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Human-Centred Economics: The Living Standards of Nations Author: Richard Samans Published in association with the International Labour Organization (ILO). By Richard Samans, Springer 2024

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Abstract. Richard Samans's *Human-Centred Economics* offers a fundamental critique and structural reform of the prevailing liberal economic growth and development model. The book argues that modern economics has chronically underperformed in delivering social inclusion, environmental sustainability, and human resilience because of its nearly exclusive focus on Gross Domestic Product (GDP)—the wealth or production of nations. Tracing the problem not to the founding principles of classical political economy, but to a "wayward practice," Samans proposes restoring the discipline's dual focus. The core principle of "Human-Centred Economics" is that the median living standards of households must be a co-equal anchor of policy attention alongside GDP. To operationalize this, the author introduces an "aggregate distribution function," which formally integrates the institutional dimensions of a country's social contract—including labor protection, financial governance, and environmental rules—into macroeconomic theory. The book frames this as a strategy to replace the "trickle-down" approach of neoliberalism and the Washington Consensus with a "Roosevelt Consensus". It details corresponding reforms for both domestic and international economic policy, arguing that governments have significant unexploited "policy space" to narrow their "welfare gap". Ultimately, the work seeks to strengthen market economies by institutionally hard-wiring inclusion, sustainability, and resilience, thereby charting a more viable, structural Middle Way that builds on the legacy of John Maynard Keynes.

Keywords. Human-Centred Economics; Living Standards of Nations; Neoliberalism/Washington Consensus; Social Contract; Aggregate Distribution Function.

JEL. E61; O15; B52; I31; P16.

Book Review

Richard Samans's *Human-Centred Economics: The Living Standards of Nations* is a profoundly important and timely intervention in the ongoing debate over the purpose and practice of economics. Published as an open-access volume in association with the International Labour Organization (ILO), the book presents a meticulously constructed critique of orthodox liberal economics, arguing that its core conceptual model is no longer fit for the twenty-first century. Samans contends that the discipline's chronic underperformance with respect to social inclusion, environmental sustainability, and human resilience is not an unfortunate side-effect of capitalism, but a systemic, theoretical flaw—a "bug" that has crept into the operating system of liberal economics over the past century. The solution, he posits, is a fundamental structural reform to re-anchor the market economy around the concept of "living standards" and formalize the role of institutions in macroeconomic theory.



Journal of Economics and Political Economy

The book's central thesis is that the dominant focus of modern economics on the quantity of growth—the aggregate wealth of nations, primarily measured by GDP—has led to the neglect of the social quality of growth—its effect on the lived experience and standard of living of the median household. Samans seeks to correct this imbalance by proposing a new organizing principle: that median household living standards should be a co-equal policy anchor alongside GDP. This approach constitutes an "actionable alternative to neoliberalism," offering a "Roosevelt Consensus" to finally replace the still-reigning Washington Consensus.

Part I: Diagnosis and Historical Inquiry (Chapters 1–3)

The initial chapters effectively set the stage for the book's structural critique. Chapter 2 details liberal economics' track record, presenting evidence of significant shortcomings in its performance on inclusion, sustainability, and resilience, which have been fueling a decline in social cohesion and a rise in political polarization in many countries. Samans points to the widening disconnect between measured national income (GDP) and the lived experience of ordinary people. This disconnect is exacerbated by the disruptive forces of algorithmic automation (Artificial Intelligence), climate change, and other systemic shocks, which tend to magnify existing inequalities. The author notes that fifteen years after the Great Financial Crisis, the commitment to forging a rebalanced, more inclusive, sustainable, and resilient growth model "remains largely aspirational and incremental in practice".

The discussion in Chapter 3, titled *Original Sin or Wayward Practice?*, provides a vital historical and theoretical grounding. Samans investigates whether the modern tendency to treat distributional and social concerns as residual, "trickle-down" by-products of growth can be traced to the founding principles of classical political economy. His conclusion is definitive: it is a case of misapplication and wayward practice, not an "original sin". He demonstrates that the field's most influential founders and codifiers, including Adam Smith, John Stuart Mill, and Alfred Marshall, emphasized the crucial role of institutions—legal and other norms, policy incentives, and public administrative capacity—in translating market-oriented growth into broad and sustainable social welfare gains. The book thus aligns itself with the intellectual tradition of classical political economy, arguing that the modern divergence represents an unbalanced evolution over the last century, which marginalized institutions and distribution in favor of markets and production.

Part II: The Theoretical Reform: Internalizing the Social Contract (Chapter 4)

Chapter 4 is the theoretical cornerstone of the book, moving from critique to structural reform. Samans proposes a fundamental revision of the standard liberal growth and development model. He argues that achieving strong "bottom-line national economic performance"—broad progress in household living standards—requires policymakers to formally adopt a dual economic policy anchor: GDP and median household living standards. This dual focus is particularly true when markets are undergoing substantial liberalization, integration, or technological or environmental disruption, as these impose increased human costs in the form of dislocation, insecurity, and income dispersion.

K. Johmmeson, JEPE, 12(1), 2025. pp.61-66

Journal of Economics and Political Economy

To integrate the "living standards" focus into macroeconomic theory, the author posits the existence of an "aggregate distribution function". This function is conceived as the de facto underlying income distribution system or the "living standards diffusion mechanism" of modern economies. Crucially, it incorporates "factors of distribution"—the policy and institutional enablers of broadly diffused and sustainable gains in living standards—on a co-equal basis with the traditional factors of production found in the aggregate production function. Samans argues that this "aggregate distribution function" deserves "at least as much policy emphasis and investment as the factors of production in the aggregate production function".

The proposed factors of distribution correspond to the principal institutional dimensions of the social contract that shape the lived experience of people:

1. Productive Capabilities: Investment in human capital, technology diffusion, and infrastructure.
2. Market Institutions: Competition, corporate governance, and financial regulation to curb rent-seeking and excessive financialization.
3. Labour and Social Protection Institutions: Minimum wages, collective bargaining, social insurance, and social assistance.
4. Fiscal Institutions: Taxation and public expenditure composition and effectiveness.
5. Environmental and Natural Resource Institutions: Climate, biodiversity, and resource security.

By formally internalizing these institutional dimensions, the "human-centred approach" rebalances the focus of economics away from its capital-accumulation-centered, "trickle-down construct" towards a "lifting-all-boats dynamic". Samans introduces the concept of a "living standards gap" or "social welfare gap"—the difference between an economy's current median household living standard and the "frontier of leading outcomes" achieved by comparable peer countries. The goal of human-centred economics is to narrow this gap, thereby promoting both greater social welfare and potentially reducing the output gap.

Part III: Policy Application (Chapters 5 and 6)

The final two substantive chapters translate the theoretical framework into an extensive agenda for national and international economic policy reform.

Chapter 5 outlines the implications for domestic economic policy. It meticulously details the considerable unexploited "policy space" available to nearly every country, irrespective of its GDP per capita, to strengthen its aggregate distribution function and narrow its welfare gap. The author provides policy principles and comparative data on a wide range of institutional areas, demonstrating that performance varies significantly even among peer countries. For instance, Samans notes the significant variation in environmental scores across comparable regions, illustrating that geography and culture are less important than policies and institutions in determining performance. This policy space allows countries to move closer to the "frontier of good policy and institutional practice in the aggregate distribution function's five domains". The author emphasizes that the "long-run growth potential" of a country is primarily a function of the institutional ecosystem that influences the size and productivity of its active labor force.

Journal of Economics and Political Economy

Samans strongly advocates that this sustained process of institutional improvement should be given the same level of priority as traditional policies focused on the quantity of growth (e.g., macroeconomic, trade, and financial stability policies). This is a "structural way of improving the social quality as well as quantity of growth".

Chapter 6 extends the model to international economic governance and cooperation. This chapter argues for a wholesale reframing of the international institutional architecture to more effectively support the human-centred agenda. Samans calls for a "Roosevelt Consensus" to replace the Washington Consensus, refocusing international economic institutions (like the IMF, World Bank, and OECD) on the golden rule of rebalancing growth and median living standards. He argues that a lack of political capital and a failure to agree on a revised policy model has led to well-meaning but marginal progress in renewing the multilateral system. The proposed reforms aim to "optimize deployment of the existing resources of international financial institutions" and include ambitious, specific targets:

- Mobilizing an additional \$2 trillion to triple international development and climate financing from 2024 to 2030.
- Doubling global renewable energy and sustainable agriculture R&D investment.
- Retiring and replacing the majority of the world's coal-fired power plants within the next fifteen years—a prerequisite for the fulfillment of the Paris climate agreement's objectives.

The author argues that concerted, systematic action on this agenda would activate existing capital and capabilities and align with the stated intentions of corresponding international organizations.

Conclusion: A New Middle Way for the 21st Century (Chapter 7)

The concluding chapter connects the human-centred framework to the enduring legacy of John Maynard Keynes. Samans interprets his proposals as adding a critical structural-institutional dimension to Keynes's "Middle Way". While Keynes's fiscal and monetary policies were a "production function strategy" aimed at narrowing the output gap, human-centred economics provides a complementary "aggregate distribution function" strategy aimed at narrowing the "social welfare gap". This systematic, sustained institutional deepening is presented as an effective "second lane" within the Middle Way, allowing an economy to run "relatively 'hot' on a stable and sustainable basis".

By creating a systematic counterforce to capitalism's tendency toward inequality and environmental degradation, human-centred economics forms the basis for a "new neoclassical-Keynesian-ecological synthesis". It charts a necessary course "between environmentally destructive growth and socially destructive economic stagnation or degrowth".

Most importantly, the book positions the human-centred approach as "kitchen-table economics"—a strategy that focuses on tangible improvements in the lived experience of people (employment, income, security). Samans argues that this approach would help political leaders "cut through the din of contemporary polemics" and respond more directly to common aspirations. By enabling a more effective response to practical challenges, it offers a "lifeline to the liberal tradition" and has the potential to strengthen the multilateral system by accelerating the translation of Sustainable Development Goals into tangible improvements. The book concludes that this

K. Johmmeson, JEPE, 12(1), 2025. pp.61-66

Journal of Economics and Political Economy

focus on median household well-being can galvanize a "big-tent, left-right, working-and-professional-class governing coalition" that is more interested in progress than in political disaffection.

Overall Assessment

Human-Centred Economics is an intellectual tour-de-force that provides the most serious and specific blueprint for replacing the dominant neoliberal paradigm seen in recent years. Its strength lies in its non-radical approach: it does not seek to abandon markets or growth, but to structurally reform them by restoring the lost balance of classical political economy between markets and institutions, and between production and distribution. By formalizing the institutional dimension through the aggregate distribution function, Samans provides a powerful, clear conceptual tool for policymakers and institutions to co-equally prioritize the well-being of the median person. This work is essential reading for anyone seeking systemic, rather than piecemeal, action on social, economic, and environmental justice. It successfully moves the conversation beyond simply diagnosing the flaws of modern capitalism to proposing a concrete, theoretically grounded, and actionable alternative model for the future.



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