

Mission-Driven Economic Development for Metropolitan Areas

Johan van Zoest
City of Amsterdam

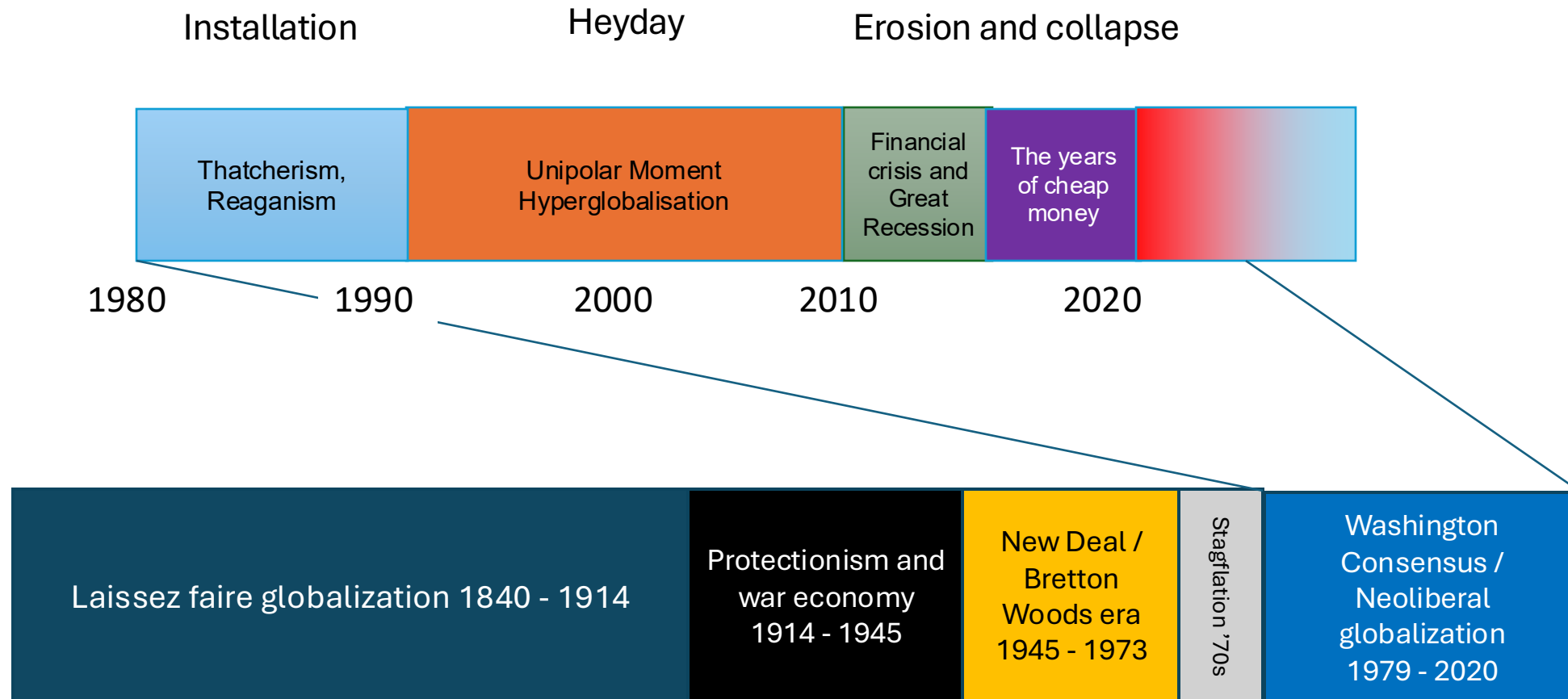
This talk



The image shows Donald Trump holding a large black sign with a gold border. The sign features the Presidential Seal of the United States and the title 'Reciprocal Tariffs'. It contains a table comparing tariffs charged to the U.S. with discounted reciprocal tariffs for several countries. The table has three columns: 'Country', 'Tariffs Charged to the U.S.A. Including Currency Manipulation and Trade Barriers', and 'U.S.A. Discounted Reciprocal Tariffs'.

Country	Tariffs Charged to the U.S.A. Including Currency Manipulation and Trade Barriers	U.S.A. Discounted Reciprocal Tariffs
China	67%	34%
European Union	39%	20%
	90%	46%
	64%	32%
	46%	24%
Japan	52%	26%
India	50%	25%
South Korea	50%	36%

- Strange and exciting times have found us.
- How did we get here?
- The Draghi report - key to Europe's new economic strategy.
- Why Draghi doesn't go far enough.
- Making the case
 - Innovation and vital industries in Europe should be mission-led.
 - Regions are vital actors in making this happen on the ground.



Heyday

Erosion and collapse



2000

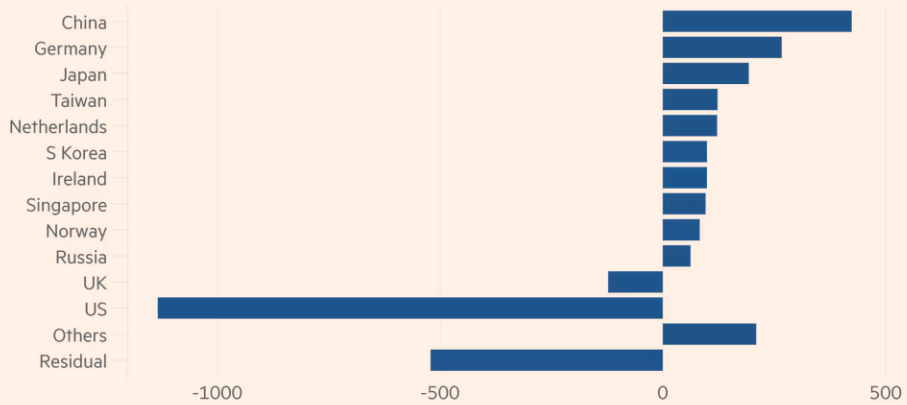
2010

2020

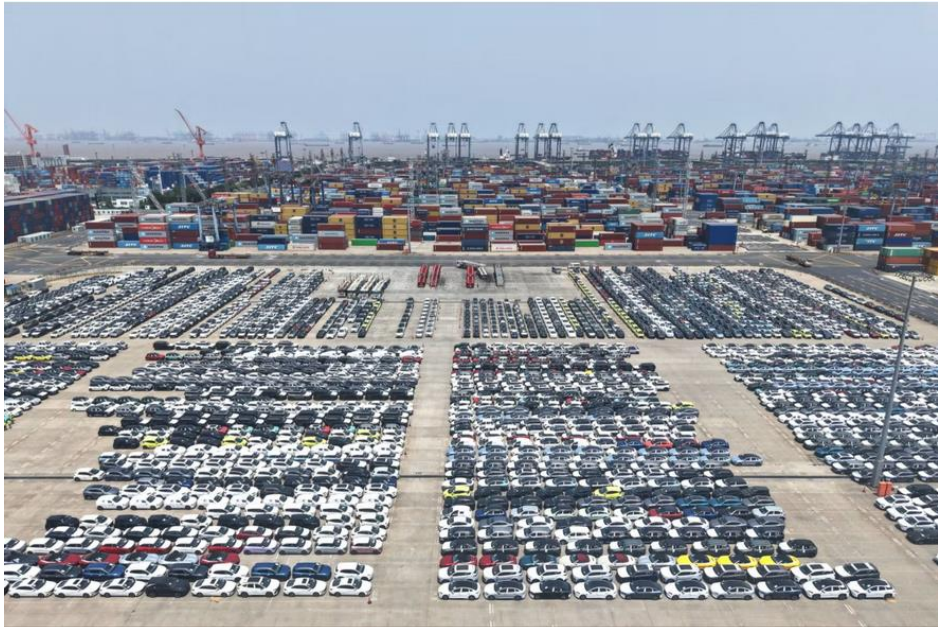


The US is the principal balancer of global current accounts

Current account balances, 2024 (\$bn)



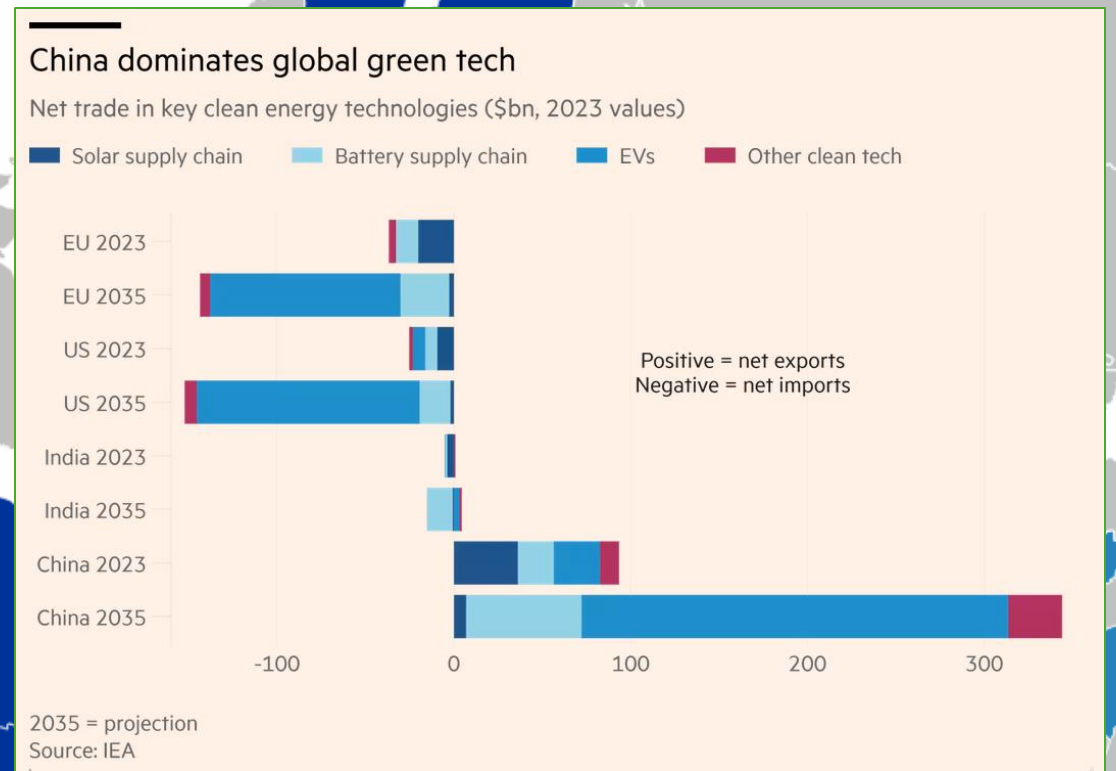
Residual = amount needed for global total to sum to zero. Reflects statistical discrepancies, errors, unrecorded transactions
Source: IMF WEO



Electric vehicles ready for export in Shanghai, China has enjoyed tremendous success in this area, as foreign carmakers' share of Chinese auto sales has dropped to a record low © CFOTO/NurPhoto/Reuters

Europe receives the memo

- Europe had outsourced defense, manufacturing and energy-security.
- Champion saver but a stingy investor.
- In 2022 shaken out of its complacency by the full scale attack of Russia on Ukraine.
- As crises accumulated governments stepped in with industrial and geopolitical policies.
- First Von der Leyen Commission: Green Deal
- Outdone by US Biden administration: massive subsidies for green tech, jobs and cutting edge technologies.
- Outdone by Made in China 2025
- Europe is losing the technology race with the US and China



Enter Mario Draghi

- European elections 2024 catapulted competitiveness to the top of the political agenda.
- EU President Von der Leyen commissioned three high ranking reports (Letta, Niinisto and Draghi)
- Draghi report has become the template for Europe's current economic strategy.
- Point of departure is productivity gap with the US, explained by Europe's lagging tech sector.
- Lack of competitiveness caused by chronic under-investment in tech innovation, overregulation, and high energy prices.
- Recommendations:
 - Stepping up public funding (5% of GDP),
 - Boosting private funding through a capital markets union,
 - Simplification of regulation.



Will this work for Europe?

- Reasons for doubt
 - Emulating US venture capital model may be fighting the last war (cf EU Startup and Scaleup Strategy 2025)
 - Draghi offers little direction to Europe's economy. What is produced and invented in Europe is largely left to global investors.
- Missing from the Draghi equation
 - Economic **missions** with the **incentives** – carrots and sticks – for companies to invent and produce **what is necessary**. Competitiveness and profitability are not enough.

The EU's Draghi Agenda Isn't Ambitious Enough

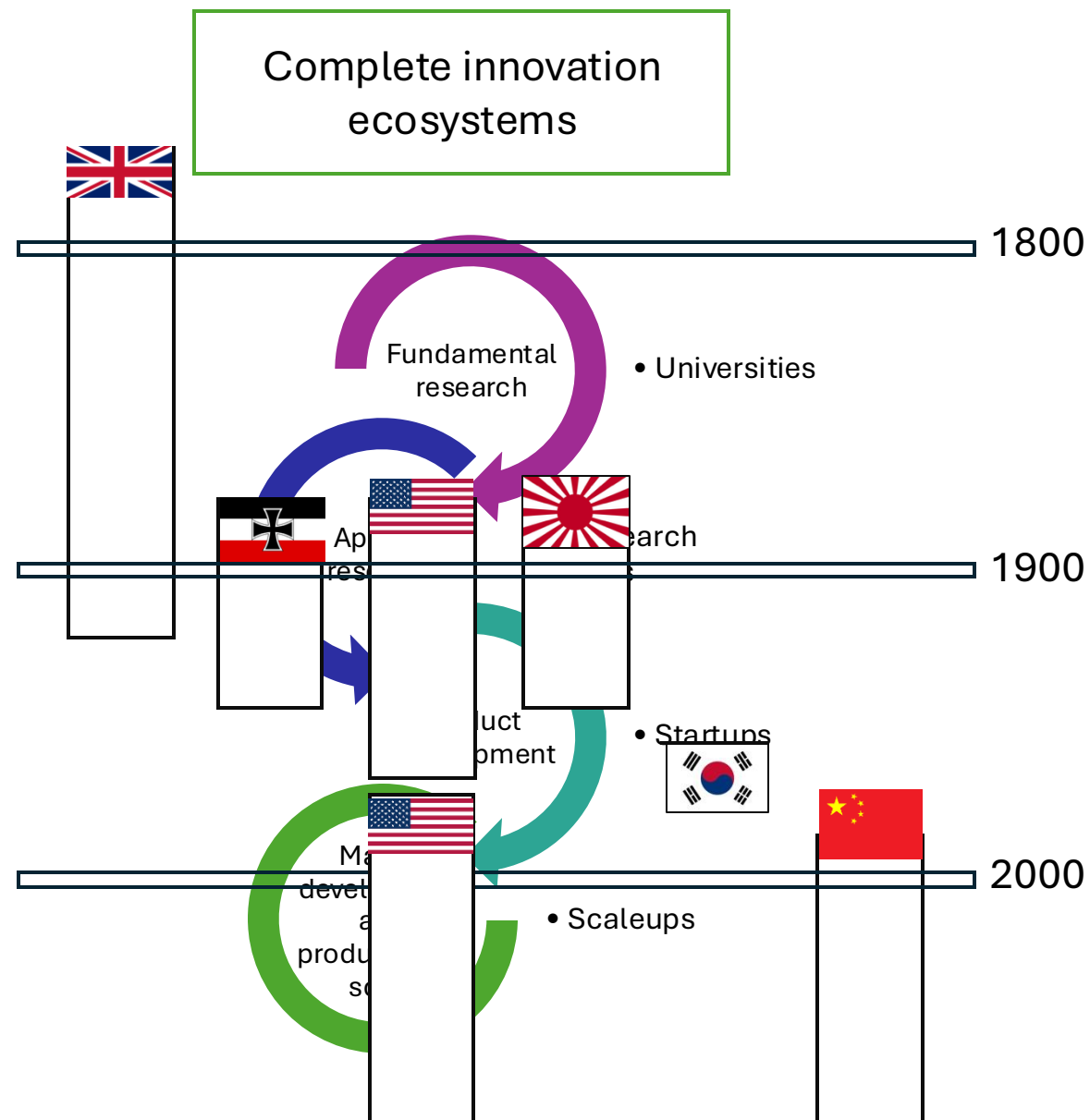
May 22, 2025 | MARIANA MAZZUCATO and BENGT-ÅKE LUNDVALL



Long term ambitions and horizontal policies
Creating general conditions

Vertical policies
targeted at specific ecosystems and outcomes

Place-based policies
creating spatial conditons



To conclude

- If Europe is to accelerate, it must make vital parts of the economy mission-led.
- This is not about state versus market, but how to direct the power of markets towards the common good.
- In a mission-economy, regions are the operatives on the ground.
- The key challenge: finding the right governance model.
- METREX could encourage regions to articulate and compare missions.
- Start with a coalition of regions.
- Also instructive: compare the European model with those of China and the US.
- There is no roadmap. The important thing is to begin.

