



ethical dilemmas unit 5

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Truth and truthfulness

THE application of philosophy to the problems and decisions of our daily lives is nothing other than the injunction to *think clearly*. But that is often a hard thing to do. For it entails taking full responsibility for one's actions and beliefs instead of appealing to what 'other people think', or to reasons 'for' and 'against' which may be common currency amongst the mass, but which on examination crumble into nothing. Indeed, it entails going against the grain of our everyday thinking which relies so heavily on prejudice and the easy way out, in favour of an ideal of discipline and rigour. However, I believe the alternate to be harder: the alternative is to lie to *oneself*.

I have heard it argued that truthfulness is the one and only principle of business ethics. Only give the principle of truthfulness, and all other ethical principles and considerations follow. If we were totally open with one another, if there was no space in human discourse or negotiation for ruse, deception, secrecy or bluff, then it would be impossible to get away with ethical wrongdoing.

The idea of a business arena in which everything was transparent, where there was no room for secrets and no place to hide has a certain seductive appeal. But it is deeply flawed. It is flawed, for the same reason that we find the idea of a 'Big Brother' or total surveillance state repugnant. Every human individual has a right to an area of his or her life which is private and on which no-one may rightfully encroach. The same applies to individuals who band together for a common purpose: they, and they alone have the right to decide who will be invited into the circle and who

will remain outside. This is the principle of free association which is the cornerstone of Western democracy. An essential part of belonging to the circle is sharing information which one does not make available to those outside the circle.

To take one practical example, keeping trade secrets – concerning methods of manufacture, or the availability of goods, or potential customers – would be impossible in a totally transparent business arena. There would be no point in expending money or effort in acquiring information, or solving problems, or developing techniques if all results of one's inquiries had to be shared for free with anyone who requested the information. There would, in effect, be no basis for competition, no business arena. The ideal of transparency is, in short, self-refuting.

My respected competitor does not have the right to know all that I know. What they do have a right to – under ethics and to a considerable extent under the law – is my truthfulness and honesty. It is wrong to tell a lie. No circumstance, no threat or benefit can justify deliberately lying to another person, whether in the private realm or in the business arena.

And yet we lie. When we don't lie, we bluff, or spin, or pretend, or masquerade. We tell white lies and grey lies, and when necessary, black lies; shameful, unforgivable lies. The prohibition against lying is a principle which admits of no exceptions. Yet, as we saw in the last unit, ethical principles paradoxically admit of exceptions. And lying is no exception to this rule. – Or is it?

Why it is wrong to lie

Kant, in his 1797 essay, 'On A Supposed Right to Lie From Altruistic Motives' notoriously argued that lying is wrong, even in the example of the would-be murderer who asks you about the location of his intended victim. In such a circumstance, Kant argues, by telling a lie you are taking on responsibility for all the consequences of the murderer's actions. For example, you might intend to tell a lie about where the victim may be found, not realizing that the victim has, unknown to you, decided to hide himself there. If you hadn't lied, the victim would have lived. So now you

must take full responsibility for the victim's death. This hardline and extreme view has been regarded as a *reductio ad absurdum* of Kant's moral philosophy, while defenders of Kant argue that Kant erred in applying his principle of the Categorical Imperative.

I am not interested in defending Kant here. However, I do think that Kant was onto something, a case where the application of the Categorical Imperative – in its first formulation, 'Act only according to that maxim whereby you can at the same time will that it should become a universal law' – yields a unique result. This is the case of lying. To assert that it is sometimes right, or even acceptable to tell a lie is to assert something which is incoherent and self-contradictory.

We gain an inkling of this if we consider the seemingly innocuous statement, 'I sometimes tell a lie when I'm in a tight spot.' What exactly does this mean? If I say this to you, then you are to understand that if I am ever in a tight spot, my words are not to be believed. But in that case, I cannot lie to *you* when I am in a tight spot, because a necessary condition for successfully lying is that one's words are believed by the person lied to. The only time I can successfully lie to you is when I am not in a tight spot, because then you are not expecting me to tell a lie.

Let's consider now a variation on this scenario. 'I nearly always tell the truth, and only lie when I am in a *very* tight spot.' Even in a tight spot, I will tell the truth and face the adverse consequences, but in a *very* tight spot I will lie. (For the purposes of this argument we can assume a common understanding concerning what constitutes the difference between a 'tight spot' or a 'very tight spot', and when either situation obtains.)

By making this statement, I have effectively *devalued* my word. I might still think that I can still get away with lying in a tight spot. However, you are now justified in reasoning as follows: as I can no longer get away with lying when I am in a *very* tight spot, the tightest spot where I can successfully lie is a tight spot. So you will not believe me in this case either. Nor, repeating the same reasoning, will you have any reason to believe me when I am in a *slightly* tight spot. Generalizing from this

example, to admit that one sometimes lies, to gain any advantage whatsoever, is logically self-defeating.

This argument shows that it is self-defeating to *own up* to lying. You might think that this is still different from saying that it is *wrong* to tell a lie. Obviously, if you're going to gain an advantage by lying, the best strategy is to present oneself as someone who is totally honest and trustworthy.

That may very well be so. But the point remains that whenever we discover that someone has lied, we have no choice but to condemn the action. If I discover that X lied to get out of a tight spot, and I excuse the action on that account, then that is tantamount to my saying that I believe that it is acceptable to lie in those particular circumstances. That's what I would do in that person's shoes. And now I am in exactly the same situation that I was in before, when I admitted that I sometimes lie to get out of a tight spot. An action which we will never freely admit to and always condemn, is by definition always *wrong*.

Business bluffing

The preceding argument is based on an assumption that language would be unusable, if truthfulness was not universally recognized as the norm. The very means of words as a medium of communication depends on their having a currency which is not devalued. That is indeed what Kant believed, and that assumption forms the basis for Kant's argument that telling lies is inconsistent with the Categorical Imperative. As we have seen, once one takes the first step towards devaluation, there is no stopping place.

But is that necessarily the case, with any possible language? Could there not be a language – or 'language game' to use Wittgenstein's suggestive terminology – where it was understood from the start that words are uttered, not with the intention of conveying *truth* but rather as having a certain *probability of acceptance* – neither too high, nor too low – such that each piece of putative information could be evaluated on the basis that it was probably informative but possibly disinformative? In that case, words

might still be usable as a means of negotiation or conveying information, in the absence of an ethical norm of truthfulness.

In his article 'Is Business Bluffing Ethical?' in *Harvard Business Review* Albert Carr put the case for an affirmative answer to the question he had posed, arguing that the only requirement for the acceptable conduct of business is conformity to the law. If you can get away with a telling a lie without breaking the law, then by all means do so. As in poker, where bluffing is recognized as an intrinsic part of the game, the skilled business negotiator knows when is a good time to bluff, and also how to spot when his opponent is bluffing. Hiding a card up one's sleeve – in other words, breaking the law – is not acceptable because it is not permitted by the rules of the game:

A respected businessman with whom I discussed the theme of this article remarked with some heat, 'You mean to say you're going to encourage men to bluff? Why, bluffing is nothing more than a form of lying! You're advising them to lie!'

I agreed that the basis of private morality is a respect for truth and that the closer a businessman comes to the truth, the more he deserves respect. At the same time, I suggested that most bluffing in business might be regarded simply as game strategy – much like bluffing in poker, which does not reflect on the morality of the bluffer.

I quoted Henry Taylor, the British statesman who pointed out that 'falsehood ceases to be falsehood when it is understood on all sides that the truth is not expected to be spoken' – an exact description of bluffing in poker, diplomacy, and business.

Albert Carr 'Is Business Bluffing Ethical?'
***Harvard Business Review* 46, Jan-Feb 1968, pp. 143-53**

If Carr is right, then this has far-reaching effects on our conception of the very nature of the language which one uses in the business arena. In Carr's picture, businessmen and women are not *persons* who

communicate but rather *players* who make moves. A linguistic act is not an assertion aimed at truth, but rather a move whose aim is to increase the player's chance of winning.

Carr seems to have been only dimly aware of the Pandora's box that he was opening. He doesn't consider what it would mean, from a logical standpoint, to abandon totally the norm of truthfulness in favour of legitimate bluff. But that is just what one would have to do. It seems that there can be no half-way stage. Either lying is acceptable or not. If lying is acceptable, if 'it is understood on all sides that the truth is not expected to be spoken' – then we are in a different game altogether.

When I make a move in the business bluffing game, I have no right to expect you to grant me the respect of 'believing' what I say. My intention is merely to *cause* you to act in a manner favourable to me, on the basis of your assessment of the significance of my linguistic action. The more successfully I 'read' you, the more likely it is that I will gain the advantage; while the more successfully you read my reading of you, and use this information to manipulate how I interpret your words and actions, the more likely it is that you will gain the advantage.

Them and Us

Is business bluffing a playable game? Or, if not, can the rules be tweaked in order to make the game playable, without destroying the point of the game?

It is one thing to describe the rules of a game and possible moves within the game. It is quite another thing to determine whether the game can be *played* consistently within those rules. The 'game' of noughts and crosses or tic-tac-toe is amusing enough for children, but it is not a playable game in this sense because the player who has the first move cannot lose. In order to be playable, participating players must have a chance of winning, and there must be a way to decide who is winning or in the lead.

The first objection will have occurred to the reader pretty quickly: the successful running of a company depends on mutual trust. To allow the

board of directors play the bluffing game with one another, or the board with the management team, or the managers with one another is a recipe for disaster. In order to successfully *conspire* to play the bluffing game against other competing companies, the conspirators must be able to count on one another's word. That is not to say that in a real life situation there will not be some game playing and jockeying for position. What there cannot be is a situation where, 'it is understood on all sides that the truth is not expected to be spoken'.

Consider the following scenario. A publishing company is in the process of negotiating a takeover by a multinational which has offered a generous package to the two joint CEOs of the company, valuing their shares at 200 million, considerably higher than the current market value. Between them, the partners own 60 per cent of the shares. The multinational, meanwhile, has quietly accumulated 25 per cent. So the negotiators from the multinational only need to persuade one of the CEOs to sell.

One morning, as negotiations are proceeding, each partner receives a phone call. 'If you sell your shares at the agreed rate, we will give you a bonus of 20 million.' Each partner now faces a decision. They can contemptuously reject the offer, on the assumption that the other partner will also refuse. Then they both succeed in selling their shares and enjoy a happy retirement. If one partner accepts the extra cash, then the other partner is left out of the deal. Neither needs the bonus – the offer on the table is generous enough – but how can either partner be sure that the other partner will not be tempted by greed?

What we have described is a variation of the classic situation of the 'Prisoners Dilemma'. There is no theoretical solution to the Prisoners Dilemma but only a practical one: the business partners will obtain the outcome that they both want only if they can be sure that they can *trust* one another. In other words, in order to succeed, each partners must be sure that the other partner will be true to their word. If either suspects that the other might be bluffing then the game is up.

In the business world, treachery does happen. But it is necessarily the exception rather than the norm. If it was the norm, co-operation between business partners or colleagues would be impossible.

We have discovered our first 'tweak'. In order to play business bluffing as a team game, the team members must not play the bluffing game with one another. The resulting game is more complex than the game which we originally envisaged: one might call it the game of *Them and Us*. So far as we are concerned, bluffing is lying and it is always wrong to lie. But when we are dealing with *them*, no such agreement or implicit understanding exists. Words are tools, moves in bluffing game designed to gain victory for *our* side.

Honesty as a policy

So far, what we have discovered may be seen as a vindication of Carr's view. The choice between honesty and bluffing is not simply all-or-nothing, as I originally suggested, but rather determines how each of us views our situation in relation to 'them' and 'us'. This is not the crude distinction one sometimes hears between people who ethically 'count' and people who do not 'count'. On the contrary, we ethically *respect* our competitors and expect them to respect us. We recognize ethical rules which regulate how the game is to be played. But truthfulness is not one of those rules.

This still sounds rather strange. The picture which this paints of the business arena is one of all-out war, where the only area for co-operation is amongst the soldiers in each of the battling armies. Carr evidently believed that his readers back in 1968 would find his examples sufficiently familiar as a realistic portrait of the atmosphere amongst those in the know – as opposed to the non-players on the sidelines who, as Carr thought, merely deluded themselves into thinking that they occupied some imaginary moral high ground.

Now in the USA there is the Sarbanes-Oxley Act, which some will see as a chilling realization of Carr's prophesy: a state where the law legislates for business ethics, and by implication anything outside the law is also outside ethics. Providing that you're legal, you're covered. Indeed, it is now much more difficult to legally 'bluff'.

But this is to digress. The question before us is whether in fact the business bluffing game is, or has ever been played as Carr believed, and, to the extent that the game is played, whether this is something that we should embrace or reject, as something that a wise judge in matters of business ethics would engage in with a clear conscience.

Consider again why it is considered wrong to tell a lie: the judgement that it is acceptable to lie, in any circumstance where some advantage is to be gained by lying, can never be made. It is *always* wrong to tell a lie. (We have yet to ask the question how it is that, despite this, we sometimes lie.) In the bluffing game, it is *not* wrong to lie. And yet, there still is a patent need for reliable information and something which is not exactly ethical 'trust' but analogous to trust: the ability to predict with some degree of accuracy what another player will do on the basis of what they say.

By consistently demonstrating the example of a reliable co-ordination between my words and deeds, I increase the confidence of other players that I will reliably do as I say. It is a well-founded judgement of probability. Nevertheless, when push comes to shove I am fully prepared to break this understanding, and they know this too.

There is a strategic board game called Diplomacy, said to have been very popular with John F. Kennedy and also Henry Kissinger. Each of the seven players is in charge of the armies and fleets belonging to one of the powers that existed prior to the First World War. The aim is world dominance, which can only be achieved by negotiating treaties with the other players, treaties which are destined eventually to be broken. Each turn is made by all players simultaneously, reading out their prepared moves. This army advances; that army stands and defends. I remember once, as Italy, negotiating a non-invasion pact with three countries and breaking all three pacts in one single move, doubling my strength overnight. This caused uproar amongst the other players. In vain, I pleaded that my action was perfectly within the rules!

It is a pity that as a result of the acrimony the game was never finished. Italy, in its strategically and militarily superior position was yet fatally weakened because no-one would trust her to form an alliance. Yet there

was still something to play for, and perhaps a sufficiently tempting offer would have saved the day for the perfidious Italians.

In the business bluffing game, there is a surrogate for 'honesty' which coincides with the trustworthiness of the Diplomacy player. Every alliance depends on the continuing perception from both sides that it is to their mutual advantage, yet any alliance can be broken when the need arises, and both sides know this too. Telling the truth and keeping to agreements is the best way to make progress in the game, so long as you remember to cash in your advantage when a sufficiently lucrative offer comes along.

White lies

Is this what we want? Suitably tweaked, is the business bluffing game a game that we want to play? Do we in fact have a choice? What would a wise judge in matters of business ethics say?

There is no simple answer to that question. For the choice is not between ethics and the absence of ethics, but rather between two games, both of which recognize the role of ethical considerations. However, it is still legitimate for the business ethicist to ask whether a willingness to play the business bluffing game is necessary in order to create a *business arena*.

Evidently, it is not, at least on the view we took at the start of this program. The creation of a framework within which competition is freely allowed to take place – where there are 'winners' and 'losers' and no obligation to correct the inequalities that arise as a natural consequence of the good or bad, lucky or unlucky choices that the players freely make – is consistent both with the truth game and with the bluffing game. If it had been Carr's intention to analyse the essential nature of the business arena then he did not succeed in that aim. At best, he succeeded in describing how business was conducted in the USA in the late 60's, a matter on which I will leave others better qualified to judge.

There does seem to be a growing consensus that a lie is a lie, whether told inside or outside the business arena. Bluffing, or the real life equivalent of the game Diplomacy, if it ever was respectable, is not considered today to

be a correct way of conducting oneself as a business person. To play games with the other person rather than being upfront and saying what is on your mind, is considered a mark of disrespect.

This conclusion, however, merely serves to sharpen the sense of paradox arising from the widespread belief that sometimes, you just *have* to tell a lie, there is no alternative.

We have already encountered this paradox, when we considered in the last unit the broader question of how it comes about that an ethical principle does, and yet does not, permit of exceptions. By definition, a principle cannot be compromised: yet sometimes we have to compromise our principles.

What is unique about the principle of truthfulness is that it is not based merely on the recognized importance for our sense of identity or self-worth, nor our sense of community with those who share our beliefs and ideals, but rather arises through recognition of the sheer *incoherence* of the alternative. The existence of the bluffing game can only ever be parasitic on the truth game. It is *persons*, who are ethically bound to be truthful towards one another as a condition on the very possibility of speaking a common language, who decide, either for fun or for some practical purpose, to adopt the personae of players in the bluffing game.

The conclusion seems inescapable that, faced with a messy, chaotic world which is very far from the utopian Kingdom of Ends that Kant envisaged as the ultimate expression of our moral autonomy, we are required to engage in a necessary *double-think*, defending lies on the grounds that there was 'no other choice', while at the very same time asserting that we would 'never do' such a thing – or never do it again.

I confide in you, Y, that I have lied to X, stating as my reason considerations which – if one only took a few moments to reflect on it – could just as easily lead me to lie to you, were your situation and X's to be reversed. And yet I expect you, as my dearest friend, to *believe* me. Indeed, the very fact that I have offered this confidence is sign and proof of my sincere friendship. How can we be so opaque to ourselves? so self-contradictory?

One could be forgiven for thinking that giving up the principle of truthfulness would be a welcome relief from a life of hopeless and ineffectual compromise. Perhaps that is why we enjoy playing bluffing games. Perhaps too, that is the source of the sneaking admiration that we hold for those who play the business bluffing game successfully, even while we roundly condemn them.