

BUSINESS ETHICS

READINGS AND CASES IN CORPORATE MORALITY

FIFTH EDITION

WILEY Blackwell

EDITED BY W. MICHAEL HOFFMAN, ROBERT E. FREDERICK, AND MARK S. SCHWARTZ



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in Corporate Morality*

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Robert E. Frederick
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Contents

About the Editors	xi
Preface	xii
General Introduction: The Nature of Business Ethics	1
Part 1 ETHICS AND BUSINESS: FROM THEORY TO PRACTICE	37
Introduction	37
1 Theories of Economic Justice	43
Justice as Fairness	43
<i>John Rawls</i>	
Distributive Justice	49
<i>Robert Nozick</i>	
Distributive Justice and Utilitarianism	55
<i>J. J. C. Smart</i>	
The “Invisible Hand”	59
<i>Jan Narveson</i>	
Corporate Ethics in a Devilish System	70
<i>Kent Greenfield</i>	
Questions for Discussion	77
2 Ethics and Business Decision Making	78
Teaching Ethical Decision Making and Principled Reasoning	78
<i>Michael Josephson</i>	
Business Ethics and Moral Motivation: A Criminological Perspective	86
<i>Joseph Heath</i>	
Ethical Leadership and the Psychology of Decision Making	105
<i>David M. Messick and Max H. Bazerman</i>	
Cost-Benefit Analysis: An Ethical Critique	120
<i>Steven Kelman</i>	
Cost-Benefit Analysis Defended	127
<i>Herman B. Leonard and Richard J. Zeckhauser</i>	
Questions for Discussion	130

Cases for Part 1	131
Mini-Cases	131
MBA Student Mini-Dilemmas	132
Cases	
The Parable of the Sadhu <i>Bowen H. McCoy</i>	133
The Ford Pinto <i>W. Michael Hoffman</i>	139
The Analyst's Dilemma (A) <i>Joseph L. Badaracco Jr. and Jerry Useem</i>	145
Walk Away From Your Mortgage! <i>Roger Lowenstein</i>	149
The Ok Tedi Copper Mine <i>Manuel G. Velasquez</i>	150
Part 2 THE NATURE OF THE CORPORATION	157
Introduction	157
3 Agency, Legitimacy, and Responsibility	163
Can a Corporation Have a Conscience? <i>Kenneth E. Goodpaster and John B. Matthews Jr.</i>	163
Is Business Bluffing Ethical? <i>Albert Z. Carr</i>	172
The Social Responsibility of Business is to Increase its Profits <i>Milton Friedman</i>	180
Stakeholder Theory of the Modern Corporation <i>R. Edward Freeman</i>	184
Ethics in Business: Two Skeptical Challenges <i>Robert E. Frederick</i>	192
Commentary on the Social Responsibility of Corporate Entities: Bad and Not-so-Bad Arguments for Shareholder Primacy <i>Lynn A. Stout</i>	202
Questions for Discussion	215
4 Corporate Governance and Accountability	216
Who Rules the Corporation? <i>Ralph Nader, Mark Green, and Joel Seligman</i>	216
Power and Accountability: The Changing Role of the Corporate Board of Directors <i>Irving S. Shapiro</i>	224
Who Should Control the Corporation? <i>Henry Mintzberg</i>	231
Tone at the Top: An Ethics Code for Directors? <i>Mark S. Schwartz, Thomas W. Dunfee, and Michael J. Kline</i>	243

Do CEOs Get Paid Too Much? <i>Jeffrey Moriarty</i>	264
Questions for Discussion	274
Cases for Part 2	275
Mini-Cases	275
MBA Student Mini-Dilemmas	277
Cases	
Fire Destroys Malden Mills <i>Anonymous</i>	277
Merck & Co., Inc. (A) <i>David Bollier and Stephanie Weiss</i>	279
Bailouts and Bonuses on Wall Street <i>Kirsten Martin and Michael Scotto</i>	284
Citigroup's Chief Rebuffed on Pay by Shareholders <i>Jessica Silver-Greenberg and Nelson D. Schwartz</i>	297
Part 3 WORK IN THE CORPORATION	301
Introduction	301
5 Employee Rights and Duties	307
Employee Rights <i>Ronald Duska</i>	307
Human Rights, Workers' Rights, and the "Right" to Occupational Safety <i>Tibor R. Machan</i>	316
Whistle-Blowing <i>Richard T. De George</i>	320
The Morality of Whistleblowing: A Commentary on Richard T. De George <i>W. Michael Hoffman and Mark S. Schwartz</i>	338
Conflicts of Interest <i>Thomas L. Carson</i>	350
The Moral Problem in Insider Trading <i>Alan Strudler</i>	368
Questions for Discussion	382
6 The Modern Workplace: Obligations and Limits	383
A Kantian Theory of Meaningful Work <i>Norman E. Bowie</i>	383
Organization of Work in the Company and Family Rights of the Employees <i>Domènec Melé</i>	392
Workplace Wars: How Much Should <i>I</i> be Required to Meet the Needs of <i>Your</i> Children? <i>Claudia Mills</i>	401

Discrimination, Harassment, and the Glass Ceiling: Women Executives as Change Agents <i>Myrtle P. Bell, Mary E. McLaughlin, and Jennifer M. Sequeira</i>	407
The Debate Over the Prohibition of Romance in the Workplace <i>Colin Boyd</i>	418
Questions for Discussion	431
Cases for Part 3	432
Mini-Cases	432
MBA Student Mini-Dilemmas	433
Cases	
The Case of the Mismanaged Ms. <i>Sally Seymour</i>	434
Heineken NV: Workplace HIV/AIDS Programs in Africa (A) <i>Diana Barrett and Daniella Ballou</i>	439
Banking: A Crack in the Swiss Vault <i>Andy Court and Keith Sharman</i>	450
Will Rewards for Whistleblowers Encourage Ethical Behavior? <i>Matthew Gilley and W. Michael Hoffman</i>	454
Boeing Chief is Ousted after Admitting Affair <i>Leslie Wayne</i>	455
Abuse Scandal Inquiry Damns Paterno and Penn State <i>Ken Belson</i>	457
Timeline: The Penn State Scandal <i>Justin Sablich, Ford Fessenden, and Alan McLean</i>	460
You've Been Tagged! (Then Again, Maybe Not): Employers and Facebook <i>William P. Smith and Deborah L. Kidder</i>	463
Part 4 THE CORPORATION IN SOCIETY	475
Introduction	475
7 The Consumer	481
The Dependence Effect <i>John Kenneth Galbraith</i>	481
The <i>Non Sequitur</i> of the "Dependence Effect" <i>F.A. von Hayek</i>	485
The Ethics of Consumer Protection <i>Manuel G. Velasquez</i>	488
Marketing and the Vulnerable <i>George G. Brenkert</i>	504
Questions for Discussion	513

8 The Environment and Sustainability	514
Morality, Money, and Motor Cars	514
<i>Norman Bowie</i>	
Business and Environmental Ethics	520
<i>W. Michael Hoffman</i>	
Creating Sustainable Value	529
<i>Stuart L. Hart and Mark B. Milstein</i>	
Rethinking the Concept of Sustainability	542
<i>Alexis J. Bañon Gomis, Manuel Guillén Parra, W. Michael Hoffman, and Robert E. McNulty</i>	
Questions for Discussion	552
9 International Business	553
Ethical Dilemmas for Multinational Enterprise: A Philosophical Overview	553
<i>Richard T. De George</i>	
International Business, Morality, and the Common Good	557
<i>Manuel G. Velásquez</i>	
Values in Tension: Ethics Away from Home	567
<i>Thomas Donaldson</i>	
The Case for Leveraged-Based Corporate Human Rights Responsibility	576
<i>Stepan Wood</i>	
What's Wrong with Bribery	602
<i>Scott Turow</i>	
Capitalism with a Human Face: The UN Global Compact	604
<i>Klaus M. Leisinger</i>	
Questions for Discussion	620
Cases for Part 4	621
Mini-Cases	622
MBA Student Mini-Dilemmas	623
Cases	
The Ethics of Marketing: Nestlé's Infant Formula	624
<i>James E. Post</i>	
TransAuto Corporation Trade-offs	629
<i>Rewritten by Mark S. Schwartz</i>	
Sony Online Entertainment: EverQuest® or EverCrack?	632
<i>Judith W. Spain and Gina Vega</i>	
Dicing with Death? A Case Study of Guidant Corporation's Implantable Defibrillator Business	636
<i>Martin E. Sandbu</i>	
Chiquita Accused of Funding Colombia Terrorists	642
<i>Curt Anderson</i>	

Wal-Mart Hushed Up a Vast Mexican Bribery Case <i>David Barstow</i>	644
Yahoo! and Google in China <i>John M. Kline</i>	656
Google Softens Tone on China <i>Amir Efrati and Loretta Chao</i>	661
Part 5 CHALLENGES AND EMERGING ISSUES	665
Introduction	665
10 Challenges and Emerging Issues	669
What's the Matter with Business Ethics? <i>Andrew Stark</i>	669
Developing and Sustaining an Ethical Corporate Culture: The Core Elements <i>Mark S. Schwartz</i>	677
The Ethics Officer as Agent of the Board: Leveraging Ethical Governance Capability in the Post-Enron Corporation <i>W. Michael Hoffman and Mark Rowe</i>	689
Can a Company be Too Ethical? <i>Andrew W. Singer</i>	699
God as a Managerial Stakeholder? <i>Mark S. Schwartz</i>	705
The Fortune at the Bottom of the Pyramid <i>C. K. Prahalad and Stuart L. Hart</i>	720
Questions for Discussion	733
Business Ethics in Hollywood Movies <i>Mark S. Schwartz</i>	733
Cases for Part 5	735
Mini-Cases	735
Cases	
Global Corporation: Running a Global Ethics and Compliance Program <i>Lisa A. Stewart</i>	736
Barrick's Tanzanian Project Tests Ethical Mining Policies <i>Geoffrey York</i>	743
An Ethical Approach to Crisis Management <i>Mark S. Schwartz, Wesley Cragg, and W. Michael Hoffman</i>	749
Why I Am Leaving Goldman Sachs <i>Greg Smith</i>	756

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Preface

The preface to the first edition of *Business Ethics: Readings and Cases in Corporate Morality* began with advice from Cicero's *De officiis*: "To everyone who proposes to have a good career, moral philosophy is indispensable." Cicero's words are as true and as timely as ever, and the fifth edition of this text represents our continuing commitment to the union of ethics and business.

The field of business ethics has grown tremendously since 1984, when the first edition was released. At that time, business ethics had just begun to gain momentum. Today it is a mature field. In a 1988 report, the Business Roundtable referred to corporate ethics as "a prime business asset," and corporations have begun to take significant steps toward integrating ethical values into their corporate cultures. In fact, the Center for Business Ethics at Bentley University was the facilitating institution for a newly formed organization made up of practicing ethics officers of major corporations. The Association to Advance Collegiate Schools of Business has strengthened its call for grounding in ethics as one of the essential elements of sound business education. Literature in business ethics continues to grow and deepen.

In the fifth edition of *Business Ethics*, we have attempted to include both the best new thinking on ethical issues in business and the first, second, third, and fourth editions' time-tested favorites. The goals of the text remain the same. We have tried to be comprehensive. In our coverage of the issues, we have selected what we believe to be the most important currently debated moral concerns in the field. We have retained many of the topics from the fourth edition and have

added new material on issues such as workplace romance and business sustainability. All of the chapters have been revised to some extent. The final section has been extensively revised and now includes material on developing and sustaining an ethical corporate culture. Many cases from the fourth edition remain, but we have included timely new cases such as those on Heineken and African employees with HIV/AIDS, football coach Joe Paterno and whistleblowing obligations, and Walmart's bribery scandal in Mexico. We have also added a new feature to the fifth edition, a series of ethical mini-dilemmas faced by MBA students. The ethical dilemmas add another means for readers to consider and discuss ethical issues faced by individuals in business. As an additional feature, we have also added a list of potential Hollywood movies students can watch that contain important business ethics issues.

As with earlier editions, we have tried to be impartial. The format of the text, wherever appropriate, is point/counter-point, and we have included the strongest statements we could find of different perspectives on the issues. We have made an effort to include articles by thinkers from a wide range of constituencies – not just academics, but representatives from a variety of other professions.

Finally, we have tried to be systematic. We have retained the basic organization of earlier editions. We begin with theoretical, structural, or more widely focused issues such as economic justice, the justice of economic systems, and the nature and responsibility of business. These give a framework for discussion and understanding of more specific, concrete issues,

such as employee rights, the ethics of marketing and production, environmental ethics, and multinational issues. We conclude with a chapter on current challenges and future issues. Of course, the book may be used in many different ways. Some instructors may prefer to save the more abstract topics for the end of their course. We believe that the book lends itself readily to organizational variations.

The fifth edition continues to include an introduction to each part that sets out the major themes of the articles and places them in context. This edition includes brief introductions to the mini-cases and cases, and points out which articles might be most directly relevant to them. A set of discussion questions follow each chapter. These can be used as a focus for student discussion, for review, or for tests, quizzes, or student assignments.

We would like to express our appreciation to Bentley University for its support of this and other

projects in business ethics. Thanks also go to Mary Chiasson, senior associate director of the Center for Business Ethics, Jeffrey Kimball, graduate research assistant at the Center, and Faidat Olamuyiwa, Leon Sullivan Scholar at the Center, for their help in the preparation of this manuscript.

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General Introduction

The Nature of Business Ethics

Business is a complex web of human relationships – relationships between manufacturers and consumers, employers and employees, managers and stockholders, members of corporations and members of communities in which those corporations operate. These are economic relationships, created by the exchange of goods and services; but they are also *moral* relationships. Questions concerning profit, growth, and technological advance have ethical dimensions. These include the effects of pollution and depletion of natural resources on society at large, the quality and character of the work environment, and the safety of consumers. As an anthology in business ethics, this text proposes to explore the moral dimension of business.

Ethics may be defined as the study of what is good or right for human beings. It asks what goals people ought to pursue and what actions they ought to perform. Business ethics is a branch of applied ethics; it studies the relationship of what is good and right to business.¹

But how do we know what is right or wrong or good or bad for business? Before discussing in more detail the content of the various ethical principles, it might be helpful to clarify what ethics is not.

Ethics and etiquette: For some, ethics or morality is confused with the notion of etiquette. In most cases etiquette refers to behavior that is considered socially acceptable, as opposed to morally right or wrong.

Concepts such as politeness, manners, one's dress, or rules of conduct might be associated with etiquette. For example, etiquette might require one to use a handkerchief upon sneezing, or to shake hands when meeting someone for the first time. There may be cases though when proper etiquette can cross over the line into the domain of morality. For example, in some countries acceptance of gifts in business might be considered proper etiquette, although arguments can be raised that such activity is unethical.

Ethics and the law: Typically, the law tends to reflect or embody the moral norms of society, and on this basis it can be suggested that what is legal is also ethical. Although ethics and the law often overlap, this may not always be the case. Some laws could be considered amoral, such as driving on the right-hand or left-hand side of the road. Alternatively, many acts which are legal might still be considered to be unethical, such as receiving gifts from suppliers, conducting personal business on company time, or invasions of privacy. Still, in other cases, laws themselves may be determined to be unethical, such as the previous Apartheid laws in South Africa, or the previous racial discrimination laws in the USA. For this reason, it is important to realize that the law does not always equal ethics, and in most cases merely sets out the minimum standards of expected behavior.

Ethics and religion: In a number of respects, ethics and religion are related to each other. Many of our

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ethical prescriptions, such as don't kill or steal, derive from religious doctrine. The "golden rule," or "do unto others as you would want done to yourself," can be found expressed in some form across most religions. Although ethics and religion often overlap, this is also not always the case. Certain religious prescriptions have been considered by others to be immoral, such as religious decrees prohibiting abortion or euthanasia. Certain religious prescriptions regarding the role of women in society have also been considered by others as being immoral or unethical. One must therefore be careful before necessarily accepting that ethics and religion are one and the same.

It is sometimes said that business and ethics don't mix. In business, some argue, profit takes precedence. Business has its own rules and objectives, and ethical concepts, standards, and judgments are inappropriate in the context of business. But this view is fundamentally mistaken. Business is an economic institution, but like our economy as a whole, it has a moral foundation. The free-market system reflects our convictions about the nature of the good life and the good society, about the fair distribution of goods and services, and about what kinds of goods and services to distribute. It is true that the goal of business has been profit, but profit-making is not a morally neutral activity. Traditionally, we have encouraged business to pursue profits because we believed – rightly or wrongly – that profit-seeking violates no rights and is best for society as a whole. This conviction has been the source of business's legitimacy, our belief in its right to exist. In the past two decades, however, the belief that business makes an entirely positive contribution to the general welfare has been challenged. For many, business's connection with the moral foundation which justified it no longer seems clear. Distrust of business has increased; recent polls, for example, indicate that Americans believe that the ethical standards of business are lower than those of society as a whole. Many thinkers contend that business faces a crisis of legitimacy. In such a climate, an investigation of business values, of the moral dimension of business, and of the role of business in society becomes urgent. To undertake such an investigation is the task of business ethics. This anthology approaches this task on four levels:

1. An ethical investigation of the context in which American business is conducted – that is, capitalism or the free-market system. Does the system truly contribute to a good society and reflect our most important social values? In particular, is it a just system, one that reflects our beliefs about the fair distribution of goods and services? The selections included in Part 1 of this text explore the meaning of justice in a modern economy, and the question of whether capitalism embodies that ideal. It also suggests some specific ways in which ethical values have operated or should operate in business decision making.
2. An inquiry, within this broad economic context, into the nature and role of business organizations. Is the function of business activity simply to make a profit? Do businesses have other obligations because of their vast power or relationship to other elements of society? How might corporate structures best reflect the nature and responsibilities of corporations? Such questions are taken up in Part 2.
3. An examination of particular ethical issues which arise in the course of business activity, such as employee rights and duties, relationships in working life, hiring practices, advertising and product safety, obligations to the environment, and operating in foreign countries. A range of such issues is covered in Parts 3 and 4.
4. An examination and ethical assessment of the values which reside implicitly in business organizations and business activity in general, such as freedom of opportunity, economic growth, and material well-being. We pursue this endeavor throughout the text, and in Part 5 we examine the development of the corporate ethos and reflect on the future of the moral corporation.

Engaging in ethical reflection on business at each of these levels requires using ethical concepts, theories, and standards of judgment. The remainder of this General Introduction presents some of the most important principles of ethical theory. To provide a context for discussion of these principles, we begin with a brief history of the field of business ethics. We then discuss the types of business decisions we can make.

Brief History of Business Ethics

How has the field of business ethics developed over time? Is it merely a passing management fad? This hardly appears to be the case. Certainly ethics in business has been an issue since the very first business transaction. For example, the Code of Hammurabi, created nearly four thousand years ago, records that Mesopotamian rulers attempted to create honest prices. During the fourth century BC, Aristotle discusses the vices and virtues of tradesmen and merchants. The Old Testament and the Jewish Talmud discuss the proper way to conduct business, including topics such as fraud, theft, proper weights and measures, competition and free entry, misleading advertising, just prices, and environmental issues. The New Testament and the Islamic Koran also discuss business ethics as it relates to poverty and wealth. Throughout the history of commerce, these ‘codes’ have had an impact on business dealings. During the nineteenth century, issues such as the creation of monopolies and the use of slavery were important business ethics issues, and continue to be debated now.

In recent times, business ethics has moved through several stages of development. Prior to the 1960s, business was often considered to be an amoral activity; concepts like ethics and social responsibility were rarely mentioned. During the 1960s, a number of social issues in business began to emerge, including civil rights, the environment, safety in the workplace, and consumer issues. During the 1970s, the field of business ethics took root in academia, with most US schools offering a course in business ethics by 1980. From 1980 to 1985 the business ethics field continued to consolidate, evidenced by the flourishing of journals, research centers, and conferences. From 1985 to 1995 business ethics became integrated into large corporations, with the development of codes of ethics, ethics training, ethics hotlines, and ethics officers. Since 1995, issues related to international business activity has come to the forefront, including issues of bribery and corruption, and the use of child and slave labor abroad. Since 2001, most of the focus has been on understanding the causes of such major corporate scandals such as Enron and WorldCom, as well as preventing another 2008 financial crisis.

Let’s now look at an example of the kind of ethical decision individuals sometimes face in business.

Types of Business Decisions

The Amalgamated Machinery dilemma

Ted Brown is worried. A salesman for Amalgamated Machinery, he is in charge of negotiating an important sale of construction equipment to the government of a small but rapidly developing nation. Deeply in debt, Amalgamated has staked its future on penetrating foreign markets. And Ted’s potential contract is not only a very large one, it could open the door to even bigger sales in the future. If he lands the contract, Ted’s future in the firm is bright – and he was convinced he would get the contract until he spoke with a powerful government official who is involved in the negotiations. Ted’s bid, the official explained, is regarded very favorably. In fact it is the lowest. All that is needed to clinch the deal is a \$100,000 “commission fee” payable in cash to the official. If Ted does not pay the fee, the official regrets that the contract will go to a competitor.

Ted knows that the sale is crucial for his company. He believes that his customers would get the best possible deal by buying Amalgamated’s equipment. And he knows that \$100,000 is a relatively small sum compared with the potential profits represented by the contract. Yet, although he is aware that such payments are not unusual in many countries, he has always felt that they were wrong, and has never before used them to secure a deal.

Ted Brown’s dilemma is fictitious, but it is not far-fetched. It illustrates a problem businesspeople often face: Should the interests of the firm override personal convictions about the right thing to do, or should one always act on one’s personal convictions despite the consequences for the firm? Clearly, Ted’s decision will not be easy. How should he go about deciding what to do? And if Ted were to ask you for advice, what would you say?

One thing you might point out is that Ted needs to understand the kind of decision he is making. Although he can do only one of two things – either pay the \$100,000 or not – he can formulate his

decision from at least three distinct perspectives or points of view. They are:

1. Which is the better decision from a *business* point of view?
2. Which is the better decision from a *legal* point of view?
3. Which is the better decision from a *moral* point of view?

A second point is that in most (but not all) cases when someone decides to do something that he or she regards as important, the decision to act comes at the end of a process of deliberation. And to deliberate about an action is (roughly) to weigh the reasons for doing it according to some standard or principle. Such standards or principles have two important features. First, they are supposed to apply to all decisions of a certain kind regardless of who makes the decision. Second, they purport to differentiate between better and worse decisions of that kind. For example, if Ted were to decide from a business point of view he would weigh the reasons for paying or not paying according to a principle that differentiates between better and worse business decisions. Often that principle is assumed to be this: In every business undertaking, one ought to do whatever maximizes long-term profits. So if Ted believes that the decision should be made from a business point of view, and if he were to judge that paying the bribe would maximize long-term profits, he would pay up.

Suppose, however, Ted believes that the decision should be made from a legal point of view. Now the principle might be: For any action to which the law applies, one ought not do that act if it is illegal. As anyone familiar with the law knows, determining whether a specific act is legal can be difficult. But assume Ted decides that it is illegal to make the payment. Then the principle instructs him not to pay. On the other hand, suppose he decides it is legal. Should he pay? Not necessarily. The standard says only, "If something is illegal, don't do it." It doesn't say, "If it is legal, do it." So in a sense the legal principle is incomplete. Once Ted decides that the act is legal, it has nothing further to tell him about what is best to do.

The third way that Ted could make his decision – the one we will be most concerned with in this

General Introduction – is from a moral point of view. What is it to decide from a moral point of view? If we follow the model presented above, it is to evaluate the reasons, to deliberate about doing one thing rather than another according to some moral standard or principle that differentiates between better and worse moral decisions. So to decide from a moral point of view we need, first, to know what kind of moral principles there are; second, what kind of reasons are relevant to moral action; and, third, how to evaluate those reasons in light of the principle. For example, suppose the moral principle Ted accepts is: One always ought to do what is in one's own self-interest. Then he would consider the reasons for believing that paying the bribe, or not paying, is in his best interest. Suppose, for example, that after analyzing the business aspects of paying the bribe he finds that paying would maximize profit. This could be to his advantage since a firm that places a high value on profit is also likely to place high value on employees who contribute to profit. However, if the bribe is illegal, and if it is discovered that Ted paid the bribe, he would be in trouble. The authorities would probably impose a heavy fine on the firm, and this would not endear Ted to upper management. Furthermore, Ted might face legal sanctions himself. It seems, then, that if Ted wants to do what is in his own best interest he has a lot of thinking to do. Making the correct decision from a moral point of view will not be easy.

In fact, it is characteristic of moral decisions that they are not easy. There are three main reasons for this. First, much more often than not, moral decisions are important. They affect our lives and the lives of others in significant ways. Second, moral decisions are complex. Frequently no obvious or easy solution presents itself, and it is not unusual for there to be several alternatives that seem equally reasonable. Finally, there is often deep disagreement about which moral principle should be applied to the decision. Different people may have very different ideas about which standard is appropriate. To take a (slightly modified) famous example, suppose someone, call him Paul, faces the problem of either leaving home and joining the forces defending his country from invasion by an evil empire, or staying and comforting his mother through the last stages of a debilitating and fatal illness. Should he go or stay?

Suppose Paul accepts Ted's moral standard: One always ought to do what is in one's own best interest. And suppose Paul decides that it is in his best interest, all things considered, to avoid the problem altogether. So he decides to relieve his mother of what small savings she has accumulated and purchase a ticket on the next plane leaving for a more peaceful and prosperous kingdom. Surely, he reasons, this would be better for him than risking his life in a war or dawdling about waiting for an old woman to die.

Most people would probably be outraged by Paul's decision. Some might argue that he has duties to his mother that override his self-interest. Others might say that he should promote the common good of his fellow citizens by defending his homeland. And still others would say that his decision shows character flaws such as cowardice and ingratitude. Each of these responses makes implicit appeal to a different ethical viewpoint – a different way of understanding what Paul ought to do. In the pages to come we will discuss each of these viewpoints. But before we do so we will return briefly to the three different ways that Ted can understand his decision.

The problem of conflicting decision-making rules

We said that Ted can understand his decision from either a business, legal, or ethical point of view. The question naturally arises: Which should he choose? The question would not be hard to answer were there never any possibility of conflict between them; that is, if the best business decision were always and at the same time the best legal and ethical decision. But there is a possibility of conflict. For example, it might maximize profits to pay the bribe even if it is illegal and immoral. And bribery might be immoral, even if not illegal. So the best thing to do from a moral point of view need not be the best thing to do from a business or legal point of view. On the other hand, conflict is not always present. In many cases, perhaps in most cases, the best business decision will also be legally and morally acceptable. In addition, a growing body of empirical evidence has emerged suggesting that "good ethics is good business," or at least that "bad ethics is bad business."²² But when conflict is present, we need some way to decide what to do. For example, compa-

nies which base their decision making on what is the best business decision will inevitably engage in unethical activity when it is profitable to do so.

To resolve potential conflicts, consider the following rules:

1. Whenever there is a conflict between ethics and the law, one ought always to do what the law requires.
2. Whenever there is a conflict between ethics and business principles, one ought always to do what business principles require.

These rules tell us what to do in situations in which ethical and legal or business principles give different instructions. Thus they resolve cases of conflict between ethics and law, and ethics and business. But should we follow them? Might there be circumstances in which it would be wrong to follow them?

There are many examples which seem to show that ethical obligations can outweigh legal obligations, and that in certain circumstances it is permissible to break the law. For instance, in the American civil rights movement laws were deliberately broken when it appeared that no alternative was available to change an intolerable situation. These laws (e.g. laws preventing African-Americans from voting) were clearly unjust. They perpetuated and enforced social arrangements that were deliberately intended to deprive African-Americans and other minorities of the opportunity to participate meaningfully in the economic, educational, and political system. Since many legislatures were controlled by persons unwilling to change the laws, civil disobedience was, in our view, both justified and necessary.

Two things follow from this example. First, in some circumstances breaking the law is justified. Such circumstances may be rare, but they do occur. Second, the justification for such acts derives from ethical principles, e.g. principles of justice. Thus rule number 1 is not acceptable as a general rule for resolving conflicts between the law and ethics. Sometimes we ought to follow ethical principles even though what we do is against the law.

There are also many cases, a number of them in this book, which seem to show that ethical principles sometimes take precedence over the business principle

of maximizing profit. For instance, suppose a paper company were to move to a country that has few laws protecting the environment. To minimize costs, and thus enhance profits, the company legally dumps the toxic waste it produces into a nearby river. Eventually this causes health problems for the local inhabitants. The company's actions may be both legal and warranted by considerations of profit. In our view, however, they are ethically unacceptable. Corporate profit does not justify causing harm to persons, particularly when such harm is both foreseeable and preventable.

If this is correct, then profit maximization in business is not always justified. And on occasion the justification for not doing so derives from ethical principles, e.g. the principle that one should not cause preventable harm. Thus, rule number 2 is not acceptable as a general principle for resolving conflicts between ethical and business principles. Sometimes one should follow ethical principles even when profit suffers.

The above examples show that legal and business principles do not always take precedence over ethical principles. But the examples do not show that ethics always comes first. That is, they do not show that:

3. Whenever there is a conflict between ethical principles and business or legal principles, one ought always to do what ethical principles require.

Should we accept rule number 3? If someone were to do so, then for that person obeying the law and maximizing profits would always be secondary to ethics. As we will see, many philosophers have defended ethical principles that imply rule number 3 or something very close to it. The content of these principles, and the arguments for them, is our next topic.

Ethical Subjectivism

Understanding subjectivism

Ethical subjectivism is a viewpoint which is sometimes expressed as "what is right for me may not be right for you." This statement is open to various interpretations. For instance, it could mean: Given our different circumstances, it would be morally right for me to do *X*, but it would not be morally right for you to

do *X*. Suppose, for example, that Smith is very wealthy and Brown is very poor. Then it might be morally right for Smith annually to donate a considerable sum to charity, but wrong for Brown to do so because it would deprive her children of basic necessities. Understood this way, the statement highlights an important truth, namely, that the morally correct decision often depends on the circumstances of the person making it. If the circumstances of different persons are very different, then the right decision for them may be different even though they accept the same moral standards.

The statement might also mean: What I think is right may not be what you think is right. Once again this expresses a truth, for, as the debate over abortion abundantly shows, there are many disagreements about what is ethically right.

Neither of the interpretations mentioned so far is objectionable. But there is a third interpretation that is much more controversial. It is this: The correct ethical principle for me may not be the correct ethical principle for you. Unlike the other two interpretations, this one is not obviously true. One reason it is not true, many people would argue, is that ethical principles such as "do unto others as you would have them do unto you" apply to everyone. Whether all ethical principles apply to everyone is a difficult issue that we will discuss briefly later. However, we will try to show that subjectivism is not an acceptable account of ethics even if ethical principles do not apply universally. To explain why, we must examine it in more detail. We begin with a basic statement of the subjectivist position:

Ethical Subjectivism: What is ethically right or wrong is strictly a matter for individuals to decide based on ethical principles they have chosen. This is because (1) each individual is the sole judge of whether the principle he or she has chosen is the right one for him or her, and (2) each individual is the sole judge of whether his or her action is ethically permissible according to his or her principle.

If ethical subjectivism is true, then what is ethically right or wrong is entirely a personal matter. Each person is the single source and only authority concerning the selection and applicability of his or her own moral standards. There are no valid public standards of moral

accountability – no standards that apply to more than one person except insofar as different people choose the same principle by chance. For example, suppose Green and Robinson are thinking about whether some action *X* is morally permissible. Based on standards he has chosen, Green decides it is permissible and does *X*. Based on standards she has chosen, Robinson decides *X* is not morally permissible and does not do it. If Robinson accepts the argument given above, she is in no position to say to Green, “What you did is ethically wrong.” Since she acknowledges that each person is sovereign in his or her choice of ethical principles, and that each person is the exclusive judge of whether his or her action conforms to the principle, the best she can do is say, “What you did is wrong according to my standards.” But this is simply a statement of fact. It makes no moral evaluation of Green’s action.

Subjectivism has great appeal in our diverse society, where all persons are expected to think seriously about ethical issues and to come to their own conclusions. Furthermore, within limits they have a right to express and to act on those conclusions. We expect that even when citizens very seriously disagree with one another, each will treat the other with respect. Ethical subjectivism seems to capture this attitude of tolerance and respect for diversity.

First objection to subjectivism

An objection to ethical subjectivism is that it has unacceptable consequences. For example, in the Smith and Brown example given above, it was said to be ethically permissible for Smith to give a large sum to charity, but not ethically permissible for Brown because it would deprive her children of basic necessities. This judgment rests on the ethical standard “It is wrong for parents voluntarily to deprive their children of basic necessities.” But suppose that Brown is an ethical subjectivist and that she accepts quite a different standard, one such as “I should give to charity regardless of how it affects the welfare of my relations.” Then from her point of view it would be ethically right for her to give to charity; indeed, it would be wrong of her to choose not to give on the grounds that her children would suffer.

One would think that Brown should have moral commitments to the welfare of her children that place

reasonable restrictions on her choice of other ethical principles. She should accept principles that confirm those commitments and reject those that ignore them. However, since Brown is an ethical subjectivist, there are in principle no constraints on her choice of ethical principles other than the ones she accepts. If she chooses principles compatible with the welfare of her children, then that is all well and good. If not, then, if one is an ethical subjectivist, there is no moral reason to complain of her choice.

The main point of the Brown example is this. Ethical subjectivism places no limitations on the *content* of the principles individuals choose. It is consistent with subjectivism that individuals choose principles that license behavior detrimental to the interests and welfare of people, that ignore their rights, and that abjure personal responsibility. So Brown can choose to ignore the welfare of her children, or accept other principles such as “it is permissible for me to lie when I want to” and violate no stricture of ethical subjectivism. In short, as far as subjectivism is concerned, *any* behavior by an individual is ethically permissible as long as the behavior is permitted by a principle that individual has chosen.

But this cannot be correct. It is an unacceptable consequence of subjectivism that it places no restrictions on the kind of ethical principle an individual might select. Principles of the sort mentioned above, e.g. ones that permit harm to others, are not ethical principles; rather, they are anti-ethical principles. They are the antithesis of ethics. It may be true that the ethical principles a person lives by are ultimately chosen by that individual, but it does not follow from this that any principle an individual might choose is rendered ethically acceptable by the mere fact that it was chosen. Persons can choose principles of evil as well as good. Since ethical subjectivism does not distinguish between such choices, it is not an acceptable account of ethics.

Second objection to subjectivism

Suppose a subjectivist were to respond to our argument as follows: You may be right that choosing evil principles is compatible with subjectivism, but that has nothing to do with me. My principles are good, not evil, so your argument is not relevant to the

choices I have made. I have no qualms about being a subjectivist. It is those other people that you need to worry about.

This response points to a second and equally important reason to reject subjectivism. To see what it is, suppose we were to ask Brown why she follows a principle that obligates her to give to charity at the expense of her children's welfare. She could give one of two answers. The first is that the choice was arbitrary. There is no reason why she chose that principle instead of another one. Since her choice is arbitrary, tomorrow she might decide, again for no reason, to select a different principle. Arbitrary choices imply no commitment. Since they are made for no reason, there is no reason not to change them on a whim.

People who make arbitrary choices that affect their interests and welfare, or the interests and welfare of other people, are not rational. Since one can never tell what they might do from one minute to the next, the best policy for the rest of us would be to avoid them whenever possible so that we are not harmed by their unpredictable actions. A subjectivist who arbitrarily chooses principles that guide his or her behavior would be a dangerous person. And he or she would not be someone who takes the importance and complexity of moral decisions seriously.

A subjectivist might reply that *of course* the choice is not made arbitrarily. It is based on reasons, which is the second of the two possible answers mentioned above. And the reasons cannot be arbitrary. Otherwise they could be changed on a whim, and the same problem would occur. They must be good reasons. But what is a good reason?

A complete answer would take us far beyond the bounds of this General Introduction. At least we know, however, that a good reason is not an arbitrary reason. So it would help if we knew more about the difference between good reasons and arbitrary reasons. Let us try this. The mark of a good reason – one that is not arbitrary – is that it withstands scrutiny and criticism by other reasonable people. Put another way, the goodness, so to speak, of a good reason is public in the sense that it is open to inspection and evaluation by more than one person. Thus, if a subjectivist offers good reasons for choosing an ethical principle, those reasons are available for other people to judge. If they judge that the reasons offered are not good, then a

subjectivist can do one of three things. First, she might try to convince people that the reasons are good after all. Second, she might try to find different reasons that support her choice and are judged good. Finally, she might abandon her choice of ethical principles. What she cannot do, and still maintain that her choice is based on good reasons, is refuse to defend or modify her position. Were she to do so she would be deciding arbitrarily, which is something she is committed not to do.

Is engaging in a public process of evaluating reasons for choosing ethical standards compatible with ethical subjectivism? The answer is clearly “no.” For subjectivists the choice of ethical standards is supposed to be entirely personal. No person, other than the one making the choice, has any legitimate say in the matter. But subjectivists are committed to giving good reasons for their choice. Since good reasons are public, not private, other people do have a role in judging the worth of reasons. If the reasons offered are not good, subjectivists cannot refuse to modify their position without violating their own intellectual commitments. Hence, the choice is not entirely private. Other people are involved in the process.

This is the second problem with subjectivism. It is unacceptable because it is inconsistent. On the one hand, subjectivists claim that the choice of ethical standards is completely personal. On the other, if they claim that their choice of principles is based on good reasons, they acknowledge that other people have a role to play in the choice. They cannot have it both ways; at least, not if they claim that subjectivism is a rational ethical viewpoint.

There are two ways that subjectivists could try to avoid this conclusion. The first is to say that the choice of principles is arbitrary, and not based on good reasons. But, as we argued earlier, this position is also irrational. The second is to provide a plausible account of good reasons that does not make the reasons for choosing ethical principles open to public evaluation. No subjectivist has attempted this, nor, we suggest, would they be likely to succeed were they to try. We conclude, then, that subjectivism is not a defensible ethical view.

Recall for a moment the subjectivist's complaint that she has chosen good principles, so the argument that subjectivism has unacceptable consequences does

not apply to her. We can now see where her complaint goes wrong. A good ethical principle, whatever else it might be, is one which is acceptable for good reasons. And what counts as a good reason is in large part determined by public standards. The public nature of ethics is inescapable. It cannot be, as subjectivists would have it, an entirely private matter.

Characteristics of discussions about ethics

Let us stop for a moment and review the discussion of ethical subjectivism. We began by trying to give a clear statement of subjectivism. We then tried to show that subjectivism has implausible consequences. To avoid these consequences we attempted to modify the original statement of subjectivism. But this failed because the modification leads to an inconsistency, i.e. the inconsistency that for a subjectivist the choice of ethical principles both is and is not an entirely personal matter. Thus, we claimed, subjectivism should be rejected.

In the pages to come the general pattern of this discussion will be repeated, sometimes with slight alterations, in the analysis of other ethical principles and viewpoints. The reason is that underlying the pattern are several common assumptions and shared ideas about how to judge the validity and adequacy of ethical principles or viewpoints. These assumptions and ideas provide a context for the debate about ethics. They are the “rules of the game” that prevent it from degenerating into a pointless shouting match. It is important to know something about them for two reasons. First, it is much easier to follow the debate when one understands the rules. In the context of the rules the pattern of the discussion makes sense. And it makes sense of why some points for or against a certain ethical principle are thought to be more telling than others. Second, not everyone who tries to be a part of the discussion accepts all the rules. They are playing a different game, which explains why the things they say about ethics may seem so peculiar.

We have divided the assumptions and ideas into three categories. The first category is essential for any discussion, regardless of the topic.

1. All parties to the debate are rational in the minimal sense that (a) they believe that it is relevant

and appropriate to give reasons for what one believes; (b) if given good reasons for believing something, reasons that withstand public scrutiny, then, *ceteris paribus*, they will believe it; and (c) they are able to see that statements have logical consequences, i.e. they recognize that if some statements are true (or false), other statements are true (or false).

2. No logically inconsistent position is rationally acceptable. To have a logically inconsistent belief amounts to believing that some statement both is and is not true. Logically inconsistent ethical beliefs are not rationally acceptable because they will entail, for every action, both that it is ethically right or good and that it is not ethically right or good.

The second category relates more directly to ethics. It has to do with the nature of ethical judgments, and with the kinds of reasons relevant to ethical judgments.

3. Ethical judgments apply primarily to the actions of moral agents. The paradigm example of a moral agent is a person who is rational and who has enough intelligence and background information about the world to recognize that (a) persons have interests and welfare that can be enhanced or harmed; and (b) certain actions are likely to have consequences affecting the interests and welfare of persons. If someone, e.g. a child, does not fit this characterization of a moral agent, then his or her actions are not properly subject to moral judgments.
4. Ethical judgments are a part of a public system for evaluating actions of moral agents that affect themselves or other persons. Actions are evaluated as ethically right or wrong, good or bad, praiseworthy or blameworthy. These evaluations are made according to reasons and principles subject to public appraisal. Thus, whether an evaluation is fitting is also open to public inspection and appraisal. Just as one’s choice of ethical principles is an appropriate topic of public debate, so one’s evaluation of an act is an appropriate topic of public debate.
5. Since ethical judgments are about actions of moral agents that affect the interests and welfare

of persons, statements that describe the interests and welfare of persons, or describe or anticipate the effects of acts on interests and welfare, are relevant to ethical judgments. These statements (if true) are morally relevant facts. In conjunction with ethical principles, these facts give us reasons for acting one way rather than another. In addition, statements describing the intentions, motives, and character of moral agents are relevant to ethical judgments. Such statements are vital for understanding the reasons for an action, and understanding the reasons for an action is germane to making ethical judgments about it. Since intentions, motives, and character are in part the cause or source of action, they are also subject to moral evaluation.

The third set of ideas and assumptions directly relate to methods for evaluating ethical principles.

6. Ethical principles are impartial in the sense that they do not allow special exceptions that benefit or harm a specific person or group. This does not necessarily imply that ethical principles are invariably neutral between the interests and welfare of persons. It may be morally permissible, for instance, to be partial to the interests and welfare of one's children. However, an ethical principle that allows partiality of this kind must allow each person to be partial to the interests of his or her children. It must not allow, say, Jones to be partial to his children, but prohibit Smith from being partial to hers.
7. Ethical principles (a) are rules for deciding between alternative courses of action involving the interests and welfare of moral agents; (b) do not require conflicting acts; and (c) prescribe no act or course of action that is considered belief systematically worsens the long-term welfare of persons, or is clearly detrimental to reasonable individual or group interests.

The third provision of the last assumption requires some comment. It is unavoidable, in our opinion, that one test of an ethical principle is how well it fits with considered beliefs about what is right and wrong. It cannot help but count against an ethical principle if it

prescribes acts that seem plainly wrong. But one must be cautious here, for even the most carefully considered beliefs about right and wrong are not always reliable. Prejudice and bias are common human failings, as is the ability to rationalize unacceptable behavior or simply to refuse to see that a moral issue is at stake. Given all of this, often it is our judgments that need to be changed, not the principle in question. Still, there comes a time when argument, criticism, and evaluation come to an end. That time may be put off as long as possible, but eventually a choice of principles must be made.

Ethical Relativism

Relativism explained

The next ethical viewpoint we will discuss is ethical relativism. This is the position that there is no universal ethical principle or set of principles by which to judge the morality of an action. Instead, each society or social group has its own set of moral rules. Furthermore, since a particular society's rules are justified by internal procedures and standards specific to and distinctive of that society, it is inappropriate, relativists argue, to evaluate one society's rules using the procedures and standards of other societies. Thus, relativists claim, ethics cannot be reduced to some master list of rules applicable to everyone. There are no ethical principles that everyone should follow. There are only local ethical principles that apply locally.

Ethical relativism, if true, implies that no culture's ethical code has the special status of being "better" or "truer" than another. Each culture's code is on a par with every other culture's code. For example, in Ted's situation a colleague who is an ethical relativist might argue that although bribery is immoral in the USA, it is an acceptable practice in the country in which he is trying to sell machinery. Different countries have different ethical principles, and different ways in which those principles are justified and agreed upon. Since Ted is not a member of the culture in which he is trying to do business, he is in no position to pass judgment, either favorable or unfavorable, on their ethical views.

In the bribery example the relativist's argument may seem reasonable. After all, if the members of a

certain society believe bribery is ethically permissible, who are we to tell them otherwise? But in other cases this attitude of “ethical neutrality” is much less plausible. For instance, if a culture were to practice slavery, then, if ethical relativism is correct, it would be inappropriate for us to say, “What you are doing is ethically wrong” because we would be applying our standards to the practices of a culture with a different ethical code. The best we could do is say, “What you are doing is wrong according to our standards.” This is not an ethical judgment, but a statement of fact. In this respect ethical subjectivists and ethical relativists are similar. Just as subjectivists cannot legitimately make ethical judgments about the practices of other individuals, so ethical relativists cannot legitimately make ethical judgments about the practices of other cultures.

This is a disturbing consequence of relativism. Although we may be reluctant to make judgments about things like bribery, most of us are convinced that slavery and other acts that unjustifiably harm people are plainly wrong regardless of where they occur or who does them. And most of us feel that we are justified in condemning such practices when they occur. Since ethical relativism seems to prevent us from making judgments about these practices in other cultures, there need to be powerful reasons for us to put aside our convictions and accept relativism. Are there such reasons?

The evidence for relativism

It is undeniable that different societies have different ethical practices, i.e. that acts permissible in some societies are impermissible in others. And in many cases differences in practice seem to derive from differences in ethical principles. This is often taken to be conclusive evidence in favor of ethical relativism. However, the evidence is not unequivocal. Differences in ethical practices may turn not on differences in ethical principles, but on a variety of other things such as different physical environments, levels of social wealth, or beliefs about morally relevant facts. In one society, for instance, the practice was to kill one’s parents as they began to grow old. This was morally permissible because it was thought that one would spend the afterlife in the physical state in which one died. If

one were to die in a body racked by pain and disability, one would suffer torment for eternity. It was a kindness, a mark of concern for the welfare of one’s parents, to ensure that they did not live to experience the infirmities of old age. Thus, despite very different practices in that culture and ours, there are underlying similarities of principle, e.g. the principle that one ought to honor one’s parents. We can understand and appreciate the motives for such acts while at the same time we may disagree about the facts of existence in the hereafter, assuming there is a hereafter.

Let us suppose, however, that a society S_1 has an ethical standard permitting acts of type A , society S_2 has an ethical standard prohibiting acts of type A , and that the difference cannot be explained by differences in environment, wealth, or beliefs about morally relevant facts. Does this show that ethical relativism is true?

Not unless several other possibilities can be eliminated. One of them is that neither S_1 nor S_2 has made an error in logic. For example, suppose the members of S_1 falsely believe that a statement logically entails (or does not entail) some other statement, and that this belief plays an important role in their justification of the principle permitting the acts in question. If they were to find or be convinced that they were wrong about the entailment, they might also abandon the principle since it no longer is justified for them. In this case the difference between S_1 and S_2 is more a matter of logic than ethics.

Another possibility is that the error is epistemic rather than logical. For instance, suppose that according to their own canons of evidence the members of S_1 have incorrectly evaluated their reasons for holding the principle. They have either made a mistake in judging the weight of the various reasons, or they omitted reasons that should have been taken into account, or included in the justification reasons that should not have been included. The error here is one which, by S_1 ’s own standards, they would admit were they to become aware of it.

A third possibility is that they are not aware that certain practices should be ethically evaluated. For example, in the recent past many societies, our own among them, were not concerned with environmental problems caused by pollution, disposal of toxic wastes, and so on. It was not that they had carefully thought

about these issues and decided that they were unimportant, but rather that they had not thought about them at all. It was only when they became aware that ethical issues were involved that they began to see environmental practices from an ethical point of view.

A final possibility is that S_1 and S_2 attach different meanings to ethical words we might try to translate as “good,” “justice,” or “rights.” If they do not realize that they are using these or similar words in different senses, then what may look like a difference in ethical principles could turn out to be a difference in the use of key ethical words. The possibility of misunderstanding or miscommunication should never be overlooked. Subtle differences in meaning can have important consequences for how one culture interprets the principles and justifications another culture gives for its ethical practices.

If any of these possibilities is realized, the fundamental disagreement is not about ethical principles. There is a prior point of contention or confusion – logical, epistemic, or semantic – that needs to be resolved before the discussion about ethics can begin. If it cannot be resolved, then the ethical differences are a consequence of disagreement about a nonethical matter. If it can be resolved, then S_1 and S_2 might come to agree about the basic principles of ethics.

Relativism and the possibility of error

Some ethical relativists claim that if members of a society *believe* that acts of a certain type are ethically correct, then they *are* correct for that society. Thus, in ethics, unlike, say, science, there is no difference between what is believed to be true and what is true. However, this claim is not convincing because it overlooks the possibility that social groups, like individuals, can make errors. A social group might have incorrect factual beliefs, make invalid inferences, mistakenly weigh evidence, or make some other error. In their own discussions about ethics or in conversation with other groups they may come to realize that their ethical beliefs are unacceptable on their own standards of logic and evidence. Were this to happen it is likely that their ethical beliefs would change. People certainly have the capacity to make errors. Happily, they also have the capacity to recognize their errors and eliminate them by changing their beliefs.

It is not hard to find examples of this. At one time, for instance, blatant racial and sexual discrimination were common in the USA. Much of this discrimination, though not all of it, was based on the false belief that African-Americans and women are intellectually inferior to white men. As these false beliefs are replaced by true ones we can reasonably hope and expect that discrimination will gradually disappear, for once this belief is gone, a major obstacle to living up to our own ideal of equal opportunity for all will be gone as well.

Ethical relativists who deny or ignore the possibility that social groups can make errors also counsel us to be tolerant of the beliefs of other societies. This is good advice. Our experience with discrimination shows that our society is as vulnerable to error as any other. It is a mistake to assume that our way of doing things is the only ethically acceptable way. But the reason relativists advise us to be tolerant is that they believe there is little basis for rational discussion between societies with different ethical viewpoints. After all, if a society cannot be mistaken about what it believes, there is no reason for it to subject its beliefs to critical evaluation by outsiders. Thus, relativists seem to think, since rational discussion is impossible, the only alternative modes of ethical interaction available, given the close proximity of different societies in the modern world, are tolerance and conflict. Since tolerance is much the better of the two choices, we should be tolerant. For the reasons given above, however, the fact that different societies have different ethical beliefs does not show that there is no basis for rational discussion between them. Nor does tolerance warrant indifference or inattention to the practices of other societies. If there is good reason to believe that an ethical practice is based on false beliefs about the facts, incorrect reasoning, etc., we may have a duty to speak out, or even take action in extreme cases, regardless of where the practice occurs. As history amply shows, the consequences of not doing so can be horrendous.

Bedrock ethical differences

But what if, after all the possible nonethical areas of disagreement are eliminated, S_1 and S_2 still have different ethical principles? Now should we accept ethical relativism?

As far as we know, there are no noncontroversial examples of this kind of disagreement. But let us imagine that S_1 and S_2 have completely different principles. Every principle S_1 accepts is rejected by S_2 and vice versa. And suppose S_2 is a culture very much like our own, with ethical values and principles we can understand and appreciate. What would S_1 be like?

In S_1 lying, cheating, and random violence would be the norm. There would be no strictures against murder, robbery, rape, or other acts of violence. In business there could be no contracts since there would be no trust or expectation of fair dealing. There would be little or no family life since no one would be committed to the welfare of others. There would be no religion, law, or social institutions of any kind, for if such institutions are to work, people must have basic respect for themselves and others. Nor could S_1 have traditions, shared ideals, social organization, or even a history that is anything other than a series of random events. In short, S_1 would not be a human culture at all. It would not have, and could not sustain, the minimum social structure needed to support a viable culture.

We mentioned earlier that relativists cite diversity of ethical practice as evidence for diversity of ethical standards. However, if the above argument is correct, there could not be a complete diversity of principles. And, as it turns out, it does seem that all societies have certain ethical rules in common, e.g. rules that promote reciprocity and fair play, and prohibit wanton violence. The reason is that were there no such rules, there would be no human societies. Many rules that societies have in common are essential for cultural survival. They establish the necessary conditions that make social life possible. Thus, there could not be a human society that has ethical rules completely different from our own.

If this is correct, then the more radical claims made on behalf of ethical relativism are implausible. The main evidence cited in favor of ethical relativism – that different societies have different ethical practices – does not support the claim that there is a radical and unbridgeable gap between the ethics of different societies. For one thing, all functioning societies have rules intended to help preserve social order. The evidence suggests that these rules are similar in different societies, which is not surprising

since people have the same basic needs regardless of where they live. Furthermore, for all the reasons listed earlier, a difference in practice need not amount to a difference in principle. In fact, we suggest that a genuine difference in ethical principles not attributable to a different understanding of facts, different circumstances, errors of logic and evidence, and so forth is likely to be rare.³

There still remains the possibility that different societies have different principles not attributable to any of the sources mentioned above. It may be very difficult to decide in any particular instance whether an apparent difference is a genuine one, but they might occur. What should we say about such differences, assuming one could be found?

Since such a difference would be a bedrock ethical difference not attributable to any nonethical source, it might seem as if a modified relativism must be true. Maybe not all rules can differ, a relativist might say, but some can, and about these rules and the practices they permit no rational intercultural discussion can take place, and no intercultural judgments can be made. Every society, at least potentially, differs ethically in some respect from other societies. This difference signifies a kind of ethical autonomy, an area of ethical freedom, into which it would be disrespectful for other societies to intrude.

Although there is some truth to the above argument, it is important to see what it does and does not establish. It does not show that there are genuine differences in ethical principles, but only that there might be. It does not show that apparent differences are genuine. And it does not show that different practices are grounded in different principles. Moreover, if genuine differences are to be found, rational discussion between societies must take place. Arguments must be evaluated, circumstances assessed, mistakes discovered and corrected, and agreements reached about what is and is not a real difference. But this, of course, is a paradigm of rational ethical debate and analysis. It is precisely the process by which we discuss and analyze ethical practices in our own culture as well as others. Thus, far from showing that ethical discussion between societies is impossible, ethical relativism, if true, would seem to require that it take place. Only in this way can genuine differences be found if they are present.

Finally, note that respect for the ethical autonomy of other cultures is proposed as a universal value, one that does not have merely local application. All of us, the relativist would say, should respect the views of other societies, and one way to do this is to be tolerant of differences when we find them. But there are other ways to be respectful of ethical autonomy. One of them, even more important than tolerance in our judgment, is to respect the rationality of others. We should not assume that apparent ethical differences are irrational or founded in reasons that we cannot comprehend. If we suppose that our society has good reasons for accepting certain ethical values, principles, and judgments, then it would be impertinent and contemptuous not to attribute the same to other societies. Tolerance, unless grounded in respect for rationality, is no more than a mean-spirited paternalism. It is an attitude taken toward those inferior in intellect and ability, those with whom it is fruitless to engage in meaningful debate. If relativists are to avoid this highly unattractive attitude, if they are to grant others the full measure of respect they are due, they cannot in good conscience advise us simply to be tolerant of diversity. They must instead concede that diversity marks the beginning of rational debate about ethics, not the end.

We hope by now to have shown that ethical relativism is a fairly innocuous ethical viewpoint. It cannot support the more radical claims sometimes made on its behalf. At best it shows that some diversity of ethical principles is possible. It does not show that differences are necessary, nor that they are extensive, nor even that when real diversity is found it cannot be rationally discussed. Relativism can serve as a reminder of the complexity of ethical views, and of how arduous it may be to understand and appreciate ethical differences. But beyond this its implications for ethical theory and practice are minimal.

The question of relevance

In our discussion thus far there is a question, or series of questions, that we have not addressed but that some readers may have wondered about. Suppose someone responded to our analysis of ethical relativism as follows: You may be right that ethical relativism does not

imply that one should not make ethical judgments about practices in other cultures, nor does it imply that rational discussion about ethics cannot take place between different societies. But nothing in your argument shows that I should make such judgments. Why should I care about what happens in other cultures? Granted that brutality, corruption, aggression, and injustice are common in the world, what does that have to do with me? Why should I be concerned?

In one sense these questions are unanswerable. If someone has no concern about the fate of anyone other than themselves, if they resolutely refuse to consider the possibility that they have ethical obligations that extend beyond the circle of their immediate acquaintance, then little we can say will change their mind. Argument is futile with those who will not listen. In another sense, however, there is an answer. To see what it is, we need to suppose that the questions implicitly contain an argument of the following sort: I should be concerned only about those things that affect my self-interest. What happens to people in distant lands has little or no effect on my self-interest. Hence, I need not be concerned about them.

The second premise of this argument is highly questionable. It is no longer true, if it ever was, that what happens in the rest of the world is of little consequence to individuals in their home country. The global economy has effectively put an end to economic and political isolationism, and with it an end to the idea that distant events are irrelevant to individual self-interest. Thus, the argument as given does not justify lack of concern about those in distant lands.

A response to the objection is that one should be concerned about distant events only to the extent that one's self-interest is involved. If there is no reasonable connection between a particular individual's self-interest and the lives of those in other lands, then that individual need not be concerned with them.

This response brings us to the first premise, the thesis that self-interest is all that matters. As we will see in the next section, this view comes in several different guises. So that we can better respond to it, and better give our final answer to the argument that one need not be concerned with the fate of others, we will first place it in the context of what are usually called consequentialist ethical theories.