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## LUCK, POLITICS, AND THE ECONOMIC DOWNTURN

Is it acceptable to take credit when your luck is good but to deny fault when it turns bad? Until recently, this was a question mainly for philosophers and lawyers. No longer. Between them, the financial crisis and the ensuing economic downturn have forced all of us to examine our convictions on this puzzling issue.

The idea that our assessment of people and organisations has something to do with the luck they've experienced has deep philosophical roots. It also chimes with our everyday sense of right and wrong. Most of us think the victims of bad luck are owed sympathy, not condemnation: we feel for the employee who falls ill on the day of her promotion interview. And most of us subscribe to the principle of credit where credit's due. We think the footballer who practises all day long to perfect his dead ball technique deserves more credit for scoring than his opponent who takes a swipe at the thing and catches a freakish wind.

The moral here seems to be this. The better our luck, the less credit we can claim. The worse our luck, the less fault we should attract.

Applying these everyday intuitions to the financial crisis and its aftermath has been no easy task, given that business people and politicians got into the habit of describing the crisis as though a capricious force of nature had visited its destructive power upon us from out of the blue. The more lurid the imagery, however, the more question begging it became. If the Unknown was responsible for the bad times we were experiencing, was it also responsible for the good times that came before them? Haven't we just been spectators all along, flattering ourselves that we understood and controlled events that in fact were beyond our grasp?

So, the financial crisis forced a degree of soul searching across private and public sectors alike – indeed within any institution that had a constituency of disgruntled punters (be they shareholders, voters, or employees) to whom account had to be given for the bleakness of our predicament.

All of which tells us that the Boards of many businesses (especially in the financial services sector) have been up against the same challenge as the Cabinet of Gordon Brown – to try to take credit for the good times without accepting fault for the bad times. And Board and Cabinet Members alike have faced hostile critics, keen to promote a change of personnel.

How have those concerned sought to defend themselves? At the start of the financial crisis, we saw the Straight-Bat argument:

*The good times were because of us.*

*The bad times are despite us.*

But this invited two counter-arguments. First came the Mirror-Image objection:

*The good times were despite you.*

*The bad times are because of you.*

This amounted to a charge of long term incompetence. Second came the You-Can't-Have-it-Both-Ways argument:

*If the good times were because of you, the bad times are because of you also.*

*If the bad times are despite you, the good times were despite you also.*

This amounted to a charge of double-standards – a charge that was harder to defend precisely because it appealed to our rawest intuitions about credit, fault, and the pervasiveness of luck. The sense we (whether as shareholders, voters, or employees) continue to make of those intuitions may yet decide the fate of many commercial enterprises as well as of Gordon Brown himself.

In response to the You-Can't-Have-it-Both-Ways objection, the line of defence we have seen emerging (across both business and politics) has aimed to see off the charge of double-standards while conceding as little as possible to the charge of incompetence. Call this the Happy-Medium argument:

*The good times were largely because of us.*

*The bad times are largely despite us.*

The fact that the word *largely* makes an appearance in both statements makes it sound as though the Happy-Medium argument has offered a consistent view

animated by a common principle – and thereby exhibited the sort of muscular integrity that defies charges of double standards. Sceptics, however, can say that the argument has done no such thing. It plays down the role of luck when times were good and plays it up when times turned bad. As such, it doesn't dodge the charge of double-standards at all.

These are but the ongoing skirmishes in a debate that will continue to be acted out across all quarters of our economic and political life. This debate will reach its highest expression come the general election itself. By then, either the Unknown will have played fresh tricks upon us that need to be accounted for or it will have been tamed to the credit of the business people and politicians involved.

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