

Will the 'Effective Altruism' Movement Go Up in Smoke Along With FTX?

On November 1, 30-year-old Sam Bankman-Fried, CEO of the cryptocurrency exchange FTX, was considered one of the world's sharpest businessmen. SBF's company was worth a cool US\$32 billion; he was a major benefactor for a range of philanthropic causes; he was a major donor to the Democrats in the midterm elections; he was an icon of Crypto. Celebrities revered him; journalists fawned on him.

On November 11, FTX filed for bankruptcy. Bankman-Fried's net worth dropped to zero; his company's net worth dropped to zero. FTX owes about \$8 billion and could have one million creditors.

The expert called in to sort this mess out, John J. Ray III, says that a substantial part of the assets may be "missing or stolen".

In [a 30-page report](#) to a Delaware bankruptcy court, Mr Ray declared: "Never in my career have I seen such a complete failure of corporate controls and such a complete absence of trustworthy financial information as occurred here. From compromised systems integrity and faulty regulatory oversight abroad, to the concentration of control in the hands of a very small group of inexperienced, unsophisticated and potentially compromised individuals, this situation is unprecedented."

But the cryptocurrency industry is not the only institution whose reputation has imploded. The philosophy of utilitarianism will be severely tarnished.

SBF, as he was known, had become one of the world's best-known representatives of a movement called "effective altruism",

which is inspired by the writings of Peter Singer, the world's most famous utilitarian thinker. Utilitarianism, of course, is a philosophy which states that the ethical course of action is whatever leads to the best consequences.

The idea underlying effective altruism is that people should use utilitarian criteria to determine where their philanthropy will be most effective. Or, as the [Centre for Effective Altruism](#) puts it: "Effective altruism is an intellectual project, using evidence and reason to figure out how to benefit others as much as possible. And it's also a practical project: to take action based on this research, and build a radically better world." Perhaps it could be described as the militant wing of academic utilitarianism.

Its causes ([apart from the Democratic Party](#)) [include](#) fighting extreme poverty, alleviating animal suffering, and working to improve the long-term future.

While he was studying at MIT, SBF met a young Scottish utilitarian philosopher, [William MacAskill](#), who persuaded him to get rich and give his money away, instead of becoming an animal welfare activist. In the effective altruism community, this is called "earning to give." SBF did get rich and he did give money away, or at least he gave FTX's money away.

In recent years, effective altruism has become a kind of Silicon Valley religion. As the [New York Times](#) observed: "In a few short years, effective altruism went from a somewhat obscure corner of charity favored by philosophy students and social workers to a leading approach to philanthropy for an increasingly powerful cohort of millennial and Gen-Z givers, including Silicon Valley programmers and hedge fund analysts."

In the fallout after the crash of FTX, [MacAskill's name](#) comes up repeatedly in media reports. He was close to SBF and other philanthropists and is dismayed by the crash. "I had put my trust in Sam, and if he lied and misused customer funds he

betrayed me, just as he betrayed his customers, his employees, his investors, & the communities he was a part of," he [tweeted](#).

But the breadcrumb trail should be followed back to Peter Singer. Not that he is in any way personally linked to this debacle, but he promoted effective altruism with messianic zeal. Two of his many books, [The Life You Can Save: Acting Now to End World Poverty](#) and [The Most Good You Can Do: How Effective Altruism Is Changing Ideas About Living Ethically](#), are spiritual vademecums for disciples of utilitarian ethics.

Singer's description of effective altruism in *The Most Good You Can Do* explains why it is so appealing as a moral code:

Effective altruism is based on a very simple idea: we should do the most good we can. Obeying the usual rules about not stealing, cheating, hurting, and killing is not enough, or at least not enough for those of us who have the great good fortune to live in material comfort, who can feed, house, and clothe ourselves and our families and still have money or time to spare. Living a minimally acceptable ethical life involves using a substantial part of our spare resources to make the world a better place. Living a fully ethical life involves doing the most good we can.

What's not to like? Living in Material Comfort. Doing Good. Generosity. Giving Money Away.

Well, SBF did all that. And hurt at least a million people.

The problem is that there is no compass for personal moral behaviour in Singer's ethics. As he admits, for a utilitarian, "Obeying the usual rules about not stealing, cheating, hurting, and killing is not enough." There is no incentive for a common-sense understanding of virtue.

SBF was a utilitarian paragon. But while he bloviated

incoherently about effective altruism and cultivated a public image of ostentatious beanbag bohemianism, he was a stealing, cheating, hurting charlatan. His personal life appears to have been [a sordid mess](#).

If there's a lesson to be learned from the collapse of FTX, it's this: ethics is not the result of calculated consequences. If there's any good to emerge from the rubble, it's this: the demise of utilitarianism as a spiritual guide.

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