

# The Economy on Psychiatric Drugs

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Adderall XR capsules are displayed on Feb. 24, 2023 in a file photo. AP Photo/Jenny Kane



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## *Commentary*

This past week, the Atlantic ran an utterly fascinating [interview](#) with a person who went on psychiatric drugs as a young student, kept and

maintained the habit into adulthood, experienced a professional crisis, and finally left the habit completely as a new father. His name is Cooper Davis and now he runs a nonprofit consultancy for people who are attempting to kick the habit.

The description of the problem is far more complicated than “These drugs did not work.” The problem is more subtle: they do work to solve the problem at hand. When Cooper was in school and took drugs for Attention Deficit Disorder, his grades dramatically improved. He started to become the kid that everyone wanted him to be. His teachers and parents praised him, and he stopped being a problem to everyone. It seemed like a great success.



The habit continued as dosage increased and more drugs were prescribed to deal with various side effects such as sleeping disorders, bouts of depression, and more for the side effects of the new drugs.



His college years were filled with great achievements in class after class, and he himself perceived his drugs as granting superpowers.



But with those powers came crashes and growing issues of life management.

I’ve witnessed this very problem in many young people with whom I’ve worked over the years, and gradually came to discover a common element of Adderall. It is prescribed as a performance drug to deal with a purported “chemical imbalance” and it does achieve remarkable effects. The downside is a kind of crash that results in memory loss.

Above all else, I noticed a persistent belief among these people/patients of their own inability to perform apart from the drugs, which shows itself as indifference and lethargy in absence of the prescription narcotic. This is matched by a belief in their extraordinary powers when the drug becomes operational.

Cooper describes this very problem and how it came to disable his work performance. You see, such medications can seem like magic in school when the expectations of performance are sporadic and scheduled but they don’t work when the expectation is for consistent

work discipline. Any employer would far prefer a moderate employee with predictable productivity to one who flies from dazzle to flake to dazzle again.

The circumstances that ruined his career are themselves fascinating. Facing a situation of extreme stress as the editorial head of a cultural section of a newspaper, he let an important event fall through the cracks. When it was discovered, and his performance called out, he lost his temper and yelled at the person who had asked for the writeup, after which he was terminated. Apparently it was not the first time this happened.

Cooper's comments are themselves fascinating. He had previously perceived himself to be a great hero with mighty powers, achieving the seemingly impossible in a job of constant and unrelenting stress. As he looks back, he realizes that all this drama was entirely drug-induced. His job was actually low-stress and entirely normal, requiring only steady discipline, which he certainly did not have. This is what the meds did: they made regular life impossible to manage without the dependency on pharmaceuticals. In other words, the drugs created and intensified the very problems they were designed to overcome!

The lesson is subtle but very powerful, and I cannot help apply this to economics too. There is a long precedent for analogizing biology and economics, stretching back centuries. Both represent complex systems that are disturbed in one area with complicated and often unexpected implications for the whole. They are both designed (or evolved) to operate without exogenous shocks. They are both essential to life. The analogy can be overstretched but there is a reason that big thinkers keep returning to it.

What serves the role of psychiatric potions in an economic sense? What kind of intervention provides seeming benefit in the short run, providing genuine energy and even brilliance, but is ultimately unsustainable? What kind of government-backed policy provides an injection of focus, attention, and creativity but also alters the underlying reality in a way that distorts long-run possibilities?

You know the answer: artificial credit infusions—money out of thin air—the very thing that seems to be sustaining much of the wealth creation in the developed world today. It has all the earmarks, including the irrational exuberance, the iterative bouts of creativity, the sporadic and implausible episodes of imagination followed by regret and forgetfulness.

We need only think back to the sudden collapse in financials in early August 2024. There was a sudden sense of sadness in the air, a fear that reality had dawned, the sudden appearance of a ground floor that everyone knew was there but no one had previously wanted to acknowledge.

It is always this way with sudden bear-market conditions but they are often backstopped by a prayer that a new infusion of credit-backed pharmaceuticals will again come to the rescue. And this time, that did happen and the bull market lived to see another day.

Or we can step back a few years to the nutty times of lockdown when vast numbers in the professional class could stay home and pretend to work while seeing their incomes rise higher than ever thanks to stimulus payments. It wasn't real, of course, and the bill came due in the form of inflation. As with prescription psychiatric drugs, there is always a price to pay, always a high cost for attempting to game reality.

Thanks to central banks, the drug of cheap money infects not only the government and banks but the whole of the industrial sector plus consumers. It becomes universal. This is why corporate and consumer debt grows higher and higher even though all objective facts suggest it is far too high and not backed by any real underlying savings.

All human history suggests that the only sustainable basis for lasting prosperity is saved resources that are then wisely invested. But give the production structures infusions of monetary narcotic and you develop a financial sector that thinks that the impossible is indeed possible. For a time, the recipients pass the tests, garner the praise of the teachers, and seem beyond criticism. But the time comes when the

slightest error exposes the whole, and the entire system collapses into the fiction that it really is.

To be sure, excess credit and living beyond one's means has been a problem for a very long time, a century or more. But in recent history, this issue has become an overwhelming delusion, and impossible for any rational person to deny. The small infusion became huge, trillions upon trillions, with ever fancier tricks designed to keep the racket going, including tucking away failures in balance sheets that disguise the liabilities as assets and enlisting ever more institutions in the subterfuge. The proof is always in the pudding of the profitability statements, which somehow and with seeming magic always show every more in the way of wins.

Wall Street today looks less like a rational calculator of market value and more like an opium den that is always anxious with worry that the next round of drugs will not arrive in time to keep the illusion going. This is why prices rise and fall so dramatically on the slightest hint of a change in Fed policy toward non-stop loose money.

But the time will come when a small breakage, a small error, will expose the whole. One never knows entirely where or how it will begin. There is a major crisis developing in consumer debt, commercial real estate, the dramatic fall in real incomes, and strange little rackets like the Japanese carry trade or the China bubble or the shift from the petrodollar to a new BRICS-based commodity basket. One cannot know for sure but all these are areas of extreme vulnerability.

What's strange is that the underlying reality is not unknown. When the crisis hits, there will be no shortage of people who are ready to say "I told you so," but right now, such warnings are few and far between. It's just as how so few are willing to call out the alcoholic or issue the warning to the prescription drug abuser. No one wants to be the schoolmarm and no one wants to be the truth-telling economist either. But the time will come.

The podcast with Cooper Davis has much to say about the dangers of quick fixes to the seeming problem of ADHD, but there are other lessons here that pertain to economics and the dangers for everyone of living beyond one's means. Yes, it seems to work for a time, and precious few are willing to say otherwise. The bill must be paid eventually, and that time could come sooner rather than later.

The world economy needs to enter rehab as soon as possible. Or at least prepare for some exit strategy from the madness.

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