Humanistic economics, a new paradigm for the 21st century
John Komlos [University of Munich, Germany]

The neoliberal failure of historic proportions

We are at the cusp of a new era. The 21st century did not begin in earnest until 2008, signifying a seismic break with the past in ways far too numerous to mention. To be sure, the Dot-Com bubble could have served as a lesson for the vulnerability of Wall Street and that it desperately needed vigilant oversight, but the economy emerged from that short recession relatively unscathed, and the warning sign was misunderstood. Sure, myriad of astute observers had warned for a very long time that neoclassical economics harbors dangerous elements and is merely an exercise in logic "in which social reality is neglected… This neglect is debilitating…” (Lawson, 1997, p. xii). However, it was not until the embarrassing financial crisis of 2008 that the recognition became pervasive that the real-existing economy has "fallen short of any conception of a ‘good economy’—an economy offering a ‘good life” (Phelps, 2015). It was humiliating, since it revealed for the whole world to see that the “emperor had no clothes” despite the immense amount of hubris that afflicted influential academic economists (Appelbaum, 2019; Chang, 2010; Fourcade, 2015; Keen, 2001).

The realization was prompted by at least five earth-shaking policy blunders supported by conservative economists such as Martin Feldstein, Milton Friedman, Friedrich Hayek, Glenn Hubbard, and Gregory Mankiw (Feldstein, 1986, 1989, 1993, 2017). These mistakes converged in a conjunction, fostering the rise of populism, which was a "response to a political failure of historic proportions” (Sandel, 2018). The neoliberal mistakes included:

a) supporting the Reagan-Thatcher economic policies that were supposed to initiate a new era of prosperity and “mass flourishing” (Jones, 2012). Instead, they magnified inequality not seen since the Robber Barons ruled the economic landscape at the turn of the 20th century and fostered the formation of an oligarchy (Atkinson, 2015; Bartels, 2016; Collier, 2018; Freeland, 2012; Johnston, 2003; Komlos, 2019a, 2020b; Levitsky and Ziblatt, 2018; MacLean, 2017; Mann and Ornstein, 2012; Posner, 2011). Neoliberal economists ignored the crucial role of power in the economy and the political system (Leonard, 2019; Piketty 2020). The immense wealth of the 1% combined with the lack of countervailing power for the rest of society meant that laws and institutions were shaped so as to magnify the privileges of the wealthy (Boushey, 2019; Rajan, 2019). They also neglected that the benefits would accrue mainly to the top 1% of the income distribution and lead to the “hollowing out” of the middle class (Komlos, 2018; Lazonick, 2015; Temin, 2017; Warren 2007; Wolff, 2017). Trickle-down economics was a sham: nothing reached the masses (Komlos, 2019a; Stiglitz, 2011). No wonder they turned against the elites and supported a strongman who promised to “drain the swamp” in Washington, D.C.

b) Globalization was supposed to be good for Americans. Mainstream economists "parrot[ed] the wonders of comparative advantage and free trade and… consistently minimized distributional concerns…” (Rodrik, 2016a, 2018). In reality, globalization was not Pareto optimal. It had winners and losers with devastating social, political, and
demographic consequences: it created the Rust Belt, left millions hopelessly destitute, encouraged the disparagement of the political elite, and the fraying of the social contract that left many with nothing to grasp onto except a bottle, the trigger, or a hypodermic needle (Autor et al., 2020; Case and Deaton, 2020; Chang, 2008; Editorial Board, 2020; Koh, Parekh, and Park, 2019; Komlos, 1988; Krugman, 2000; Pierce and Schott, 2020; Reich, 2015, 2018; Rodrik, 2011; Stiglitz, 2006, 2017; Woolf and Schoomaker, 2019).  

1

c) Greenspan and Bernanke believed in the neoclassical dogma that deregulation would increase efficiency (Mirowski, 2013). Worrying was superfluous in the era of the “Great Moderation” (Bernanke, 2004). In fact, Nobel Prize winning macroeconomist Robert Lucas had declared earlier in his presidential address to the American Economic Association that the “central problem of depression-prevention has been solved, for all practical purposes” (Lucas, 2003). Following in Lucas’ and Bernanke's conceited footsteps, Olivier Blanchard, then chief economist at the IMF, and one of the more influential conventional macroeconomists, suggested literally minutes before the Meltdown that “The state of macroeconomics is good” and incomprehensibly, retained this judgement in the published version of his essay, even after the failure of macroeconomics and macroeconomists was obvious (Blanchard, 2009). On the contrary, in spite of all the sophisticated analysts, deregulation and negligent oversight led to an immense financial crisis that added to the political destabilization, as well as to the continual fraying of the social contract (Foroohar, 2019; Minsky, 1982; Kakutani, 2018; Keen, 2017; Komlos, 2014; Krugman, 2009; Schiffrin, 2011; Shiller, 2000, 2008).

Paul Krugman thought that the problem was not only the failure to predict the crisis: “More important was the profession’s blindness to the very possibility of catastrophic failures in a market economy” (Krugman, 2009). In fact, as late as 2007 Bernanke revealed that he had no understanding of systemic risks that had proliferated in the financial sector:“Importantly, we see no serious broader spillover to banks or thrift institutions from the problems in the subprime market; the troubled lenders, for the most part, have not been institutions with federally insured deposits…. We believe the effect of the troubles in the subprime sector on the broader housing market will likely be limited, and we do not expect significant spillovers from the subprime market to the rest of the economy or to the financial system” (Bernanke, 2007).

1 Mankiw, then chairmen of the president’s Council of Economic Advisers, revealed his ideological commitment when he justified the outsourcing of jobs, saying that it is “probably a plus for the economy in the long run” (CNN, 2004; Marglin, 2011, @1:52 minutes). He forgot that in the long-run populism might just get the upper hand, even if we are not dead, as Keynes intimated.

2 The dogmatic and careless nature of Bernanke’s mindset is revealed by how cavalierly he dismissed Minsky’s views on the fragility of the financial sector. Bernanke stated disparagingly that “Hyman Minsky (1977) and Charles Kindleberger (1978) have in several places argued for the inherent instability of the financial system, but in doing so have had to depart from the assumption of rational economic behavior” (Bernanke, 1983). In other words, if you are a true believer, alternative viewpoints can be dismissed without any consideration whatsoever.

3 This is the kind of hubris that prompted David Graeber of the London School of Economics to suggest that, “Mainstream economists nowadays might not be particularly good at predicting financial crashes, facilitating general prosperity, or coming up with models for abating climate change, but when it comes to establishing themselves in positions of intellectual authority, unaffected by such failings, their success is unparalleled” (Graeber, 2019).
No wonder the Financial Crisis Inquiry Commission also blamed the Federal Reserve and its chairmen: “The captains of finance and the public stewards of our financial system ignored warnings and failed to question, understand, and manage evolving risks within a system essential to the well-being of the American public. Theirs was a big miss, not a stumble... To paraphrase Shakespeare, the fault lies not in the stars, but in us.... the Federal Reserve’s pivotal failure to stem the flow of toxic mortgages, which it could have done by setting prudent mortgage-lending standards. The Federal Reserve was the one entity empowered to do so and it did not” (Financial Crisis Inquiry Commission, 2011, p. xvii).

d) Technological change was supposedly the mainspring of human progress, but, instead, it brought us Facebook, Russian trolls, white nationalists, and other extremists and contributed meaningfully to the destabilization of the political system (Foroohar, 2019; Komlos, 2016c; McNamee, 2019; Zuboff, 2019). In addition, it accelerated the devaluation of the skill set of a substantial number of workers that led to downward social mobility and fostered the feeling of abandonment for many and especially the less educated and less skilled white men.

The mainstream did not learn from history that all such major technological transitions were accompanied by social and political turmoil. For instance, the transition from feudalism to capitalism and from an economy dominated by the agricultural sector to one dominated by industry were characterized by revolutions and upheavals. Why should the transition from an industrial economy to a post-industrial knowledge economy dominated by information technology and finance be different?

e) The mainstream was encouraging the economy to be run at full throttle so that when the Covid pandemic hit there was little slack to take up. The economy was far from being a black-swan robust society (Taleb, 2006). 40% of U.S. adults did not have $400 cushion on hand to meet an unexpected expense (Board of Governors, 2018, p. 21).

In fact, practically no consequential society-wide prediction of neoliberal economists turned out to be near target as far as the real world was concerned. It should be obvious that they have outlived their usefulness (Skidelsky, 2020). “This failing in the West’s economies is also a failing of economics” (Phelps, 2015). No wonder there has been an outpouring of criticism urging for a reformation of the canon (Bertocco, 2017; Boyle and Simms, 2009; DeLong, 2011; Fullbrook and Morgan, 2019; Piketty, 2020; Rifkin, 2019; Rodrik, 2016b; Saez and Zucman. 2019; Sen, 1977; Stiglitz, 2012, 2017). And no wonder that the “deplorables” revolted. Flawed economic theory has led to economic policy mistakes which led to a dysfunctional political system and fraying of social cohesion. “Like the triumph of Brexit in the UK, the election of Trump was an angry verdict on decades of rising inequality and a version of globalization that benefits those at the top but leaves ordinary people feeling disempowered” (Sandel, 2019). The neoliberals failed and did so miserably (Komlos, 2017; Peters, 2019).

4 On the 500-year anniversary of Martin Luther’s challenge to the established church, a group belonging to the organization Rethinking Economics and to the New Weather Institute posted “33 Theses for an Economics Reformation” to the entrance of the London School of Economics (Simms, 2017).
Economists’ errors

Where did neoliberal economics go wrong? There are too many mistakes for this short essay, but we can at least mention a couple of dozens of them.

1) Basing the discipline on axioms using deductive logic was a major error. Economics claims to be rigorous, yet its axioms are not subject to falsification (Popper, 1963). And when the data refute the theory, they amazingly claim that theory reigns supreme and the data are not good enough (Prescott, 1986). Instead, economics should be an inductive discipline and start with empirical evidence and real-world phenomena.

2) Creating a fantasy world populated by homo oeconomicus cannot lead to a rigorous discipline. Neoclassical economics is pre-Freudian and pre-Pavlovian. Moreover, it piled on unrealistic assumptions such as an infinite time horizon economy in decision making, perfect competition, perfect foresight, and rational expectations that are relevant to Superman and Wonderwoman but seldom to mortals (Rappaport, 1996).

3) Disregarding sister disciplines is unacceptable. The actual economy is embedded in a social system (Polanyi, 1944). Hence, the social sciences are like a seamless web. Neglecting advances in sociology, political science, and psychology was a recipe for failure.

4) Stressing the importance of GNP is a bad idea because output does not translate automatically into well-being or happiness and there is an incredible amount of evidence on that (Easterlin, 1974, 2015; Frank, 1999, 2004; Frey and Stutzer, 2002; Komlos, 2019d; Offner, 2006; Raworth, 2017; Scitovsky, 1976; Skidelsky and Skidelsky, 2012; Stiglitz et al., 2010, 2019). In the 21st century we no longer need an ever-increasing quantity of goods like we did in the 19th century (Frijters and Krekel, 2021). Materialism is insatiable and therefore can satisfy only temporarily because it inevitably makes people want more and ultimately leads to a treadmill existence.

5) To begin the analysis with adults is inexcusable since economic activity begins in childhood (Schor, 2005). To disregard the first two decades or so of life and its impact on the development of our character is unconscionable.

6) To assume that tastes are determined exogenously was misguided because in the U.S. alone corporations spend $300 billion annually in order to influence our taste and create desire in us.

7) To stress the perfectly competitive model at a time when it pertains to an inconsequential share of the economy is a nonstarter.

8) Mainstream economists insisted on the utility maximizing model although Herbert Simon demonstrated eons ago that satisficing was a more accurate description of choice in real time and many scholars have demonstrated that maximization was impossible for finite minds (Kahneman, 2003, 2011; Simon, 1955; Thaler, 2016a).

9) To assume that markets are efficient was an oversight, because in the presence of imperfect information they are not. And since imperfect information is ubiquitous, it follows that markets are rarely efficient (Akerlof, 2002; Greenwald and Stiglitz, 1986; Spence, 1973; Stiglitz, 2002).
10) Mainstream economics assumed that competition can be increased without increasing the stresses that are the concomitants of a high-pressure economy in which competition, output, and freedom are the indicators of success instead of security, safety, and leisure. Running the economy “hot” fostered insecurity, anxiety, despair, and the accumulation of stress with a few winners and many losers (Heller, 2018). The gig economy also increased stress in the labor market (Ravenelle, 2019; Rosenblat, 2019; Schor, 2019).

11) They trivialized the role of path dependence and how it can lead to inefficient consumption, resource allocation, technologies, as well as institutions (Arthur, 1994). To assume that economic processes are reversible is nothing less than “a pernicious error” (Peters, 2019).

12) They continued to base their models on exponential discounting when it was obvious that hyperbolic discounting should be the default choice.

13) They neglected the role of opportunistic behavior in the economy. Laissez faire policy also enables scammers to take advantage of people and lead to inefficient outcomes (Akerlof and Shiller, 2015; Johnston, 2012).

14) They trivialized the debilitating effect of labor market discrimination on people’s lives (Chetty et al, 2020; Derenoncourt and Montialoux, 2021; Komlos, 2021b).

15) They failed to consider that markets have magnification mechanisms—first mover advantages and winner-take-all design—that favor those already privileged (Frank and Cook, 1995; Giridharadas, 2018).

16) They considered inequality to be benign even though it led to the dominance of an oligarchy (Drutman, 2015; Formisano, 2015; Gilens, 2012; Gylfason, 2019; Komlos, 2016b; Mayer, 2016; Page and Gilens, 2017; Payne, 2012; Piketty, 2014; Piketty et al., 2018; Reich, 2020; Stilwell, 2019; Wilkinson and Pickett, 2010, 2019). Even the arch-conservative ex-Chairman of the Federal Reserve, Alan Greenspan, admitted (in retrospect) that the increase in inequality was “disturbing” and predicted correctly that it might “spark… an economically destructive backlash” (Greenspan, 2007, pp. 365, 408). That was 13 years before the insurrection of January 6.

17) Disregarded the crucial role of relative income and social status in life satisfaction (Duesenberry, 1949; Frank, 1985a, 1985b; Komlos, 2019d).

18) The assumption by mainstream macroeconomists that society can be represented by a single person called a representative agent – is absurd because the technique assumed the nonexistence of problems associated with income distribution, animal spirits, systemic risk, or with financial panics (Akerlof and Shiller, 2009; Hartley, Hoover, and Salyer, 1997; Haldane, and Turrell, 2018; Stiglitz, 2018). Moreover, the whole is more complex than

---

5 He also predicted correctly that if we do not reverse “a quarter century of increases in income inequality, the cultural ties that bind our society could become undone. Disaffection, breakdowns of authority, even large-scale violence could ensue, jeopardizing the civility on which growing economies depend” (Greenspan, 2007, p. 468; Scheidel, 2017).

6 “Larry Summers’s remark (quoted by Robert Waldmann) that the day when economists first started to think that asset prices should be explained by the characteristics of a representative agent’s utility function was not a particularly good day for economic science” (Carroll, 2009).
the sum of its parts (Epstein, 2014). By not thinking of the macroeconomy holistically, they disregarded interaction effects and synergism that exists in a group. People's behavior also changes in a collective (Arthur, 2021; Faulkner, et al., 2017; Olson, 1971; Wren-Lewis, 2018). That is the subject of analysis of systems theory and of social psychology: bandwagon effects, groupthink, keeping up with the Joneses, status seeking, and Veblen goods (Leibenstein, 1950). All this they assumed away.

These macroeconomists have shown the utter emptiness of their theories by having absolutely nothing relevant to say about either the financial crisis or its aftermath. Its proponents neither warned us of the coming of the crisis nor were they able to prescribe remedies on how to extricate ourselves from its anemic aftermath (Sachs, 2009). They are incapable of giving policy advice because such crises are not supposed to occur in their framework. “…real business cycle models… have nothing to do with the business cycle phenomena observed in the United States or other capitalist economies” (Summers, 1986, p. 24).

19) Mainstream misconceived the economy to be in perpetual equilibrium, whereas the modern economy is the exact opposite of that characterization: it is in a perpetual state of flux (Arthur, 2014; Beinhocker, 2006).

“Complexity economics sees the economy… as not necessarily in equilibrium, its decision makers… as not super-rational, the problems they face as not necessarily well-defined and the economy not as a perfectly humming machine but as an ever-changing ecology of beliefs, organizing principles and behaviours” (Arthur, 2021).

20) Assumed that working did not generate satisfaction. Working creatively does.

21) Limited its research to models that were mathematically tractable thereby limiting severely the kinds of questions that could be explored (Romer, 2015; Thompson and Smith, 2019).


23) Assumed that increased choice increases wellbeing but disregarded the confusion created by too much choice and the time and effort needed to learn about the products offered (Schwartz, 2003).

24) Trivialized the role uncertainty plays in the economy (Arrow, 1963; Dow, 2015).

**Toward a post-neoliberal economics**

Post-neoliberal economics must shed itself of the fantasy world of mainstream economics by discarding the above 24 mistakes and replace it with a new discipline that focuses on improving the lives of flesh and blood human beings as they actually exist in space and time (Schumacher, 1973).

---

7 Emergent behavior of complex systems means that the behavior of whole is not predicted by the behavior of their separate parts (Arthur, 2021).
1) We must be dedicated to the truth, the whole truth, and nothing but the truth. Half-truths do not belong in academia (Feynman, 1974). This sounds rather like a cliché until we consider popular textbooks in which we find, for instance, such principles as “Trade can make everyone better off” (Mankiw, 2018). This is not a false statement; nonetheless, the phrasing is insidious because the students’ takeaway undoubtedly will be that everyone will be better off. The difference between “can” and “will” is too subtle for a novice to recognize. To be sure, trade could make everyone better off – after all, the possibility does exist – however, Mankiw neglected to add that, in fact, it never ever does. By ignoring the gainers and losers – a commonplace principle of international trade (Samuelson, 1948; Stolper and Samuelson, 1941), he actually deceived – brainwashed – tens of millions of students in an unconscionable sleight of hand.

Consider another one of his insidious principles: “Rational people think at the margin”. The students are not likely to understand that this does not mean that people are, in fact, rational. Instead, the statement implies that those who are rational, do think at the margin. However, this may well be a null set. In other words, there is a possibility that no one is rational. So, it also does not imply that anyone is really thinking at the margin, even though a cursory reading would imply it. Rather, it means that if there is anyone around who is rational, he/she will think at the margin. That is why honest economists will have to eschew obfuscation and point out all such deceptive formulations (Komlos, 2016a; Marglin, 2011).

2) Stress the ecological limits to growth and adjust our policies for a sustainable future and bring climate change under control (Boulding, 1966; Fleurbaey and Blanchet, 2013; Georgescu-Roegen, 1971; O’Hara, 2009; Rifkin, 2019; Sachs, 2015, 2017; Stern, 2015; Weitzman, 2009).

3) The economy must become inclusive by adopting Rawlsian principles of justice (Rawls, 1971). The economy should be such that we would be willing to enter it at random without knowing our position in it. Otherwise, it would not be a just economy (Rothwell, 2019).

4) The goal should be to improve the quality of life for a healthy and educated population, in a sustainable environment, with a good work-life balance, and keeping in mind our obligations to future generations yet unborn. We should strive for an economy that enables us to catch up to Switzerland in the contentment of the population, to Finland in educational achievement, to Sweden’s Gini coefficient, and to Norway in longevity (Helliwell et al., 2019). These societies have demonstrated that it is possible to have both a high standard of living and a high life satisfaction. Thus, these goals are realistic. We are not striving for utopia.

5) The post-neoliberal economy should:

   a) eliminate poverty, slums, and unemployment (Chetty and Hendren, 2018);
   b) minimize pain, insecurity, and rent seeking;
   c) strive to achieve the health and educational attainment of the Scandinavian population (Heckman and Corbin, 2016).

Instead of commodity fetishism, we should focus on the importance of social relationships, intellectual satisfaction, and a moral life (Tirole, 2017). Living in dignity in a
flourishing society no longer needs economic growth of the developed world. It needs psychological, emotional, and spiritual growth.

6) We need protection from the advertising industry so that children can develop their character and grow up autonomously without the interference of commercial interests (Ehrenreich, 2005; Whybrow, 2005). It is crucial to acknowledge the endogenous nature of the utility function and that also implies a recognition that social norms, habits, customs, status seeking, and herding behavior all play a major role in aggregate demand (Boulding, 1969; Bowles, 1998; Easterlin, 2004; Fehr and Hoff, 2011; Frank, 2005; O’Donoghue and Sprenger, 2018; Veblen, 1899).

7) We should affirm that our goal is to live in a just and moral economy (DeMartino, 2011; Fleurbaey, 2018). “[M]arkets are not morally neutral instruments for defining the common good” and were not designed to provide moral oversight (Sandel, 2019, Sandel, 2013). That must come from outside of the economic system (Sen, 2009).

8) Economics should begin with the principles of behavioral economics (Kahneman and Tversky, 1979; Sunstein, 2016; Thaler, 2016b; Thaler and Sunstein, 2008).

9) The default model should be based on oligopolies, imperfect information, bounded rationality and take transaction costs seriously (Diamond, 2011; Simon, 1982).

10) Redefine the role of government in economic activity. Its role should not only be to fine-tune the economy and provide for public goods, but also:

   a) to safeguard the balance of power in the economy so as to prevent the emergence of an oligarchy. Its role is also to create institutions that lower the risk of living precariously by, for instance, providing universal health care coverage (Azmanova, 2020; Faux, 2012; Hacker and Pierson, 2016; Mazzucato, 2015).

   b) to formulate an industrial policy so that the formation of such regions as the Rust Belt, with its human toll, can be avoided in the future (Bailey, et al., 2019; Blanchflower, 2019).

   c) to become the employer of last resort in order to eliminate the pain of unemployment (Komlos, 2019c; Tcherneva, 2020).

   d) to provide consumer protection

   e) to assure that employees receive a living wage and that workers receive equal pay for equal work.

11) Economics has to acknowledge that basic needs have priority over other forms of consumption including conspicuous consumption.

12) Acknowledge the unique characteristics of time because it is: a) an element of every economic transaction; b) nonreversible; c) the only resource uniformly distributed; and d) limited to 24 hours a day.

13) Eschew social Darwinism. We should not idolize competition, because it leads to a stressful life and because the pain it inflicts on the losers should be taken into consideration.
14) Improve corporate governance so that CEOs are unable to exploit their power and determine their own salaries (Bebchuk and Fried, 2004; Ferguson, 2012; Lazonick, 2014; Williamson, 1975). Their success is based more on luck than on merit (Frank, 2016).

15) We have to set limits to inequality and to economic activity that does not increase the common good such as rent seeking and signaling (Saez and Zucman, 2019).

**Humanistic economics, the paradigm needed for the 21st century**

It should be obvious that progressives are not going to be able to start constructing a new economics for the 21st century from scratch behind a veil of ignorance. Moreover, our goal should be the implementation of policy rather than focusing on theoretical models since “economics is supposed to be an inquiry into the world, not pure thinking” (McCloskey, 2002). Hence, realpolitik requires that we set our sights on our long-range goals for a good society and insist that we adopt a new path so that we can reach the above goals within a generation or two and catch up to Scandinavia.

Undoubtedly, conceiving and reaching such a new path “intellectually... won’t be easy” (Graeber, 2019). Nonetheless, there is an emerging consensus that the accumulation of anomalies in the normal science of economics is sufficient so that a “Kuhnian” paradigm shift is visible on the horizon (Bowles and Carlin, 2020; Decker et al., 2019; Hill and Myatt, 2010; Jo et al, 2018; Keen, 2016; Komlos, 2019b; Kuttner, 1997; Kwak, 2017; Lawson, 2016; Lee and Cronin, 2016; Madrick, 2015; Marglin, 2010; Mearman, et al., 2018a, 2018b; Morgan, 2014, 2015, 2016; Nooteboom, 2019; O'Hara, 2007; Rubinstein, 2006, 2017; Schneider, 2019; Skidelsky, 2020; Sraffa, 1960; Stiglitz 2019; Stilwell, 2011; Tirole, 2015; Turner, 2012; van Staveren, 2015). Indeed, a reformation in economics is a precondition for the survival of Western Civilization since neoliberal economists have driven us into an ideological dead end that raised the specter of populism, a real threat to democracy, and culminated in a violent insurrection on January 6, 2021. Thus, we urgently need a new Keynes for the 21st century and humanistic economics would be a robust beginning for the creation of a Capitalism with a Human Face (Arrow 1978; Lutz and Lux, 1979).

Humanistic economics implies that a kinder and more just economy is possible, one that is embedded in a truly democratic society. The goal is not to squash markets but to tame them so that we control them and not the other way around. This new economy would enable people to live their daily lives with less uncertainty, less manipulation, less stress, less deception, less conflict, and less fear that their lives could spiral out of control at the next cyclical downturn of the economy or the next bout with medical emergency. Such an economy is not utopian. It has been achieved to a considerable degree in Switzerland, in the Nordic model, and is similar to the social-market economic model of Germany and Austria.

In humanistic economics flesh-and-blood people count, as they experience their quality-of-life in the real existing economy, and not the number of inanimate commodities produced or the monetary value of abstract concepts such as GNP (Komlos, 2019b; Lutz and Lux, 1988; Brockway, 1991). Therefore, the goal should be to create an economy structured in such a way that everyone can realize their human potential, flourish, and live a dignified life.
References


Stiglitz, Joseph (2011) “Of the 1%, by the 1%, for the 1%,” *Vanity Fair*, May.


**Author contact:** John.Komlos@gmx.de

---

**SUGGESTED CITATION:**

You may post and read comments on this paper at [https://rwer.wordpress.com/comments-on-rwer-issue-no-96/](https://rwer.wordpress.com/comments-on-rwer-issue-no-96/)