

IS HOMO ECONOMICUS

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Evolutionary Psychology and Economic Theory

ISBN: 978-0-76231-138-5, eISBN: 978-1-84950-294-8

ISSN: 1529-2134

Publication date: 5 January 2005

Abstract

The awarding in October of 2002 of the Nobel Memorial Prize in Economics 1 Technically the Bank of Sweden Prize in Economic Sciences in Memory of Alfred Nobel, established in 1968.1 to Daniel Kahneman and Vernon Smith might have profound implications for the survival of Homo economicus, which has long occupied a privileged place in the minds of economists and decision-making theorists. The species has endured many challenges and proven quite adaptable, changing to accommodate a cascade of findings inconsistent with its original conception. Homo economicus now faces a potentially more serious challenge: the resurgence of Homo sapiens, a more coherent and biologically grounded model for human decision-making, informed by theory and data from across the scientific spectrum.

Citation

Aktipis, C.A. and Kurzban, R.O. (2005), "IS HOMO ECONOMICUS", Koppl, R. (Ed.) *Evolutionary Psychology and Economic Theory (Advances in Austrian Economics, Vol. 7)*, Emerald Group Publishing Limited, Bingley, pp. 135-153. [https://doi.org/10.1016/S1529-2134\(04\)07007-3](https://doi.org/10.1016/S1529-2134(04)07007-3)

 Download as .RIS

Publisher: Emerald Group Publishing Limited

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Homo economicus is seen as "rational" in the sense that well-being as defined by the utility function is optimized given perceived opportunities. That is, the individual seeks to attain very specific and predetermined goals to the greatest extent with the least possible cost. Used with L. or mock-L. adjs. in names imitating Homo sapiens, etc., and intended to personify some aspect of human life or behaviour (indicated by the adj.). Homo faber ("felb@(r)) [H. Bergson L'Evolution Créatrice (1907) ii. Homo economicus. Quite the same Wikipedia. Just better. The notion of "homo economicus" is often used by non-economists to critique an economic approach. There are distinct concepts involved: the preferences that individuals have among outcomes; and the processes that individuals use to make decisions. The question whether individuals are in fact able to make the best choices, given their preferences, leads to the economic definition of rationality, or the so-called "rational economic man". Homo Economicus is a hypothetical concept that humans are: Self-interested. Know what they want. Make rational choices to maximise their utility. These choices are based on the concept of marginal utility. Vilfredo Pareto mentioned the concept homo economicus in his Manual 1906. Pareto ascribes it to Vito Volterra (Volterra 1901:436-458). According to research, the earliest mention is by Maffeo Pantaleoni's Principii di Economia Pura (Pantaleoni 1889) (Origins of term). Homo economicus is Latin for Economic Man. In Economics, we use the Latin or English term when describing human beings as rational and self-interested entities that are capable of making judgments towards subjectively-defined ends, such as the accumulation of money, wealth and resources, and avoid unnecessary work. It is used as a basis for most economic models, where it is assumed that we all act like homo economicus. Economists who use homo economicus in their business

