INTRODUCING THE READINGS

The first reading is a broad survey of the whole field of business ethics by Richard T. De George. It starts by considering the issue of objectivity in morals, moves on to the ‘macro-moral’ problem of morally evaluating entire societies and economic systems (principally capitalism) and concludes with a six-fold classification of the kinds of ‘micro-moral’ problems that arise within a given social and economic framework. (A similar division features in this book with chapter 3 dealing with objectivity, chapter 4 with the macro-moral, and subsequent chapters with specific micro-moral issues).

The second reading, by Verne E. Henderson, is explicitly ‘micro-moral’. It seeks to show how ethical considerations fit into business decision making in general. It makes the point that businesses must operate within an environment that is as much moral as legal. Stress is placed on tackling the particular ‘situation’ rather than operating with a fixed set of principles, and the assumption is made that ethics is essentially about promoting ‘human welfare’. (As we shall see in chapter 3, both claims are questionable).

This same identification of the moral with the common good is made in the third reading. It is the classic defence of self-interested individualism by the Scottish philosopher and economist, Adam Smith (1723–1790). In it he propounds his famous ‘invisible hand’ argument. This says that provided there is competition to satisfy customer wants, then the common good is best served by the pursuit of individual self interest. That way, human welfare will be maximized even though it is no part of the intention of the self-interested individuals that it should be. Smith adds, however, a warning that business people will do anything to avoid the competition necessary to ensure this happy harmony between individual interest and the common good - a point we shall return to in chapter 4.

The final reading by Saul W. Gellerman is very much an example of ‘applied business ethics’. In it he analyses three notable cases of business misconduct in order to isolate the factors which lead competent managers to go morally wrong. Having isolated them, he concludes with recommendations on how to avoid their occurrence.

Moral issues in business

RICHArd T. DE GEORGE

The position that ethics has nothing to do with business has a long history. But it is a position that takes too narrow a view of both ethics and business. Ethics is concerned with the goods worth seeking in life and with the rules that ought to govern human behavior and social interaction. Business is not just a matter of economic exchange, of money, commodities, and profits; it involves human interactions, is basic to human society, and is intertwined with the political, social, legal, and cultural life of society.

There is an obvious connection between business and ethics. A businessman whose employees rob him blind could no more survive than a businessman who through lying and fraud sold only products that did not work. Such examples, however, do not settle any real issue between business and ethics. For if lying, fraud, or theft lead to the failure of a business, then a businessman might condemn and eschew them not because they are immoral but because they are bad business practices. Actions that are contrary to moral norms may in some, perhaps even in many, instances be bad for business. But we can distinguish acting in a certain way because it is moral from acting because it is economically profitable. The distinction is between an action done from duty (i.e., because the action is morally correct) and an action which happens to coincide with one's moral duty, done from some other motive. The claim that morality is inapplicable in business affirms that one's calculation should be based on business, not on moral, considerations. Where both coincide, so much the better; where they diverge, so much the worse for morality.

It would be nice to be able to show that moral action is always best for business. But this seems not to be true, especially in the short run. Lying, fraud, deception, and theft sometimes lead to greater profits than their opposites. Hence, moral judgments sometimes differ from business judgments. Businesses need not be run from moral motives. But the actions of businesses affect individuals, society, and the common good. If moral actions are ultimately in the common good, then running businesses in accord with moral norms is in the common good. To the extent that profit maximization conflicts with moral norms, it leads to actions which are not in the common good. In such cases, if the common good is to be protected, and if businessmen do not on their own act in accordance with moral norms, they should be forced to do so. Either public pressure or legal measures should be brought to bear to make immoral practices unprofitable. If the penalties for not acting morally are sufficiently severe and if the enforcement of norms is sufficiently diligent, then
conforming to moral norms will in the long run be in the business interests of business as well as in the general interests of society.

Discussions of morality and business, if the above points are conceded, often lead to three different kinds of questions. First, whose morality is to be imposed on business? Secondly, can economic systems be morally evaluated, and how is morality to serve as a guide between different economic systems and different societies with varying moral norms? Thirdly, which specific practices within a given system are in the public’s good?

I

The first question is in several ways a specious one, though seriously and frequently raised. It assumes that there are many different moralities, perhaps that each person has his own, that each is equally valid, and that there is no way to choose among them. When fleshed out as a theory, the position has come to be known as moral relativism. As a philosophical position, it has been refuted at some length, and I think cogently. For present purposes, however, we need look only at the argument based on the fact of cultural diversity and on the fact of moral pluralism within our own contemporary American society. Do either of these facts provide adequate grounds for arguing that there is no morality we can collectively and appropriately apply in the moral evaluation of business practices? I think not, for three reasons.

First, despite the differences in many customs and moral practices from society to society and age to age, there is and has been basic agreement on a large number of central issues. The most basic agreement, though completely formal, is that good should be done and evil avoided. Substantively, there are moral requirements that the members of any society must follow if it is to survive. These include, among others, respect for: the lives of its members; respect for the truth (without which it would be impossible to communicate and carry on social life); and respect for cooperation and helpfulness. Each society, for instance, holds that it is immoral for any ordinary member without good reason to kill other members of that society. A society may not have any compunction about killing members of other societies. But unless a society holds that killing its own members without sufficient reason is wrong, the society could not long endure.

Second, even in those cases in which the members of a society are allowable killed — e.g., executions, infanticide, euthanasia — the society usually has a network of beliefs which justifies the practice. Beliefs differ, however, and some people believe what is false. A false belief may lead to a different practice than a true belief, but mistaken beliefs do not validly ground a practice. The fact of differing practices, therefore, does not by itself support the claim that there is no way to decide between them. Sometimes there is. In those cases in which moral practices are based on false beliefs, bad reasoning, inconsistent premises, and so on, we have a means of sorting out practices and choosing or rejecting one rather than another. Progress in morality and changes in moral practices, in fact, frequently follow upon the growth of knowledge and changes in belief. The basic similarity of human beings, for instance, is now sufficiently clear and established that we can rightly say it is morally improper to exclude women, or blacks, or men, or any sub-group from the moral community. Criteria of sex, race, nationality, and so on are not morally relevant criteria. This was true even before it was recognized. Unless it was true, it is difficult to understand how it could have come to be recognized.

Thirdly, many differences in moral practices from culture to culture can be shown to be the result of differing circumstances, not of differing moral principles. Morris Ginsberg argues this persuasively and at length.2

Thus, the fact that different parts of the world have somewhat different moral practices shows neither that they are all equally valid nor that any one of them is necessarily invalid or immoral.

What about moral pluralism within our own society? Does it justify the claim that all moral judgments are equally good or valid, sound or proper? No, it does not. Reasoning analogous to that used above with respect to differences between cultures applies here as well. For differences are data to be explained, not premises from which moral relativism can be validly deduced.

In American society, despite the rather large amount of disagreement on some issues — e.g., abortion, birth control, capital punishment — there is an enormous amount of agreement. This is true of any viable society; for without such agreement the fabric of society would disintegrate. Not only is there general agreement that murder, theft, lying, fraud, and so on are immoral, but the public reaction both to the events connected with what has become known as ‘Watergate’ and the public reaction to bribes by corporations is evidence of a large degree of agreement on moral issues such as these. That peoples in some other parts of the world did not understand American public reaction in these cases might indicate that they are cynical about morality, that they do not expect national leaders or businessmen to behave morally, or that they hold different moral values. But their reactions are beside the present point.

In those realms where there is a real difference of moral opinion in our country, moreover, there is some consensus about how to deal with that difference. Thus, there is general agreement that morally different opinions are to be tolerated and actions not legally controlled if their results fall exclusively or almost exclusively on the consenting, informed adults who participate in the actions. Fornication and adultery are two cases in point. Other actions, though perhaps not considered immoral, may harm persons other than the participants. Here, there is general agreement that the use of laws to prevent such harm is appropriate. Whether a particular law gets passed, however, depends on the support which can be generated for it through debate, argument, and other means (e.g., lobbying). The recent history of abortion laws is an example of how differing moral judgments are handled where there is disagreement about whether the rights of innocent persons are being infringed.3

The pertinent conclusion for our purposes is that the morality which is to be applied to business in our society is the morality which is generally held by the members of our society; that this covers a large area on which there is agreement;
and that, on those topics on which there is disagreement, there should be informed debate about the nature of the activity in question, the circumstances, and the moral principles which differing groups think are applicable. Progress is made this way in other areas, and it is the only way that progress can be made in this area as well. Whether slavery is immoral is not just a matter of opinion; whether discrimination is immoral is not just a matter of opinion; whether bribery is immoral is not just a matter of opinion. These are all matters on which a consensus has been reached (at least in our country, though also in a great many other parts of the world as well), and reached for good and substantial reasons. That these and other moral judgments cannot or should not be applied to the realm of business is simply not true.

The morality held by the American people is expressed in their moral beliefs, institutions, and laws. In areas where there is no specific legislation, the norms implied in legislation should be applied. In disputed areas, the moral judgments which can be best defended and articulated should hold sway. Yet, three points should be made. First, morality is broader than legality. Not everything that is immoral can or should be made illegal. Public reaction, however, is not expressed only in law. Informed public opinion can affect business, and improper business activities should be protested in the market as well as in the ballot box or in the legislature.

Secondly, members of the business community are also members of society. Both should and usually do have a sense of what is immoral, of what they would perceive to be immoral in the business activities of others, and of what the public would perceive as immoral in their own business activities. Just as individuals do not exist in a vacuum but in a society, so businesses do not exist in a vacuum but in a society. As part of that society, they, as individuals, have responsibilities to the society as well as to themselves. Ignoring unethical practices where engaged in by others so that they will be ignored when engaged in by oneself leads to the undermining of confidence in business by the public and will eventually lead to legislation or the wider public enforcement of moral norms.

Thirdly, the view that business practices should be restricted not by moral considerations but only by legal considerations fails to recognize two points. First, one of the bases for making practices illegal is that they are immoral. Second, if immoral practices are not policed by an industry but are engaged in until made illegal, the resulting legislation is frequently excessively restrictive, over-determined, and more costly than uncoerced compliance with moral norms. Thus, industry-wide self-regulation is frequently preferable to legislation. Self-imposed codes of ethics, if honestly drawn up and followed industry-wide (because policed by the industry) — providing they are not self-serving or a means of controlling that legitimate competition which benefits society — can both protect the public interest and keep the conditions of competition within an industry fair.

Our discussion thus far has not addressed itself to borderline cases, and has not suggested that it is always clear exactly what is moral and what is not. It has argued in various ways, however, that despite these uncertainties there is a large area of agreement about the morality of business practices and that the claim of ignorance about what is moral, based on moral pluralism either cross-culturally or within our own society, is largely spurious.

II

Following the economic model, the second group of questions arising from the connection between morality and business can be called macro-moral. These questions involve the moral evaluation of entire economic systems or the moral evaluation of countries and peoples vis-à-vis one another in the economic realm. Issues of the second type arise, for instance, from the fact that there are at the present time some rich countries, some poor countries, and some countries in between. Wealth may come from natural resources or from industrial development. There are some persons who question the right of any people or of any nation to control the resources of a given territory when these resources are needed by others, as well as the right of a manufacturing country, for instance, to exploit the natural resources of another country. An example of the first type would be whether oil-rich countries are morally justified in collectively raising the price of oil to any level they like, regardless of the effect on the oil-using nations — both the relatively well-to-do ones and the poor ones. Is this a moral question at all, or only an economic one? If human welfare is affected by these actions, as it obviously is, then there does seem to be a moral dimension. But exactly how moral suasion can be brought to bear among nations and peoples is far less clear than how it can be brought to bear in a given society. From a moral point of view, the problem is exacerbated by the fact that we are not dealing with individuals but with countries and peoples. How responsibility is to be assigned is consequently less clear than when dealing with individual cases.

The matter of economic exploitation poses a similar problem. Suppose that a manufacturing country did at some time in the past exploit the raw materials of a colony or of an underdeveloped country. Does the former country now owe reparations to the latter? If so, who precisely owes what, if the exploitation is no longer practiced and those who practiced it are now dead? How exploitation is to be defined, and how one is to decide whether it was in fact or is in fact practiced remains problematic. But exploitation aside, whether one country which enjoys a high standard of living has any responsibility to help another country which has a low standard of living or whose people are unable to subsist on what they have is a large moral problem, the dimensions of which have yet to be adequately described.

I shall not attempt to solve these problems. Rather, I shall briefly turn to a second type of macro-moral problem, viz., whether economic systems can be morally evaluated.

Hardly anyone would deny that we all have a prima facie moral obligation not to engage in immoral practices. So if a given economic system is built on an immoral practice or practices, we have a prima facie moral obligation not to engage in the system. But showing that any economic system — which is always bound up with the
legal, political, and social system of a society – is both inherently immoral and practically replaceable is frequently no easy feat.

We can rest secure in the moral judgment that slavery is always primum facie morally wrong and to be avoided. We can be less sure that because they were built on slavery, ancient Greece or Rome or Egypt were immoral societies. For we may have some doubts about whether, in those cases, there were any viable better alternatives. I am not arguing that there were not; I am simply affirming that not every primum facie immoral practice must be avoided, since some such practices may be the least bad of the available alternatives. Nor should the judgment that slavery is immoral be confused with the judgment that everyone in a slave-holding society is acting in a subjectively immoral way. For they may not realize that the practice they are engaged in is immoral. Yet despite these caveats, we can be sure that slavery is an immoral economic – as well as social and political – system for present-day Americans to adopt.

Granted, therefore, that economic systems can be morally evaluated, we can legitimately ask: is the capitalistic system inherently immoral? Though it is not clear that Marx himself raised moral objections to capitalism, Marxists certainly have, and some of them have come to a negative conclusion. How valid is this assessment?

Four arguments have been used to show the inherent immorality of the capitalistic system. One holds that capitalism is built on the exploitation, and so in a sense on the cheating or robbing, of either its own workers – the proletariat – or those of less developed countries. A second and related argument says that capitalism involves a kind of slavery – wage slavery – which is as immoral as physical slavery. A third claim that capitalism yields alienation and similar ills and is therefore immoral. The fourth claims that though capitalism may not have been immoral when it was necessary to develop the productive resources which alone could raise the standard of living of mankind and make a better life possible, it is now restrictive, hampers further development, and so should be replaced by a preferable – from a human and moral point of view – alternative. The last claim is that capitalism is necessarily immoral but that it is immoral to choose it over some better available alternative.

We can examine each claim in turn.

The claim that capitalism is built on the exploitation of workers is sometimes attributed to Karl Marx. Marx’s interpretation of the labor theory of value holds that the only way an entrepreneur can make a profit is by paying his workers less than they produce. He does not claim this is immoral. For they are paid what their replacement value is, and so in that sense they are paid what they are worth. But the entrepreneur profits by the discrepancy between what the workers produce and what he pays them, and, if successful, he, not they, gets rich.

The view that maintains that the appropriation of surplus value by the entrepreneur is stealing and so inherently immoral, however, must hold that all value belongs by right to the person who produces it. There are a number of good reasons why this view should not be held. First of all, it does not take sufficient account of how machines multiply the value produced by human labor. An individual worker who has to gather his own raw materials, fashion his own tools, and make whatever he produces individually should get the value of what he produces. With industrialization, however, the labor power of a worker is multiplied by the machines he uses. If a worker today using machines can make ten times as many shoes as he could make without machinery, does it follow that he should be paid ten times as much? It would seem not. For in the first place, as Marx saw, someone has to pay for the machines. More importantly, it took the creative genius of someone – not the particular worker who uses the machines – to invent the machine. It also took the initiative of the entrepreneur who risked his capital and the invested capital of the stockholders who put up the money for the enterprise. So although the worker is able to produce a great deal of value in a short amount of time due to the multiplication made possible by machines, all the credit should not go to him, nor therefore should all the value of what he produces. On this first interpretation, if all of the owner’s profit is stolen from the workers, he gets nothing for initiative, risk, inventiveness, and so on.

A second interpretation maintains that the owner’s profit is not entirely theft but is so when excessive. With the rise of labor unions, workers banded together to force management to share some of the profits that an enterprise realizes, to improve working conditions, to shorten working hours and days, and to get legislation passed that favors or protects them in various ways. If the difference between what the owners and managers of an industry get and what the lowest paid worker gets is too great, this may be unfair for some reason. A system of taxation or some other form of redistribution may well be in order. But this is compatible with private ownership of industries and admits that a certain portion of surplus value may legitimately go to the owners of industry.

Nor for similar reasons can the case be made out that capitalism or some variety of it has been able to continue because it has shifted its exploitation from its own workers to underdeveloped countries and it is those workers who are being exploited. The argument concerning individual workers in the country in question parallels the above analysis. If it is claimed that the country as a whole is exploited by the richer country, then the technique of exploitation must be characterized otherwise. If this was the case in the relation between mother countries and their colonies, then it does not seem to have been the case because of capitalism. Industrial countries today still import raw materials from other countries which are sometimes less developed. This fact by itself does not equal exploitation. Moreover, the raw materials can be sold to countries run more or less on the capitalistic model or to countries run on the socialist model. The price at which the materials is sold does not depend on the economic system of the buyer country. Hence, the case cannot be sustained that the capitalistic countries depend on exploitation unless the socialist countries are to be blamed likewise. The evil, in that case, would not be an evil of capitalism, but an evil of well-to-do or industrial as opposed to poor and non-industrial countries. This kind of charge would then become the kind we looked at
above; but it would not be the kind of claim we are presently examining, viz.,
that capitalism as a system is inherently immoral. The claim that exploitation is
necessarily ingredient in capitalism and that it is inherently immoral, therefore, does
not hold up well under analysis.

The second attack -- namely, that capitalism involves wage slavery and that wage
slavery is as bad as absolute physical slavery -- is also defective. The view
might be plausible if it could be shown that capitalism pushes workers down to a
lower and lower level of life; that they have no bargaining power; and are dependent
for their subsistence on selling themselves to the owners of the means of production;
that they work under inhuman conditions; that they are forced by the system to work
at whatever job is available; and that not only heads of households but all members of
a household, small children included, are forced to work under inhuman condi-
tions. This is the situation Marx so poignantly describes in Capital. Had his analysis
that the plight of the workers would get worse and worse until they had nothing to
lose but their chains been true, then it could well be argued that the workers had a
moral right to seize the instruments of production and change the system. For the
system would not allow them to develop their human potentiality, would deprive
them of human dignity, and would rend society dangerously apart. If that is the
result of capitalism, then it should be morally condemned. Everyone in the society
would be alienated, set one against another, lose his sense of human dignity, and be
alienated not only in labor but also in society, in politics, and so on. But once again,
that situation does not seem to be a necessary ingredient of what has come to be
called capitalism. If there ever was such a situation as that described (it never got
quite that bad, and so Marx's revolution never took place in the capitalist countries
of the West), then it could be branded immoral, just as slavery is branded immoral.
But that situation does not prevail today, and we cannot therefore validly make the
claim that the economic system of the so-called capitalist countries is inherently
immoral because it involves workers in such dehumanizing, slave-like conditions.

The third claim is that private ownership of the means of production results in the
alienation of men from the product of his labor, from the labor process, from himself
and other men. There is something wrong with a society that values goods more than
people, that dehumanizes people in the labor process, and that fragments human
beings into competitors, preventing them from social cooperation and mutual res-
pect. And if it could be shown that these were the results of private ownership of
the means of production, we would all have to agree that any system built on such
ownership is inherently immoral. The link between such conditions and their source,
however, is not a conceptual one but an empirical one. And it seems clear that in
those societies in which the private ownership of the means of production has been
done away with, there is no perceptible decline in alienation, in the desire for goods,
in the dehumanization that is tolerated in factories, and so on. And in societies which
continue to have private ownership of the means of production, we find growing
numbers less interested in goods than their parents; we find a stronger defense of
human rights than elsewhere; we find a consciousness that certain types of work can
be dehumanizing and stultifying and attempts to change such conditions; and we find
not only competition but also cooperation and a willingness to work together.

How we deal with alienation and dehumanization are real problems which we must
face. But that they are the result of private ownership of the means of production
and will disappear with the disappearance of such ownership seems clearly not to be
true.

The fourth charge has the most plausibility. The claim is that capitalism was not
(and so is not) inherently immoral. It was historically necessary to develop the
industrialization without which mankind could not produce the wealth and the goods
necessary for it to increase its standard of living and of dignity. But the capitalist
system now serves as a brake, precluding the distribution of the wealth it produces
for the benefit of all mankind; it fosters conspicuous consumption; it continues
alienation when it would be possible to eliminate or at least substantially reduce it; it
protects the vested interests of the rich at the expense of the still poor; it stands in
the way of change. It therefore prevents the development of a better, fairer, juster,
more moral, humanly preferable society. The charge is not that it is inherently
unjust but that it is morally wrong because it inhibits a system which is morally
preferable.

Several claims are bound up in this charge, and it is well to separate them out. The
first is that there is a better system which would be non-capitalist, or at least non-
capitalist in the sense that capitalism exists in some countries today. What the more
moral alternative would be and how to achieve it, however, are crucial questions.
The Marxist position is that the more moral system would be communism, which
would have as its first essential ingredient the abolition of private ownership of
the means of production. But what is to take its place? The model of the Soviet Union
suggests that state capitalism takes its place. Are the workers better off in the Soviet
Union than in the United States? No. Do they enjoy a higher standard of living? No.
Do they have more control over their work and working conditions? No. Do they
have a less repressive government as a result of their non-capitalistic economic
conditions? No. They have, in some respects, more security. But that they have
more freedom for self-development and self-expression can at least be argued.
Alienation has not disappeared with the abolition of private ownership of the means
of production. So if the Soviet model is what is to replace the capitalist model, not
only from a human point of view but even from an economic point of view, the case
has not been made that capitalism as practiced in the United States is preventing
Amercians from enjoying the better life available to them if they switch to the Soviet
model. The planned economy of the state-owned system has not shown itself superior
to the individual initiative still possible in less planned and at least partially privately
owned systems.

The Soviet model, of course, is not the only possible alternative, though it is one
frequently suggested by Marxist critics. A system of non-Soviet socialism is another
alternative; a mixed system is a third possibility; and there are others. But among
these, we should consider each on its own merits, first to see if it is in some ways
superior. We have no clear model that has developed historically, no particular society which we can turn to as the moral model to emulate.

Secondly, if we did have a model, we would still have the question of how to arrive at it in fact. Seizure of the means of production in the United States, for instance, seems both unlikely and implausible. For what would the workers do once they seized control? Workers, through their retirement plans, presently control large portions of the stock of major industries. What they want is what every stockholder wants — they want their stock to go up. They are not demanding that the companies be run differently. The counter might be that they must be taught to want the companies to be run differently. If there is good reason for such a claim, then they should be taught. But exactly what that way is, is still not clear. A workers' revolution is not in the offing; and a-led revolution runs all the dangers of ending up with a totalitarian government at the helm.

The American system is clearly not without fault; it has immoral aspects, it includes immoral practices, it does not achieve distributive or social justice, it is not without corruption, it contains unjustifiable inequalities of wealth, treatment, and so on. As these are slowly or more vigorously corrected, we may develop a kind of society that no longer deserves the name of capitalism. But the arguments we have looked at do not show that the system as a whole deserves moral censure, nor do they present us with a better viable alternative. We have no moral panacea to apply; we have no utopia waiting to be grasped or formed. But we do have possibilities for improvement which will make our society, and our system, more moral. Piece-meal change, however, from a moral point of view, brings us away from what I have termed the macro-moral questions of evaluating worldwide problems of justice and the morality of systems, to a consideration of micro-moral problems — e.g., the morality of particular practices, states of affairs, and so on within a given system.

III

Micro-moral problems are not less important than macro-moral problems and do not deal necessarily with small issues, but they take as their frame of reference the existing situation and seek to make judgments within the system rather than about the system.

Since I cannot in the space of a short essay even begin to enumerate the vast array of micro-moral problems, much less solve them, I shall simply categorize a few of them.

The problems of morality in business, taken within a given framework or economic system, can be divided broadly and somewhat arbitrarily into six kinds.

The first of these concerns the determination of the justice of distribution of resources. It involves questions of the right to property, questions of ownership and use, questions of just wages, return on capital investment, appropriate reward for risk and skill and inventiveness, as well as questions of providing for the members of a society so that they do not fall below a certain level of welfare or respect. All these questions demand for their solution prior agreement on what in general constitutes justice for the society, as well as how justice is to be weighed when it comes into conflict with welfare, liberty, and other values which are socially important. The development of a theory of justice, not only an ideal theory but also a theory by which we can determine present-day injustices and the proper remedies for past injustices, is required. We do not have an adequate comprehensive theory as yet. Many competing claims are made even in the name of distributive justice: allocation according to equality, need, effort, achievement, contribution, ability, and so on. These must be weighed and balanced as best we can with each other and with commutative and other kinds of justice.

Even with a definite notion of what is just, a second set of questions arises in trying to apply any given concept of justice of particular cases. Since no two cases are exactly alike, it is often difficult to know exactly how to apply the principles. Easy cases can be handled. The more difficult ones pose moral problems which can be resolved only by discussion, debate, and ultimately by making some decision on the basis of the best information and insight available.

A third group of moral problems arises from a conflict among different values, especially when there seems to be no good alternative. Justice, security, liberty, productivity, efficiency, and other values frequently conflict, with no optimal solution available. Here the determination and choice of the least bad alternative is the best one can do.

The fourth kind of moral problem comes from the development of moral insights and the task of applying them to previously accepted practices. For a long while in the United States, for instance, segregation was generally accepted, at least in some parts of the country. Though now seen as immoral, and though it is now recognized that it was immoral when practiced in the past, it took a long while and a whole program of reeducation to get people to see this. Discrimination and sexism are other cases of this kind. How many other practices do we engage in without the consciousness of their immorality? Some claim that our treatment of animals, especially in slaughterhouses, is immoral. Only in the fairly recent past have we come to consider the industrial pollution of the environment to any serious degree immoral, and have we acted to make some instances of it illegal. It is not always clear who is morally responsible. If the pollution of the air by automobiles is injurious to the health of all of us, do we have a moral obligation to drive less or not at all, or to force manufacturers to build cars with antipollution devices? Are the manufacturers morally culpable if they produce automobiles which do not have such devices?

The fifth general kind of moral problem arises from new activities, products, and techniques. The problems raised by scientific advances are in some ways new problems. We now have the capability of wiping out the human race, of despoiling the environment in a way that will make it unfit for future generations, of using up unrenewable resources, of manipulating genes, and so on. Each of these problems has aspects that affect business: whether industries should engage in the production of certain materials and whether workers should work in such industries.

Lastly, and perhaps most prosocially, are the questions of the application of
ordinary accepted moral values and prohibitions in the conduct of business and industry. It is generally accepted that lying is wrong; that stealing is wrong; that harming another is wrong; that giving and taking bribes is wrong; and so on. Each of these leads to specific cases in business as well as in other branches of life. If lying in advertising can make more money for a company, should a company do so? What exactly constitutes lying in advertising? How near to lying can one come? How much exaggeration for emphasis is allowed? How much must one disclose about the bad parts of one’s products? Is telling half the truth lying? Whether these questions are asked about a corporation or about members within a corporation – either of management or of workers – they are not new questions; nor do they raise really new problems. The obligation to be moral applies to all aspects of our lives, and our business activities are not exempted. This does not mean that morality is always observed. And where it is not self-imposed, there is the need for its being imposed from the outside with appropriate sanctions to preserve the common good.

The case of bribery to foreign government officials in the recent past is interesting. The argument advanced in defense of the practice was that in dealing with certain foreign officials, since bribery was a way of life for them, a business could not successfully compete unless it paid bribes; if it did not, other companies from one’s own nation or from other nations would pay them and win the contracts.

When the practice was disclosed publicly, it raised a small furor in the United States. It led to the dismissal of a number of officers of corporations. Some claimed that it would place American businesses at a disadvantage. The results, however, are noteworthy. Gulf Oil was involved in such practices, and several members of the Board were forced to resign. Since then, the corporation has been following a strict set of self-imposed rules with regard to bribes. Despite this, it has been able to compete successfully. And in some countries in which bribes were previously the way of life, officials have come under pressure themselves and have been forced to reform the practice. Public disclosure of immoral practices in this instance served to help reform the practices not only of American companies but of companies and governments in other parts of the world as well.

IV

Moral philosophers do not have all the answers to all moral problems and dilemmas. Some moral philosophers are skilled at moral reasoning; some know the ways by which moral claims can be defended or presented better than those untrained. But they do not have any monopoly on knowledge or moral values. They cannot and should not be expected to solve moral riddles. But they can be expected to clarify moral alternatives, articulate moral values, and pass on techniques of moral reasoning.

If my claim is correct – that the morality which should be applied to questions of business ethics is the socially accepted morality, as open to correction and development – then disputed questions should be discussed openly and publicly. The public debate should be articulate, informed, intelligible, clear, and should proceed in a rational manner if a rational conclusion is to be reached. It should be free of demagoguery, or at least, people must learn how to distinguish the demagoguery from the reasoned argument. People can and should be trained to think clearly on moral issues, just as in other areas. The moral philosopher can attempt to develop a theory of morals which accounts for and coheres with our consistent moral intuitions, and there are disputes about which theory does this best. But most theories agree in large part on which actions are moral and which are immoral. We cannot wait until all the theoretical issues are all solved before we undertake practical moral problems.

Moral education helps all the members of a society take part in the debate about the common good, about the values to be realized and sacrificed, about the balance to be struck between justice and welfare and liberty, and so on. It also helps each member of society to be more conscious of his own responsibility to act morally; it motivates him not to engage in immoral practices either on or off the job; and it makes him sensitive to the possible immoral practices that can be found in the business world as well as in any other sector of life.

Many facets of our system have not yet caught up with our social needs, and the people as a whole, as well as the managers of business, have not yet faced up to the social responsibilities – much less devised techniques for handling them – of business. It is inherently easier to decide how to produce a product at the best price than to worry also about the social impact of that decision. But the wags who wink at immorality in business, arguing that ethics and business are two separate spheres and never the twain shall meet, are short-sighted and look only as far as the last line of their financial statements. Society is larger than that; business is part of society; and ethics has as much a place in business as in any other part of social life. When all members of society realize that fact and act accordingly, society will be that much better off.

NOTES

