No one is perfect: The limits of transparency and an ethic for 'intelligent' accountability

John Roberts *

Faculty of Economics and Business, Accounting Discipline, University of Sydney, Building H69, Cnr. Codrington and Rose Streets, Darlington NSW 2006, Australia

ABSTRACT

This paper draws on the work of Butler [Butler, J. (2005). *Giving an account of oneself*. New York: Fordham University Press] to develop a critique of the operation and adequacy of transparency as a form of accountability. The paper begins with an exploration of accountability as subjection explored through Lacan's account of the social dynamics of recognition, and Freud's account of guilt. This analysis then informs an exploration of what is argued to be our typically *ambivalent* embrace of transparency as a form of accountability. The final section of the paper investigates the potential for a more 'intelligent' form of accountability, grounded in an ethic of humility and generosity, made possible by a conscious acknowledgement of the ways in which I can never quite know what it is that I am doing.

© 2009 Elsevier Ltd. All rights reserved.

Introduction

Now that the tide has gone out, the state of undress of many participants in financial markets is there for all to see: bare bottoms all over the place. Nobody can be proud of some of the ugliness that this credit crisis has exposed. Transparency requirements have many dimensions within the financial market regulatory framework... In appropriate circumstances, transparency has a useful role to play; for example, when it comes to dealing with opaque financial instruments. But I have always been of the view that when the stability of a financial institution is at risk, the situation is best resolved behind closed doors. Unfortunately, in recent weeks, gold-plated transparency rules stood in the way of a quiet resolution of a problem before it became a crisis. The result was that transparency rules that were intended to underpin investor confidence, when put to the test, actually promoted investor panic. It would surely be irresponsible for the regulators not to reflect on this experience and not to draw the appropriate lessons. Clearly transparency that culminates in panic, followed

by a rescue, followed by the proliferation of moral hazard is transparency that we would be better off without.
Charlie McCreevy, European Internal Market Commissioner, 26 October 2007.

The context for the above reflections was the rules that prevented Mervyn King, Governor of the Bank of England, from discretely intervening as covert lender of last resort to forestall a run on the Northern Rock Bank. I have introduced them here since they serve as a summary of the themes that I wish to explore in the paper that follows.

On the one hand, these comments rehearse the positive potentials of transparency as a regulatory instrument; the assumed capacities of transparency to counter opaqueness and, as McCreevy puts it, to thereby 'underpin' investor confidence. This is precisely the promise of transparency as a mechanism of accountability; to cast light upon what would otherwise remain obscure or invisible, and to do so in order to provide the basis for confidence for distant others. What must be observed first is that regulators have invested heavily in the potentials of transparency; the rules have been 'gold plated' as if an ideal of complete transparency is being pursued. We seem to believe in transparency, and with every failure of governance, we have been prone to invest in yet further transparency as the assumed

---

* Fax: +61 2 9351 6638.
E-mail address: j.roberts@econ.usyd.edu.au

remedy for all failures. This paper starts from the counter assumption that the ideal of a complete transparency is an impossible fantasy, but one that is nevertheless widely shared.

The ideal of transparency pretends to a mere making visible. But what McCreevy describes here is what we might call the 'performativity' of transparency (MacKenzie, 2006). In this instance transparency did not reassure but rather was the cause of panic, crisis and moral hazard. Transparency has unintended effects such that the making visible starts to change that which is rendered transparent. In what follows I want to explore quite how transparency works back upon those subject to it in ways that are often counter productive, or at least far exceeds the passive image of a simple making visible.

In setting out to explore the effects of transparency on the subject some clues can be taken from McCreevy's reference to 'pride', 'bare bottoms' and 'ugliness'. Transparency contains these dual and contrasting potentials and perhaps in binary form; it promises and threatens to reveal or discover the self as good or bad, clothed or naked, beautiful or ugly. In what follows, I explore how transparency works to advertise an ideal against which we will always fail so that it plays with my fears of being exposed and humiliated whilst at the same time encouraging me to take pride in what is disclosed.

The final focus of the paper concerns the kind of accountability that McCreevy suggests should go on 'behind closed doors'. Once doors are closed and transparency ceases to be a possibility then we are obliged to trust those on the other side, and yet the whole point of transparency is to obviate the need for such trust or to furnish distant others with good reasons for such trust. The implication of McCreevy's comments is that only exceptional and very important matters should escape the obligations of transparency – in this case global financial stability. In contrast, here I seek to develop a more nuanced view of transparency's capabilities and limitations, and suggest that at best it should serve as a supplement to the neglected potentials of what O'Neill (2002) calls 'intelligent' accountability.

Whilst the metaphor of transparency suggests the capacity to see within or behind closed doors – to abolish such private and confidential space – in practical terms the effects of transparency depend upon how it changes conduct *behind* closed doors. In what follows I trace two contrasting potentials. The positive and arguably essential function of transparency is to counter the negative potentials of local collusion for distant others. As O'Neill (2006) argues, by giving a local presence to the interests of distant others, transparency can serve as a very effective 'antidote' to secrecy. But in what follows I argue that if we rely *only* on transparency as a form of accountability then these positive effects are often countered by serious distortions to communication which, paradoxically, serve to weaken the effectiveness of accountability. Drawing upon psychoanalytic accounts of recognition and guilt, I argue that the subjective correlate of the pursuit of an ever more complete transparency is often the embrace of an ideal of a perfect-able and fully transparent self. I argue that accountability is then typically self absorbed and driven by the narcissistic imperative to garner praise/reward to the self or absolve the self of blame, rather than by the collective need to manage organisational interdependencies.

In contrast to these self-defensive or assertive potentials of accountability as transparency, I then seek to explore the potential for a more 'intelligent' and compassionate form of accountability grounded in the conscious acknowledgement of the impossibility of this ideal of a self that is fully transparent to itself and others.

The stimulus for writing this paper came from reading Butler's (2005) book *Giving an Account of Oneself*. Here Butler argues that it is simply impossible to give a full account of oneself; any account fails by virtue of that which is unavoidably opaque to the self both in relation to the origins and drivers of my own agency and the social norms and categories which furnish me with the frames within which I structure any account. Rather than taking this as an evidence of a sort of moral nihilism, she argues that the conscious acknowledgement of the impossibility of a self that is fully transparent to itself (and therefore others) could be the basis for a very different sense of responsibility and ethics grounded in humility and generosity, which in turn might allow for a very different enactment of accountability.

In developing these arguments Butler draws very widely upon both psychoanalytic theory and philosophy, and in the context of this paper I can only follow some of the strands of her argument. The paper begins with an exploration of the importance and complexity of the practice of accountability. Here I follow Butler's reading of Freud on the nature of guilt and of Lacan on recognition to capture some of the emotional force and paranoia which is arguably a routine part of the moment of being held to account. The paper then moves to explore the operation of transparency as a form of accountability within organisations. Drawing upon the existing literature I observe both the allure of the idea(l) of a complete transparency and the typically perverse organisational consequences that flow from the pursuit of this. The themes of recognition and guilt are used to explore what is argued to be our typically *ambivalent* embrace of transparency. In the final substantive part of the paper I return to Butler's analysis of why it is impossible to give a full account of oneself, and the Levinasian version of ethics through which she seeks to outline the potential for an arguably more realistic and compassionate practice of accountability.

The scene of accountability; subjection, guilt and recognition

Accountability as subjection

One of the resources for Butler's exploration of accountability is Althusser's version of accountability as *interpellation* (Althusser, 1971). Althusser imagines a street scene in which an individual is hailed with a 'Hey, you there!' It is possibly a policeman who does the hailing and its effect is that the hailed person turns around. For Althusser this interpellation and its resultant turning is an allegory for the creation of the subject; in turning the individual 'becomes a *subject*'. Subject here has its full ambiguity as both