

**Ethics
and
Economy**
After Levinas

Dag G. Aasland

may fly

Ethics and Economy

Dag G. Aasland

'Emmanuel Levinas is rapidly becoming recognized as one of the most important ethical philosophers of the twentieth century, if not of the entire modern period. The impact of his original and powerful claim that "ethics is first philosophy" is now spreading through the humanities and social sciences, especially psychology, education and political theory. It is only natural, then, and welcome, that we begin to re-think economics and business ethics aided and enriched by his perspicacious insights.' Richard A. Cohen, University at Buffalo (SUNY)

'Rather than succumbing to the easy temptation to blame business leaders for anything that went wrong in recent years, Aasland looks for the remnants of good in business as such. This leads him to ask the right questions: one should, for example, not ask why a leader did the wrong thing but why such a leader did not do it. A thought-provoking and hugely original essay is the outcome of this approach.' René ten Bos, Radboud University, The Netherlands

While today many express astonishment at 'ethical scandals' in business, in this important new book Dag G. Aasland asks why, in capitalist economies, such scandals are not more common or even the norm. Taking his lead from the ethical philosophy of Emmanuel Levinas, this book proposes a thoroughgoing reconsideration of the meaning of ethics and economy. This elegantly written text offers a clear statement of the importance of a Levinasian ethics of the Other for thinking through and beyond the limits and persistence of economic rationality. This book invites readers to step beyond the enclosure of business ethics and takes us beyond 'business as usual' but also beyond 'ethics as usual'.

Dag G. Aasland is Professor of Economics and Head of the Department of Working Life and Innovation at the University of Agder, Norway. For the last few years his teaching and research has concentrated on ethics in business and management, especially from the perspective of the works of Levinas.



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1. Herbert Marcuse, *Negations: Essays in Critical Theory*
2. Dag G. Aasland, *Ethics and Economy: After Levinas*

ETHICS AND ECONOMY

Ethics and Economy: After Levinas

Dag G. Aasland

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Grimstad, Norway, July 2007

Introduction

'Ethical failures' in business: why not?

From time to time we are presented with cases in the news media where named business leaders are accused of having done something they should not have done. They may have received gifts or money from business partners or they may have paid to gain an advantage over their competitors. The allegation hidden behind such cases is that a boundary has been crossed; a boundary that is drawn by the laws that are set up to regulate market competition, by some internal guidelines the company has set up to take care of the external image of the company, or by some diffuse ethical rules for what society may allow its citizens.

Confronted with a series of such examples, how should we approach the topic of ethics in business? First, it is hard to tell how singular such cases in fact may be. It is easy to believe that they occur more frequently than what the news media either discover or choose to report. Secondly, in many cases it is actually quite easy to understand why the leaders who are criticised may have acted as they have done. With constant pressure from their owners to achieve continuously better results and with a perspective where the world, quite naturally, is viewed from their own position and from that of their company, it is often easy to understand why the leader in question may have stretched the boundaries to obtain a highest possible gain, either for themselves or for their company – which, in many cases, is not the same: some 'ethical failures' are made to obtain a personal gain, others are made to obtain a higher gain for the company. Both kinds are often easily understandable, so the reactions which the media seek to provoke in the public may thus easily take the form of hypocrisy. Also, to better

understand these cases and how they are presented, it might be useful to see how they play on important aspects of social psychology. Negative reactions from the press and society may be seen to express a deeper, underlying wish among all of us to preserve the idea that such events indeed are exceptions, and that leaders and other decision makers mainly operate within all visible and invisible borders. This idea is important to stick to, as, if not, order should turn into chaos. When we then, once in a while, are reminded that reality is not ordered as well as we want it to be, this is experienced as scary, and in such cases it is a well known human trait to designate scapegoats.

The original scapegoats were real goats designated to symbolise the sins and the bad consciences of the people, and then chased out in the desert to die (Leviticus 16: 8-10). Later, through history, many kinds of scapegoats have been appointed who have threatened the ruling order, with witch burning as one of the worst examples. The question of who are the 'witches' of today, and how they are 'burned' will not be further elaborated here; I shall leave that to the readers to reflect upon. Concerning business leaders, however, we note that the normal procedure is to remove him from his position (for simplicity of expression I choose to refer to the business leader as 'he'), paying him a considerable amount, maybe as an excuse that this time it happened to be him who was appointed to play the ritual role as scapegoat. And then, as soon as the scapegoat is out of the way, it is a part of the idea that the problem is gone with him and everyone can go back to the initial order. In this way we may preserve the idea that such disturbances in the necessary order are only singular exceptions.

Let me here, so as not to cause any misunderstanding, make it clear that I do not argue, and even less mean to prove, that such actions are more common than I may have reason to believe; nor shall I claim that the theory of scapegoats is adequate to every case. In this context, it is sufficient to note these moments as possibilities. These possibilities, both that such acts are more common than we usually believe them to be, and that the reactions from society could be rationalised by our need to appoint scapegoats in order to preserve the idea of a good, universal order, makes it possible to obtain a more manageable perspective on the problems concerning ethics, and the lack of ethics, in business and economy. I shall describe this perspective as follows: acts that are criticised as morally bad are actually easy to understand as they in most cases follow directly either from what is considered as being expected

from a business leader in the direction of pursuing the financial interests of the company, or from the universally human property of maximising one's own share in the distribution of goods in society. Is it not instead the cases were business leaders and other decision makers resist the temptation to follow the interest of themselves, or that of their companies, which need to be explained? Within the framework of business logic it is of course also possible to explain cases of good behaviour. The relentless pursuit of more profit is of course limited both by legal and market mechanisms, in the sense that a bad reputation may reduce the economic results of the company (and *vice versa*: a good image may improve it); one sanction which leaders try to avoid is being brought into focus for having done something that may be viewed as being on the 'borderline', even if it is not illegal (and maybe instead keeping oneself on the right side of, and in a safe distance to, this border). I shall look closer at these mechanisms in chapter 3; they are thoroughly discussed in the field of knowledge called 'business ethics' or 'corporate social responsibility' (CSR). However, claims that moral limits are created only by legal and economic institutions may be hard to accept, because they threaten the desired idea of the 'good' in man as something more fundamental than social institutions. However, to renounce the assumption of a basic 'good order' in society is not the same as denying the existence of the good, quite the opposite: to take the good for granted may be an efficient way to ignore it.

The easiest thing to understand is that all individuals are closer to themselves and their own wellbeing than to that of others. So much the more important then becomes the question why everyone does not always act according to this. Looking at everyday life it is easy to find examples where people do not at all, at least not all the time, act in the way that is best for them. To observe this, however, we will mostly have to rely on personal experience, as news items in the media concerning benevolent acts do not have the same market value as their opposite, for the reasons already mentioned: we don't want to believe that they are worthy of being cases in the news, as we instead want them to belong to normality. (One should always remind oneself that what is presented in the news media does not mirror the common view of reality, but rather the exceptions from this view).

Two questions and a perspective

Based on the discussion above the question should be asked why one would be interested in doing something other than that which gives one the highest gains. To be more precise, I shall divide this question in two:

1. From where does the idea that it is possible to do otherwise than privileging oneself over others come?
2. This idea, which we may call 'the idea of the good', or, as we will call it here, *ethics* – how is it transformed into practical conduct?

In this book these two questions will be approached step by step, with the purpose of arriving at possible answers. The approach to ethics in business described above, leading to the two questions, also implies a perspective that is somewhat different from how ethics commonly is discussed. Instead of asking the unfortunate business leaders 'How could you?', I shall instead ask those who do not bring themselves into such embarrassing positions 'What keeps you from doing it?' In other words, instead of taking the risk to end (or start) up with a moralistic attitude, I shall search for the good which is already there, as small as it may be. Instead of introducing a normative approach through telling others what is right and wrong, I shall instead introduce the normative by considering how the subject – the I – becomes responsible. In this I shall to a large extent lean on the works of the French-Jewish philosopher Emmanuel Levinas. This explains the subtitle of the book: *After Levinas*. At first sight it may seem contradictory that a book which starts with the history of economic thought and leads up to a presentation of Levinas is titled 'After Levinas'. The explanation is that the whole book is written in the light of the philosophy of Levinas, a light that also casts its beams back onto history and helps us to see it in a new way. One could thus wish that the English word 'after' also had the meaning of 'according to' in the same way as the corresponding French word *après*.

The book is organised in three parts. On my way towards answers to two questions raised above, I shall first consider the logic, the thought and reasoning of business and the economic system. This is the purpose of the first two chapters. I will show how and why economic logic and reasoning is based on self-interest. However, this fact itself does not suffice for moral criticism. Rather, it implies that the economic system

and its way of reasoning have a limited validity. After having discussed economic thought in general, I shall proceed to so-called 'business ethics', a knowledge from which business leaders can learn how they can meet ethical challenges from the environment, and preferably preempt them, to the advantage of themselves and their own companies. I will show how this knowledge fits well within the self-centred perspective of economic reasoning and business logic.

The easily recognisable self-centred perspective of 'business ethics' makes it easy for everyone to criticise this field from a perspective of 'real ethics'. However, the two questions posed in the introduction may help us to avoid falling into the 'moralising trap' of an ethical perspective. By what right do I ask another person why he or she fails ethically? As already explained, we will instead ask why ethical failures don't occur all the time. The first part will therefore end with a restating of the two questions, leading us to the question whether it is at all possible to understand ethics, knowing that all understanding is subjective and thus self-centred; in other words, establishing a perspective opposite to that of ethics. Thus, I will explore the phenomenon of subjectivity further, before I return to the two questions once more.

Subjectivity is the theme of the second part of the book, containing two chapters that more or less can be considered as the pivotal point of the line of argument. First, in chapter 3, developments in the theory of knowledge and understanding will be presented, showing how we have learned to cope with the experience that each subject understands reality in his or her own way. Then, in chapter 4, I will show how imaginative literature, here represented by two plays of Henrik Ibsen, may express the subjectivity of ethics in ways that cannot be done in languages constrained by the academic rules of logic and consistency.

From the discussion so far we may perceive that self-interest in general and in economic activities and reasoning especially is indispensable, but at the same time that their validity is limited, as there is no room for the idea that it is possible to do otherwise than pursuing one's self-interest, an idea which I have here named 'ethics'. The third part is dedicated to an investigation into this idea. In chapter 5 I present how ethics (in the sense of the word described above) forms a base for a whole group of professions, formulated as an ethics of either care, relations or closeness, and which is applied in professions of the welfare

state in particular. But I will also show how this ethics meets a severe problem in its confrontation with economic reality, which is not only a special way of thinking (in which case the problem would be easier to overcome) but more than that. Then, in chapter 6, I will show how Emmanuel Levinas, through his work, exactly points at how ethics, in the meaning of the idea of the good, in spite of the contradiction between ethics and economic reality, is transformed daily into practical conduct. I then summarise the line of reasoning in the book, followed by a conclusion. I go back to the two questions raised above and suggest answers to them. Finally, I will discuss the consequences these conclusions may have on practical life, politics and the further development of knowledge.

ECONOMIC RATIONALITY

The Development of Economic Thought

The historical roots

In order to better understand the logic and way of thinking and reasoning in business and the economic system, I shall begin with a short review of how economic thought has emerged and developed. I shall go back nearly three hundred years in history, to the era known as 'The Age of Enlightenment' in Europe, which more or less coincides with the eighteenth century. In our conventional way of organising our history, that is, the history of Europe, the time of enlightenment succeeded the *Renaissance*, the era of many of the great discoveries, represented by, amongst others, the scientists Nicolaus Copernicus (1473-1543), Galileo Galilei (1564-1642), Johannes Kepler (1571-1630) and Isaac Newton (1642-1727). The Age of Enlightenment was later followed by the era we call 'modernity'. The Age of Enlightenment was a time of liberation and disengagement from authorities in several fields. Common people revolted against serfdom and feudalism, while scientists defied the power of the church in the question of what should be valid knowledge and what should be held as truth. Participation in these kinds of revolt entailed a certain risk. During the Renaissance, for instance, Galileo was persecuted by the church for giving his support to the Copernican theory claiming the Earth is not the centre of the Universe. Revolts against kings and emperors were, of course, also an engagement involving high risk and there was considerable bloodshed during these European battles of liberation. Both the American and the French revolution were strong expressions of this revolt. From the French revolution we all know the slogan 'Freedom, equality, fraternity!' In the American Declaration of Independence of 1776 we find the