This paper was delivered by Knut Ims at the Von Hügel Institute International Workshop on 'The Economic and Financial Crisis and the Human Person' held at St Edmund's College, Cambridge, 8-9 June 2013.

Dialogical Man and Economic Life. A suggestion for a relational view in economics[1]

Introduction

What is the most important ability for a leader seen through a leaders own eyes? A study based upon Norwegian leaders on behalf of the Norwegian industry association gave a seemingly surprising result. The ability to communicate was the leaders answer.

It implies that the Norwegian leaders regarded communication as more important than decision making, the ability to think creatively or visionary, or the ability to analyze complicated issues. Why is communication assessed as essential amongst leaders? In order to persuade their followers to accept a predefined solution or to stay in an open, trustful, and responsible relationship with other people, be their employees, or other stakeholders at the market and in the society in large? What do the leaders mean by communication? For sure communication and rhetoric can have very different meanings. One classical meaning is to view communication as rhetoric based upon truth values, a kind of *ethical communication* in accordance with claims by Quintilian, "the man of honor" who disposed all virtues (487 – 583): "Nobody is able to speak eloquently without being good, that is being a virtuous man" (cited in Kjeldsen 2004 p 19). Or do the leaders mean rhetoric in an instrumental, technical sense based upon criteria for success, where persuasion of the audience is the main success factor regardless of the truth values? According to Aristotle (2006) rhetoric could be used to promote the good as well as the bad. A newer definition proposed by Fafner (1985) makes a distinction between propaganda and rhetoric by defining propaganda as monological and rhetoric as dialogical. The propagandists neither respect their audience nor listen to them. As a contrast rhetoricians are dialogical and gives the audience due respect by listening to him or her. In order to convince the audience the speaker should put himself in the shoes of the listener.

[1] I am grateful to Laszlo Zsolnai for very constructive comments on an earlier draft.

The dialogical character of rhetoric is in accordance with the Aristotelian view, that *ethos,* the speaker's character, *pathos*, the movement of the auditors' emotions, and *logos*, the content and sequence of the arguments used are all important part of effective speech. Aristotle makes a distinction between three factors, the speaker, the issue, and the audience, and emphasizes the interplay within them. However, Aristotle maintains that the important thing is to take the audience as a point of departure because the speech is directed towards them. Summing up, good rhetoric is dialogical and relational. In modern rhetoric argumentation is seen as *communicative interaction*, presupposing a processual view. Arguments are not to be found in statements, but in people and an argument is not a "thing" or a text that we may search for, but a belief in a human's conceptual system, a perspective taken by a human (Brockriede cited by Kjeldsen, 2004 s 187). It follows that the decisive factor is that the meaning and the argumentation are evoked in the listener – the audience. Also we may speak about a communicative or a speech act, because the act involves that the receiver is interpreting more than the expressed words. He or she is interpreting a lot of signals and makes a *bricolage*, a combination of expressions which are disposable, enabling him or her to create new complex expressions and utterances (Kjeldsen 2004, p 54 -56). Bricolage describes how the meaning is created in the listener, and is explaining how the listener forms beliefs in the new rhetoric arena consisting of multitude of media as pictures, music, oral and written text, or a combination of these different ways of expressions.

Summing up, when talking about communication it is not only the speaker, but even more the receiver, the hearer, the audience that have to be studied as individuals with inner worlds and prejudices. It is within the hearer's subjective life-worlds meaning is created in a complex interplay between a written text or of a speaker's utterances interpreted within a larger context. Such a relational view of communication may be elaborated, by analyzing communication as circular patterns and metacommunication (see Watzlavick et al 1967), or as "miscommunication" and Problematic Talk (Coupland et al. 1991) For sure this way of looking at communication is a great departure from "conduit" models seeing communications as a one way sender – receiver transmission[2]. Our dialogical view implies

[2] The conduit metaphor of communication assumes a visualization of messages as packets of information that transport the sender's meaning to the receiver. The focus is therefore on the message, wheter it contain or fail

that “one cannot not communicate”, since all kind of behavior is interpreted by others that are part of the relationship. Activity or inactivity, words or silence have always message value, and others “cannot not respond to these communications” (see Watzlavick et al 1967 p 48-49. Also in Habermas’s theory of communicative action nonverbal action is included (for an overview see McCarthy 1978). In an ethical sense we may claim that appropriate communication is to respond fittingly to others that are part of the relationship. Based upon the view of communications as dialogical and relational we would like to explore the presuppositions and implications of dialogues and responsible communicative behavior in general, in organizations and at the market in particular. What might a dialogical man mean for business and economic life?

Towards Dialogical Man; questioning some of the assumptions of Economic Man.

In 1969 the Nobel Prize for “economic science” was established and the award were justified on behalf of the Nobel Committee by Professor Erik Lundberg saying that “economic science has developed increasingly in the direction of a mathematical specification and statistical quantification of economic contexts”…Its “techniques of mathematical and statistical analysis…have “proved successful” and left far behind “the vague, more literary type of economics” with which most laymen may be familiar (Roszak, 1973 p 2). Seeing modern economics as systematically cultivating greed and envy, Schumacher (1973) suggested calling every assumption of “economic science into question, “right down to its psychological and metaphysical foundations. Seeing the same level of greed in the assumptions in modern economics, Thomas Shelling calls economics ego-nomics.

Inspired by Schumacher we will scrutinize one of the core assumptions in economics, the Economic Man. Even if Economic man may have been a useful model for modern economics, we might ask if this is a good model in a meta economic sense, contributing to a sustainable economy, a high quality of human life, and including caring for all sentient beings? Many attacks have been made on Economic Man, and one of the most fascinating is performed by Tversky and Kahneman.

---

to contain, communicate or miscommunicate the information necessary for a successful transfer. (see Brown & Rogers 1991)

Kahneman (2011) takes as a point of departure that "The agent of economic theory is rational, selfish, and his tastes do not change." Supported by empirical evidences Kahneman finds "that people are neither fully rational nor completely selfish, and that their tastes are anything but stable." (p 270). Sometimes people are generous and willing to contribute to the group to which they have a sense of belonging, and volunteering brings a higher level of happiness than if one is not volunteering. One problem is that people are not aware of this logic, and in general they underestimate the benefits from intrinsic tasks such as volunteering, and overestimate the benefit from extrinsic tasks, like earning additional money from working overtime (Frey 2008, p 86). People's choice behavior explained by rational choice models like Bernoulli, do not predict real action, because they do not allow for different reference points. One reference point is the current wealth of a person, for example the size of the wealth. Kahneman finds that Bernoulli's model can explain risk aversion, but not the risk–seeking preferences when a person is confronted with very bad options.

One of the assumptions of economic man is that as rational agents they know their tastes, both present and future, and is supposed to make decisions that will maximize their own interests. However when Kahneman makes a distinction between the experiencing and the remembering self, he finds patterns that illustrates a 'peak-end rule'. What counts most in a retrospective rating of a person's experience, be it a sickness, a concert, a meeting, or a marriage, is the memories of it. (pp 377 -418) The only we are able to keep from our experiences of living are our memories, and as we think about our lives we are depending upon the remembering self. Hearing one dissonant sound during a nice concert might spoil the impression of the concert, because the listener may hang up and remember the awful sound and not the hour of 'musical bliss'. A marriage that have lasted for ten years may go terribly wrong, and typically the last year will be remembered and ruin the good memories of the nine former years. In fact the experiences will not be ruined, "only the memory of it". Kahneman (op.cit) writes that "the experiencing self does not have a voice" The peak-end rule which emphasize the peak and the end implies a 'duration neglect' and these effects are coloring the decision makers future choices. This is bad news for believers in rational choice models and should result in different assumptions about choice behavior. For sure, knowing about this pattern tells us that we cannot trust our preferences to reflect our interests in the future. Kahneman's conclusion is that "Tastes and decisions are shaped by memories, and the memories can be wrong" (p 385). An apt description of this phenomenon might be 'the tyranny of the remembering self'.

Kahneman (2011) is surprised that the belief in the rational behavior has survived for so long time, and admits that he has observed in himself what he call 'theory-induced blindness': When you have accepted a theory and used it in your thinking as a tool it is "extraordinary difficult to notice its flaws" (p 277). You typically "give the theory the benefit of the doubt, trusting the community of experts who have accepted it."

Evidences generated by psychologists are sources for undermining some of the assumptions in economics. The economist Bruno Frey writes that "Economics is undergoing a remarkable new development, which is likely to change economics substantially in the future. Our discipline has…a conservative bias, due to its well-established body of knowledge" (2008 p ix). One of Frey's findings is that individual evaluations are much broader than those enshrined in standard economic theory. It shows that individual derive utility not only from income, but also from highly valued social relations and from self-determination, as well as using their own competence. "Moreover individuals derive utility from *processes,* not just from outcomes" (Frey 2008 p x).

It is usually easy to criticize a model that is a simplification of reality, but what should replace Economic Man? Etzioni (1988) claims that the neoclassical paradigm is a utilitarian, rationalist, and individualist paradigm and proposes a socio-economic theory, where economics is a sub concept of the society. Etzioni's model *I&We* emphasizes the individual's experience of inner tension generated by conflicts among basic desires and various moral commitments, in particular between moral values and pleasure. (1988, p 11 - 12). The I&We is a relational concept partly based upon a deontological position; actions are morally right when they conform to a relevant principle or duty (p 12). One of the nice traits of such model is that "There is more to life than a quest to maximize one's satisfaction".

Ingebrigtsen and Jakobsen (2011) suggest an Ecological Man which has different and more positive assumptions than Economic Man. However when they use Kohlberg's theory of Moral Development as a frame of reference for their Ecological Man it is easily to fall into the trap of masculine ideology , which miss the relational component as a premiss.

In her main work, Hannah Arendt (1966) criticizes the dominant instrumental attitude that is an important part of the utilitarian model. Even if she mainly focusing upon Homo Faber, she is critical to the way productive work has been valued by Adam Smith and his followers, and elaborates on a concept called "*vita activa*" as a description of a person in society. *Vita activa* compromises three foundational human activities, labour, work (production), and action[3]. An action enfolds directly – unmediated- in human relations and a speech act is typically found in a web of human relationships.

In order to create a model that focuses on the relational concept of being human I suggest the term "*Dialogical Man*". The concept implies that a human being has a dialogical character, and as presupposed by Niebuhr (1999) in Man's internal world there are an ongoing human struggle in every Man. Niebuhr make a distinction between 'Man the maker' and 'Man the answerer'. In 'Man the maker's internal world responsibility is localized and not in the environment. The internal struggle can also be described as a dialectical relationship between moral authorship and social accountability. In the person's inner subjective life-world he/she is perceiving, interpreting and judging what is going on in the objective world around. Finally he/she has to make a choice, and in Niebuhr's view, she has personal responsibility to respond, that is to reply or answer different stakeholders through an authentic and active dialogue.

Such an authentic and active dialogical view of man is in particular emphasized by Martin Buber (1923/1992, 1965). Buber formulates his relational view on man as a man exists *in between*, in the dialogue. Buber's basic insight is that man may be oriented to his world, to man, to nature and to the products of human creativity in two basic ways and *I – Thou* or and *I - it*, and the essential question is which of these orientation will be dominant and controlling. I-Thou relationship characterize the authentic relationship based upon a confirmation of the dialogue partners dignity, while an I – it attitude expresses an orientation of instrumentality, regarding the other as an object, a thing that can be

[3] Work is about reproduction of human biological existence, while work (homo faber) creates a world of objects which forms a contrast to the natural environment. However, the most characteristic for a human beings existence is the world that is created by action. An action is the only activity that is going on directly between humans, without mediation of objects. Action can create its own world because human beings exist in plural, not only as one single individual being. For Hanna Arendt this aspect is essential because a diversity of human beings with capabilities of action may bring forward something new in the world, which is a presupposition for all politics.

exploited. An I –Thou orientation will lead to a life of dialogue, while an I-it attitude leads to a closed life of monologue. According to Buber if I treat the other as an It, the other will be an object to me and what happens in such a relationship really happens with me, since I have the relationship in my experience. Treating the other as an it, I will only be interested in the other with a part of my being, he is for my use and the orientation is not mutual, but one- way. On the other hand in an I – Thou relationship what happens is not in me, or in her, it is in "*the between*". It is a reciprocal relationship in which I enter into with the whole of my being and relates to the other, the "partner's "whole being. The experience becomes "ours". It is not an instrumental relationship because the relationship has an intrinsic value.

If we actualize Buber's two orientations on the economic life, we may say that I –it relationship is characterized by impression management, by the creation of special images of reputation and appearance. The individuals' are not communicating their real being. This way of "seeming" stays in contrast with "being". Buber also draws an important difference between the role of the propagandist and the educator. The propagandist tries to impose himself, his opinion and attitude on the other using different techniques of manipulation. Adopting a role as advisor, consultant, advertiser or a politician may, we may sometime observe such an orientation. The role of a true educator is quite different; wanting to affect the other by stimulating the other to unfold what exists in the being of the other. Unfolding, not imposition is the mark of dialogue.

One important aspect with Dialogical Man is a *transpersonal* ability for identification, which implies that a human being is able to identify with all sentient beings, not only humans. (Næss, 1989.) Through development of an extended self, more and more of the surroundings become part of one Self. Arne Næss's top norm is Self-realization. His kind of self-realization is not an ego- trip, but a Self-Realization (with capital S) of all sentient beings. This represents a oneness kind of thinking and experiencing. One implication of such an extended view is that if you hurt nature ("The environment"), you heart yourself..

A third aspect of Dialogocial Man is that beyond professional roles whatever they might be, as economists, politicians or producers, man is essentially regarded as vulnerable creations.

An important aspect of being human is being a receiver[4]. Typically a human being is completely dependent upon other human beings in childhood and often during the last stages of life. [5] Dialogical Man also puts just as high value on contemplative activities versus activities that only has instrumental value (Arendt 11966/1958).

Relationality in the global economic life.

Even if a traditional communication oriented perspective might have substantial practical importance in cases like the fatal *Challenger accident* and the *Three Mile Island* reactor as argued by Riley (1993)[6], our purpose is to take a more profound view on the importance of relationality in economic life. It does not mean that we eliminate a more traditional communication perspective. In Norway we have several cases where the banks had been selling ordinary citizens and municipalities financial products that were very complex, dubious, and with very high risk[7]. One component of such a product was a so called Credit Default Swap (CDS) which in praxis implies that the owner, the municipality guarantees that a portfolio of loans will be paid, with a fixed profit as compensation. This product was transformed several times, amongst other into a CDO (Collateralized Debt Obligation). Some of the Norwegian banks are sued by the citizens, but several small Norwegian municipalities has probably lost 200 million Euro (for a documentary of the case, see Hofstad,2008) to amongst other Citybank, which sold "rotten" US subprime loans to the municipalities mediated by Norwegian banks. The president candidate John McCain in debate on CNN in 2007 said, "When a town in Norway is somehow affected by the housing situation in the United States of America, we've gotten ourselves into a very interesting dilemma."

[44] The German theologian Gerhard Ebeling has formulated it as a human primary is «Empfanger», that is a receiver. The Norwegian theologian Inge Lønning has expressed that the most important is not what you are able to do, but what you receive ("det viktigste er ikke det du får til, men det du får"

[5] Hans Jonas «The Imperative of Responsibility" (1984) emphasizes that «Only for the changeable and perishable can one be responsible, for what is threatened by corruption, for the mortal in its mortality…". Jonas contrasts his view with Plato; «the mightiest countervoice to the ontology and ethics of modernity" (1984, p 125-126). The object of Platon's *"eros"* is the good-in –itself beyond time and space, while Jonas's world is "the world of becoming and time". Jonas ontology is not that of eternity but of time.

[6] Riley (1993) investigates several cases amongst them which resulted in substantial damage and she argues that the accidents may have been avoided if the communication had been direct and not strategic or deliberatively deceptive to mitigate negative news.

[7] One component of the product sold to Hemnes, a little municipality, was a so called Credit Default Swap (CDS) which in praxis implies that the owner, the municipality sold to a little municipality, guarantees that a portfolio of loans will be paid, with a fixed profit as compensation. This product was later changed into a CDO (Collateralized Debt Obligation) (see Hofstad 2008 ss 198 -210)

During 2006 and 2007 the bank advisors (in reality sellers) of such very complex financial products were not communicating the risk in a fair manner. However, the story also tells that a modern economy is very vulnerable, sometimes compared with playing the game of domino played with twenty-eight flat, oblong pieces of ivory or bone. When one piece is falling, the rest of them falls too. However this pattern is based upon a mechanical process. A relational view will have a much more complicated structure. Our thesis is that the modern economic life is interwoven in a relational deep and complex way. This is partly a structural problem caused by advanced technology and big corporations. However, in accordance with Nelson (2006, 2011) we do not believe in the "either/or" way of thinking in general. Nelson writes that big corporation is not necessarily bad and small companies good. What is important according to Nelson is the way the single individual responds, which is not a question of organizational structure or scale. In Nelsons view what is important is "to *be more open to wide and deep engagement with businesses, governments and the larger, painful world."* (2011, p 32, my underlining). In one sense, Nelson might be right, any individual may be able to transcend the structure, as expressed by existentialist thinkers as "Existence precedes Essence". However as Schumacher (1999) and Bauman (1989, 1993) argue, size is not a neutral factor. Schumacher wishes a kind of balance between different structures, but write that "we suffer from an almost universal idolatry of gigantism. It is therefore necessary to insist on the virtues of smallness-where this applies" (1999, p 48). Schumacher writes that what we really need is an appropriate scale. The more active and intimate the activity is, the smaller the number of people that should take part of it. Schumacher held that the question of scale is extremely crucial today, also in economic affairs, the size in itself assumes a high technological complexity which makes everything vulnerable and extremely insecure. Separating people spatially and psychologically from the nature require much more energy, greater distance of transportation and creates a lot of garbage and pollution, while at the same time they became alienated.

According to Bauman the danger "of moral indifference becomes particularly acute in our modern, rationalized, industrial technologically proficient society because in such a society human action can be effective at a distance…" (1989 p 193). The problem in itself is not physical distance, but *social distance*. But big corporations are based upon the mediation of action - of the "*intermediary man* – who stands between the subject and the final outcome of actions. When the action has been mediated, it makes it more difficult to experience the relationship to other persons or sentient beings. A modern form of authority, expertise, may also contribute to psychological distance. Disposing of special competence the experts will see their main role as representing knowledge properly. Then their personal responsibility is vested not in them as human beings but in the skills they represent (Bauman 1989 p 196). In big corporations with a hierarchy of authority, the danger is that a culture of "mind your own business" rules out actions based upon deep responsibility for the Other person. Following Levinas (1985, 1987), "the responsibility to respond is an infinite responsibility, and the ethical responsibility does not manifest itself so much in the content, as in the demand for response. This kind of responsibility is deeper than contractual responsibility because it is asymmetric. Nobody else can take my responsibility for you, but you are not responsible for me. For Levinas *the Others Face* is the crucial factor. It is the demand made by the face of the Other in his nakedness which forces me to this unlimited care for the Other. (Ims 1995).

Economics – a masculine discipline to be complemented by feminine ideas.

The economic discipline has been under hard attacks for many decades. A report of the Commission on Graduate Education in Economies (Krueger et al. 1991) by the American Economic Association wrote that it is an underemphasis on the 'linkages' between tools, both theory and econometrics, and 'real world problems' that is the weakness of graduate education in economics. The commission expressed serious concerns that "graduate programs may be turning out a generation with too many idiot savants skilled in technique but innocent of real economic issues"(Krueger et al. 1991 1039, 1044-45 cited in Nelson 1993). Some years earlier Boulding (1986) writes that ".. modern economics has gone wholly towards the view of economic life as society organized by exchange, and has largely lost the sense of it being a process of provisioning of the human race, or even of the whole biosphere (1986 p 10). Boulding draws the line back to Adam Smith who saw economics as a two-fold problem; of how society was organized by exchange, and how society was provisioned. The latter problem has strong resemblance with what today would be regarded as a more ecological view.

Nelson (1993) argues that the theory of individual choice and mathematical modeling has replaced alternative methods that are based on different kinds of knowledge, even reasoning that "can deal with overlapping, interconnected concepts because it is experientially or contextually based" (1993 p 30)[8].

One serious consequence of the development of economics as a field is that the very choice of the question to which the economists try to find answers is influenced by their mathematical background of the economist, and certainly by the reward system of the profession itself.

A more inclusive subject matter

Reading Waring's (1990) *If Women Counted. A New Feminist Economics*, it is not difficult to see that our concepts of economics are narrow. Waring adds the existence, unique contributions, and experience of the female half of humanity to traditional economics. She asks for example why a tree has a measurable value when chopped down and sold, but not whiles it is growing and giving us oxygen. She reveals that women are a Third World; low on capital, low on technology, and underpaid or unpaid. Nelson (1991) puts forward several alternatives in the subject matter of economics with the point of departure of Alfred Marshall's very influential book (192o). Marshall held that "Economics is a study of mankind…it examines that part of individual and social action which is most closely connected with the attainment and with the use of the material requisites of well-being". With this definition, Marshall delineates economics in terms of material goods. Taken this view literally it means that non – material goods – that is nontangible goods are not part of the economic discipline, which means that for example health care are defined out of the

[8] Nelson (1993) cites the following statement (see Margolis (1987 p 90) " Jim Wright, who lives right down the street, to the right of the Kelly's is a playwright who is studying the masonic rites, so he will soon have all the rights of qualified members." This statement will make perfect sense if heard orally due to our shared knowledge of language and context. However, in formal logic each symbol can only have only one meaning and the formalism of mathematics makes the reasoning context free. Using the famous example from physics, that light might be seen as a wave in some respects and as a particle in other respects, Nelson argues for a more experiential and empathetic reasoning. Waves and particles are two divergent interpretations of light, and in spite of the apparent logical contraction of seeing something as "A" and "not-A", this way of regarding phenomena might be very fruitful. A vocabulary for alternative views may be «dialectical thinking and imaginative rationality.

topics. Nelson supported by feminist theory argues that we need a definition of economics that considers humans in relation to the world, and that we should focus on the provisioning of human life. This means to include commodities and processes necessary to human survival. This view is in line with Georgescu-Roegen who writes that the primary objective of economic activity is the self-preservation of the human species (1966) which includes enjoyment of life, which is not limited to physical concepts, but also includes spiritual needs. Human survival, not the least survival through childhood is made the core of economics, which implies that child care and supervision, health concerns and the transfer of skill is central components of economics.

A central idea of Nelson (1991) is that such a wider definition of what economics deals with "need not rule out studies of choice or exchange, but it does displace them from the core of economic". We may still study luxuries, but should give them less priority. "Organized, impersonal markets are one locus of economic activity, but so are households, governments, and other more personal or informal human organizations….Issues of power and poverty, of unemployment and economic duress, of health care and education" should be the essence of the economics profession. (1991, p 33).

Towards a spiritual based economy

A newer approach in management literature is to develop a spiritual- based economy and to create a new type of homo economicus who combines spiritual motivation with the capacity of rational management, (see for example Bouckaert 2007, 2010, Bouckaert & Zsolnai 2007, 2011, and Zsolnai 2011).There are different definitions of spirituality, and according to Bouckaert, most definitions share a number of elements: "a re-connection to the inner self….a search for universal values that lift the individual above his egocentric strivings, a deep empathy with all living beings and finally, the desire to keep in touch with the Source of life (whatever name we give it). In other words, spirituality is a *search for inner identity, connectedness and transcendence*." 2007 p 13-14). While Bouckaert stresses the "public good character of spirituality (2007), Zsolnai (2007) points to the need for spirituality in ethics. While Western ethics emphasizes that ethical action is a cognitive enterprise using abstract deontological and consequentialist oriented models, the main problem to behave ethically is not knowledge, but motivation (see also Bandura, 1991). Zsolnai (2007) argues for the need to" enhance the development of our self toward a more inclusive, holistic and peaceful state of consciousness", and that "spiritual experiences" help to transcend a narrow self-conception. "Despite the rich diversity of spiritual experience, the main *ethical message* is always the same: *love and compassion*, deep reverence for life and empathy with all sentient beings"(2007, p 26)[9].

The need for a more balanced approach between instrumental and non-instrumental thinking.

Bouckaert (2007) emphasizes the need for a spiritual revolution, referring to "two deep rooted paradoxes in our way of doing economics, i) the paradox of happiness, and ii) the ethics management paradox. Concerning the first paradox, economic growth has increased the standard of living, but at the same time new forms of social insecurity have emerged, increasing the rates of depression, suicide, stress, violence and mental exhaustion. Short term remedies for these problems may be medical and psychological support, but according to Bouckaert, in the long term it might more fruitfully be treated as a problem of spiritual deficit. The paradox is that more welfare seems to create less happiness as people are alienated from their deeper selves and lacks the capacity to live a meaningful and balanced life (Bouckaert, 2007 pp. 16-17). To solve the paradox, Bouckaert write that we may pay attention to the dual nature of human happiness. According to prevailing economic rationality, the key is to maximize self-defined preferences. But by reducing all our needs to maximization of preferences, we forget the "*capability to live inter-connectedly*". This interconnectedness is expressed in relations of trust, solidarity, reciprocity and friendship. By traditional economics one-sided view on human beings, we crowd out this *relational* nature

[9] Since the time of Socrates a central thought is that more and better knowledge is good for man. But as Augustine wrote, supported by St. Pauls's Epistle to the Romans (7:19-25): "For the good that I would I do not: but the evil which I would not, that I do". Augustine showed us that "the perversity in the will can never be sufficiently explained by our lack of insight into the good; on the contrary, it makes us act below and against our insight,.."(Taylor, 1989, p 138). In its turn it leads to a kind of slavery, in which we are "captured by our own obsession and fascination with the sensible." (Taylor, 1989 p 139). The belief in knowledge is still a very strong tradition in our Western world, but without the ability to control the will, knowledge is a two folded sword.

of happiness."(see Bouckaert 2007 p 17). Bouckaert suggest that we should develop an economics of frugality and self-restriction and start from the assumption that spiritual needs should be prioritized over material needs. In economic terms we should give more emphasis to relational goods instead of positional goods, meaning that a relational orientation involves the desire to get closer to other persons, whereas a positional orientation involves the desire to get a better position than others on some relative scale (2007 pp 17-18). Frank describes the positional orientation as a military arms race. "When all of us spend more, the new, higher spending level simply becomes the norm." (2008 p 261).

Concerning the ethics management paradox, Bouckaert observes that more ethics management does not create more ethics in management. More ethics programs launched in the factories and using of ethical rhetoric's by the management were not helpful in the case of the closing of a Renault plant in Brussels in the 1997. The same picture was observed on a number of business scandals in the late nineties (for example Enron and World Com). The real issue is whether the "intrinsic or spiritual approach of ethics is characterized by its openness for the Other, be it the otherness of nature or the self-expression of other people or the transcendence of Ultimate Reality" (Bouckaert, 2007 pp 18-19). Bouckaert points to the fact that "As in the case of happiness, the intrinsic approach of ethics is always linked to 'relationality',", that is to the relation as such.

Pruzan (2009) first a successful entrepreneur in US, emphasizes that during his journey through life his early focus on rationality was complemented by ethics and finally "with growing existential wonderment as to my true identity and purpose in life, even these ethical perspectives began to be complemented by a deeper, spiritual perspective as the basis for both rationality and morality" (xii). For Pruzan spirituality is the central frame of reference of his leadership writings. He emphasizes that it means to go beyond the materialistic strive paradigm. When values are not just money, "I experience harmony between my thoughts, words and deeds." Pruzan argues that wonderment, curiosity and reflection, preconditions for our ability to experience a 'good life, is threatened by "our rush to achieve material wealth and 'happiness'…. "It simply feels right to use my time and energy on matters that not only influence my own personal development, but all of us. It is paradoxical that it is liberating to feel duty-bound …"(2007 p 127). Pruzan presents a series of arguments for why it is good business for corporations and their leaders to reflect on and to develop a values-based perspective on leadership.

One question posed by Pruzan is “why be responsible? (2007, pp. 245-264). He then analyzes four “overarching and progressively more inclusive perspectives, the rational, the humanistic, the holistic and the spiritual-based perspective. The spiritual-based perspective is based upon wisdom, and Pruzan writes that he experiences that the duality between one self and others becomes replaced by a deeply felt connectivity – and that the usual distinction between responsibility to one’s self and to others is reduced, so the responsibility becomes more inclusive. Instead of using the managerial power to control other, the drive becomes to serve others. From such a perspective «the nature of business itself is transformed”. It implies that wealth creation is no longer the goal, only a means. It also implies that business leaders become responsible for promoting the well-being and spiritual fulfillment of everyone touched by the business. In a sum it creates a mindshift of our view of business and organizational leadership. Leaders will ascribe responsibility in themselves from an extended sense of I-dentity. It means that leaders identify not with themselves and their company but with their communities and society at large, with their environment and with future generations. According to Pruzan the leaders have begun to naturally embody responsibility from ‘the inside out’ (Pruzan, 2007 262).

With such a wide definition of one self the result will be an economic life based on cooperation and not on competition. In a study in Norway Ims & Jakobsen (2006) found supporting data that a cooperative orientation in economic life was more beneficial than competition. It presupposed that cooperation is based upon a relational view, and not upon an atomistic, mechanistic world view. If based upon an atomistic, mechanistic world view, the behavior will typically lead to group egotistical consequences which will undermine the long term common good, not only in terms of environmental and societal effects, but also in an economic sense (at least the long term interests). The reason is that cooperation in a mechanistic worldview often has an exclusive character, which leads to collusion and unfair trade. However cooperation within a context of an organic, relational worldview takes care of important intrinsic as well as instrumental values.

Tencati's and Zsolnai's (2010) collaborative approach gives many examples of enterprises that seek to build long-term, mutual beneficial relationships with all stakeholders to produce sustainable values for the 'business ecosystem' as a whole.

Buber's insistence in the need of trust and authentic genuine dialogue is very relevant for business. Hirsh's statement that the market itself does not generate moral capital, only the civic society does might be undermined. For sure, a competitive economy wherein the drive of competition and profit is very strong, may invite to opportunistic behavior. We believe it is possible and necessary to take Buber's call for authentic meetings seriously – also when a person is acting in some professional role of being leader, manager or employee, and obviously also as consumer with the responsibility of making an exit or voice (Hirschman 1970) when the products or services bought do not meet the usual requirements of sustainability and fair trade. We believe strongly that civil society as well as the market needs trust in order to function effectively. And authentic dialogues is an essential means to create trust. As stated in Ims (2006) an individual's personal responsibility can never be reduced to a role, or a duty. The personal responsibility resides in the person him/herself that transcends any role, professional or social.

Some concluding (not conclusive) remarks:

Western history from medieval times and onwards has been characterized as a depersonalized development in economic thinking (Langholm, 1998). One of its effects is diffusion of individual responsibility. Another development, prepared by the rise of dualistic philosophy, crystallized in the thinking of Descartes, divided reality into two separate realms, mind and matter. This Cartesian division prepared the path for the mechanistic world view, which created an immense progress in science and technology within a global economic system. But where there is light, there is also shadow. It also created alienation from nature, from our feelings, from other human beings, from our human essence.

In this development, masculine values have been dominant and seemingly reached a climax (Dossy 175-176). In the yang - yin perspective we may witness a change in our value system. Female ethics represents a challenge to traditional masculine values. Carol Gilligan, one of the pioneers of feminine ethics, found that women speak in a different voice. Not separation and fairness, but relation and care were the essence of the female existence and the way of responding to each other. Such a view gives a fundamental connection to the world and it also calls into question the modern western society in which competition and hierarchy are penetrating society.

In feminine ethics, the power is used not do dominate but to take care of the world. A relational view in economic life might be one step in a direction to change values in organizations as well as in the market. In transformative leadership formulated by Burns (1986) we see such a viewpoint where the key factor is to sense and mobilize human potential through transforming human needs.

Nelson statement is essential "….in each moment, we have an opportunity to respond" (2011 p 32). This kind of thinking is in line with Hanna Arendt's that we always have an opportunity to 'new beginnings', and with Niebuhr's (1999) statement that as 'man the maker' we do not only have an opportunity, we have a responsibility to answer.

A relational view may stimulate a more person oriented attitude at the market and in society. It may recognize the moral value of friendship and close personal relations, and of belonging to a community (Ims 2006). And it implies the experiences of "oneness". If you hurt an Other, you will ultimately hurt yourself.

Martin Buber's notion that life is a series of dialogical situations where each individual has an opportunity to become a 'We' through authentic dialogues may become more important as we enter into a globalized economy and a global 'village'. Such a profound change may easily turn into an era of mass civilization and mass communication, where individual loses significance and individual life's meaning become challenged. Buber's dialogical orientation may be inspirational irrespective of which position we might have in the organization, or what kind of role we are playing in a commercial market

References;

Arendt, H.(1966/1958) *Vita activa. Det virksomme liv.* (Translated by Christian Janss) Pax Forlag A/S Oslo,

Aristoteles (2006) Aristoteles retorikk. (Translated by Tormod Eide), Vidarforlaget, Oslo.

Bauman, Z (1989) *Modernity and the Holocaust*. Cambridge; Polity Press.

Bauman, Z (1989) *Postmodern Ethics*, Blackwell, Oxford.

Brown, J. R & L. E. Rogers (1991) Openness, Uncertainty, and Intimacy: An Epistemological Reformulation in "*Miscommunication" and Problematic Talk* (eds. Coupland, N., H. Giles, and, J.M. Wiemann) Sage Publication, London.

Bouckaert, L (2007) Spirituality in Economics in *Spiritualty as a Public Good* ((eds.; L. Bouckaert & L. Zsolnai) Garant, Antwerp (Belgium)

Boulding, K. E. (1986) What Went Wrong with Economics» *American Economist* 30: pp 5-12.

Buber, M (1923/1992) *Jeg og du (Ich und Du)* Cappelens, Forlag Oslo

Buber, M. (1965*) Between Man and Man*, Collier Books, Macmillan Publishing Company New York.

Coupland, N., H. Giles, and, J.M. Wiemann (1991)Talk as "Problem" and communication as "Miscommunication": An Integrative Analysis., in "*Miscommunication" and Problematic Talk* (eds. Coupland, N., H. Giles, and, J.M. Wiemann) Sage Publication, London.

Fafner, J. (1985) Retorikk og propaganda. *Syn og Segn* nr 3 ss 195-203

Frank, R. H. (2008) The progressive Consumption Tax in *Frugality. Rebalancing material and Spiritual Values in Economic Life* (eds) . Bouckaert, H. Opdebeeck, and L. Zsolnai, Peter Lang, Oxford.

Frey, B. S. (2008) *Happiness. A Revolution in Economics*. The MIT Press, Cambridge, Mass.

Georgescu-Roegen, N. (1966) *Analytical Economics.* Cambridge, Mass. Harvard University Press.

Hirschman, A.O. (1970) *Exit, Voice, and Loyalty: Responses to Decline in Firms, Organizations, and States*. Cambridge, MA: Harvard University Press.

Hogstad, M. (2008) *Eventyret om TERRA og de åtte små kommunene som dro til Wall Street for å bli rike.* Hegnar media, Oslo.

Ims, K. J. (1995) Mismeetings. An essay about money, urban life and the ethics of proximity, in *Essays in marketing and Management. A Festschrift in Honour of Kjell Grønhaug*. Fagbokforlaget, Bergen.

Ims, K. J. (2006) Take it Personal, in *Business Within Limits. Deep Ecology and Buddhist Economics* (eds.: L. Zsolnai and K. J. Ims) Peter Lang , Oxford.

Ims, K. J. & O. Jakobsen (2006) Cooperation and Competition in the Context of Organic and Mechanic Worldview – A Theoretical and Case based Discussion. *Journal of Business Ethics*,

Jonas, H. (1984) *The Imperative of Responsibility. In search of an Ethics for the Techonlogical Age*, The University of Chicago Press, Chicago.

Kahneman, D. (2011) *Thinking, Fast and Slow*. Penguin Books, London

Kjeldsen, J. E. (2004) *Retorikk I vår tid. En innføring i retorisk teori*. Spartacus, Oslo.

Krueger A. O. et al. (1991) Report of the Commission on Graduate Education in Economies *Journal of Economic Literature* 24:1035-53.

Levinas, E. (1985) *Ethics and Infinity* (Conversations with Philippe Nemo. Translated by Richard A. Cohen, Duquesne University Press, Pittsburgh.

Levinas, E (1987) *Collected Philosophical Papers*, Dohrdrecht, Nijhoff.

McCarthy, T. (1978) *The Critical Theory of Jurgen Habermas*. The MIT Press, Cambridge, Mass.

Næss, A and D. Rothenberg (1989). *Ecology, Community and Lifestyle. Outline of an Ecosophy*. Translated and edited by David Rothenberg. Cambridge: Cambridge University Press.

Nelson, J. A. (1993) The Study of Choice or the Study of Provisioning? Gender and the Definition of Economics, in *Beyond Economic Man. Feminist Theory and Economics* (eds. M. A. Ferber and J. A. Nelson), The University of Chicago Press, Chicago.

Nelson, J. A (2006) The Relational Firm: A Buddhist and feminist analysis. In *Business within limits: Deep ecology and Buddhist economics*, eds. L. Zsolnai and K.J. Ims (195-217) Oxford: Peter Lang.

Nelson, J. A. (2011) The Relational Economy, in *Ethical principles and Economic Transformation - A Buddhist Approach,* (ed. L. Zsolnai), London, Springer

Niebuhr, R. (1999) *The Responsible Self. An Essay in Christian Moral Philosophy* (originally published in 1963). Kentucky: Westminster John Knox Press.

Pruzan, P (2007) *Rational, Ethical and Spiritual Perspectives on Leadership. Selected Writings*, Peter Lang, oxford.

Riley, K. (1993) Telling More Than the Truth: Implicature, Speech Acts, and Ethics in Professional Communication. *Journal of Business Ethics* 12: 179-196.

Roszak, T (1973) Introduction in E.F. Schumacher, *Small is Beautiful. Economics as if People Mattered*. Harper Perennial, New York

Schumacher, E.F. (1973), *Small is Beautiful. Economics as if People Mattered*. Harper Perennial, New York

Schumacher, E.F. (1999), *Small is Beautiful. Economics as if People Mattered*. *25 years later…with commentaries*. Hartley & Marks, Vancouver, BC

Taylor, C. (1989) *Sources of the Self. The making of the Modern Identity*, Cambridge, Cambridge University Press

Tencati, A. & L. Zsolnai (2010) The Collaborative Enterprise, in *The Collaborative Enterprise. Creating Values for a Sustainable World* (Eds A. Tencati & L. Zsolnai. Peter Lang, Oxford

Waring, M. (1990) *If Women Counted. A New Feminist Economics*, Macmillan, London,

Watzlavick, P., J.B. Bavelas, and D.D. Jackson (1967) *Pragmatics of Human Communication. A Study of Interactional Patterns, Pathologies, and Paradoxes*, W.W Norton & Company, New York, Zsolnai, L (2007) Ethics Needs Spirituality, in *Spiritualty as a Public Good* (eds.; L. Bouckaert & L. Zsolnai) Garant, Antwerp (Belgium)

Zsolnai, L (2011) Why Buddhist Economics?, in, *Ethical principles and Economic Transformation - A Buddhist Approach,* (ed. L. Zsolnai), London, Springer