

# How Zombie Economicus Is Gradually Replacing Homo Economicus

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As commonly known, the zombie economy has “Japanese roots” (Hoshi, 2006), having originated in Japan during the financial crisis of the 1990s.

Under the conditions of the global financial and economic crisis of 2008-2009, the zombification of the economy spread to the United States (Willie, 2008) and other countries of the world, going on to acquire a global scale (Harman, 2009). The importance of zombie economy is confirmed by the emergence of a new term – *Zombie Economics* (LeLaulu, 2009).

The process of zombification of the economy continued after the global financial and economic crisis of 2008-2009 (Krugman, 2020).

During the economic crisis caused by the COVID-19 pandemic (Papava, 2020), the problem of zombification of the economy has become critically relevant (Zingales, 2021).

The insolvent part of the economy, i.e. zombie companies, along with zombie banks, continue to exist due to government financial guarantees, direct financial support (subsidies) and the low interest rates of bank credits (Schepens, Schnabel, Laeven, 2020).

The international experience of the formation and functioning of a zombie economy shows that the impetus for its emergence, as a rule, is financial crisis, although a non-crisis situation in an economy does not necessarily create insurmountable barriers to its existence (Papava, 2023).

In order to understand why the insolvent part of an economy continues to exist, it is necessary to turn to the evolutionary theory of economic change (Nelson, Winter, 1982). In particular, we are talking about the concept of “routine” as the main “tool” of this theory. And routine, as such, is a set of all those rules and methods of company behavior that regulate the reproduction of its activities.

The main reason for the formation and functioning of a zombie economy is as follows: the government’s financial support for the zombie economy is mainly in place so as to avoid the bankruptcy of this part of the economy, which can negatively affect economic growth, and, more importantly, the loss of votes of those voters in political elections who may be left unemployed due to said bankruptcy. It is on this basis that the routine that supports the zombie economy is formed. It is easier for insolvent companies and related banks to prolong their existence along this “beaten path” to the interests of the government than to solve the problem of insolvency once and for all.

In other words, the routine that supports the zombie economy is formed in the “triangle” of ‘companies–banks–government,’ when the interests of each actor of this “triangle” coincide with those of the others.

The routine in which the zombie economy operates, i.e. the “zombie routine” is the *modus vivendi* of the zombie economy – zombie companies, zombie banks and, of course, zombie governments.

Logically, the question arises as to who the carrier of the zombie routine is?

In order to answer this question, let us recall that, according to economics, the carrier of the routine of a free market economy based on perfect competition is *homo economicus*, which is the theoretical model of economic man and, *ceteris paribus*, is also “a building block of pure economics” (Bee, Desmarais-Tremblay, 2023).

Since the zombie economy is a dead economy that maintains its existence artificially, a living person cannot be the carrier of the zombie routine. Logically, this results in the carrier of the zombie routine becoming a zombie itself, functioning in the zombie economy. In other words, becoming a *zombie economicus* (Papava, 2008).

What unites *homo economicus* with *zombie economicus* is that they both operate within the economy. The difference between them is, however, much more significant.

First, unlike *homo economicus*, *zombie economicus* does not have the goal of maximizing profits or increasing company value; *zombie economicus* is interested only in survival.

Secondly, *zombie economicus* works in zombie companies and zombie banks, having no place in financially “healthy” companies and banks.

At the same time, *zombie economicus*, together with *homo economicus*, as a rule, can coexist in the government. In particular, if there are zombie companies and zombie banks in the economy of a country, this means that *zombie economicus* is already functioning in the government of that country. Moreover, the mere existence of zombie companies is already evidence that the government’s *zombie economicus* is actually more powerful than the government’s *homo economicus*.

It is possible that the “virus” of zombies can be transmitted from zombie companies and zombie banks to financially “healthy” companies and banks. This possibility increases significantly in a government that has more powerful *zombie economicus* alongside *homo economicus*.

It follows from the foregoing that modern economics, studying the human factor in the economy, should not be limited in principle only to the *homo economicus* model and its various improved modifications; it is much more important to focus on the study of the *zombie economicus*

phenomenon. The main direction of such research is how to limit the sphere of influence of zombie economicus, in order to finally rid ourselves of this phenomenon.

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