

## Vulnerability for Countries, Corporate Entities and Society

### What would economics say in response to what our prizewinner has been talking about?

As we have heard very clearly from Professor Orphanopoulos, vulnerability is a necessary part of being in relation, so in some ways, we could say that your question leads us to consider: how does economics see the relationships between people?

Until pretty recently, at least, economics has had a simple and clear idea about relationships: they are useful to us in achieving our individual objectives; we could say that they are instruments or tools that I use to gain something that is valuable to me. The standard image of this kind of relationship is a contract. Once the terms of the contract have been fulfilled, the contract ends because it isn't useful anymore. We could also call this a "transactional" view of relationships – relationships are constituted by transactions, and when the transaction is over, they end. This is always the way with things that are only good because they are useful, as opposed to things that are good in themselves. We only use things that are useful – we only need them – when, precisely, they are useful to us, otherwise we aren't interested in them; furthermore, if we can find a better (quicker, easier, cheaper) tool, then we will substitute the previous tool with the new, better one; the previous tool, which we once saw as good because it was useful, is now no longer good, because the new one does the job better (as an aside, we could note here that, on this model of relationships, if we substitute direct, personal ones – with all their problematic aspects, as pointed out very well by today's prizewinner – with relationships via social media - the "friends" we can make there – we might well find that this is actually a benefit to us, and, in some ways, I think we could say that). Now, in the light of what our prizewinner said today, it might seem that relationships understood in this way don't seem to have any vulnerability about them. Indeed, they only seem to be about getting something we want, i.e. two people who want different things (one wants a product, for instance, and the other the money to pay for having produced it) transact with each other, each getting a benefit from the transaction. In his 2012 book "The Wound and the Blessing", Luigino Bruni sees this type of relationship as "immunised" i.e. as protected, like immunisation protects our bodies from being hurt.

However, even if relationships of this kind might be "immunised" in the sense that Bruni intends it, I think we can still find a kind of vulnerability in them. This vulnerability emerges in a specific kind of situation, that is, where we need to achieve anything as a group in an ongoing way, such as we need to do in a business. According to the model we have been describing – relationships as useful to us – the only way that we can have an ongoing relationship (one that goes beyond individual transactions, as we need to have, for instance, when we agree to work for a business) is to be willing to "trade-off" between each other, each one of us gaining something valuable from the ongoing relationship, like a salary or promotion, but also having to give something up, at least some of the time, in order to find a mutually acceptable agreement (this is the very idea of a "trade-off" – you lose something as well as gain something). Now "trading-off" like this gives rise to what we often call "power games"; we try to get ourselves into the most powerful position possible in the negotiation, so that we only have to lose as little as possible and can gain as much as we can from the trade-offs we have to make in ongoing relationships. We can see how this can lead to vulnerability. We can lose power games, just as we can win them, that is, there is always the possibility of losing out, of being forced to give up too much by someone stronger, or of ending up in a lower position in the hierarchy than we think is ours (if we didn't get that promotion we thought we were due, for instance).

Nevertheless, this image of relationship, even if it does include some type of vulnerability, is beginning to change, even in economics. We could say that it is only “half of the story of our relationships”, and in the second round of these short interventions, I’ll focus on the other, both old and new, part of the story of our relationships.

(7 minutes)

Please tell us about the “other half of the story” of our relationships that you mentioned before.

As I said, economics is in the process of changing its idea of relationship. This is partly driven by the empirical results that we are getting from genetics, neuroscience, behavioural economics, happiness research and other assorted research programmes in various disciplines. As we might imagine, these results are showing, in line with what our prizewinner has indicated in her talk, that relationships are important to us in themselves; they are not only useful or extrinsic, even if they are also that; they are also intrinsically good, and we achieve shared objectives with others in them. Perhaps the clearest evidence of this is in the happiness research, which shows across the world, and thus independently of cultural differences, that at rather low levels of income, happiness increases with increases of income (which would be compatible with the idea that we only have individual objectives and we use income, via our “useful” relationships, to achieve our individual goals), but above a relatively low income level, increases in happiness correlate much better with the quality of one’s relationships than they do with increases in income, giving credence to the idea that relationships are important in themselves to us.

This insight is not new to anyone who knows anything about the Christian tradition. In the light of the Old Testament revelation that we are made in the image and likeness of God and of the New Testament revelation that God is trinity, that is, three persons – or relations – in one substance, we know that we should expect to find that, in some way, our relationality is intrinsic to who we are. It is only recently, however, using the kind of empirical research that our prizewinner presents, that we are able to see this scientifically. In other words, the Christian revelation on this point was about 2000 years ahead of the empirical verification of this reality. As our prizewinner quotes, Gaudium et spes puts this in a wonderfully succinct nutshell by saying in n. 22 “Christ reveals the human person to him or herself”. This also works as we look into the future; the Christian tradition could well become a key source of innovation in research in the coming decades, giving us indications of where the fruitful lines of development could lie.

This turn in economic thought, and the social sciences in general, to intrinsic relationality has not come a moment too soon. If we are going to solve the problems we face in our society today, we will need a relational view of the human person, in which freedom is not threatened by sharing goals. Today’s fundamental problems are social (like exclusion and inequality, and the historical effects of this in relation to formerly colonised or indigenous peoples) and systemic (like the ecological challenges of climate change, biodiversity loss and the management of waste). All of them need us to find a way to share goals, plans and strategies in order to face them, but without doing violence to human freedom. We are still working out how to do this, and we don’t know for sure where it will take us, but it seems likely to me that we will need to rethink freedom such that it is less “freedom from” (freedom to do what I want, without constraint, even if there will still be some need for this) and more “freedom for” (freedom to become the person I could be – a kind of virtue-based freedom, such as that of the virtuoso performer or the expert linguist, based on the kind of nature we have). For that to happen, we will also need social political and economic

systems that are human-centred, focused on the human person, which means that it will be normal, for instance, for a female human being to be a full player in economic and political systems along with being a mother (since it's normal for some human beings to be mothers) and for a person with a disability also to be a fully involved player (since disability is also a normal, basic part of our human condition). Well, there is much more to do and to say. I am grateful to our prizewinner for making such a profound and important contribution to that ongoing work.