

Some philosophical reflections

by Henrik Syse*

The meeting between ethical and philosophical thinking on the one hand and hard financial matter on the other provides the setting for this article. This is a meeting that I daresay is a fruitful one for both sides.

First, academic ethics need to be tested against a world where self-interest is basically the governing principle (though with a potentially ethical justification), but where the necessity of an ethical framework around self-interest has gained increasing acceptance – many would say today: for the system to survive. As Franklin D. Roosevelt said in his second inaugural address in 1937: “We have always known that heedless self-interest was bad morals; we know now that it is bad economics.”¹ In a situation where financial markets and major economic agents are themselves searching for the appropriate ethical bounds, academic ethics would have been feeble if it had nothing to contribute, and it would have been regrettable if it had not accepted the challenge and the opportunity to develop at times like these! Stephen Toulmin once wrote an article entitled «How Medicine Saved the Life of Ethics».² In the years ahead, moral philosophers will find particularly valuable work in the world of economics and finance.

But second, the world of finance and economics needs the language and approach of ethics – because ethics seeks to embrace the concrete human being, its needs, interests, rights and happiness. Economics seems to have a conspicuous frequency of abstractions in its language and models, to a certain extent from necessity, but often to an extent that is harmful. We have witnessed this in the financial crisis that is now sweeping over the world: concrete people with concrete mortgages were somehow transformed into sophisticated financial instruments, and these in turn became part of a world where actions are often very complex (cf. swaps, shorting and long-short-strategies – to use a few words I have added to my vocabulary over the past few years). None of these actions are unlawful or immoral in themselves. But because of their complexity, the risk of forgetting the underlying, concrete world of human beings is great. Ethics clearly has a role to play here.

«Keeping promises» is obviously an ethical issue, dealing with a fundamental moral principle that touches our everyday lives. We could go so far as to say that without some degree of

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¹ «We have always known that heedless self-interest was bad morals; we know now that it is bad economics.»
See <http://www.bartleby.com/124/pres50.html>.

² Published in *Perspectives in Biology and Medicine*, Vol. 25, 1982, pp. 736–750.

truthfulness and reliability in society, we would not be able to act. We plan our lives based on predictability and credibility. Any activity that cannot rely on such predictability will incur extra costs, to the insecurity and annoyance of many. Anyone who has experienced overbooking for a plane, hotel or rental car knows this; the companies involved cannot actually rely on people to keep their word, and they organise their bookings accordingly. When the day comes when all their customers keep their word and actually turn up, they will have a problem.

The Norwegian state has considerable power over economic policy, but has delegated some of this power to other bodies, with explicit mandates. The most important of these is the central bank. This relationship between powers is reminiscent of a specific view of the power of God, which was developed in the 13th and early 14th century and which also exerted considerable influence later: God is omnipotent (*potentia absoluta*), but proclaims to all his creatures that this power is limited in everyday life, it is a *potentia ordinata*. Hence, what a later era would call the laws of nature actually do apply, and human free will is respected.³ According to this line of thinking, a miracle can indeed be understood as an exercise of God's absolute power when, for a limited time and for a particular reason, it sets the ordained or "ordinary" power of God aside. In other words: normal arrangements are suspended. On the basis of this wording, we could say that the US authorities are currently performing a miracle since they have suspended normal arrangements; not as a permanent, new scheme of things, but as a pure exception implemented with immense power. Country after country is following suit. The age of miracles is not past.

Miracles or not, *generally* keeping one's promises and respecting agreements – not least as a state institution with considerable influence over people's lives and expectations – is considered an ethical obligation that can be supported by all the leading ethical theories to be found in philosophy. Indeed, it is this ethical normality that in itself gives meaning to the exceptions: if there is no normal condition, exception has no meaning.

But each of the ethical theories that support truthfulness and reliability also pose questions as to the exceptions that it may be necessary to make.

As a moral philosopher, let me present a brief description of how the three most influential and most frequently alluded-to ethical theories – duty ethics, consequentialist ethics and virtue ethics – provide perspectives on truth and lies. It must at the same time be remembered that none of these theories can be unequivocally defined or is uncontroversial: they overlap to a great extent, and some philosophers will say that they complement each other while others will consider them to be in contradiction. I prefer not to pit them against each other, but to regard them separately as

³ I have written about this in Henrik Syse, *Natural Law, Religion, and Rights* (South Bend: St. Augustine's Press 2007), Chap. 2. Also recommended are Francis Oakley's articles and books on the subject, including «The Absolute and Ordained Power of God and King», *Journal of the History of Ideas*, Vol. 59, 1998, pp. 669–690.

legitimate, useful, morally well-founded and complementary ways of viewing right and wrong in human actions.⁴

The most obvious ethical approach to keeping promises is via duty ethics. It tells us that keeping promises is about rules we are dependent on, as the chess player is dependent on agreement on the rules of the game. In the worlds of both “language games” and “action games”, we evidently need rules about truth and truth-telling in order to be able to respond and relate to each other’s statements and actions.

But this is not only about duty, but also about rights (which is why we often refer to duty ethics or deontological ethics as the “ethics of duty *and rights*”): the recipient of messages, e.g. about the state of the economy, has the right to know that the information received is truthful. Immanuel Kant argues that if someone lies or does not keep their promises, they are using their fellow man as an instrument to achieve their own end. And he adds, in his famous description of the categorical imperative in *Groundwork for the Metaphysics of Morals*⁵, that not keeping one’s promises is simply not conceivable as a universal law as such a law would both in theory and in practice render human interaction impossible.

And if something cannot be made universally valid, then nor is it morally right, according to Kant, as this implies making an exception for oneself – and, as already indicated, using others simply as a means to an end.

Duty ethics, however, presents us with an important counter question: Are there occasions where we are faced with *several* sets of duties, all of which cannot be fulfilled at once? If so, can duty ethics tell us which duty has precedence? Must we not make an exception when another, even more important duty is at stake?

This question leads us to the ethical theory that is most often regarded as the alternative and main challenger to duty ethics: consequential ethics. Consequential ethics is chronologically forward-looking, asking what will happen, and to whom, when a specific line of action is chosen. The most famous form of consequentialism is utilitarianism, which aims for the maximisation of utility in society. The measure of what is ethically right is not whether it fulfils a duty or protects a right but to what extent – in Jeremy Bentham’s famous words – it brings the greatest happiness to the greatest number of people.⁶

There are two forms of utilitarianism based on somewhat different views of truthfulness and

⁴ See also Henrik Syse, *Veier til et godt liv* (Oslo: Aschehoug 2005). See Marcia Baron, Philip Pettit and Michael Slote, *Three Methods of Ethics* (Oxford: Blackwell 1997) for a useful review of these three ethical theories.

⁵ Immanuel Kant, translated by James W. Ellington [1785] (1993): *Grounding for the Metaphysics of Morals* 3rd ed., Hackett Publishing.

⁶ See <http://philosophy.lander.edu/intro/articles/bentham-a.pdf> for a summary of Bentham’s most important works on utility.

keeping one's promises. Rule utilitarianism states that we should follow the rules or general patterns that will bring the best results (usually referred to as «the greatest good for the greatest number»). The rule utilitarian fears, in fact, that a person who has to conduct a complete utility and consequence assessment before every single action will be partly overburdened and partly become cynical since human good will be reduced to a quantifiable amount that each action can and must be measured against.

As can be deduced from the above, act utilitarianism states that a utility and consequence assessment should in fact be performed for each action. And this is where the question becomes more interesting for our purposes. Instead of regarding keeping one's word as a duty in itself – either in terms of duty ethics, because it is a human obligation, or in terms of rule utilitarianism, because it is usually worthwhile – each action would have to be assessed separately and a choice would have to be made *in each and every case* when the rule should be kept and when it should be broken in order to serve the best interests of society.

If anyone finds themselves thinking about the Bush administration's attitude to international law as it was practised at the Guantánamo base, for example, you are right: that was indeed a case of political act utilitarianism systematised.

The danger of this approach is that confidence in a person's pattern of action and general credibility deteriorates. If it is known, for example, that the state has the prerogative of intervening in the central bank's authority at any time this seems to be politically opportune, even with the best of intentions, confidence and predictability in the system would rapidly beak down. However, in the individual case, this may not seem to be a weighty reason. If I know that a lie in one isolated case can get me out of an embarrassing situation, or be of considerable benefit to someone else, and no-one would seem to be hurt by it, why should I tell the truth? If torture in a particular case can actually prevent a major act of war, why should we nonetheless renounce it?

This problem can provide a lead into a third ethical theory, virtue ethics, where attitudes and character are primary, rather than the legitimacy or illegitimacy of actions as such. A virtue ethics philosopher will fear that persons who become accustomed to lying, who begin to torture other people, or who constantly renege on their promises, are harming themselves and their own ability to act morally and inspire confidence. Morality, according to virtue ethics, is about who a person is, their strength of character and who they become through their actions. The object of ethics is not merely actions, but also the character of the person performing those actions. Thus, unwavering morals, credibility and predictability are essential virtues.

But again, objections can be raised: Isn't Gregers Werle in Ibsen's *Wild Duck* a perfectly truthful person? But we would hardly call him virtuous! In line with Plato's observations in a number of his dialogues, virtue is not about the one-sided cultivation of one virtue, one set of qualities. It

is about the interaction of virtues. The truly good person is indeed truthful, but he or she is also brave, moderate, wise and just. And isn't it possible that those virtues taken together lead us in a different direction than a stubborn insistence on the whole truth and nothing but the truth?

To sum up, these three ethical theories do not provide an unambiguous answer to the question of whether it is right to keep one's promises. But the tendency is clear: if we ask what kind of duties ensure respect and consideration between people, which actions are of most benefit or utility, and which virtues a good person should possess – particularly to ensure predictability and confidence in our society – philosophers will answer that the person and the institution that keeps its promises is infinitely preferable; we do not want a society characterised by mistrust, constant uncertainty and the absence of truthfulness as a moral virtue. Keeping one's promises is the standard; the exceptions must remain just that – clear exceptions, based on weighty reasons specific to each case.

When we refer to keeping one's promises, we often use the Homeric metaphor: being bound to the mast. It may seem both necessary and admirable to allow oneself to be bound in this way, but it is hardly particularly comfortable in the long run – nor a favourable position to manoeuvre a ship from. Socrates referred instead to the soul that, if it possesses certain qualities and virtues, can manoeuvre correctly, even when under extreme strain, because it knows that the most valuable thing of all can only be safeguarded when the soul does not allow itself to be sullied. To achieve this requires strength of will, steadfastness, long-term thinking and moral courage.

Let us always remember that the basis of the rules we are obliged to follow, the real value of keeping one's promises, lies in human dignity. We are under the obligation to keep our promises not primarily to exhibit moral constancy but to respect human dignity. And, as I indicated in my introduction: a financial theory or economic practices that lose sight of the dignity of human beings, will not inspire confidence, whether promises have been kept or not.

