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## Press Release

### No market without morals

**Tübingen's Professor Dierksmeier puts the business case for ethics in his new book *Reframing Economic Ethics***

Tübingen, 13 July 2016

Tübingen University Professor Claus Dierksmeier's new book *Reframing Economic Ethics: The Philosophical Foundations of Humanistic Management* is coming out with Springer/Palgrave on 10 July. Dierksmeier argues for a 'reframing' of our thinking about business ethics which places ethics at the center of economics. The book is dedicated to all students around the world who are currently working for "curriculum change" in their disciplines. 'Economic ethics,' Dierksmeier concludes, 'must be reframed from a marginal constraint to an integral and strategic dimension of economic theory simply because, bereft of ethics, economics is incomplete as well as incorrect.'

It is high time for such a change. The global economy, and economics as a discipline, have been mired in crisis since 2008. The general public is asking why economists did not foresee the crisis. Researchers have come to doubt the reliability of their own models. And more and more students are struggling for reform of economics teaching; they want more pluralism, and are demanding that their own discipline make a contribution to social transformation in the direction of moral, social and ecological sustainability.

Dierksmeier shows that these demands are part of a time-honored tradition: 'Reflections on human nature and values have been at the forefront of economic thinking for more than two thousand years, from ancient times up to the late 18<sup>th</sup> century. From "stone age economics" via Plato and Aristotle to Adam Smith, i.e. for about several thousand years, economic thinking was firmly linked to metaphysical, theological, and moral reflections.' No market can function without morals. Since values and norms are an integral part of the economy, Dierksmeier argues, they should also become a central subject of inquiry for economists.

In the last 200 years, however, this elementary insight has been forgotten. Ethics has come to be regarded less as the basis of economic activity and more as a limitation to it. Profit first, and then (maybe) principles - this is now the reigning maxim. Moral claims have been correspondingly relegated to the background of economic practice (compliance, CSR, philanthropy) and marginalized in economics education.

According to Dierksmeier, economics should be humanistically rather than mechanistically oriented - even and especially in its methods. "Why indeed would economics, as a discipline dealing with human behavior, prefer to work with models emulating the study of inanimate objects? Why not rather orient its methods towards interpreting the lively interactions of free subjects?"

As soon as economics learns to focus on the true *conditio humana* rather than analyzing the fictional *homo economicus*, it will become clear that many people are willing to engage in responsible economic behavior. Morality does not limit business so much as it makes good business models possible by leading businesspeople to adopt sustainable strategies. This is also the business case for ethics: While a business ethics focused on limitations may solely help to reduce costs associated with resource use, brand management and conflict resolution and day-to-day transactions, only a strategic reorientation towards solving social problems promises firms the chance to conquer new markets with innovative products and services.

Dierksmeier thus shows that profits can follow principles, and that cash and conscience, markets and morality can unite with each other in the brave new world of 'humanistic management'.

Prof. Claus Dierksmeier is Director of the Global Ethic Institute and Professor for Globalisation and Business Ethics at the University of Tübingen. He is also the Academic Director of the Humanistic Management Center.



Claus Dierksmeier. Photo: Global Ethic Institute

**Publication:** Claus Dierksmeier: „Reframing Economic Ethics. The Philosophical Foundations of Humanistic Management“, London 2016.

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