



HAL
open science

Human-Centred Economics The Living Standards of Nations, 2024 Palgrave Macmillan, 356pp. Richard Samans

Tiago Camarinha Lopes

► **To cite this version:**

Tiago Camarinha Lopes. Human-Centred Economics The Living Standards of Nations, 2024 Palgrave Macmillan, 356pp. Richard Samans. Journal of Philosophical Economics, In press, Volume XVII, 10.46298/jpe.14427 . hal-04720791v2

HAL Id: hal-04720791

<https://hal.science/hal-04720791v2>

Submitted on 13 Nov 2024

HAL is a multi-disciplinary open access archive for the deposit and dissemination of scientific research documents, whether they are published or not. The documents may come from teaching and research institutions in France or abroad, or from public or private research centers.

L'archive ouverte pluridisciplinaire **HAL**, est destinée au dépôt et à la diffusion de documents scientifiques de niveau recherche, publiés ou non, émanant des établissements d'enseignement et de recherche français ou étrangers, des laboratoires publics ou privés.

**THE JOURNAL OF PHILOSOPHICAL ECONOMICS:
REFLECTIONS ON ECONOMIC AND SOCIAL ISSUES**

Volume XVII Annual issue 2024

ISSN: 1844-8208

ISSN (print): 1843-2298

Paper format: 16.5x23.5 cm

Copyright note:

Authors retain unrestricted
copyright and all publishing
rights in compliance with
the Creative Commons license
CC BY-NC-SA.



Review of Richard Samans, *Human-Centred Economics: The Living Standards of Nations*, Cham, Switzerland, Palgrave Macmillan, 2024, xxix + 356 pp., ebk, ISBN 978-3-031-37435-7

Tiago Camarinha Lopes



Review of Richard Samans, *Human-Centred Economics: The Living Standards of Nations*, Cham, Switzerland, Palgrave Macmillan, 2024, xxix + 356 pp., ebk, ISBN 978-3-031-37435-7

Tiago Camarinha Lopes

Human-Centred Economics is a bold and optimistic book. Its main message stems from recognizing the crisis facing the global economy. The book argues that the dominant economic theory of the neoliberal era needs urgent revision and proposes a path that draws on a tradition of liberal thinkers who went far beyond a perspective solely focused on GDP growth.

According to Richard Samans, the obsession with economic growth, which has long dominated macroeconomic discourse, needs to make way for a concern that has always been fundamental to the origins of liberal Political Economy: human well-being. The idea that improvements in living conditions would be a byproduct of growth, a natural consequence of strong national income performance, can no longer be upheld. This is because the contemporary analysis of various development indicators, particularly after the 2008-09 financial crisis, and other acute systemic problems adding to it, such as the COVID-19 pandemic, the technological transformations related to AI and the rising geopolitical tensions, inevitably lead to the conclusion that this paradigm fails to address the main challenges of the 21st-century economy, such as inclusion, sustainability, and resilience to shocks and abrupt changes. As a result, the issue of human well-being can no longer be treated as marginal, merely a corollary of growth, as is often the case in neoliberal thinking. Instead, it must be at the centre of

Lopes Tiago Camarinha (2024), Review of Richard Samans, Human-Centred Economics: The Living Standards of Nations, Cham, Switzerland, Palgrave Macmillan, 2024, xxix + 356 pp., ebk, ISBN 978-3-031-37435-7, The Journal of Philosophical Economics: Reflections on Economic and Social Issues, XVII (Annual issue), 313-318

economists' attention, as it was in the classical liberal philosophy of Adam Smith, John Stuart Mill, and Alfred Marshall.

After an introductory preface, the book is divided into seven chapters, which essentially follow three steps: first, Chapters 1, 2, and 3 attempt to identify the moment in the history of economic ideas when the understanding of the necessity for specific institutions to link growth with improvements in the population's standard of living was lost. Second, Chapter 4 proposes an alternative theoretical framework that emphasizes the importance of defining distribution institutions so that the dynamics of production can serve human well-being. Third, Chapters 5, 6, and 7 present data and arguments to demonstrate how this framework can be applied to tackle today's challenges.

Chapter 1, *Introductory Overview: Institutionalizing Inclusion, Sustainability and Resilience in Market Economies*, begins the reflection on the history of economic thought by explaining that the public assesses an economy's performance not solely based on growth but on how that growth translates into improvements in quality of life. Indeed, there is a relationship between GDP growth and increases in the standard of living, but there is a fundamental difference in how this relationship is perceived. According to Samans, the prevailing economic doctrine believes that enhancements in human development indicators are a kind of trickle-down effect from GDP growth. In this view, improvements in living conditions occur indirectly and automatically from the quantitative growth of national income, which is the main indicator of a nation's wealth. Here, growth comes first, and development follows as a residual effect. In contrast, the alternative economic perspective advocated by Samans does not establish a hierarchical relationship between these two aspects; both growth and development are seen as equally important. The question raised is that for this perspective to be integrated into macroeconomic management practices, it is essential to include new parameters, particularly those related to inclusion, sustainability, and resilience.

Chapter 2, *Liberal Economics' Track Record on Inclusion, Sustainability and Resilience*, argues that, when considering a long-time scale and empirical data, the liberal tradition has a very positive legacy in terms of connecting economic growth with human well-being. However, at a certain point, this connection was

Lopes Tiago Camarinha (2024), Review of Richard Samans, Human-Centred Economics: The Living Standards of Nations, Cham, Switzerland, Palgrave Macmillan, 2024, xxix + 356 pp., ebk, ISBN 978-3-031-37435-7, The Journal of Philosophical Economics: Reflections on Economic and Social Issues, XVII (Annual issue), 313-318

lost. For this reason, Samans rejects radical views that abandon the liberal tradition, such as the various strands of socialism, arguing that a course correction is sufficient to restore the centrality of human well-being in the intellectual framework of contemporary liberal economists. In other words, the positive legacy of classical liberalism should counteract the errors of current neoliberalism, reviving the balanced approach between laissez-faire capitalism and state-controlled socialism that Keynes championed.

Thus, Chapter 3, *Original Sin or Wayward Practice? Living Standards as a Trickle-Down, Residual Consideration of Modern Economics*, revisits the pioneers of this tradition. Here, the reader is introduced to the thoughts of Adam Smith, John Stuart Mill, and Alfred Marshall, who form the foundational origins of Keynesian liberalism, alongside other pioneers of human-centred economic thought such as Thorstein Veblen, John R. Commons, Amartya Sen, Herman Daly, and Gro Harlem Brundtland (p. 105). Arthur Cecil Pigou is also classified as a pioneer, though he is criticized for overly focusing on the microeconomic dimension when discussing well-being (p. 75). This chapter is valuable for overcoming superficial views of liberalism, as it provides a thorough analysis of Adam Smith's work, utilizing extensive quotations. Samans demonstrates that 'the Adam Smith of TWN (The Wealth of Nations · T. C. L.) is a heterodox analyst by modern standards,' (p. 57) because he was attentive to the institutions that ensure growth translates into improvements in the well-being of the entire population, rather than just to the more specific, technical institutions that enable market development and growth itself.

Chapter 4, *From the Wealth to the Living Standards of Nations: Internalizing the Social Contract in Macroeconomic Theory and Policy*, is the most original and challenging, as it represents the intersection between prevailing thought and the alternative line advocated by the book. Here, Samans proposes a new analytical framework to correct the obsession with the quantitative increase of GDP. In summary, the traditional macroeconomic objective function, usually expressed as $Y = A * f(K, L, R...)$, which focuses exclusively on production, should be combined with another objective function, the aggregate distribution function $Z = f(O, I, N, EcS, EnS)$, where Z represents the median household's standard of living. The standard of living is determined by five main channels: employment

Lopes Tiago Camarinha (2024), Review of Richard Samans, Human-Centred Economics: The Living Standards of Nations, Cham, Switzerland, Palgrave Macmillan, 2024, xxix + 356 pp., ebk, ISBN 978-3-031-37435-7, The Journal of Philosophical Economics: Reflections on Economic and Social Issues, XVII (Annual issue), 313-318

and entrepreneurial opportunity (O), disposable income (I), affordability and availability of material necessities (N), economic security or capacity to withstand adverse shocks (EcS), and environmental security (EnS). This integration would yield a perspective that restores the equality present in the classics of the liberal tradition between these two axes: on one side, the ‘overall level of national income (the size of the pie),’ and on the other, ‘the everyday lived experience or material well-being and security of its people (the breadth of social participation in its benefits)’ (p. 114).

Applying this new framework to analyse nations individually, Chapter 5, *Human-Centred National Economic Policy: Institutionalizing Inclusion, Sustainability and Resilience in Domestic Economic Governance*, aims to demonstrate that the integration of the three critical topics (inclusion, sustainability, and resilience) is achievable. With extensive empirical material, Samans argues that countries can achieve significant improvements across various dimensions that shape median household living standards. As long as there is a well-balanced focus on both production and distribution policies, market forces can address current dilemmas and generate positive social outcomes.

Shifting to the analysis of the global economy as a whole, where nations interact in complex ways, Chapter 6, *Human-Centred International Economic Policy: Institutionalizing Inclusion, Sustainability and Resilience in International Economic Governance and Cooperation*, appears to propose an international order for the 21st century based on a backward-looking vision. According to the reasoning developed here, Bretton Woods institutions, such as the IMF and the World Bank, could correct flaws that undermine their positive potential and align with the values and goals of the United Nations. In summary, Samans suggests a recovery of what has once been a breakthrough in economic thinking and proposes a (new) Roosevelt Consensus to replace the Washington Consensus, as if it was possible to transport the political economy of the New Deal and that of the outcome of World War Two into our contemporary geopolitical context. Samans’ appeal is commendable. Certainly, many analysts are disheartened by the disparity between the Enlightenment humanism underpinning the entire Western liberal tradition and the multifaceted crisis of today that could be

Lopes Tiago Camarinha (2024), Review of Richard Samans, Human-Centred Economics: The Living Standards of Nations, Cham, Switzerland, Palgrave Macmillan, 2024, xxix + 356 pp., ebk, ISBN 978-3-031-37435-7, The Journal of Philosophical Economics: Reflections on Economic and Social Issues, XVII (Annual issue), 313-318

described as explicit barbarism. However, it seems unlikely that the political and economic leadership of the so-called free world will be swayed by such efforts. This kind of warning has been voiced for a long time, with little impact on those with the power to effect change. Furthermore, the true interests of the people do not appear to be effectively expressed through the celebrated channels of democracy.

In this sense, Chapter 7, *Conclusion: Building on Keynes's Middle Way to Renew the Liberal Tradition and Multilateral System in the 21st Century*, sounds like a repetition of a promising and optimistic vision regarding the 'free world' made shortly after the great financial crisis of 2008-09: that Keynes would return. By overcoming the outdated dichotomies of big-versus-small-government and socialism-versus-capitalism, Samans is right in arguing that 'the entire world is now living in Keynes's Middle Way to one degree or another: essentially every country operates a mixed, market-based economy (...)' (p. 323). However, the book leaves no room to consider the possibility that the Keynes of the 21st century may not be the same as that of British-American political economy. Given that the book's central argument is the defence of the liberal tradition, of which Keynes is an heir, it becomes impossible to imagine that this middle way could be charted, for example, by China, or through an essentially multipolar order, rather than the more familiar and humble multilateral system.

This limitation, in my view, is the weak point of the work. The idealistic approach anchored in humanism is indeed very important and correct, especially within a context of clear degradation of Western civilization. However, it hinders the recognition of the contradictions that prevent the United Nations from functioning based on its own values of defending humanity. If we are to speak of international cooperation realistically, we must consider the tremendous influence that international financial forces exert over States, inciting them to war. There is no way to revive Keynes without placing peace at the centre of a new international geopolitical order, and this requires a sober assessment of the capacity for leadership towards peace by those nations that claim to be heirs of the liberal tradition.

In summary, the book calls for a correction in the course of liberal economic thought, advocating for an economic approach that places the human being at

Lopes Tiago Camarinha (2024), Review of Richard Samans, Human-Centred Economics: The Living Standards of Nations, Cham, Switzerland, Palgrave Macmillan, 2024, xxix + 356 pp., ebk, ISBN 978-3-031-37435-7, The Journal of Philosophical Economics: Reflections on Economic and Social Issues, XVII (Annual issue), 313-318

the centre. Given the global crisis, this is a prudent appeal that acknowledges the magnitude of the problem. However, adopting an idealistic approach that does not take into full account the concrete reality of the shifting geopolitical order and the need to consider the Global South as a leadership force for the renewal humanity longs for will lead us to continue reflecting on the human condition on our planet in a partial way: through the lens of the Western colonizer.

Conflict of interest statement

The author declares that this research has no conflict of interest.

Tiago Camarinha Lopes is associate professor at Universidade Federal de Goiás (Brazil) (tiagocamarinhalopes@ufg.br).