Funding the Future

Economic questions: the Mariana Mazzucato question

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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.

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.

Why is Mariana Mazzucato in this series? That is because she has built a critique of the myth that markets alone create value. Her work has been influential precisely because it exposes something mainstream economics prefers to ignore: that the state has been deeply involved in shaping innovation, underwriting risk, and creating the conditions in which private enterprise operates.

In books such as The Entrepreneurial State and Mission Economy, she argues that governments should reclaim a more active role, not just correcting market failures, but directing economic activity toward public goals. Her language is optimistic: her argument is that the state can be entrepreneurial, purposeful, and mission-driven.

There is, however, a deeper question beneath this optimism. If the state has always been necessary to make capitalism work, and if the system continues to generate inequality, instability and ecological crisis, then perhaps the problem is not simply that the state has been too weak or passive. Perhaps the problem is the system itself.

Hence, the ***Mariana Mazzucato Question: If the state has always been central to creating markets and value, why is it now being asked to rescue a system whose underlying dynamics, such as inequality, extraction and ecological damage, it may not be able to fix?***

The state as creator — and enabler

Mazzucato is right to insist that the state has been central to innovation. Public funding, infrastructure, research and risk-taking have underpinned many of the technologies that define modern life.

But this raises an uncomfortable implication. If the state has always been present, then it has not only enabled innovation — it has also enabled the system that followed. The same structures that supported technological progress have also supported:

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rising inequality,

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financialisation,

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environmental degradation,

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and the concentration of corporate power.

The state is not simply absent from these outcomes. It is implicated in them.

Risk socialised, reward privatised — by design

Mazzucato highlights the asymmetry between public risk and private reward. This is a powerful critique. But it also points to something deeper than imbalance: a structural feature of capitalism.

If the system repeatedly produces this outcome, it may not be because policy has failed to correct it. It may be because the system is designed to produce it. Capital seeks to appropriate returns. The state absorbs risk to sustain the system.

In that case, the issue is not how to rebalance capitalism, but whether such rebalancing is stable or sustainable.

Mission-oriented policy, but within what system?

Mazzucato’s solution is mission-oriented policy: governments define goals and mobilise resources to achieve them. This is attractive, especially in the context of climate change or public health.

But missions operate within existing economic structures. If those structures are driven by profit maximisation, short-term returns and competitive accumulation, then

mission-oriented policy risks being:

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diluted by private interests,

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captured by corporate actors,

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or limited to areas where profitability can still be maintained.

The question becomes whether missions can transform the system — or whether the system reshapes the missions.

The limits of reforming value

Mazzucato challenges the idea that value equals price. This is an important step. But her framework often stops short of fully confronting how value is ***appropriated*** under capitalism.

Even if we redefine value to include public contribution, ecological sustainability and social wellbeing, the mechanisms of ownership and control remain largely unchanged. Those who own assets still capture returns. Those without assets remain dependent.

Redefining value does not automatically redistribute power.

Saving capitalism — or postponing its crisis?

At its core, Mazzucato's project can be read as an attempt to save capitalism from its own failures by making it more purposeful, more inclusive and more sustainable.

But this raises a deeper question. If capitalism requires continuous intervention to prevent instability, inequality and ecological collapse, is it being reformed — or simply sustained in a modified form?

There is a risk that mission-oriented policy becomes a way of postponing systemic crisis rather than resolving it.

What answering the Mariana Mazzucato Question would require

To engage critically with Mazzucato's work would require going beyond her proposals while taking her insights seriously. That would involve:

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Acknowledging the state’s role not just in creating value, but in sustaining existing power structures.

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Examining whether public purpose can coexist with private accumulation at current scales.

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Addressing ownership and control, not just investment and direction.

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Ensuring that public investment leads to structural change, not just improved outcomes within the same system.

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Considering alternatives to growth-driven capitalism, particularly in light of ecological limits.

These questions move from reform to transformation.

Inference

The Mariana Mazzucato Question exposes a tension at the heart of contemporary political economy. Her work powerfully challenges the myth of the passive state and highlights the public foundations of private wealth. But it also raises a more difficult issue, which is whether those insights are being used to reshape capitalism, or to stabilise it in the face of mounting crisis.

If the system consistently produces inequality, instability and environmental damage, then more active state involvement may not be sufficient to resolve its contradictions.

To answer her question is to confront an uncomfortable possibility: the problem may not be that the state has done too little, but that it has been trying to make a flawed system work, and may need to imagine something beyond it.

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