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The human-centric market economy

Why growth is not enough when dignity, purchasing power and trust are at stake

We often judge a market economy by growth, productivity, competitiveness and innovation. That is understandable. Without growth, societies stagnate. Without productivity, wages cannot rise sustainably. Without innovation, firms lose their edge and public finances become harder to sustain.

But a market economy can perform well on paper while still failing in the lives of citizens.

GDP can rise while households feel financially trapped. Employment can be high while work no longer provides security or perspective. Markets can become more efficient while citizens experience less autonomy, less purchasing power and less trust in institutions. In that situation, the formal economy may grow, but the social legitimacy of the market economy weakens.

A market economy remains legitimate only when it offers citizens dignity, purchasing power, autonomy and perspective.

This does not mean that economic policy should become sentimental. It means the opposite. It means that economic policy must take seriously the conditions under which people can act as responsible citizens, workers, consumers, savers, entrepreneurs and members of a community. A market economy is not only a mechanism for allocating resources. It is also a social order in which people try to build a life.

That is why economic policy is not only about growth. It is also about trust, executability and human dignity.

The common mistake is to treat markets as if they operate outside institutions. In reality, every market is shaped by rules, incentives, information and expectations. Citizens do not meet “the economy” in an abstract model. They meet it through wages, prices, rent, mortgage costs, pension expectations, energy bills, childcare costs, taxes, public services and the credibility of institutions.

Viewed through an agent-based lens, the economy is not an abstract machine but an interaction between actors. Households respond to prices, uncertainty and income expectations. Firms respond to margins, regulation, capital costs and labour availability. Banks respond to risk models and capital requirements. Pension funds respond to fiduciary duties, investment beliefs and intergenerational risk-sharing rules. Governments respond to budgets, political pressure and implementation capacity.

Each actor behaves rationally within its own role. Yet the total outcome can still become unreasonable from the citizen's point of view.

A household may work more but feel poorer because fixed costs rise faster than disposable income. A firm may raise prices because its input costs and financing costs increase. A government may compensate citizens through temporary measures, but only after complexity has already damaged trust. A pension fund may act prudently within its mandate, while participants still experience uncertainty because the system is difficult to understand.

The result is a feedback loop. Rising costs create pressure on households. Pressure weakens trust. Lower trust increases political demand for intervention. Intervention often adds complexity. Complexity makes execution harder. Poor execution then weakens trust further.

The real question is therefore not only what policy intends, but what behaviour the system rewards.

If the system rewards short-term compensation over structural resilience, citizens become dependent on political repair. If it rewards compliance over explanation, institutions may satisfy formal duties while losing legitimacy. If it rewards asset ownership but leaves wage earners exposed to rising living costs, the market economy becomes divided between those who benefit from capital and those who only experience prices.

A human-centric market economy asks a different question: does the economic system strengthen the citizen's capacity to live with dignity?

That question can be made practical. Does policy strengthen purchasing power not only temporarily, but structurally? Does it improve autonomy, or does it increase dependence on complex schemes? Does it give citizens perspective, or merely compensate them after the fact? Does it reward work, saving, entrepreneurship and responsibility? Does it make institutions more trustworthy because decisions are understandable, executable and fair?

This is the institutional test.

Growth is still necessary. Competitiveness is still necessary. Innovation is still necessary. But they are not sufficient. They must be connected to the lived reality of citizens. A country can be competitive and still become socially brittle. It can be innovative and still leave people without security. It can be fiscally disciplined and still lose trust if citizens feel that the rules no longer serve a recognisably human purpose.

A critic might say that this makes economic policy too broad. Markets, in this view, should create efficiency, while dignity and solidarity belong to politics or civil society.

But this objection misses how markets actually work. Markets already distribute power, risk, information and opportunity. They already shape whether people can buy a home, build savings, start a business, change jobs, raise children or retire with confidence. The choice is not between a neutral market and a moralised market. The choice is between making the human consequences explicit or leaving them hidden.

A human-centric market economy does not reject markets. It defends their legitimacy by reconnecting them to the people they are meant to serve.

This also changes how we think about public policy. The state should not become the permanent repair mechanism for every market outcome. That would create dependence, complexity and political overload. But the state does have a responsibility to design rules that allow markets to remain socially legitimate. That means stable institutions, clear incentives, reliable execution, long-term investment, broad access to capital formation and protection against systems that transfer risks to citizens without giving them control.

The same applies to financial institutions. Banks, insurers, pension funds and asset managers are not merely technical intermediaries. They are part of the institutional architecture of the market economy. Their decisions influence security, trust, investment, resilience and the distribution of risks over time. When financial institutions explain only in technical language, they may comply formally while failing socially. When they connect capital allocation to human outcomes, they strengthen both legitimacy and responsibility.

The human-centric market economy therefore stands on a simple principle: markets remain strongest when they remain connected to human dignity.

That principle is not anti-market. It is pro-market in the deeper sense. A market economy that loses the trust of citizens eventually invites correction, restriction or backlash. A market economy that supports dignity, purchasing power, autonomy and perspective can remain dynamic because citizens continue to believe that the system offers them a future.

The task is not to replace the market economy.

The task is to make it worthy of trust.