

New glossary entry: the economics of failure

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The destination of the politics of destruction is the economics of failure. It now appears in this blog's glossary.

The "**economics of failure**" is the system of policies and ideas that deliberately produces poor economic outcomes in order to discredit democratic government and justify the transfer of power and resources to private interests. It is the economic mechanism created by the politics of destruction, which is my term for neoliberalism, to make public provision appear unworkable so that it can be cut, privatised, or replaced by market substitutes available only to a few.

First, the economics of failure is manufactured. Artificial fiscal rules, obsession with balanced budgets, and myths about "taxpayer's money" are used to starve public services of resources. Health care, housing, education, social security, and infrastructure are asked to do more with less. When they inevitably struggle, that struggle is presented as evidence that government provision "does not work". The failure was planned.

Second, that manufactured failure becomes the excuse for privatisation. Once public systems are weakened, market-based alternatives are promoted, whether they be private schools, private health care, private pensions, private housing finance, or private infrastructure. These services are usually more expensive, less accountable, and are universally accessible mainly to those with wealth. Public provision shrinks; corporate revenue streams expand.

Third, income and wealth are redistributed upwards. The system rewards ownership over production. Landlords extract rents, monopolies extract excess profits, and financial institutions extract interest. Tax policy favours capital over labour. This is rentier capitalism by design, not accident.

Fourth, the economics of failure weakens demand. Inequality reduces the spending

power of the majority, so growth stagnates. Investment falls because markets are weak. Productivity declines because education, health, and infrastructure are underfunded. The resulting stagnation is then blamed on the government, not on the policies that created it.

Fifth, the economics of failure undermines democracy. Economic insecurity discourages participation. Concentrated wealth buys influence. Corporate power shapes policy. As accountability weakens, citizens lose trust in public institutions. This is not incidental: the objective is to hollow out the relationship between voter and representative so that democratic control over the economy diminishes.

Sixth, it creates fertile ground for extremism. When public services fail, and living standards fall, anger grows. That anger is redirected towards scapegoats, such as migrants, minorities, or the poor, while the real causes remain hidden. The economics of failure, therefore, feeds the politics of hate and opens the pathway to authoritarianism and fascism.

Seventh, it damages the future. Underinvestment in the five forms of capital (environmental, human, social, physical, and financial) leaves societies poorer over time. Declining infrastructure, weakened education and health systems, and ecological neglect are the long-term costs of deliberate short-term policy choices.

Finally, naming the economics of failure matters. If we believe decline is inevitable, we accept it. If we recognise that it is constructed, we can change it. That means rejecting false fiscal constraints, restoring democratic control of essential services, taxing rents and wealth properly, rebuilding social security, and investing in people and planet.

The economics of failure is not a mistake. It is a strategy. It exists to discredit government so that markets dominated by wealth can replace it. Unless we confront that directly, the politics of destruction will continue to hollow out democracy and pave the way for authoritarian alternatives. The answer is politics for people, grounded in accountability and a politics of care that restores the economy to its true purpose: meeting need, fairly and sustainably.