

Funding the Future

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This is one of a series of posts that will ask what the most pertinent question raised by a prominent influencer of political economy might have been, and what the relevance of that question might be today. There is a list of all posts in the series at the end of each entry. The origin of this series is noted here.

After the first two posts in this series, the topics have been chosen by me, and this is one of those. This series has been produced using what I describe as directed AI searches to establish positions with which I agree, followed by final editing before publication.

This post refers to Greg Mankiw. Why is he in this series? I stress that it is not because I have a high regard for his achievements. I have not. Instead, I include him here because he has written some of the most popular neoliberal undergraduate economics textbooks currently used in the world, in which he propagates many of the views that my economics myths series seeks to shatter.

My suggestion is that Mankiw has harmed the economics profession and society by pretending that the faith system he promotes is an accurate description of the real world as people experience it beyond the classroom. In this sense, he ranks alongside others in this series, like Friedman, Hayek, Buchanan, and Becker, whose presence is justified by the harm they have caused.

Mankiw is in that list precisely because he symbolises all that is wrong with economics education at present. What he also makes clear is that if we are to change the world, then recapturing the university economics curricula for the common good is an undertaking in which those of heterodox persuasion must now be engaged.

Greg Mankiw's 'Principles of Economics' is one of the most widely used textbooks in the world. It has trained millions of students, from first-year undergraduates to policymakers and journalists, in the worldview that defines modern economic orthodoxy.

Its central message is simple: markets work. Prices coordinate behaviour. Incentives shape outcomes. Government should intervene sparingly. Growth, not redistribution, is the path to prosperity.

To generations of students, this has sounded like common sense, and that is precisely the problem. Mankiw's economics presents itself as neutral, scientific, and apolitical, when in truth it is a moral vision of society disguised as arithmetic. It assumes that market outcomes reflect merit, that inequality reflects productivity, and that the economy can be understood without reference to power.

Hence, the Mankiw Question: if economics teaches that people get what they deserve and markets reward merit, how do we explain the poverty, privilege, and inequality that surround us?

The gospel of efficiency

At the core of Mankiw's framework lies the belief that markets allocate resources efficiently. If everyone acts in their own self-interest, the invisible hand will guide those actions toward socially optimal outcomes.

This is an elegant theory, but it rests on fantasy. It assumes perfect information, perfect competition, and perfectly rational agents, none of which exist. In the real world, corporations manipulate markets, information is asymmetric, and power determines price.

By starting with a model that excludes these realities, Mankiw teaches generations of students to treat power as noise, inequality as natural, and government as clumsy.

The moral claim hidden in the maths

Mankiw insists that economics is positive, not normative. He claims that it describes how the world is, not how it ought to be. Yet his entire framework is saturated with moral judgement.

He famously wrote that people "earn their income by making decisions that others value." This appears neutral, but it sanctifies market reward as moral desert. The billionaire deserves their fortune because the market says so. The low-paid worker deserves their wage because demand for their labour is low.

The market becomes both judge and jury of worth. Inequality is not a problem to be solved; it is evidence that the system is working.

The myth of meritocracy

Mankiw's textbook world is one where effort and talent determine outcomes. But in the real world, inequality reflects power, inheritance, and structure. The richest derive their wealth from assets and rent-seeking, not productivity. The poorest are trapped by conditions markets themselves create: low wages, housing costs, and debt.

To insist that these outcomes are fair is to deny the social conditions that produce them. It turns privilege into virtue and poverty into failure.

This moral inversion lies at the heart of neoliberal economics.

The invisibility of the state

Mankiw's economics treats the state as an external actor; a corrector of market "failures." But in reality, markets themselves are creatures of the state:

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Property rights are legal creations.

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Money is a public institution.

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Contracts are enforced by law.

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Infrastructure, education, and healthcare are prerequisites for production.

Without the state, there is no market. To teach otherwise is to erase the political foundations of the economy.

The politics of neutrality

What makes Mankiw's worldview so powerful is its tone of reasonableness. It does not shout ideology; it murmurs expertise. It trains students and policymakers to see inequality as the natural price of efficiency and to treat dissent as naïveté.

This technocratic economics has allowed governments to impose austerity, deregulation, and privatisation while claiming scientific legitimacy. It has produced a generation of politicians who talk about fairness while governing for finance.

The neutrality of this economics is the most corrosive ideology of all.

The real world intrudes

The financial crisis of 2008 exposed the bankruptcy of Mankiw's assumptions. Markets did not self-correct; they imploded. Incentives did not align with the public good; they rewarded fraud and speculation. Yet the mainstream quickly reasserted itself, as if the

crisis were a minor deviation rather than a systemic failure.

The same blindness continues today. Climate breakdown, inequality, and rentier capitalism are treated as externalities rather than existential threats. The textbook remains essentially unchanged. Economics that cannot learn from collapse has ceased to be a science; it has become a catechism.

What answering Mankiw requires

To answer the Mankiw Question is to restore political economy to economics and to reintroduce power, history, and morality. That means:

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Reclaiming fairness as purpose because efficiency without justice is not social welfare; it is exploitation.

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Exposing market mythologies by recognising that markets depend on law, power, and inequality.

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Rewriting the curriculum so that students are not taught that markets are perfect, but that they are political.

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Democratising expertise so that economic decisions belong to citizens, not just technocrats.

Inference

The Mankiw Question exposes the hollowness of an economics that promotes ideology as science. By teaching that people get what they deserve, it absolves the powerful and blames the poor. It turns the economy into a morality play where virtue is equated with wealth.

But a just society cannot be built on the assumption that markets are fair. Markets are human constructions; they reflect the values we choose to embed in them.

Mankiw's invisible hand is not a law of nature. It is a political choice, and one that serves the few at the expense of the many.

If economics is to serve humanity rather than excuse its injustices, it must unlearn Mankiw's lesson and begin again: not as the science of self-interest, but as the ethics of shared prosperity.

Previous posts in this series

- * [***The economic questions***](#)
- * [***Economic questions: The Henry Ford Question***](#)
- * [***Economic questions: The Mark Carney Question***](#)
- * [***Economics questions: The Keynes question***](#)
- * [***Economics questions: The Karl Marx question***](#)
- * [***Economics questions: the Milton Friedman question***](#)
- * [***Economic questions: The Hayek question***](#)
- * [***Economic questions: The James Buchanan question***](#)
- * [***Economic questions: The J K Galbraith question***](#)
- * [***Economic questions: the Hyman Minsky question***](#)
- * [***Economic questions: the Joseph Schumpeter question***](#)
- * [***Economic questions: The E F Schumacher question***](#)
- * [***Economics questions: the John Rawls question***](#)
- * [***Economic questions: the Thomas Piketty question***](#)
- * [***Economic questions: the Gary Becker question***](#)

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