

## Virtues and Vices: PRUDENCE

The Right Hon. Shirley Williams

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Ours is an era in which prudence is regarded as a monotonous and dreary virtue, redolent of the caution and constraint of an earlier age. Samuel Johnson captures that view. ‘Prudence’, he wrote, ‘is an attitude that keeps life safe, but does not often make it happy’. Prudence constrains the adventurousness of childhood. Worried parents and fussy agencies abjure children against climbing trees, building bonfires and playing conkers, preferring the dangers of virtual violence on television.

Poets and prophets rail against it. That passionate rebel William Blake in *The Marriage of Heaven and Hell*, scorned it: ‘Prudence is a rich old maid courted by Incapacity’, he wrote, her wealth presumably outweighing her ugliness.

We today are attracted to the charismatic, the impetuous, the risk-taking, celebrity rather than wisdom. One reason for this, I believe, is the modern concept of time, very different from the past. Writing in the first century before Christ, Publilius Syrus noted, ‘Nothing can be done quickly and prudently at the same time’. Today in technologically advanced societies, we are driven by our sense that time is short. That is paradoxical, for we live far longer than our ancestors. We are dictated to by time-keeping, down to nano-seconds.

Obsolescence is an ever-present threat, the obsolescence of technology and fashion, much of it deliberately planned, the obsolescence of knowledge, with incalculable resources of skill and wisdom simply junked. Who needs now the skill of the steelmaker in Teesside, or the shipbuilder in Tyneside? It is not surprising that the respect these skills once attracted and the wisdom hard-acquired by our ancestors have largely disappeared. A few figures like the Dalai Lama and Nelson Mandela still stand, like statues by Joe [Antony] Gormley in an ebbing sea.

As a child, I used to climb my father's tall hazardous bookshelves right to the top. My mother would worry that I would fall off and break something. My father would cheer me on. The memory became the source of the title of my autobiography. I too found prudence a dull virtue.

The reason I chose to talk about prudence stems from the financial crisis we are living through. Prudence used to be the iconic virtue of bankers, people long associated with caution and the concern to safeguard their customers, especially their young customers, from the depths of unmanageable debt. Traditional bankers had a strong culture, which influenced building societies and mortgage brokers – it is better to save than to borrow, and if you borrow, make sure you can pay it back.

The hubris born of two decades of economic growth largely destroyed that culture. Sophisticated mathematical models seemed to show that risk could be managed down to much narrower margins of reserves than traditional wisdom suggested. In his brilliant new book on John Maynard Keynes, *Return of the Master*, Robert Skidelsky points out that the Washington consensus that succeeded the managed and regulated era of the post-war world, was persuaded that markets cleared themselves and needed no outside intervention, a view that prevailed despite the serious East Asian financial crisis of the 1990s, whose strongest survivors had retained control over currency and capital movements.

We are learning again, painfully, the need for prudence – prudence not just on behalf of ourselves but of others. The traditional bankers felt themselves to be respected members of the wider society, people with an obligation to others. The banking collapse, driven at least in part by greedy individualism, my absolute right to maximise my profits regardless of the effect on others, is a monument not only to the absence of prudence, but to the collapse of social morality. We are obsessed with rights, and rights constitute an important element in that morality, but they are only meaningful if others accept their own obligations. If they do not do so, society must insist they do. The idea of a financial transactions tax, a Tobin tax channelling some of the profits of bankers and financiers to the needs of the world's poor, seems to me eminently good morality – and a happy marriage of prudence and compassion.