

## The Death of Homo Economicus



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Work, Debt and the Myth  
of Endless Accumulation

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# Introduction: Welcome to the New Dark Ages

Joy breaking like a dawn! But only for an instant. It is not merely that clouds begin to cross this new, radiant sky. It is as if at the moment when the sun comes forth in its glory, another sun appears too, a shadow sun, an anti-sun sliding across its face. The dawning sun is there not for itself but to undergo eclipse; joy shines out only to reveal what the annihilation of joy will be like. (J.M Coetzee, *The Master of Petersburg*)

It's popular to compare the 2007–08 financial crisis and the global recession that followed to a massive tsunami, violently washing away the socio-economic certainties of the past and bringing capitalism to the brink of oblivion. The metaphor was probably attractive because for the first time we gained explicit insight (with the aid of mobile phone cameras) into what a real one looked like close up after the 2004 Boxing Day wave, which killed around 250,000 people. The awful 2011 Tōhoku tsunami in Japan only reinforced its aptness concerning the economic and cultural demolition job that we've witnessed over the last ten years, especially during the age of austerity and the unexpected comeback of the obscenely rich.

The trouble with the metaphor, in my mind at least, when it comes to understanding the nature of global capitalism over the last ten years is that it's applied only partially. Just two aspects of the killer wave are mentioned: the triggering event (the earthquake or subprime meltdown after years of risky debt) and then the wall of water hitting land (collapsing banks, the recession, etc.). However, seismologists point out that there are at least four phases involved. The earthquake in which a large piece of ocean floor is displaced, the drawback where the ocean recedes from the shoreline



sometimes by many metres (people often wander out to look at the strange scene and are first to be wiped away), the enormous impact of the wave as it destroys society and then the final stage, which is seldom cited. The great backwash. This is where all the water, ruins and sludge *return to the sea* ... creating an undercurrent of dark mayhem as it does, sucking everything back out with it, both dead and alive.



This book seeks to complete the metaphor by concentrating on that fourth phase, which I suggest is where Western capitalism presently stands at the moment. The initial wave was certainly catastrophic, egged on by greedy bankers, easy credit, lax and corrupt governments and a near religious faith in the dubious assumptions of neoclassical economics, particularly the ‘alchemy’ of monetary policy practised by central banks.<sup>1</sup> Our mistake, however, similar to those who survive a real tsunami, was to think that the devastation would cease after the initial impact, with calls to rebuild the economy, reform the banks and so forth. But now the wave is rapidly coming back, returning to sea and redoubling the carnage as it does. It’s no longer ‘newsworthy’ like the first big wave. Nevertheless, the damage is even worse because the

already weakened survivors are now being overrun by the deluge again. No wonder the present state of the world feels even worse than it did immediately after the Great Recession nearly ten years ago. Neoliberalism – the reduction of *all* social life to the logic of profit-seeking behaviour – ought to have disappeared in 2008, and a form of it certainly did. Only now its worst excesses are rolling back through town, more potent than ever, stripping whole communities of the meagre pickings that were left as it attempts to take us out with the mangled debris.

We can see this widening corporate hellscape everywhere. The uber-rich are wealthier now than ever. The wave appeared to serve them well and they're cashing in bigtime as it rages back towards the abyss. Tax laws remain outlandishly unfair, stacked in favour of a corporate elite who are laughing all the way to the bank (the same ones that the average taxpayer bailed out only a few years ago) ... now ordinary working people and consumers carry a disproportionate burden of funding society.<sup>2</sup> The financial services sector today acts as if 2008 never happened. It remains largely unreformed, shameless in its support of tax evasion and money laundering as the leaked Panama Papers revealed, abetted by governments that still believe banks can regulate themselves.<sup>3</sup> If globalisation still does exist, it's mainly of the 'deviant' kind fuelled by transnational crime organisations so powerful they constitute ghost states in their own right.<sup>4</sup> They've thrived under neoliberal capitalism, generally at our expense.<sup>5</sup> In public life, arrogant demigods, vapid technocrats, Rupert Murdoch and Goldman Sachs have commandeered the state and effectively de-democratised it. Indeed, it's no surprise that Murdoch's senior executives met with the British prime minister and chancellor ten times in one year during 2015–16 or that Goldman Sachs alumni hold key positions in the Trump administration.<sup>6</sup> But they're just the elite we can see. There's also the ominous reign of 'dark money' behind the scenes, with ethereal billionaires like Michael Hintze and the Koch brothers who are dictating the rules that you and I have to live by. In short, in just a few short years we have witnessed the rise of what could only be termed 'vulture capitalism', the worst variety of a bad lot.

Languishing at the other end of the income spectrum is the expansive majority, where holding down an average job has become intolerable and levels of exploitation not seen since the Victorian era are commonplace. Here salary growth has come to an abrupt halt, of course. But that's just the tip of the iceberg. Thirty-seven per cent of British workers find their occupations completely devoid of any meaning, disconnected from anything remotely beneficial to society.<sup>7</sup> According to another study, the typical US worker spends only 39 per cent of their time performing the task they were hired to do.<sup>8</sup> The rest is clogged up with emails, useless meetings and sorting the mess created by inexplicable management hierarchies. To make matters worse (not to mention unhealthy), this is all experienced in a highly private and personal way: the concept of the public is withering on the vine and dying. There are few social spaces left to shelter us from the reversing economic wave. In January 2017, for example, the National Health Service (NHS) in the UK was found to be so short of cash that the British Red Cross declared a 'humanitarian crisis' and intervened to help. Young people in Western economies have been abandoned by their forebears, with a retiree earning more than the average millennial, a generational disparity that has pronounced race and class dimensions to boot. It's obvious that commerce hates kids. And let's not even mention the eco-system, which has nearly given up the ghost and teeters on the brink of collapse. The Pacific Ocean, for example, is now one giant rubbish tip.<sup>9</sup> The promise of 'green capitalism' was a confidence trick and it's not surprising that our civilisation is on the verge of committing ecocide. Unsustainability is not only inherent to how business is done, however, but also a *way of life* for the average person, which gives the economic lunacy of late capitalism strong existential reverberations.

It is in this context that the central character of this book is examined: the over-promoted, overrated and totally mythical figure of homo economicus – rational economic man. The financial human being. Similar to the Soviets in the 1920s (but towards very different ends, of course), the early zealots of free market economics believed that the human self could be remade.

Character. Personality. Emotional infrastructure. Neoclassical economics of the 1960s and 1970s had a definite character in mind. They drew on the ideas of Adam Smith among others showing how everyday people act like capitalist enterprises in most facets of their lives. In order for their increasingly abstract models and mathematical formulae to make sense, a tremendously impractical conception of being human had to be presumed. Governments swallowed the idea almost too readily in the 1980s and 1990s, rebuilding society to faithfully reflect its image, particularly in relation to work and employment. From the beginning, homo economicus was defined by an extreme form of individualism, driven largely by monetary gain and profoundly suspicious of anyone but themselves, particularly 'the public'. The project was a complete failure, of course, because it could only exist in the realm of fantasy. But even as the dirty wave retreats to sea, we're still being lectured on how homo economicus is the only way to be. What a joke. It's a little like telling a gambler who's lost everything that one last wager might save the day.

In order to fully comprehend the painful vagaries of being enclosed in an over-economized world today, we have no choice but to stand outside the narrative of mainstream academic economics. That's not just because much of the discipline today has been taken over by mathematical theorems only a select few can understand.<sup>10</sup> Nor because it's largely useless at predicting events that really matter, like the subprime meltdown. No, the main reason comes down to the fact that it's so stubbornly wedded to a completely inoperative vision of society. You immediately lose touch with reality as soon as its assumptions are adopted. Let's be frank. It's no secret that most theoretical and applied economics today intrinsically functions in a parallel universe, a kind of nerd's dreamtime, selling a narrative that defies the daily experiences of the 99%-ers as the backwash of debt, stress and insecurity threatens to drag us under. The models look neat on paper. When applied to reality, however, the prescriptions (and even descriptions) forwarded by neoconservative economists like Milton Friedman, James M. Buchanan and more recently Stephen Moore (advisor to Donald Trump whose books include *It's*

*Getting Better All the Time* and *Privatization: A Strategy for Taming the Deficit*) cause chaos on the ground and frequently defy basic common sense. That's why it is strange that this post-real orthodoxy has only intensified since the 2007/08 crash.<sup>11</sup> The reasons why will be carefully investigated in this book. But languishing at the heart of the disaster is homo economicus, who in the UK and USA, for example, is now struggling against the tide of unprecedented economic trends and is about to be pulled under.<sup>12</sup>

Most economics textbooks don't tell us the real reason why homo economicus was probably invented. Capitalism creates a good deal of socio-economic 'crap' as a rule (e.g., pollution, stress, insecurity, in work poverty, waste, etc.), the inevitable collateral damage of profit-seeking behaviour. When the business system offloads this crap, it gets passed down a vast chain until it can't be passed any further. Nobody wants to be at the end of the shit chain, usually reserved for the global poor, women, the natural environment and so forth. Homo economicus was meant to be an effective relay mechanism, shifting capitalism's excrement to the next least powerful party in the sequence. This is what *rationality* and *efficiency* really means in the context of free market capitalism. But now the shit's starting to stick, an outcome of both the rising flood of economic disrepair (debt, etc.) and years of governmental policy that has sought to propagate 'economic man' throughout the entire social body. In short, homo economicus find him or herself at the end of the shit chain and is now practically drowning in the stuff.

It is no surprise that in these bleak times the defenders of the 'reversing wave' (i.e., neoliberal capitalism, warts and all) tell the critics to lighten up. Things aren't that bad, no matter how much life is being squeezed out of the present like the hue from an oil painting. According to pop psychologist Steven Pinker, for example, modern civilisation has never had it so good. He looks back to the Dark Ages, the capricious injustice, perverse levels of poverty, illiteracy and disease.<sup>13</sup> In light of that, we shouldn't be complaining too much – especially in relation to global inequality, which might seem bad today but is nothing like it was: 'As one becomes aware

of the decline of violence, the world begins to look different. The past seems less innocent; the present less sinister.<sup>14</sup> Right-wing hacks have latched onto this misplaced optimism too. When it was reported in early 2017 that just eight billionaires are as rich as the world's poorest half, a spokesperson for the Adam Smith Institute, a free enterprise think-tank in London, gave this bizarre reading of the situation: 'It is not the wealth of the world's rich that matters, but the welfare of the world's poor, and this is improving every year ... Inequality is a side-effect of stability, peace, and growth; clamping down on it through foolish wealth taxes risks everybody's living standards.'<sup>15</sup>

The comment is too vacuous to warrant too much reflection; as if radical inequality has little connection to the ongoing problem of poverty; as if trickledown economics – the expectation that everyone will benefit if we encourage the rich to get even wealthier – hadn't been completely discredited years ago. In any case, the quote does inadvertently tell us how bad things have got for the Western middle classes and working poor. Apologists seeking to justify a broken economic paradigm in the UK and USA, for example, are now so desperate for material given the horrible facts before us they must evoke the most destitute denizens of the Global South or even medieval rituals of torture as a point of comparison. These are the standards we're now measured against, absolute rather than relative immiseration, which would have been unimaginable a few years ago. Perhaps a sign of things to come?

There is very good reason to feel terminally deflated at the present juncture. As the cultural critic Mark Fisher insightfully demonstrated, contemporary capitalism wages a psychological war as much as a pecuniary one, where melancholy is systematically induced on a mass scale to tame the revolutionary rage that marked the 1960s and 1970s apart.<sup>16</sup> For sure, in this climate it would be *irrational* not to feel gravely out of sync with the world. As I will argue in the coming pages, the growing evidence points to a major breakdown in the norms that once governed the distribution of wealth, regulated employment and provided spaces for democratic voice. The events of 2007–08 were just the beginning. Thriving

amidst this neo-feudalist flood is a detached, largely secretive and unaccountable elite that holds massive amounts of power in the public and private sectors. For the first time in some years their avowed interests stand directly, openly and stubbornly against those of 99 per cent of the population, locked in a zero-sum game. What they gain we lose. And they've gained a lot.<sup>17</sup> The tacit agreement between capital and labour forged after World War II (WWII) concerning wages and conditions has effectively been dissolved, and the income/power differentials between us and the rich are now so stark that even the highest earners among the 99 per cent have more in common with the lowest (on minimum wage) than they do with the 1 per cent.<sup>18</sup> The plutocrats and their state lackeys truly live far away, on dry land.

But this book is no nostalgic pining for a bygone age, since the deal workers got in the past was never brilliant, even during the post-WWII boom.<sup>19</sup> Instead, this book seeks to provide a set of conceptual tools for navigating a path away from the torrential socio-economic grime that is surging around us as it heads back out to the unrelenting deep.

Chapter 1 introduces the argument by focusing on how the crisis of work and the economy has become normalised, inducing a latent psychosis in everyday exchanges and the terminal decline of homo economicus. The approach is extended in Chapter 2. The term 'wreckage economics' is proposed to designate the theoretical and practical paradigm of choice when dominant powers seek to preserve the spirit of capitalism, even if it is on fire all around us. This part of the book also questions whether the liberating effects of information technology is enough to save us, as some have rather optimistically proposed. Chapter 3 concentrates on the sad and lonely figure of homo economicus: the economic human being. He or she now embodies an inbuilt tendency for disaster, frequently lived as a personal nightmare of debt and insecurity. If homo economicus today is obsessed with money, then it's purely in the negative sense, of being kept up at night worrying about the kid's school fees and so forth. In Chapter 4 the question of work is examined more closely. Employment has entered into an

almost paradoxical phase. Useless and symbolic on the one hand, universally necessary on the other, rendering it into a sort of theatre of cruelty. The rise of depressing new work forms associated with the 'gig economy' and 'zero-hour' contracts is the topic of Chapter 5, which I trace back to the seemingly harmless notion of 'human capital theory' in neoclassic economics. This approach to economic activity truly represents the apogee of neoliberal economic (un)reason in its catastrophic glory. Chapter 6 then explores the problem of resistance and conflict in an era of total economics, where the poison of a cash-centricity has seeped into every social crevasse. If mainstream economic thought and practice is effectively dead, as the emblematic figure of homo economicus readily implies, then the conclusion attempts to envisage what might come to replace it.



# Cash Psychosis

The last time 85-year-old pensioner Isabella Purves was seen alive was back in 2004. The Canonmills resident – a district in the city of Edinburgh – was a woman of few words and only seen picking up a newspaper from the local shop.<sup>1</sup> A neighbour nevertheless remembered Isabella fondly:

She was always cleaning her brasses and keeping the stair clean and would go out hiking. She was very fit and only became frail in later years. She was an old-fashioned lady, quite a Miss Marple, Morningside-type, but not glam – no pearls or twin sets, but she would wear thick tights and long skirts and was always very well turned out.<sup>2</sup>

And then, in the words of another Canonmills resident, Isabella disappeared off the face of the earth. Some thought she'd moved away or into a retirement home. Others simply forgot about her. However, in 2009 water started to drip from her council flat into the property below. The local authorities were called to investigate. After pushing through all the unopened mail piled up behind Isabelle's door, they discovered her remains. She had been dead for five years and nobody had noticed.

The case of Isabella Purves caught the headlines because it exemplified everything that was wrong with elderly care in the UK, and particularly the decline of society more generally. Loneliness has become an epidemic in neoliberal Britain and elsewhere, especially among the elderly who are deemed to be no longer useful to society.<sup>3</sup> It doesn't help matters that governmental social care services have been chronically underfunded. For example, in 2017 it