in a different society. COVID-19 convinced us we could not go back to business as usual.

The world has embraced a "new normal" that ensures public-private collaborations are driven by public interest, not private profit. Instead of prioritizing shareholders, companies value all stakeholders, and financialization has given way to investments in workers, technology, and sustainability.

Today, we recognize that our most valuable citizens are those who work in health and social care, education, public transport, supermarkets, and delivery services. By ending precarious work and properly funding our public institutions, we are valuing those who hold our society together, and strengthening our civic infrastructure for the crises yet to come.

The COVID-19 pandemic took so much from us, in lives lost and livelihoods shattered. But it also presented us with an opportunity to reshape our global economy, and we overcame our pain and trauma to unite and seize the moment. To secure a better future for all, it was the only thing to do.