

Notes on Business Ethics

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About this ebook

This ebook contains my notes for Business ethics. I introduce moral philosophy, meta-ethics, moral theories, and apply philosophical thought to many moral issues concerning business ethics. That includes the system in which we live (capitalism and corporations) as well as the hard choices individuals have to make. Most of these notes are based on [Business Ethics \(Third Edition, 1999\)](#) by William Shaw, but many of the statistics and studies have been updated since a lot has changed in the last decade. I know that many versions of his book are nearly identical in many ways and I suspect he mostly updates the book to include new statistics and studies. Shaw has another business ethics book that was recently updated as well – [Moral Issues in Business](#) (Eleventh Edition, 2009).

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Update (9/4/2011) – I made several corrections and clarifications.

Update (12/17/2012) – I made a minor clarification to an objection to Kant's categorical imperative.

Update (6/12/2013) – I fixed the chapter on Ethics and Rationalization, and I removed a couple of chapters.

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Part I: Introduction

Chapter 1: How to Become Moral

This book mainly concentrates on moral reasoning and knowledge, but even when we know right from wrong we still might decide to do wrong. Becoming moral is a challenging task and requires us to find motivation to be moral. I suggest that the following are aids in our quest to find moral motivation and improve ourselves:

1. Rationality
2. Intellectual virtues
3. Moral theories
4. Moral knowledge
5. Appropriate thoughts
6. Close relationships
7. Experience
8. Spiritual exercises

These eight aids can go a long way in motivating moral behavior and lacking these aids can be dangerous. A culture that does not foster these aids is a culture that neglects morality and should expect immoral behavior. (Unfortunately all cultures seem to neglect these aids to various degrees.)

1. Rationality

A good ability to reason helps us determine what beliefs are most justified or “rational.” A belief must be sufficiently rational and justified or we shouldn't have it. The ability to reason requires us to understand logic either consciously or unconsciously. The ability to apply logic to our reasoning is aided by an explicit understanding of logic and experience with reasoning. Presenting arguments and engaging in debates can help us practice our ability to reason.

Additional reading – I discuss reasoning, formal logic, and errors in reasoning in my free ebook, [How to Become a Philosopher](#). A free detailed introduction to formal logic is presented at the [Hofstra University website by Stefan Waner and Steven R. Costenoble](#). A free discussion of fallacies (errors in reasoning) is discussed at the [Fallacy Files](#).

2. Intellectual virtues

To have intellectual virtues is to be willing and able to be reasonable. A person with intellectual virtues will reject irrational beliefs and refuse to reject rationally required beliefs. It is irrational to believe that “1+1=3” and it's rationally required to believe that “1+1=2.” Intellectual virtues include appropriate open mindedness and appropriate skepticism. An extreme lack of intellectual virtues can lead to fanaticism.

Additional reading – I discuss intellectual virtues in detail in [Intellectual Virtues, Dogmatism, Fanaticism, and Terrorism](#).

3. Moral theories

The best moral theories are highly developed, comprehensive, and coherent accounts of morality that can help us determine and understand right from wrong. Good moral theories are the result of years worth of moral debates and moral reasoning. Philosophers have now been discussing morality and moral theories for thousands of years, so a great deal of progress has been made.

Additionally, learning moral philosophy in general—thousands of years of moral debate between philosophers—can provide us with thousands of years of knowledge. It's a lot easier to learn about morality from those who have spent years thinking about it than to try to develop our own moral beliefs from the ground up.

Additional reading – I discuss moral theories in more detail in [Normative Moral Theories](#).

4. Moral knowledge

Ideally moral theories, moral reasoning, and intellectual virtues can lead to moral knowledge. If this ideal is not reached, then we still attain *better* moral beliefs. Once we know right from wrong we can potentially be motivated to do the right thing. Much of the time moral knowledge seems sufficient to motivate us to do the right thing because we already want to do the right thing. Virtuous people are usually motivated to do the right thing, so we are all motivated to do the right thing insofar as we are virtuous.

Additionally, we are often more motivated to do the right thing when we know *why* it's the right thing. Children who hit others often don't yet understand *why* it's wrong to hit others. Moral knowledge often entails answers that are important for our motivation.

5. Appropriate thoughts

Moral knowledge can lead to appropriate thoughts. When my wallet is stolen I could think, “This is terrible! I'll kill whoever did this!” or I might think, “What can I do to get my wallet back?” The second option is more appropriate than the first. Revenge is not a moral option to losing your wallet. The Stoics suggest that appropriate thoughts are guided by moral knowledge, and appropriate emotions and actions tend to be a result of appropriate thoughts; but inappropriate thoughts can lead to inappropriate emotions and actions.¹ We can imagine someone losing their wallet as becoming enraged and seeking

¹ The Buddhist's eightfold path also suggests that inappropriate thoughts can lead to inappropriate emotions and actions which ultimately cause suffering. (“Noble Eightfold Path.” Wikipedia.org. 30 August 2010. <http://en.wikipedia.org/wiki/Noble_Eightfold_Path>.)

revenge based on the above inappropriate thoughts.

Moral knowledge does not always lead to appropriate thoughts. Our impulsive thoughts, emotions, and behavior can contradict moral knowledge. The knowledge that the money in a wallet isn't as important as human life contradicts the implied values of a person who wants to kill someone for stealing a wallet, but such an automatic response is probably pretty common.

The next step is to correct our inappropriate thoughts. Our inappropriate thoughts can often be quenched by “cooling off” and controlling our thoughts. This is why anger management classes teach people to count to 10 when becoming enraged.

When inappropriate thoughts become obsessive it can be necessary to “talk ourselves out of it.” This is when moral knowledge can become quite useful. We can present arguments and evidence that contradict our obsessive thoughts to debunk them and correct our thoughts. If we seriously start considering killing the person who stole our wallet, we can remind ourselves that the value of money is insignificant compared to the value of human life.

Common inappropriate thoughts include the following:

1. We often have a bias to think we are more rational, knowledgeable, and ethical than we really are. We must remind ourselves that we are likely to have this bias and consider possible objections to our beliefs and actions. We can educate ourselves about good reasoning and ethics to help prevent this bias, and sometimes it can be a good idea to talk with others about our beliefs and actions to make sure they are well justified.
2. We can sometimes illegitimately convince ourselves that something is more important than ethics and being ethical. We should commit ourselves to be ethical as a high priority—perhaps the highest priority.
3. We often give up being ethical or improving ourselves because it's “too difficult.” We should work at improving ourselves one step at a time by identifying ways we can be improved and coming up with realistic goals that we could reach.
4. We often forget about our aspirations, ideals, and dreams. If we want to accomplish something in our life, we need to make plans for the future and figure out how to achieve get what we want out of life.
5. We often give up on being moral because we aren't sure how to be motivated. If you lack moral motivation, try different motivational techniques. Think about the importance of other people's lives, think of yourself as the kind of person who has a strong interest in ethics, and plan to reward yourself when you can accomplish various moral goals.
6. We often dismiss criticisms and objections, and find them offensive. Remind yourself that criticisms and objections are often part of learning our own flaws and improving ourselves. If you take offense at criticisms or objections, you might want to wait some time to cool off and think more about it later.

6. Close relationships

We can abstractly realize the values of human life, happiness, and suffering; but this abstraction can

have little power over our motivations. To fully appreciate human life, happiness, and suffering we can understand these things from ourselves. We need to realize the value of our own life, happiness, and suffering.

The next step is to realize that other people matter too. Other people's life, happiness, and suffering has value just like our own. Other people are just as real as we are, and we aren't the center of the universe. This is pretty natural once we establish close relationships with others. Most people learn to love and care for their parents, siblings, and friends. It doesn't take long to realize that their lives, happiness, and suffering also have value. This can help us attain appropriate emotions, such as empathy.

Even then many people don't seem to connect the dots—everyone's life, happiness, and suffering have analogous value. Our family and friends aren't the only people in the world who count. Everyone counts. I suggest that we can connect the abstract realization of values to the values involved with real people after we have formed close relationships and spent some time thinking about morality. This can help widen our empathy to strangers or even nonhuman animals.

Finally, there are cultural influences on our connections to others. Our close relationships can be weakened when we stop spending time with friends and family. Working too many hours, spending too much time watching television, and competing for resources are three ways that we can lose our close connection to others; and other people might no longer feel as real to us. We will see cars and bodies, but we might no longer feel the importance of another person's life, happiness, and suffering. At that point we either need a powerful abstract way to care for others without a strong emotional motivation or we need to regain our emotional motivation (perhaps by spending more time with family and friends).

7. Experience

The actual result our actions will have in various situations is not something a moral theory or abstract reasoning will be able to give us. We need to learn to be sensitive to particularities found in each situation to know what actions will have the best results. For example, driving on the right side of the road is appropriate in the USA, but not in the UK due to the laws and behavior found in each of these societies.

8. Spiritual exercises

Spiritual exercises are practices used to become more virtuous that could be described as “moral therapy.” Studying rationality and learning about moral theories are two common spiritual exercises that are not merely “theoretical” as some might argue. However, many spiritual exercises are less theoretical and take abstract knowledge for granted. For example:

1. Reflect upon your past and make it clear to yourself how things could be improved. Decide if there are any mistakes you have made that should not be repeated in the future.
2. Reflect upon the future and decide how you should respond to various situations. If you have made a mistake that you don't want to repeat, then this intention can help prepare us against

making the same mistakes again. Additionally, many people find that they are caught off guard by temptations offered in life and decide to give into those temptations when the time comes. If we prepare ourselves ahead of time it will be much easier for us to face those temptations. For example, some women have been raped in public and no one came to her rescue. We have to be prepared for this sort of situation to respond appropriately.

3. Talk to others about how you can improve your behavior. This can often be an insulting and emotional experience that makes it very difficult to achieve revelations, but you can reflect upon the conversation again once you become calm.
4. If you have inappropriate thoughts and emotions, you can clear your mind to quench them and prevent them from leading to inappropriate actions.
5. If you have inappropriate obsessive thoughts and emotions, you can present to yourself arguments and evidence against them. You can think of alternative thoughts that would be more appropriate.

Philosophy can help us become more virtuous by helping us have better moral beliefs and helping motivate us to act upon those moral beliefs. An understanding of rationality along with practicing argumentation can help us form better moral beliefs. Our moral beliefs are best applied to our life with life experience that allows us to better predict the outcome of our actions. Finally, forming close relationships and practicing spiritual exercises can then help us form moral motivations.

Chapter 2: What is “Morality?”

People discuss morality quite often and many of our actions are based on assumptions about morality. I will discuss the meaning of “morality” within ordinary language and illustrate the difference between morality and everything else by comparing moral and nonmoral standards.

What does “morality” mean?

Morality involves what we ought to do, right and wrong, good and bad, values, justice, and virtues. Morality is taken to be important; moral actions are often taken to merit praise and rewards, and immoral actions are often taken to merit blame and punishment.

What we ought to do – What we morally ought to do is what's morally preferable. It's morally preferable to give to certain charities and to refrain from hurting people who make us angry; so we morally ought to do these things.

Sometimes what we ought to do isn't seen as “optional.” Instead, we often think we have moral *duties* (obligations). It might not be a moral duty to give to any charities, but it seems likely that we often have a duty not to hurt people.

Nonetheless, what we ought to do doesn't just cover our obligations. It's possible to do something morally preferable that's not wrong. For example, we can act “above the call of duty.” Some actions are heroic, such as when we risk our life to run into a burning building to save a child. Some philosophers call actions that are above the call of duty “supererogatory” rather than “obligatory.”

Right and wrong – Something is morally right if it's morally permissible, and morally wrong if it's morally impermissible. For example, it's morally right to help people and give to certain charities, but morally wrong to kill people indiscriminately.

Good and bad – “Good” and “bad” refer to positive and negative value. Something is morally good if it helps people attain something of positive value, avoid something of negative value, or has a positive value that merits being a goal. For example, food is good because it is necessary to attain something of positive value because it helps us survive; and our survival could have positive value that merits being a goal. Something is morally bad if it makes it difficult to attain something of positive value, could lead to something of negative value, or has a negative value that merits avoidance. For example, starvation is bad because it could lead to suffering; and suffering could have negative value that warrants its avoidance.

Something has “instrumental moral value” if it is relevant to achieving *moral goals*. Food is instrumentally good because it helps us achieve our goal to survive; and starvation is instrumentally bad when we have a goal to avoid suffering, and starvation makes it more difficult for us to achieve this goal.

We take some of our goals to be *worthy* as “moral goals” *for their own sake* rather than being

instrumental *for the sake of something else*. These goals could be taken to be worthy for having positive value (or help us avoid something of negative value)—what Aristotle calls “final ends” or what other philosophers call “intrinsic values.”

Imagine that someone asks you why you have a job and you say it's to make money. We can then ask why you want to make money and you can reply that it's to buy food. We can then ask why you want to buy food, and you can reply that it's to survive. At this point you might not have a reason to want to survive other than valuing your existence for its own sake. If not, then we will wonder if you are wasting your time with a job. All of our goals must be justified at some point by something taken to be *worthy* as a goal for its own sake, or it's not clear that any of our goals are really justified.

Final ends – Final ends are goals that we think are worthy. Pleasure, survival, and knowledge are possible examples of goods that should be taken to be promoted as final ends. Some final ends are also meant to help us avoid something of negative value, such as our goals to avoid pain and death. The goals of attaining these goods are “final ends.” It is possible that final ends are merely things we *desire* “for their own sake” but some final ends could be better and of greater importance than others. Aristotle thought that our “most final end” or “ultimate end” is happiness and no other good could override the importance of happiness.

Final ends seem relevant to right and wrong. It seems morally right to try to achieve our final ends because they are worthy. All things equal, it seems morally right to try to attain happiness and survive.

Intrinsic values – Intrinsic values are things of positive or negative value that have that value *just for existing*, and some philosophers think Aristotle's *truly worthy* final ends have intrinsic value. The main difference here is that final ends could merely be psychological—what we take to be worthy goals, but a goal has intrinsic value only if it really is worthy. Some people might have “final ends” but actually be wrong about what goals are worthy of being final ends.

We can desire intrinsic values “for their own sake,” many think it's *rational* to often try to attain things that are intrinsically good, and whatever is intrinsically good is good no matter who attains it. For example, if human life is intrinsically good, then survival is good for every person.

Intrinsic value plays the same role as final ends—we think it's often *morally right* to try to achieve goals that help people attain intrinsic goods and we *morally ought* to do so. However, intrinsic values can conflict. If pain is intrinsically bad, that doesn't mean we should never allow ourselves or others to experience pain because there might be intrinsic goods that can be attained as a result of our pain. For example, homework and learning is often painful, but the knowledge attained can help us live better lives and could even be intrinsically good for its own sake.

Justice – Justice refers to our interest in certain ethical issues such as equality, fairness, and merit. It is unjust to have slavery or to have different laws for different racial groups because people should be *equal* before the law, it's unfair, and racial groups don't *merit* unequal treatment before the law. It is just to punish all people who break the law equally rather than let certain people—such as the wealthy—break certain laws that other people aren't allowed to break. Additionally, it's unjust to punish the innocent and to find the innocent guilty in a court of law.

Virtues – Some people are better at being moral than others. It's important that we know the difference

between right and wrong, attain the skills necessary to reach demanding moral goals, and find the motivation to do what is morally preferable. For example, courage is a virtue that involves knowledge of right and wrong, skills, and motivation. Courage requires us to endanger our personal well being when doing so is morally preferable, to have skills that make it possible to endanger our personal well being in many situations, and to have the motivation to be willing to endanger our well being when we ought to do so.

Praise and blame – We often think that moral behavior merits praise and immoral behavior merits blame. It often seems appropriate to tell people who have done good deeds, such as saving lives, that we appreciate it and that what they are doing is good; and it often seems appropriate to tell people who have done something immoral that we don't appreciate it and that they did something morally wrong. Additionally, it generally seems appropriate to hold people *responsible* for their actions and let them know that their actions could have been different.

Reward and punishment – One way to hold people responsible for their actions is to reward and punish them for their behavior, and this often seems appropriate. We could give gifts or return favors to people who help us, and break our friendship or ignore those who do something immoral. For example, a company that scams people should be held responsible and punished by consumers who decide to no longer do business with that company.

Sometimes punishments could be severe and could seem immoral in any other context. For example, it might be morally justified to throw murderers in prison even though it would be an immoral example of kidnapping and imprisonment in many other contexts. We can't just throw anyone in prison that we want.

Moral and nonmoral standards

Not everything is morally right or wrong. Sometimes something is entirely nonmoral and irrelevant to morality—such as standing on your head or counting blades of grass. One way to clarify what “morality” refers to is to compare and contrast it to nonmoral things that are sometimes confused with it.

What we morally or nonmorally ought to do – We don't just talk about right and wrong, good or bad, or what we ought to do in moral contexts. This is because there is both moral and nonmoral instrumental value.

1. *Moral instrumental value* – We ought to do what is necessary to attain moral goals. For example, we morally ought to get a job and buy food to stay alive. It's morally right to get a job and buy food, and food has moral instrumental value insofar as it helps us attain our moral goal of survival.
2. *Nonmoral instrumental value* – Not all instrumental value helps us achieve moral goals. We can also have personal goals that have (almost) nothing to do with morality. For example, I might have a goal of standing on my head and taking gymnastics classes could be what I ought to do to achieve this goal. The right thing to do to be able to stand on your head is to take gymnastics classes, even though it has nothing to do with morality. Additionally, some instrumental values

could even be immoral. For example, I might have a goal to murder someone and I could say I *ought* to use a gun if that's the best way to murder someone. That's not to say that I morally ought to murder anyone.

Etiquette – Etiquette tells us how to be polite and show respect within a culture. Etiquette tells us not to chew our food with our mouths open, to open doors for people, and not to interrupt people who are talking. Sometimes being rude and impolite can be morally wrong, but the fact that etiquette and morality sometimes overlap doesn't mean they are identical or that etiquette is always relevant to morality. First, etiquette tends not to be serious enough to be morally relevant. Burping in the US is considered rude, but it would be strange to say it's ever morally wrong. Second, it's often morally right to be rude. Many people think that questioning someone's moral qualifications and moral opinions is rude, but it's often the morally preferable thing to do because it's essential that we have the best moral opinions possible and sometimes it's a good idea to help people improve their moral opinions. The importance of helping people be moral can override the importance of showing the superficial signs of respect assigned within a culture. Such signs of respect are often arbitrary and can conflict with more important ways of showing respect—such as the respect we show people when we assume that people have a concern to morally improve themselves.

Law – The law tells us what we are or are not allowed to do, and breaking the law often leads to punishment. What's legal is often based on what's moral, but not always. For example, it's illegal *and* immoral to murder people. However, the fact that legality and morality can overlap doesn't mean they are identical. It was once illegal to free slaves, but that doesn't mean it was morally wrong; and it can be legal for a company to pollute or dump toxic waste, but that doesn't mean it's morally right to do so.

It's hard to pinpoint what morality is about, but we often discuss morality with ease anyway. There are many related ideas concerning morality, such as what we ought to do, right and wrong, and justice; but these ideas often have a nonmoral counterpart. This seems clear when we compare moral and nonmoral instrumental value. Moreover, etiquette and law are often confused with morality, but they are not identical to morality. What's polite or legal is often moral, but not always. What's bad etiquette or illegal can be moral as well.

Chapter 3: The Debate Over Moral Realism

The question over *what morality refers to* has led to two groups of philosophers. One group describes itself as being “moral realists” and other other as “moral anti-realists.” Moral realists think that there's more to morality than anti-realists. In particular, the moral realists believe that there's at least one moral fact. I will describe these two groups then briefly describe why someone might accept or reject moral realism.

What is Moral realism?

There is no precise definition of moral realism that all philosophers agree to, but moral realists agree that anti-realists are giving incomplete meta-ethical theories because moral realists believe in at least one “moral fact.” Other than that, moral realists tend to be optimistic about attaining moral knowledge, identifying true moral statements, and often believe in intrinsic values.

Moral facts – The difference between “truth” and “facts” is that statements are true, but facts are the (parts of) reality that at least sometimes make statements true (by corresponding to them). For example, when I say that I have a foot, what I say is true because there's a real foot in the world that's part of my body. However, not all facts are objects like feet. Examples of moral facts *could be* the following:

1. Pain is intrinsically bad.
2. We ought not cause pain without an overriding reason to do so.
3. It's rational to try to avoid causing unnecessary pain to people.
4. It's wrong to torture people without an overriding reason to do so.
5. Socrates was a good person.
6. Socrates had courage.

Facts can be any part of reality, such as objects, properties, relations between things, states of affairs, and events.

1. *Parts of reality* – We assume that things exist in space and time, but not everything is an object. For example, parts of reality can be thoughts or feelings, but thoughts and feelings aren't necessarily objects.
2. *Objects* – Objects are unities that are taken to exist apart from other unities. A foot can be taken to be an object unified and somewhat distinct from our other body parts even though it's technically unified with the rest of our body. It's not entirely clear if any object is truly unified in any meaningful sense because the universe is made up of fields and particles, but it's convenient to talk about objects and we often understand what people say who discuss them.
3. *Properties* – Properties are elements of things, such as length, color, strength, and courage. It's not clear that all properties are really the same kinds of things. Length is a comparison between things, color is how light reflects off of objects; strength is what a body can do; and courage is a relationship between morality, body, and mind that involves bodies doing what is morally praiseworthy because the mind is motivated to do so.
4. *Relations between things* – Objects and things are often interrelated and those relationships can

be important to us. The fact that one object in conjunction with the laws of nature can cause something to happen is often very important. For example, we eat food to survive and this involves a complex interrelationship between our bodies, food, and the laws of nature.

5. *States of affairs* – States of affairs are all the facts—the total reality—that's relevant to us when we make a truth claim. One reason we think we should eat food is because the states of affairs including our bodies and the food will undergo a causal process and lead to greater health and longevity.
6. *Events* – States of affairs exist in time and the reality that exists changes from one moment to the next. We often conveniently discuss “events” to pinpoint the parts of reality that change and interests us. For example, we can speak of the event of a gun being fired or the events that lead to high oil prices.

Are moral facts irreducible? – Moral facts of the moral realist variety can't be eliminated through reduction. We often find out that one thing is actually something else. We often *eliminate* the existence of something through a reduction. For example, we might say that human beings are *nothing but* particles and energy. We could then stop talking about human beings and just talk about certain configurations of particles and energy. Some people also suggest that the mind is *nothing but* the brain.

Some people have suggested that morality is *nothing but* cultural customs, preferences, or a social contract. This is a paradigmatic sort of moral anti-realism. Moral realists require that moral facts are *more than* just cultural customs, preferences, or a social contract.

However, some sorts of reduction are not eliminative. For example, some philosophers think that pain is *identical* to badness, but they don't think we can eliminate pain. They think that pain and badness are two different ways to see the same thing. This is much like how people claim that H₂O is identical to water, but they don't claim that “water doesn't really exist.”

Intrinsic value – One good candidate for being a “moral fact” that seems to explain other moral facts is “intrinsic value”—the idea that something could be good or bad just for existing. For example, it can be a fact that (some) pain is intrinsically bad. As a result we might also decide that the following are moral facts:

1. It's wrong to cause people pain indiscriminately.
2. It's appropriate for people to dislike pain and to desire to avoid pain.
3. It's appropriate to be angry at people who cause others pain indiscriminately.
4. It's appropriate to feel guilt, regret, or shame when we *wrongly* cause other people pain.
5. We ought to consider the pain our actions can cause people before deciding on a course of action.
6. It's courageous to be willing to undergo pain (e.g. jump in a burning building) to help many other people avoid pain (e.g. help them out of a burning building).

The relationship between these ideas and intrinsic value involves *instrumental* facts. It's a fact that a person ought to take a gymnastics class to learn to do cartwheels even though there is no object called “rightness” in the world. What makes it right is merely that it's a good *means to an end*—it's a good way for us to accomplish our goals. Similarly, there are better ways than others to promote intrinsic value (or to avoid intrinsically bad consequences).

Moral knowledge – Knowledge implies (at the very least) justified true belief. Moral knowledge of the most controversial kind for a moral realist will include the ability to have justified true beliefs concerning moral facts. Most moral realist philosophers think we can *know* at least one moral fact, and that's not surprising considering how strange it would be to insist that *there's at least one moral fact despite the fact that we can't know what it is*.

It's almost impossible to be absolutely certain when we have knowledge, but the requirement of having a “justified belief” isn't as difficult. The idea of “justification” is that some beliefs are more rational than others. Justified beliefs are sufficiently rational, and unjustified beliefs are irrational. Moral knowledge requires us to have rational moral beliefs, so moral realists agree that morality contains an element of rationality.

How could we have justified beliefs concerning morality? There are at least three ways:

1. *We can assume certain beliefs to be true and use those beliefs to create arguments.* – We might not need an argument for all our beliefs to be justified. We could assume that certain moral beliefs are true until they are proven false or problematic counter-evidence is attained. This is much like the scientific method that offers hypotheses and successful hypotheses are taken to be true until proven otherwise. However, we must have a way to have counter-evidence against our moral assumptions or it will be impossible to know which moral assumptions are better justified than others.
2. *Through observation.* – Many people think that we can observe moral facts just like scientific facts. It seems likely that we can observe various mental facts, such as our thoughts and feelings, and many people also think we can observe that our pleasure is (often) intrinsically good (good just for existing) and pain is (often) intrinsically bad (bad just for existing).
3. *Through self-evidence.* – Many people think certain facts are self-evident and sufficiently mature people can know they are true through contemplation. Many people agree that “ $2+2=4$ ” could be known through self-evidence, and perhaps the belief that “torturing people *indiscriminately* is wrong” can also be known once a person understands what “torturing people *indiscriminately*” and “wrong” consist of.

Finally, many philosophers who believe in “moral knowledge” don't necessarily think we can perfectly model or describe moral facts, have perfectly accurate moral beliefs, or attain certainty. Our language doesn't necessarily correlate with reality perfectly and we generally use words that are convenient and easy to communicate rather than try to model reality perfectly. Scientists try very hard to model reality and have incredibly in-depth knowledge of reality as a result, but even scientists fail to *perfectly* model reality and their theories gain greater precision quite often. A theory is often taken by scientists to be false when a new one with greater precision is successfully tested. In other words knowledge might not quite require *true* beliefs insofar as the word “true” is often taken to refer to perfect precision, but such precision might rarely be possible. (It might be possible in logic and mathematics.)

Is moral realism true?

I will briefly discuss some reasons to accept or reject moral realism.

Why agree with moral realism? – There are at least two main reasons to agree with moral realism:

1. One, we tend to think we know a lot about morality. Moral realism can help explain *how* we can know so much about morality, and moral realism might be needed to explain the actual “moral knowledge” we have. Many make this point by saying that moral realism is *intuitive* or is supported by *common sense*. For example, a moral realist can argue that it's rational to nurture our empathy to care more for others and that might make sense if other people (or their experiences) have intrinsic value, but it's not clear how it can make sense for an anti-realist.
2. Two, moral realists are convinced that anti-realism—the rejection of moral facts—couldn't possibly cover all that there is to morality. They think that anti-realists are missing something. For example, we might think we know that pain is intrinsically bad from personal experience, but facts about intrinsic value imply moral realism. Without intrinsic value it's not clear how any moral belief could be justified, and we regularly engage in moral debate about which moral beliefs are more justified.

Why reject moral realism? – Moral anti-realists often reject moral realism for at least two reasons:

1. First, they think that the moral facts that moral realists believe in are far-fetched and probably don't exist. They might not be convinced that such moral facts are supported by intuition or common sense or they might simply dismiss our intuitions and common sense. For example, some philosophers think that there is no evidence of moral facts, and such facts would be too strange to hypothesize about. Our intuition and common sense is often dismissed for being prejudiced and unwarranted popular opinion, but almost all anti-realists agree we do know quite a bit about morality, such as the fact that it often makes sense for us to argue about morality.
2. Second, they think that morality can be adequately explained without referring to moral facts. Anti-realists can admit that we make certain moral judgments, but they could explain why we make those judgments without appealing to moral facts. For example, they could argue that people agree that torturing people indiscriminately is wrong because we have empathy for each other and/or we implicitly agree to a social contract that will serve everyone's interests.

There are many different moral realist and anti-realist philosophers who all have somewhat different beliefs concerning the nature of morality. Nonetheless, the debate over moral realism highlights at least two main elements of the nature of morality—moral facts and moral knowledge. We want to know if moral statements can be true because of moral facts, if we can know those facts, if those facts ever refer to intrinsic value, and if any of our moral beliefs are rationally justified.

Chapter 4: Meta-Ethical Theories

Meta-ethical theories are meant to explain moral psychology, moral reality, and moral reason. Moral psychology considers the actual moral judgments, moral interests, and moral motivation people experience. Moral reality refers to the nature behind true moral statements—what makes our statements true. Moral reason describes our moral knowledge and how we can decide which moral beliefs are best or “most likely true.” Moral realists believe that there are moral facts (moral elements of reality) and they are often optimistic about how well we can understand such facts, but moral anti-realists reject moral realism and don't think we need moral facts to understand morality. I will briefly discuss five meta-ethical theories, two of which are forms of moral realism and three that are forms of moral anti-realism: Moral naturalism and moral intuitionism are both forms of moral realism; noncognitivism, relativism, and error theory are forms of moral anti-realism. There are many forms of each of these theories, but I will concentrate on one version of each theory.

Moral naturalism

[Moral naturalism](#) states that moral facts are ordinary facts of the same physical reality described by scientists (biology, psychology, and physics), and we know about these facts through observation. Many naturalists think that we can observe moral facts because they are *identical* to other natural facts. For example, pain and intrinsic badness could be identical—two ways to see the same thing. Philosophers argue that scientists discovered that water and H₂O are identical and we can discover that pain and intrinsic badness are the same thing in a similar way.

Many philosophers think that morality supervenes on the natural world in the sense that moral facts depend on natural facts, so our observations about the natural world are relevant to morality. Two identical physical states of affairs will have identical moral implications. Two different situations of children torturing cats for fun will both be examples of something morally wrong because the natural facts are sufficiently analogous.

Many moral naturalists equate “natural” with “nonmoral,” but it's also possible that moral facts are a subclass of natural facts, just like most philosophers now think that psychological facts are natural facts rather than “over and above” natural facts. Many moral naturalists who agree that moral facts can be a subclass of natural facts think we can observe that pain is intrinsically bad just like we can observe our beliefs and desires. Pain is not necessarily identical to intrinsic badness because pain could have a *property* of being intrinsically bad instead.

Objections

1. **The open question argument.** – How do we know when two facts are identical? It's not obvious that pain and “intrinsic badness” are identical because they seem so different. The open question argument makes it clear that no matter what identity relation is offered, we can ask, “But are they identical?” For example, we can say intrinsic badness and pain are identical, and I can feel pain and ask, “But is this pain intrinsically bad?” If no good answer is offered, then such questions imply that moral identity relations are hypotheses at best and have not been

proven true.

2. **Moral observation is unreliable.** – Many people question our ability to observe moral facts. First, many such observations seem presumptuous, such as the observation that torturing a cat is wrong from seeing it occur. It might merely be our moral assumptions that are needed to explain such an observation. Additionally, moral observations are *subjective* because not everyone has the same moral observations.

Moral Intuitionism

[Moral intuitionists](#) (also known as “moral non-naturalists”) think that observation is insufficient to explain all of our moral knowledge and at least some of our moral knowledge is based on intuition or contemplation that enables us to know self-evident facts. Once we fully understand a moral statement, that can be enough to know if it's true. For example, it might be self-evident that all pain is intrinsically bad to anyone who fully understands what “pain” and “intrinsically bad” refer to. This is much like our knowledge of mathematics and logic. We can know that “ $2+2=4$ ” just by understanding what the statement is saying.

Moral intuitionists don't necessarily think moral facts are natural because they don't think we can know all moral facts through observation of the natural world. They tend to disagree that moral facts are identical to natural facts.

Objections

1. **Intuition is unreliable.** – Many people have different intuitions and declare different moral beliefs to be “self-evident.” It's not obvious that we can resolve this disagreement or that intuition is anything other than prejudice.
2. **Non-natural facts are far fetched.** – Philosophers would prefer for all facts to be part of the natural world and it seems mysterious to say that some facts aren't. Additionally, it's not obvious that there are “non-natural moral facts” in the first place.

Emotivism

[Emotivism](#) is a form of “non-cognitivism” because it claims that moral judgments aren't ultimately meant to be true or false. Instead, moral judgments are expressions of our emotions and moral arguments are meant to change someone's emotional attitudes towards certain moral judgments. Not everything we say is true or false, such as “Wow!” or “Do your job!” Emotivists admit that moral judgments often sound like they are assertions, but that is deceptive. They are actually just emotional displays. Saying “Killing indiscriminately is wrong” is actually expressing something like, “Killing indiscriminately, boo!”

Emotivists don't believe in moral facts or true moral statements, but some emotivists do believe that we can have a conversation involving “fictional” moral ideas that we treat as true for practical purposes. Saying what's right or wrong might help us agree upon what laws to pass and what social contract would best satisfy our interests. Some people call this “fictionalism.”

Objections

1. **Emotivism is counterintuitive.** – It seems highly counterintuitive to tell me that when I engage in arguments concerning morality that I was doing something totally different than I thought. Emotivism is very dismissive of our moral experiences and conscious intentions.
2. **Emotivism ignores rational moral arguments.** – If moral arguments were merely meant to change our emotions, then why do so many moral arguments seem rational? It's not obvious that an emotivist can fully explain why rational moral arguments are so important to so many people.

Moral Relativism

[Moral relativism](#) is the view that moral statements can be true or false, but the truth of a moral statement depends on the moral tradition of the person uttering it. Why? Because morality is based on a culture, social contract, or constructed tradition. All moral statements are made within a tradition and the statements are true if they correspond to the tradition. One culture could say that lying is always wrong and another could say it's only wrong some times.

Moral relativists reduce morality to empirically verifiable customs and traditions that can be studied by anthropologists. If you want to know what's right or wrong, just study the culture you live in.

Moral relativists do not need to prove that all cultures disagree about morality because we could all find it most convenient to agree about certain things. For example, we all have an interest to have our life and property protected, so every culture agrees that stealing and killing willy nilly is wrong.

Objections

1. **Some cultures experience moral progress.** – For example, slavery was once considered to be perfectly moral in the US, but now we know it was wrong. If moral realism is true, then we can experience moral progress by discovering new moral facts and finding out that our previous moral beliefs were false. It's not obvious that moral relativists can explain how a culture can improve and correct their false moral beliefs because it's impossible for a culture to have false moral beliefs in the first place.
2. **Relativism fails to account for rational moral arguments.** – We often argue about what's true about morality, but it's not clear that such arguments could amount to more than an appeal to popular opinion for a relativist. However, popular opinion can fail to account for moral truths because people are often wrong (such as when they thought slavery wasn't wrong) and because a culture couldn't have an opinion concerning every possible moral issue. There's new moral issues that crop up every day and the situations we find ourselves in are often very unique.

Error theory

[Error theory](#) states that all ordinary moral judgments are false. Both “murder is wrong” and “murder is

not wrong” are false because nothing is morally wrong. “Moral wrongness” is non-existent just like unicorns and all statements about things being morally wrong are false for the same reason they are false about unicorns—to say, “Unicorns have four legs” and “unicorns have a tail” are both false because there are no unicorns.

(There might be statements about morality that are true, but we would have to be careful. For example, an error theorist could say it's true that “murder is wrong' is false.”)

Error theorists agree that when we speak about morality we often intend to say something true or false and refer to moral facts, but they think all moral concepts fail to refer to anything because there are no moral facts. There is no such thing as right or wrong, good or bad, virtue, or intrinsic value.

However, error theorists don't necessarily want to do away with morality or moral arguments. Error theorists agree that we could personally find it beneficial to agree to a social contract and it can be convenient for us to speak *as if* morality is real. This is basically the same position I mentioned earlier called “fictionalism.” This is also true when we speak of unicorns. There's a sense that it's true that unicorns have four legs and a tail when we are speaking within the fictional framework where unicorns exist.

Objections

1. **Morality and self-interest aren't identical** – What's good for me isn't always right. What's in our self-interest and what's moral are often at odds. For example, a cautious and successful thief can steal to help herself while hurting others, and doing so is wrong. However, the error-theorist argues that we only have a reason to be moral and accept morality when it's in our self-interest. This is contrary to the spirit of morality.
2. **Error theory requires us to reject uncontroversial moral truths** – Every meta-ethical theory I've discussed is sensitive to the fact that we can successfully make moral judgments without doing something wrong except the error theorist. It is uncontroversial that we can *appropriately* make moral judgments, such as the judgment that *killing people indiscriminately is wrong*. The error theorist requires us to admit that our understanding of morality is almost entirely wrong, but we think we do know quite a bit about morality. Given the choice between saying that “killing people indiscriminately is wrong” *is an appropriate moral judgment* and saying error theory is true, most people will side with our uncontroversial moral judgments. We can argue that we are more confident that certain moral judgments are appropriate than that error theory is true.

We make moral judgments in everyday life quite often. We tend to think such judgments can be true or false, but emotivism states otherwise. We tend to think that such judgments are at least sometimes true, but both emotivism and error theory state otherwise. We tend to think that our moral judgments can be appropriate, but error theory seems to imply otherwise. Nonetheless, even if our moral judgments can be true or appropriate, it's not obvious to everyone why. Each of these meta-ethical theories have a different answer concerning the reality that corresponds to morality, and they all face various objections that must be appropriately dealt with before we can commit to one of them. Additionally, [I've previously](#) given two arguments for and against moral realism that should also be dealt with.

Chapter 5: Moral Reason

Not all moral beliefs are equal. Although some people might think it's impossible to argue about morality or have reasonable moral beliefs, philosophers almost always think we can. We should prefer moral beliefs that are reasonable to those that are unreasonable and those that are probably true rather than probably false. I will explain how we can come up with moral arguments in order to have the most reasonable moral beliefs possible. In particular, I will discuss the following elements of moral reason:

1. Uncontroversial moral truths
2. Analogies
3. Theoretical virtues
4. Thought experiments

Uncontroversial moral truths

There are many highly plausible moral truths that people tend to agree with, such as the following:

1. Suffering is bad.
2. Happiness is good.
3. If it is wrong for someone to do something in a situation, then it is wrong for anyone to do it in an identical situation.
4. It is always or almost always wrong to torture children.
5. It is often wrong to steal from people.

Such truths are sometimes called “moral truisms.” These truths are often taken for granted during moral reasoning. Such reasoning can be explicitly and clearly stated in the form of moral arguments, such as the following:

1. It is always or almost always wrong to torture children.
2. Whipping the neighbor's child would be a case of torturing a child.
3. I have no reason to think that whipping the neighbor's child would be the right thing to do.
4. Therefore, whipping the neighbor's child is probably wrong.

The above argument uses a moral truth (it is always or almost always wrong to torture children) and combines that with two other uncontroversial facts to lead us to a moral conclusion (whipping the neighbor's child is wrong).

Moral reasoning doesn't require that we prove absolutely everything. It would be absurd to think that everyone has to know why torturing children is always or almost always wrong. It's just obvious. We can use uncontroversial truths to lead us to moral conclusions. (Compare this to mathematical knowledge. I know that $2+2=4$ even though I don't know why it's true.)

However, it might be possible to learn about “why torturing children is always or almost always wrong” through other uncontroversial truths. For example:

1. We know that suffering is *bad* because we have experienced it.
2. All things equal, we know it is *wrong* to cause bad things to happen.
3. Therefore, all things equal, it's wrong to cause suffering.
4. Torture causes suffering.
5. Therefore, all things equal, torture is wrong.

The first two premises are ones I believe to be uncontroversial moral truths. If they are false, then it will be up to someone else to prove it. In the meantime it seems quite rational to agree with the above argument.

I don't want to suggest that there is never any reason to question uncontroversial truths, but being uncontroversial tends to be sufficient for justification. One way to justify an uncontroversial truth is by defending it from objections. If we have no reason to doubt an uncontroversial truth, then it makes good sense to believe it.

Analogies

Analogies help us draw general truths from less general cases. Analogies let us compare two things to find relevant similarities between the two. For example, kicking and punching people tend to be analogous actions insofar as they are used to hurt people. They are both often wrong for the same reason. Whenever it's wrong to hurt people, it will be wrong to kick or punch them in order to hurt them.

We can use analogies to justify new general moral truths by using other uncontroversial moral truths. We know that kicking people is usually wrong and we can figure out that punching people is usually wrong for the same reason. We can then use this comparison to discover a new general moral truth—hurting people is usually wrong. We can then use this general rule to realize that torture and other forms of violence are also usually wrong.

Our moral judgments for any specific person is analogous to our moral judgments for everyone else. We can consider that kicking people is generally wrong for *others* because it's bad when *I* get hurt. It's not then a big step to realize that *other* people are relevantly similar to *me*. It's bad when I get hurt, and it's bad when other people get hurt for the same reason. The disvalue of suffering is analogously similar for each person. But it's also usually wrong for me to cause others harm for the same reason it's usually wrong for others to hurt me—because harming others is usually wrong.

Additionally, there can be exceptions to general moral rules, which apply analogously for each person. It is morally acceptable for me to harm others when necessary for self-preservation, and it is acceptable for others to harm me when necessary for self-preservation as well. Self-preservation seems to override the need to refrain from harming others in either case. We could speculate that the value of one person's life is greater than the value of another to avoid harm.

Thought experiments

Thought experiments are stories or scenarios that could lead to insight about the universe. Moral thought experiments are meant to give us insight into morality. For example, imagine that a woman puts a loaded gun up to your head and asks you to give your wallet to her. It seems like the best thing to do in this situation is to give your wallet. It would be absurd to criticize someone for giving up their wallet in this scenario.

Another thought experiment was suggested by John Stewart Mill in [Utilitarianism](#). He argued that it's better to be person dissatisfied than a pig satisfied. He thought we would realize that being a person is more enjoyable than being a pig. Being a person gives us intellectual pleasures that are qualitatively better than animalistic pleasures that pigs enjoy. A little bit of intellectual pleasure seems to be superior to a great amount of animalistic pleasures (eating, sleeping, and having sex).²

One thought experiment done more recently was by Peter Singer in his essay [The Drowning Pond and the Expanding Circle](#). He produces a thought experiment and then uses it to produce an analogy. He asks us to imagine that we can save a drowning child from a small pool of water at little cost to ourselves. Would we have an obligation to save the child or would it be morally acceptable to walk on by? The answer seems to be clear—we have an obligation to save the child. It would be wrong not to. Why? He suggests that *it's wrong to refuse to help people when doing so is at little cost to oneself*. Singer then argues that this is an analogous situation to giving charity. We can save lives through charity at very little cost to ourselves. (The cost to ourselves would be to live with less luxury.) Therefore, we have an obligation to give to charity.

What exactly are thought experiments doing? We often say that they give us “intuitive support” for a belief. Intuitive support tends to be difficult to explicitly state in the form of arguments. Some intuitive support is considered to be from self-evidence, but some intuitive support could also be based on personal experience and observation. For example, we can compare intellectual pleasures to the pleasures enjoyed by pigs because we have actually experienced them. We can then compare how valuable each experience was. I wrote more about intuition in my discussion, “[Arguments for Intuition](#).”

Moral reasoning is much like other forms of reasoning. We can make use of uncontroversial truths, analogies, and compare theoretical virtues. We even observe some values, such as the value of pleasure and pain.

Moral reasoning is not only compatible with moral theorizing, but it is necessary to reason about morality to theorize in the first place. The moral reasoning discussed above could be used to develop a moral theory. We also need to know something about morality before we can decide if a moral theory is plausible.

Some people have suggested that moral theories have failed us, so morality is probably a human invention. I don't agree that our moral theories have failed us, but that's irrelevant. Even if our theories

² I suspect that we would prefer to live a dissatisfied life as a person than as a satisfied pig because we think human existence itself is worth more than the pleasures that could be offered to a pig. This could give us reason to suspect that pleasure is not the only thing we value. Merely existing as a human being could have a great deal of value.

have failed us, that wouldn't give us a good reason to be skeptical about morality or moral reasoning. Our moral knowledge never depended on moral theories. We know a lot about morality prior to having moral theories.

Theoretical virtues

I have discussed six [theoretical virtues](#) in the past, which help us determine when a hypothesis or belief is justified. (The virtues are: Self-evidence, logical consistency, observation, predictability, comprehensiveness, and simplicity.) The better a belief is supported by the six virtues, the more plausible the belief is.

First, some moral statements might be **self-evident**. Merely understanding the statement could be sufficient to justify the belief in it. For example, consider that “torturing children is always or almost always wrong.” Knowing that torture causes intense suffering; that intense suffering is bad; that there is usually no good reason to cause intense suffering to a child; and that causing harm with no good reason is wrong seems sufficient to realize that “torturing children is always or almost always wrong” is true. We could conclude that it's self-evident that torturing children is wrong or almost always wrong based on the fact that understanding such a statement seems sufficient to knowing that it's wrong or almost always wrong.

Second, we don't want our moral beliefs to contradict one another (we want them to be **logically consistent**). If we have a choice of rejecting an uncontroversial moral truth that we are certain is true (e.g. torture is usually wrong) and a controversial belief (e.g. whipping children is usually good), then we have reason to reject the controversial belief.

We might have a serious problem when two highly plausible beliefs contradict one another, such as the belief that it's never right to hurt people and self-preservation is always right. In that case it might be necessary to hurt someone for self-preservation. The solution here is to realize that these moral rules seem to have exceptions. However, it might at times be inadvisable to be logically consistent. We shouldn't reject an uncontroversial moral truth “just because” it might contradict another moral truth. Sometimes observations also contradict our uncontroversial beliefs, but we shouldn't always reject our uncontroversial beliefs without a better alternative – a new set of plausible beliefs to replace them. For example, Newton's theory of physics was contradicted by some observations, but scientists still believed it was true until Einstein provided scientists with a new scientific theory that was a clear improvement. And even now there are observations that seem to conflict Einstein's theory of physics, but scientists don't reject Einstein's theory.

When we hold incoherent beliefs we have a reason to feel less certain about our beliefs, but that doesn't mean our beliefs should all be rejected.

Third, **observation** is relevant to our moral beliefs. We experience that pain is bad (in some sense), and that experience is an observation that seems to support the hypothesis that all pain is bad.

Fourth, a hypothesis is successful at making risky **predictions** is more likely to be true. If I hypothesize that all pain is bad, then my predictions succeed until I observe that some pain isn't bad. Of course,

interpreting these observations can be difficult. I don't think masochism is an example of experiencing that pain itself as good. Both pain and pleasure can be simultaneously experienced—and physical and emotional pain (or pleasure) are also two different aspects to our experiences. Masochism could be an experience of physical pain and emotional pleasure.

Fifth, the belief that all pain is bad is much more **comprehensive** than believing that the pain of touching fire is bad. If all pain is bad, then we could use that fact to help us do a great deal of moral reasoning as opposed to merely realizing that burning pain is bad.

Sixth, the fact that a theory is simple counts in its favor and the fact that it's complex counts against it. Simple moral truths, such as “it's usually wrong to hurt people” give us more more plausible hypotheses than much more complex moral truths, such as, “it's usually wrong to torture people, to punch people, to kick people, to stab people, to steal from people, and to shoot people.” The simple moral truth can determine that all of these other actions are wrong and more. Additionally, the simple moral truth has fewer assumptions. We assume all of those actions are examples of hurting people, but we might find out that stealing isn't technically hurting people. It is safer to have fewer assumptions rather than more, and simple truths have fewer assumptions.

Chapter 6: Ethics and Rationalization

We want to know how to be reasonable when thinking about morality, and “moral philosophy” is the specialization in doing exactly that. This requires that we know the difference between being reasonable and unreasonable. Sometimes people think like sophists—pretenders of wisdom—rather than philosophers and make use of poor reasoning *without a serious attempt to be reasonable*. “Sophistry” or “rationalization” is poor reasoning people use *as if* it were good reasoning when they are being negligent during the reasoning process. This is often unintentional because good reasoning requires training, careful thought, and research and few people have mastered their abilities of rationality. We can study *moral rationalizations* in an attempt to illustrate the difference between good reasoning and rationalization. I will discuss the importance of moral rationalizations, various rationalization techniques, and give illustrations of rationalizations in the business world. This discussion is based on “Business Ethics and Moral Motivation: A Criminological Perspective” ([PDF](#)) by Joseph Heath.

The importance of moral rationalization

Joseph Heath argues that criminology has found that one of the most common causes of immoral and illegal acts in the workplace are rationalizations rather than deviant psychology, a “lack of virtue” (such as greediness), or a lack of philosophical knowledge. He describes these rationalizations as “acts of neutralization”—thoughts and reasoning used to downplay the severity of the immoral acts or even excuse it *despite the fact that people tend to know the difference between right and wrong in other contexts*. A woman might think stealing is wrong, and *borrowing money without permission is wrong*, but when *she* stole money from the business she works for, she was just borrowing it and would pay it back later.

However, I would like to note that Heath seems to exaggerate the importance of rationalizations at the expense of moral philosophy. Heath argues that a business ethics class should concentrate on rationalizations, the harm done by immoral acts, and the tendency of large organizations (bureaucracies) to promote rationalizations; and he sees little reason to teach students the “right” values or philosophical theories:

If one takes this perspective seriously, then there is no particular reason for business ethics courses to focus on moral dilemmas, or to teach fundamental [moral] perspectives (Kantian, utilitarian, etc.) Students do not commit crimes because they lack expertise in the application of the categorical imperative or the felicific calculus [utilitarianism]. They are more likely to commit crimes because they have talked themselves into believing some type of excuse for their actions, and they have found a social environment in which this sort of excuse is accepted or encouraged. Thus a more useful intervention, in an ethics course, would be to attack the techniques of neutralization that students are likely to encounter, and may be tempted to employ, when they go on to their future careers. As we have seen, white collar criminals are typically conflicted about their own actions. They know what morality and the law require of them. The problem is that they have convinced themselves that no one is really injured by their actions, or that they had no choice in the matter, or that it’s permissible because everyone else is

doing it, etc. Typically, the arguments they have used to convince themselves are sufficiently fragile that they can only be sustained in a supportive environment, among peers who are also inclined to view these claims as legitimate. One way to tackle this problem, “preemptively” so to speak, is to demonstrate the inadequacy of these rationalizations, e.g., by tracing out the harm caused by embezzlement, or expense account abuse; by articulating the logic of government regulation and the basis for its legitimacy; by explaining the concept of market failure and why unconstrained competition sometimes produces inferior results; and by exploring the tendency toward dissipation of responsibility in bureaucracies. (611)

I agree with Heath that rationalization (acts of neutralization), the harm done by immoral behavior, and the tendency of bureaucracies to disperse responsibility should all be taught in a business ethics course. However, I disagree that teaching the right values or philosophical theories are therefore unimportant for at least two reasons:

First, there is no major difference between rationalization and “ordinary thought.” Everyday thinking is plagued by rationalization—self-deception, the confirmation bias, anecdotal evidence, the tendency to exaggerate harms to oneself and marginalize harms done to others, and [fallacious reasoning](#). The difference between rationalization and good reasoning isn't black and white, and learning how to avoid rationalization isn't enough to be a reasonable person. There's a continuum of better and worse forms of reasoning, and moral philosophy attempts to understand morality and help us think morally in the most reasonable way possible. One of the best ways to stop rationalizing is to learn to think philosophically.

It might be true that philosophy taken in the abstract isn't helpful, but philosophy isn't entirely abstract. Philosophy has application to everyday life and to fully learn philosophy requires us to think philosophically—to learn to think in the most reasonable way possible. There are reasons to think that moral theories are true despite the fact that we can't yet prove that one in particular is true, and we are more likely to do the right thing when we know *why* it's right. For example, it's wrong to kick people because it tends to hurt them, and we understand that it's usually wrong to hurt people. Knowing why it's wrong helps us learn not to do it. Many small children don't yet understand *why* kicking is wrong and we shouldn't be surprised when these children kick people as a result.

Second, even if rationalization is the most common cause of immoral behavior in the business world, that doesn't mean it's the only cause. The fact that people know a lot about right and wrong certainly does not imply that they know everything about right and wrong. There are difficult decisions to be made and philosophy can help us make these decisions. For example, many people don't think there's anything wrong with hurting nonhuman animals, but it could be that hurting animals is wrong unless we have an overriding reason to do so. This has serious implications in the business world ranging from farming to pollution. Many people at one point thought the slave trade was moral, but we now know it was egregiously immoral. People in the future could find out that how we treat animals now is often also egregiously immoral.

Rationalization techniques in the workplace

Heath argues that we should expect rationalizations in the workplace because it's an environment that often impairs our ability to reason objectively, and he offers the following examples of rationalization

techniques and discusses how the workplace often encourages poor reasoning:

1. Denial of responsibility – Whenever someone is guilty of doing something immoral (or illegal) in a business, it's often unclear who exactly (if anyone in particular) is responsible. This encourages people to “pass the buck” to someone else and there is often no one willing to accept responsibility for immoral behavior. “Due to the organizational hierarchy of the firm, individuals can always try to pass the blame up to their superiors. These superiors can, in turn, try to pass the blame back down, by insisting that their subordinates acted independently” (605). Heath also lets us know that ethical codes are often used to help management and executives to blame those lower down. “By imposing upon each employee the obligation to resist any ‘unethical’ orders, they in turn make it more difficult for these employees to shift the blame up” (ibid.).

We need people to take responsibility for their own behavior and stop passing the buck to others. A corporate culture could emphasize the importance of personal responsibility and have a process to help employees dispute the immoral decisions made by management, and it is possible for people to learn to take personal responsibility and stop rationalizing even when they find themselves in a corporate environment that encourages rationalizations.

Additionally, the adversarial nature of competition between businesses encourages workers to deny responsibility because it can give people the impression that they have no choice but to break the law. Many people already have a tendency to exaggerate moral importance of harms they can experience and simultaneously marginalize the importance of harms others experience. Many people rationalize that immoral behavior is justified whenever necessary to maximize profit for a corporation's investors; and many companies use the language of life and death in the workplace that can sometimes lead to rationalizations that could be appropriate in real life and death situations, but not the actual situation of the company. “For example, Geis quotes one defendant in the heavy electrical antitrust case excusing his actions in the following terms: ‘I thought that we were more or less working on a survival basis in order to try to make enough to keep our plant and our employees’” (605).

The competitive nature of corporations also often gives employees the impression that their professional life rests on their willingness to do immoral things, such as bribe officials, in order to make more profit for the firm (606). This can help employees rationalize their immoral acts because doing illegal acts is seen as (a) normal (i.e. everyone does it), (b) inevitable (i.e. if you don't do it someone else will), and (c) necessary to keep one's job. Heath explains that many people take inevitable immoral acts to exempt responsibility because they can't cause something to happen if it would happen no matter what they do (ibid.). Of course, one could be a whistle blower and alert to public to stop immoral acts if necessary rather than join in.

2. Denial of injury – Heath argues that “In general, people have more permissive attitudes toward crime when the victim is unknown... Most white collar criminals never meet or interact with those who are harmed by their actions (and in many cases they wouldn't even know how to find their victims should they choose to). This makes it more plausible to claim that no injury has occurred” (606). It's not always clear who gets harmed by our decisions or to what extent they get harmed, and the consequences of our decisions are often difficult to know about without scientific research. For example, “Geis quotes a Westinghouse executive, for instance, acknowledging that price-fixing arrangements were illegal, but denying that they were criminal: ‘I assumed that criminal action meant damaging someone, and we did not do that’” (ibid.). In this case it was assumed that price fixing didn't

hurt anyone simply because they didn't know the people who got hurt personally and perhaps spent very little time thinking about how price fixing could hurt people. Who does price fixing hurt? When prices are kept higher than it would be otherwise, then the customers can lose more money than they should have to.

Another example is that pollution can make some people sick or even cause fatal illness, but not everyone who encounters pollution has the same reaction. There's often no obvious harm caused by pollution to be seen by people who make the decisions to pollute more rather than less. We get sick and we tend to assume it's because of a virus or germ, but we rarely realize when we get sick because of pollution.

Additionally, sometimes people rationalize that harming people is justified, such as stealing from a large corporation, because the harm done is spread out to many people (ibid.). If I hacked into a bank and stole a penny from millions of people, I could make for myself a sizable amount of money without causing anyone significant harm. At the same time this crime is clearly unfair and could quickly become significantly harmful if many people started to do it. In fact, many employees steal from the corporations they work for and this is one of the leading causes of corporate bankruptcy. The *harmless* actions of many people end up being very harmful.

Finally, some people rationalize that business transactions require consent, so there are no unwilling victims. This is a way to *blame the victim*. “[I]t is relatively easy for people to convince themselves that shareholders who are exploited by management could have invested their money elsewhere, consumers who purchase inferior goods ignored the ‘buyer beware’ rule, workers who are injured ‘knew the risks when they took the job,’ and so on” (ibid.). Why is this faulty reasoning? Consider whether we should agree with the “buyer beware” idea or not. In actuality, people are often scammed but *we rely on companies to be honest with us*. When a doctor scams you into getting a surgical procedure you don't need when she wants to make a few extra bucks, I think it's clear why “buyer beware” isn't a good excuse to scam people. We often pay companies or professionals for goods and services, and we are often unqualified to assess the quality or necessity of the goods or service. We depend on the expert opinions of others to live our lives.

3. Denial of the victim – Those who harm others often argue that the others “started it” or deserve punishment. For example, some workers could steal from the company they work for because they feel underpaid (607). “Among less skilled workers, people often confuse the fact that their role is invaluable to the organization with the belief that they are essential to the organization. Thus they feel undercompensated, ignoring the fact that it is the ease with which they can be replaced that determines their wage rate, not the value that they contribute to the firm on a day-to-day basis” (ibid.). In some cases employees are underpaid or abused by their employers and legal action should be taken, but one immoral act doesn't usually warrant revenge (vigilantism) except perhaps in the most egregious cases when the law and nonviolent protest is incapable of bringing about justice.

4. Condemnation of the condemners – Sometimes people say that the law is unjust. This could be right in some cases, but it seems absurd to think the law is *always* unjust. We have to be careful when we decide the law is unjust, and there are ideological commitments that often encourage people to be dismissive of the law and the role of the government, such as a commitment to *laissez-faire* economics that states that we should have a “free market” with no government regulation:

[C]orporate criminals will often contest the very legitimacy of regulation, by suggesting that the government, when it imposes constraints upon the marketplace, is actually beholden to “special interests,” while the corporation represents the broader interests of the public. Since the latter is taken to be a larger constituency than the former, the suggestion is that the corporation enjoys stronger democratic legitimacy than the government. Another common strategy is to pick out one overzealous or odd regulation and use it as grounds for dismissing the need for all regulation. (ibid.)

We might need to make it clear to people why regulation is important and how the free market often leads to immoral behavior. Regulation almost always exists precisely because of the abuse done in the past, and the “democratic” idea of the free market could be based on the unreasonable expectation that consumers will know how to buy the best products and services from the most ethical companies when they often have no way to reasonably assess the quality of products and services they buy.

In extreme cases “white collar crime” is dismissed as a socialist fiction even though many white collar crimes harm capitalists, such as when businesses lie about their profits to sell more stock. “For example, when Robert Lane interviewed a group of business executives in the early 1950s, asking them how to reduce the level of corporate crime, the most common recommendation was to ‘stop the drift to socialism and the restriction of freedom’” (608). It might be true that the law restricts freedom, but we generally ought not have the freedom to hurt people.

5. Appeal to higher loyalties – Many people excuse their immoral acts because they are done to help people they are loyal to—such as their family, corporation, or friends. Loyalty to businesses isn't always shocking because some businesses work very hard at cultivating loyalty. This is important for some corporations that benefit from keeping the same employees for several years. “Considerable effort on the part of management is aimed toward cultivation of these loyalties, from dramatic initiation rituals for new employees, on-site recreational and sports facilities, personal counseling services, to the ubiquitous ‘team building’ seminars and weekend retreats” (ibid.). This loyalty can become a source for rationalization when people decide that it excuses their immoral acts. “For example, it is quite plausible to suppose that neither Kenneth Lay nor Jeffrey Skilling were motivated by any personal pecuniary incentive when they misled investors about Enron’s financial condition. They did it for the sake of Enron – an organization that they both continued to insist was a “great company” even after its collapse” (ibid.).

Evidence of widespread loyalty to the point of rationalization can be found in a 1983 study of retired Fortune 500 managers by Marshall Clinard that “showed a widespread condemnation of whistleblowing, on the grounds that it conflicted with the ‘loyalty’ owed by employees to the firm. Many believed that (with certain exceptions, such as safety violations) individuals who were unwilling to participate in illegal activities should simply quit their jobs and keep quiet, rather than ‘go to the government’” (ibid.). In other words the retired employees thought loyalty to a corrupt company was more important than the law or morality at large.

6. Everyone else is doing it – In the business world the corrupt business practices conducted by other companies, such as bribery, often creates an unfair advantage for one company and against the competition (608-609). One corrupt company can therefore create an incentive to every competing business to start conducting the same corrupt business. This makes it plausible enough to encourage people to rationalize that they can do something immoral for the sake of profit and fairness. Heath

notes that many managers don't see "everyone is doing it" as a good excuse for immoral conduct because there are better ways to deal with immoral competitive practices, such as giving the competition bad press (610).

7. Claim to entitlement – Heath tells us that some rationalizations are to the effect that we can realize that an action is illegal, but we might decide that the law should be broken out of some duty or that the law itself is illegitimate for violating certain rights we are entitled to (609). I could imagine someone who sells alcohol during prohibition might think the law is unjust and decide to go ahead and keep selling alcohol, but I am actually sympathetic to those who opposed prohibition.

One reason that the laws are often seen to be illegitimate in violation of our rights is *laissez-faire* ideology—the view that the government should do little to no regulation of businesses, and the view against government interference in the market in general (ibid.).

Many people will also defend their decision to break the law by talking about all the good the company does in terms of the services, satisfied customers, etc. (ibid.)

Conclusion

One way to understand ethics is to take a look at bad moral reasoning, and one of the leading causes of immoral business practice is "rationalization" (poor moral reasoning). We have examined rationalization so that we can know how to avoid engaging in it ourselves. However, examining rationalizations isn't the only way to learn how to reason well about morality. For one thing we can learn more about what good moral reasoning consists of.

Heath argues that criminology suggests that rationalizations should be taught instead of philosophical moral theories, but criminology doesn't tell us all the moral differences between people. Everyone reasons about morality to varying degrees and in various ways, so we shouldn't just assume "normal" people are all equally virtuous or reasoning. It might be enlightening to study the characteristics of our moral heroes in addition to our criminals.

Chapter 7: Normative Theories

Normative theories of ethics or “moral theories” are meant to help us figure out what actions are right and wrong. Popular normative theories include utilitarianism, the categorical imperative, Aristotelian virtue ethics, Stoic virtue ethics, and W. D. Ross's intuitionism. I will discuss each of these theories and explain how to apply them in various situations.

Utilitarianism

Utilitarianism is a very simple view that matches common sense – right and wrong can be determined by a cost-benefit analysis. We must consider all the good and bad consequences when deciding if an action is right. Utilitarians disagree about what counts as “good” or “bad.” Some think that fulfilling desires is good and thwarting desires is bad, classic utilitarians think that happiness is good and suffering is bad, and pluralists believe that there are multiple “intrinsic goods” that are worth promoting. **An action will then be said to be “right” as long as it satisfactorily causes good consequences compared to alternative actions, and it will be “wrong” if it doesn't.**

Utilitarianism doesn't discriminate or encourage egoism. It is wrong to harm others to benefit yourself because everyone counts.

What counts as “satisfactory” will not be agreed upon by all philosophers. Originally some philosophers suggested that only the “best” action we could possibly perform is “right,” but this is an extreme, impractical, and oppressive view. Why? Whenever you are taking a shower or spending time with friends it would probably be better to be doing something else, such as helping the needy, but it is absurd to say that you are always doing wrong whenever you are taking a shower or spending time with friends. Additionally, it isn't clear that there is a “best” course of action always available to us. There might be an unlimited number of actions we can perform and at least one of them could be better than what we choose to do.

It should be pointed out that right actions and right moral decisions are two different things. An action is right when it produces good results even if it was made for the wrong reasons. For example, I could decide not to go to my job one day when doing so would just happen to cause a car crash. There is no way to expect a car crash to occur that day, but my action would be right insofar as it would cause positive results. People might then say, “You got lucky and ended up doing the right thing.”

To make the right moral decision for a utilitarian means to make a decision that is most likely going to actually be right (lead to good results) based on the available information I have. Choosing to go to work is usually the right decision to make despite the fact that there is a negligible chance that I will get in a car wreck. Such a decision can't take far-fetched possibilities into consideration.

Utilitarianism is not necessarily meant to be used as a “decision procedure” to decide what to do. If we can clearly know that a course of action will produce highly good results and negligible bad results, then that action is rational. However, we aren't always good at knowing what actions will produce good results and we can often be overconfident in our ability to do so. It is often wrong to choose to do

something we believe will probably have good results if that behavior is risky and has a chance of hurting people. For example, a jury shouldn't find someone guilty when someone has been proven innocent in the hopes that it will prevent a riot in the streets because people can't know for sure that such a decision will produce the desired results, and they do know that the guilty verdict will destroy someone's life.

To conclude, in order to know if something is morally preferable for a utilitarian, we must ask, "Will it lead to more benefits and less harms than the alternatives?" If the answer is, Yes, then it is morally preferable.

Applying Utilitarianism

Killing people – Killing people is usually wrong either because people have value (and they might not exist after dying), because everyone has a desire to stay alive, or because killing people makes other people unhappy.

Stealing – Stealing is usually wrong because it makes people unhappy to lose their possessions, they might need their possessions to accomplish certain important goals, and because the right to property makes it possible for us to make long term goals involving our possessions.

Courage – Courage is essential for morality because people must be willing to do what they believe will be right even at a personal cost. Sometimes doing the right thing requires altruism, such as when a whistle blower must tell the American public about corruption at the work place (despite the fact that she might face retaliation for doing so).

Education – Education is good because it helps us know how to be a productive member of society, it helps us know empirical facts that are relevant to knowing which actions are likely to benefit or cause harm (e.g. better parenting techniques or healthy eating), and it helps us think rationally to make better decisions.

Promising – It is wrong to break a promise because doing so would make other people upset and waste their time. People depend on the honesty of others in order to take business risks, plan on their retirement, and so on.

Polluting – It is wrong to pollute if the pollution will harm others. It is preferable to refuse to pollute if too many people doing so could also harm others, but we are not necessarily personally responsible for the harms caused by an entire civilization.

Homosexual behavior – Homosexual behavior does not automatically cause harm and it is something many people find pleasurable and part of living a happy life. Therefore, it is not always wrong. Homosexuality can cause someone harm from discrimination, but to blame homosexuality for the harms of discrimination is a form of blaming the victim just like blaming a woman who gets raped for being too weak.

Atheism –Atheism does not necessarily cause people harm other than through discrimination, but blaming atheists for discrimination is also a form of blaming the victim. Additionally, atheism is often a position one believes in because of good arguments, and it is appropriate for people to have beliefs

based on good arguments. Being “reasonable” is “right” because it tends to have good results.

Objections

1. **Consequences might not be enough.** – Utilitarianism requires us to do whatever promotes the good the most, but that could require us to be disrespectful or even harm certain people. For example, if we kill someone to donate their organs and save five lives, then it seems like our action maximized the good and wasn't wrong. This result is counterintuitive and it suggests that utilitarianism is incomplete because we might have rights that must not be violated, even to maximize the good.
2. **Utilitarians aren't sensitive to heroic acts.** – Utilitarians think we ought to maximize the good. If this is a duty, then it seems much too demanding. In that case we would probably be doing something morally wrong almost every second of the day, and we would rightly be blamed and punished for it. But it doesn't seem wrong for me to do a handstand or spend time with friends just because I could be doing something better with my time. Additionally, heroic acts like jumping into a fire to save a child seem like they are *beyond the call of duty* rather than obligations. If it's not a duty to maximize the good, then utilitarians will have to explain when we have duties and when we don't. It's not obvious that we can draw this line using utilitarianism.

Categorical Imperative

The categorical imperative asks us to act in a way that we can will to be a universal law. In other words, it asks us to **behave in a rational way that would be rational for anyone**. If it is right for me to defend myself when attacked, then it is right for everyone to defend themselves in self defense.

[Robert Johnson](#) describes the categorical imperative as a method to find out if an action is permissible using four steps:

First, formulate a maxim that enshrines your reason for acting as you propose. Second, recast that maxim as a universal law of nature governing all rational agents, and so as holding that all must, by natural law, act as you yourself propose to act in these circumstances. Third, consider whether your maxim is even conceivable in a world governed by this law of nature. If it is, then, fourth, ask yourself whether you would, or could, rationally *will* to act on your maxim in such a world. If you could, then your action is morally permissible.³

I will describe each of these stages in more detail:

1. First we formulate the “maxim” or motivational principle that guides our action. For example, I might plan on eating food because I'm hungry or decide to break a promise to pay a friend back because I would rather keep the money.
2. Second, let's transform the action into a universal law of nature. Everyone must act for the same reason that I will act on. Everyone will eat food when they're hungry and break their promises

³ Johnson, Robert. “Kant's Moral Philosophy.” The Stanford Encyclopedia of Philosophy. 17 May 2011. (Section 5, The Formula of the Universal Law of Nature.) Last updated 2008.

- to friends when they would rather keep their money.
3. Third, let's consider if such a maxim could even be a universal law of nature. Could everyone eat food when they're hungry? Yes. Could everyone refuse to pay their debts when they'd rather keep their money? No, because that would undermine the whole point of having debts to be paid. No one would lend money in that world. At this point we can already rule out the maxim of refusing to pay our debts out of convenience, so it's an irrational and impermissible maxim and we have a duty not to act from that motive.
 4. Fourth, if the maxim passes the third step, could we *rationaly* will the maxim to be followed by everyone in our circumstances? Perhaps I can will that people eat when they are hungry, but not necessarily in every circumstance, such as when there's limited food that needs to be shared with others who are also hungry.

Johnson adds that we have a “perfect duty” to refrain from doing something that violates the third step in the sense that there are no exceptions. Whenever we are in the relevant situation, we must refrain from doing the act as much as possible. Since refusing to pay one's debts when we prefer to keep our money doesn't pass the third step, we have a perfect duty not to refuse to pay our debts for that reason. Kant also thinks we have a perfect duty not to commit suicide when we want to avoid suffering.

If we have a maxim that doesn't pass the fourth step, then it's an imperfect duty to refrain from doing it, which means we must refrain from doing it at least some of the time. Kant thinks we can't always refrain from helping others, so we have a duty to help others at least some of the time.

I suspect that the categorical imperative is compatible with all other moral theories. For example, a utilitarian will have to believe that it is *only rational* to behave in a way likely to promote positive values, and such moral rationality applies to everyone.

Of course, the categorical imperative doesn't require us to be utilitarians. There might be some actions that are right for reasons other than the likelihood of producing positive results.

The categorical imperative is often related to hypocrisy, the golden rule, and the question, “What if everyone did that?” First, our morality must not be hypocritical—what is right for me is right for everyone. Second, we can demand that someone treat others how she wants to be treated as long as she “wants” to be treated in a way that rationality permits. Third, we can demand that people don't behave in a way that is wrong for others. If “everyone defended themselves from attack,” then people would be behaving appropriately. However, “if everyone steals to benefit themselves,” then they will be doing something wrong. When we ask, “What if everyone did that?” we are not asking, “Would there be bad consequences if everyone did X?” The categorical imperative does not necessarily concern itself with consequences and it doesn't claim that something is wrong just because too many people doing something could become destructive.

In order to know if an action is morally acceptable based on the categorical imperative we must ask, “Is the action rationally appropriate for everyone else in the same situation?” If the answer is, Yes, then the action is morally acceptable.

Applying the categorical imperative

Killing people – Killing people is wrong whenever it would be inappropriate for someone to kill us,

and we need to consider the motivational reason for killing someone. It would be wrong for people to kill us out of greed just to take our money, so it is wrong for everyone to kill out of greed to take other people's money. However, it would be right for someone to kill us if necessary to defend themselves from attack out of self-respect, so it is right for everyone else as well.

Stealing – Stealing is wrong whenever it would be inappropriate for someone to steal from us, such as when they want something without paying for it. However, if stealing is necessary to survive because no one is willing to share food, then it might be necessary to steal out of self-respect.

Courage – Courage is rationally necessary for us to be willing to do the right thing when the right thing is done at personal risk to oneself. Emotions must be disregarded if they conflict with the demands of moral reason.

Education – Education is a rational requirement insofar as ignorance puts others at risk. If we can rationally demand others to become educated because of the dangers of ignorance, then we are also rationally required to become educated.

Promising – Keeping a promise is a rational requirement insofar as we can rationally demand that other people keep their promises (out of respect for our humanity). It might be that breaking a promise is necessary from time to time (to respect our humanity), but only when it would be wrong for anyone in that situation to break the promise. For example, a enraged friend who asks for his gun you are borrowing should be denied the weapon. It is perfectly respectful to deny someone out of their mind a weapon because they will appreciate it later once they regain their reason. (Kant actually had something different to say about this issue.)

Polluting – Although “everyone polluting by driving cars” causes harm, it isn't clear that polluting is always wrong. “Everyone committing their life to medicine” would end up causing harm, but we don't want to say that someone is doing something wrong for committing her life to medicine. However, it might be wrong to cause pollution whenever we know that it will cause harm. If we can rationally demand a business to pollute less, then others can make the same demand on us.

Homosexual behavior – If having sex for pleasure can be rational for heterosexuals, then having sex for pleasure can be rational for homosexuals. Doing something to attain pleasure is not irrational as long as there's no overriding reason to find it problematic.

Atheism – Someone can rationally believe in atheism if it is found to be a sufficiently reasonable belief just like all other beliefs. If it is rational to believe in theism if it is found to be sufficiently reasonable, and it can be rational to believe in atheism for the same reason.

Objections

1. **The categorical imperative isn't meant to be a *complete* decision procedure.** – Kant discusses the categorical imperative in the context of moral *concepts* rather than moral *reality*. Even if the categorical imperative exists, it's not always clear how to use it to decide what we ought to do in each unique situation we find ourselves in. Many people disagree about how the categorical imperative applies in each situation.
2. **We don't know that categorical imperatives can help us.** – Kant's theory requires that people

can be motivated by categorical imperatives, but it's not clear that we can. The problem is that we don't know how we are motivated in each situation and we often deceive ourselves. If we can't be motivated by categorical imperatives, then we need to know how practical they are. Will they help us be moral in any important sense?

Aristotelian Virtue Ethics

Aristotelian virtue ethics has two parts. **First, Aristotle argues that our personal happiness (flourishing) is the ultimate goal that we should promote. Second, he argues that we should learn to have habits and behave in ways that lead to our personal happiness.** (To have the right habits and feelings is to be virtuous.) We can learn what behaviors cause happiness through our past behavior and we can learn to be sensitive to particularities in each situation. For example, we know not to attack people in most situations, but it might be necessary to attack people in self defense.

In order to know if something is morally acceptable for an Aristotelian we must ask, “Is the action based on a sensitivity to the situation? And does the action lead to personal happiness?” If the answer to these questions is, Yes, then the action is morally virtuous.

Two clarifications still need to be made.

First, Aristotle's idea of “happiness” is distinct from pleasure and means something more like “good life” or “flourishing. Additionally, some of our goals could be morally justified for Aristotle as long as they don't conflict with happiness. Pleasure, knowledge, and virtue in particular seem like worthwhile goals in general, even if they don't cause happiness.

Second, Aristotle argues that *virtue is the greatest form of happiness*. Happiness is the ultimate goal or “ultimate and most final end,” but there can be other worthy goals or “final ends.” (Final ends are goals that are worth pursuing and desiring for their own sake.) Aristotle thought that becoming the best kind of person by developing our uniquely human capacities was the best way to be happy. In particular, we're rational and political animals, so we need to develop our ability to be rational and our ability to get along with others. Being a political animal is manifested in how we care for others in general and desire to help others.

Aristotle, like most virtue ethicists, is skeptical about using rules to make moral decisions. It seems impractical to use rules and philosophical arguments to make decisions every second of the day, even if morality is ultimately grounded in rules. Instead of having rules, we need to learn to have an intuitive understanding of morality and develop “virtuous” character traits that cause appropriate behavior without a great deal of thought usually being required. A person who has an intuitive understanding of morality and has virtuous character traits has practical wisdom (the ability to achieve worthy goals) but not necessarily theoretical wisdom (the ability to know about the world through generalization and deduction).

Although Aristotle doesn't think ethics is best understood in terms of rules, he finds that wisdom tends to be based on avoiding extremes and finding a moderate middle ground—the golden mean. A person with *cowardice* is afraid, even when she should not be afraid. A person with *foolhardiness* isn't afraid,

even when she should be. A virtuous person with *courage* will only be afraid when it's appropriate to be.

Some people define courage as an ability to act despite fear. Perhaps there are times when we should endanger ourselves, even when it's appropriate to feel fear. For example, it could be courageous to jump in a burning building to save a child, even though it might make sense to feel fear insofar as our own well being would be threatened. Aristotle argues that even the ultimate self-sacrifice isn't necessarily incompatible with our personal happiness, but that is a very controversial point. However, even if it can be appropriate to feel fear and act despite our fear, courage is merely more complex than Aristotle stated *because the fact that we feel fear doesn't guarantee inaction*.

Aristotle's idea of finding the golden mean is a general rule, and we can use it to make many other general rules. Virtues like courage, moderation, justice, and wisdom could be taken to imply various general rules of avoiding certain extremes. We shouldn't eat too much food, we should eat, desire, and enjoy food when it's appropriate, but not when it's inappropriate, and so on.

Applying Aristotle's virtue ethics

Killing people – It might be necessary to kill people in self defense because living is necessary to be happy (and we must promote goods that are necessary for our personal happiness), but killing people makes us unhappy because we are social animals and we care about people. We don't like horrible things to happen to others.

Stealing – Stealing is necessary if it is necessary for our personal happiness, but stealing makes us unhappy insofar as we care about people.

Courage – Courage is necessary for us to take the risks needed to live a fully happy life. Courage is our habit to be afraid when it is necessary for our happiness and not afraid when it is necessary for our happiness.

Education – Education is necessary for our personal happiness not only to know how to best be happy, but also because the most intellectual forms of contemplation are the most positive experiences we can have. A “contemplative life” is the happiest sort of life we can live.

Promising – Keeping a promise is virtuous as long as we consider the situation at hand and keep the promise because it is likely to promote our happiness. In other words, keeping the promise might not be personally beneficial because we can also keep a promise out of respect (care) for the other person. We can't be happy while hurting others.

Polluting – Polluting is wrong insofar as it hurts people and we care about people.

Homosexual behavior – Homosexual behavior is wrong when done immoderately (in an overly-dangerous way likely to lead to unhappiness), but it is right when done in a way that leads to one's personal fulfillment.

Atheism – Atheism is right as long as the belief is not under our control or as long as the belief does not lead to our unhappiness. Atheists often can't control their atheism just like they can't believe in

many other things that they find implausible (ghosts, ESP, bigfoot, etc.).

Objections

1. **It's not just our personal happiness that matters.** – First, it's not obvious that happiness is the ultimate good. Perhaps our existence is more important. Second, it's not obvious that we should only be concerned with our personal good or happiness. It seems plausible to think that everyone's happiness should be taken into consideration.
2. **Caring for others isn't always good for our happiness.** – Aristotle thinks we care for others by our very nature, so we should take other people's good into consideration. However, we don't always care about *strangers* and it's not obvious that we should nurture our empathy for strangers given Aristotle's assumption that our personal happiness is the ultimate good. It can be painful to care for others because their suffering can cause suffering for us, and we might have some control over how much we care for others and strangers in particular.

Stoic Virtue Ethics

Simply put, Stoic virtue ethics is a theory that **true moral beliefs and thoughts tend to lead to appropriate emotions and actions**. However, Stoic virtue ethics traditionally has five parts:

1. It argues that virtue is the ultimate value that overrides all other values.
2. It defines virtue in terms of having true evaluative beliefs, emotions based on those evaluative beliefs, and behaving according to those evaluative beliefs. (Evaluative beliefs are value judgments, such as “pleasure is preferable.”)
3. It states that true (or well reasoned) evaluative beliefs and thoughts tend to give us appropriate emotions and actions. Positive evaluative beliefs lead to positive emotional responses and negative evaluative beliefs lead to negative emotional responses.
4. It states that we can know what is “preferable” from our instincts, which was given to us from God (Universal Reason). In particular, we have an impulse to care for others both emotionally and through action, which indicates the fact that “caring for others is preferable.”
5. It states that everything that happens is for the best because it was preordained by God (Universal Reason) and therefore there is no reason for us to have a negative emotional response.

The first three of these parts sounds reasonable, but the last two require us to accept the existence of the Stoic divinity, which is something contemporary philosophers find to be much too ambitious. What we need is a way to determine truths about preferences. I have two different suggestions for finding them without referring to a divinity:

1. We can prefer whatever is necessary to be virtuous. No matter what we value, we can't promote the value unless we value life, consciousness, and freedom from pain.
2. We can experience some values for ourselves, such as the value of pleasure and disvalue of pain.

I discuss these solutions in much more detail in my Master's Thesis, [Two New Kinds of Stoicism](#). My

theories are known as “Neo-Aristonism” and “Common Sense Stoicism.”

In order to determine if something is morally acceptable for a Stoic philosopher we need to ask, “What emotions are being felt and what beliefs are held?” If an emotion is caused by rational beliefs, then it is morally acceptable.

Applying Stoic virtue ethics

Killing people – It is wrong to kill people insofar as killing people is motivated by inappropriate beliefs and thoughts, such as, “This person stole my wallet and deserves to die.” Such a belief could motivate rage and we could lose rational control of ourselves. Instead, we should dispassionately consider why killing could be appropriate based on rational preferences. For example, it might be appropriate to kill in self defense if necessary for our preference for survival despite the fact that we ought to care about all people and prefer for good things to happen to others.

Stealing – It is wrong to steal insofar as it is motivated by inappropriate beliefs and thoughts, such as, “I need to have more money.” It might be necessary to steal to act on sufficiently important rational preference, such as a preference to survive when stealing is needed to survive; but pleasure would not be an important enough preference worth promoting to warrant theft. For one thing we care for others and don't like others to suffer theft, and the expectation of pleasure would not override the importance of helping rather than harming others.

Courage – The ancient Stoics believed that courage was a lack of fear. We can be cautious and prefer to live well without fearing death or losing our external goods. The Stoics believed that the fear of death was based on an inappropriate belief that death is an evil (despite the fact that it is dis-preferable).

Education – First, education can help us attain good reasoning, which helps us form better (well justified and accurate) beliefs. Second, well justified and accurate beliefs help lead to appropriate emotions and actions.

Promising – Keeping a promise is virtuous as long as we do so based upon justified preferences. We should not break a promise just because we are compelled to do something more pleasurable because that would overemphasize the importance of pleasure and de-emphasize the value of the person that would be disrespected or harmed.

Polluting – To pollute to the extent of harming others is often based on inappropriate selfishness, greed, and an inappropriate lack of care for others. The virtuous person will care for others and won't want to harm them for money. It might be worth driving a car in a society where cars help live a better life despite the fact that the pollution ends up harming some people.

Homosexual behavior – Homosexual behavior insofar as it is based on a preference for pleasure is appropriate as long as it is compatible with our care for others. An inappropriate love of pleasure could cause inappropriate lust that would cloud our judgment whether we are talking about homosexual or heterosexual sex.

Atheism – Atheism is appropriate insofar as the belief is probably true based on the information

available to us. For the Stoic philosopher, true beliefs are of primary importance. We should have a belief because it is true, not because it is pleasurable or because of our emotions.

Objections

1. **Does Universal Reason exist?** – The Stoics require us to believe in Universal Reason, but not everyone believes in universal reason and it's not obvious that Universal Reason really exists.
2. **The Stoic virtue ethics can dull our emotions.** – It's not entirely clear what emotions are appropriate for the Stoics, but some people think they would dismiss many appropriate emotions that enrich our lives. Grief, passionate love, and anger were often said to be inappropriate emotions by the Stoics, but many people aren't convinced that they are inappropriate.

Ross's Intuitionism

W. D. Ross's theoretical understanding of morality explained in The Right and the Good was not meant to be comprehensive and determine right and wrong in every situation, but he doesn't think it is ever going to be possible to do so. He denies that there is one single overarching moral principle or rule. Instead, he thinks we can make moral progress one step at a time by learning more and more about our moral duties, and do our best at balancing conflicting obligations and values.

Ross proposes that (a) we have self-evident prima facie moral duties, and (b) some things have intrinsic value.

Prima facie duties

We have various prima facie duties, such as the duty of non-injury (the duty to not harm people) and the duty of beneficence (to help people). These duties are “prima facie” because they can be overridden. Duties can determine what we ought to do “nothing else considered” but they don't determine what we ought to do all things considered. Whatever we ought to do all things considered will override any other conflicting duties. For example, the promise to kill someone would give us a prima facie duty to fulfill our promise, but it would be overridden by our duty not to injure others.

Ross argues that we have (at the very least) the following duties:

1. **Duty of fidelity** – The duty to keep our promises.
2. **Duty of reparation** – The duty to try to pay for the harm we do to others.
3. **Duty of gratitude** – The duty to return favors and services given to us by others.
4. **Duty of beneficence** – The duty to maximize the good (things of intrinsic value).
5. **Duty of noninjury** – The duty to refuse to harm others.

Is this list complete? That is not obvious. We might have a duty to *respect* people beyond these duties, and we might have a duty to justice, equality, and/or fairness to praise, blame, reward, punish, and distribute goods according to merit. For example, it's unfair and disrespectful to blame innocent people because they don't merit blame—they weren't responsible for the immoral act.

Self-evidence and intuition

Ross thinks we can know moral facts through intuition. What does it mean for these duties to be *self-evident*? It means that we can contemplate the duties and *know* they are true based on that contemplation—but only if we contemplate them in the right way. Ross compares moral self-evidence to the self-evidence of mathematical axioms. A mathematical axiom that seems to fit the bill is the law of non-contradiction—We know that something can't be true and false at the same time.

Intuition is the way contemplation can lead to knowledge of self-evidence. We often use the word “intuition” to refer to things we consider “common sense” or things we know that are difficult to prove using argumentation. Ross thinks we can know things without arguing for them, and he thinks that anything “truly intuitive” is self-evident. Keep in mind that intuition doesn't necessarily let us know that something is self-evident immediately nor that intuitive contemplation is infallible. Consider that “ $123+321=444$ ” could be self-evident. We might need to reach a certain maturity to know that this mathematical statement is true, and recognition of its truth is not necessarily immediate. It requires familiarity with addition and some people will need to spend more time contemplating than others.

Intrinsic value

Many utilitarians agree with Ross that pleasure is intrinsically good and pain is intrinsically bad. Pleasure is “good just for existing” and is worthy of being a goal. The decision to eat candy to attain pleasure “makes sense” if it has intrinsic value, and we all seem to think that eating candy to attain pleasure is at least sometimes a good enough reason to justify such an act. We have *prima facie* duties not to harm people at least to the extent that it causes something intrinsically bad (pain) and to help people at least to the extent that it produces something intrinsically good, like pleasure.

What's intrinsically good? Ross suggests that justice, knowledge, virtue, and “innocent pleasure” are all intrinsically good. However, [minds, human life, and certain animal life](#) could also have intrinsic value.

How do we use Ross's intuitionism?

First, we need to determine our duties and what has intrinsic value. Second, we need to determine if any of these duties or values conflict in our current situation. If so, we need to find a way to decide which duty is overriding. For example, I can decide to go to the dentist and get a cavity removed and this will cause me pain, but it is likely that it will help me avoid even more pain in the future. Therefore, it seems clear that I ought to get the cavity removed. However, if I have two friends who both want to borrow my car at the same time and I won't be needing it for a while, I might have to choose between them and decide which friend needs the car the most or randomly decide between them if that's impossible.

Applying Ross's Intuitionism

Killing people – It is generally wrong to kill people because it (a) causes people pain, (b) prevents them from feeling future pleasure, and (c) destroys their knowledge. If and when killing people isn't wrong, we will need an overriding reason to do it. Perhaps it can be right to kill someone if it's necessary to save many other lives.

Stealing – It is wrong to steal insofar as it causes people pain, but it might be morally preferable to steal than to die. Our duties to our children could also justify stealing when it's the only option to feed them.

Courage – Virtue has intrinsic value, and courage is one specific kind of virtue. Courage is our ability to be motivated to do whatever it is we ought to do all things considered, even when we might risk our own well being in the process.

Education – Knowledge has intrinsic value, so we have a prima facie duty to educate people and seek education for ourselves.

Promising – Keeping a promise is already a prima facie duty, but it can be easily overridden when more important duties conflict with it. For example, you could promise to meet a friend for lunch, but your prima facie duty to help others might override your promise when a stranger is injured and you can help out.

Polluting – Polluting violates people's prima facie duty to noninjury, but polluting might be necessary for people to attain certain goods they need to live. In that case pollution could be appropriate.

Homosexual behavior – Homosexual behavior can be justified because it can help people attain pleasure, but we also have a prima facie duty to try not to endanger our own life or the life of others, so it's better to take certain precautions rather than have homosexual sex indiscriminately. This is no different than the morality of heterosexual sex.

Atheism – Being an atheist doesn't violate any of our prima facie duties, so it's not wrong. Telling one's parents that one is an atheist could cause momentary pain, but one's prima facie duties to be open and honest seems to override that concern in most situations. Additionally, being open and honest in public about one's atheism could risk one's own well being, but it could also help create acceptance for atheists in general and help other atheists as a consequence.

Objections

1. **It's not clear that intuitions are reliable.** – I've mentioned before that both intuition and self-evidence has been questioned by philosophers. Many people have differing intuitions and argue different beliefs qualify as being “self-evident.”
2. **It's not clear how we resolve conflicts in duties.** – Many philosophers don't think we can have duties that conflict. For example, utilitarians think we should maximize the good and no moral consideration that conflicts with that principle will count for anything. If our duties can conflict, then it's not obvious how we can decide which duty is overridden by the other.

Conclusion

Philosophers have found ethical theories useful because they help us decide why various actions are right and wrong. If it is generally wrong to punch someone then it is wrong to kick them for the same

reason. We can then generalize that it is wrong to “harm” people to help understand why punching and kicking tend to both be wrong, which helps us decide whether or not various other actions and institutions are wrong, such as capital punishment, abortion, homosexuality, atheism, and so forth.

All of the ethical theories above have various strengths and it is possible that more than one of them is true (or at least accurate). Not all moral theories are necessarily incompatible. Imagine that utilitarianism, the categorical imperative, and Stoic virtue ethics are all true. In that case true evaluative beliefs (e.g. human life is preferable) would tell us which values to promote (e.g. human life), and we would be more likely to have an emotional response that would motivate us to actually promote the value. We would feel more satisfied about human life being promoted (e.g. through a cure to cancer) and dissatisfied about human life being destroyed (e.g. through war). Finally, what is right for one person would be right for everyone else in a sufficiently similar situation because the same reasons will justify the same actions.

Chapter 8: Three Theories of Justice

I will discuss three [theories of justice](#): Mill's Utilitarianism, Rawls's Justice as Fairness, and Nozick's libertarianism. Much of my understanding of theories of justice comes from [Business Ethics](#) (Third Edition) by William H. Shaw. I will expand my discussion of justice by considering objections to each of these theories, but I do not necessarily endorse any of the objections and there could be good counterarguments against them.

What is justice? Justice can be used to mean any number of things, like the importance of having rights, fairness, and equality (87-88). People will think it's unjust to have their rights violated (like being thrown in prison without being found guilty in a court of law); or being *unfairly* harmed by someone unwilling to pay compensation for the harm done; or being unfairly treated as an inferior (*unequal*) who isn't hired for a job despite being the most qualified person for the job. Theories of justice are not necessarily “moral” theories because “justice” is a bit more specific and could even be separate from morality entirely.

Mill's utilitarian theory of justice

Utilitarians tend to be among those who see no major divide between justice and morality. Utilitarians see justice as part of morality and don't see justice to have a higher priority than any other moral concern. In particular, utilitarians think that we should promote goodness (things of value), and many think that goodness can be found in a single good; such as happiness, flourishing, well-being, or desire satisfaction. Utilitarian ideas of justice connect morality to the law, economic distribution, and politics. What economic or political principles will utilitarians say we should accept? That is not an easy question to answer and is still up in the air. We have to discover the best economic and political systems for ourselves by seeing the effects they produce (90).

Utilitarians often advocate for social welfare because everyone's well-being is of moral interest and social welfare seems like a good way to make sure everyone flourishes to a minimal extent. On the other hand utilitarians often advocate free trade because (a) free trade can help reward people for hard work and encourage people to be productive, (b) the free market allows for a great deal of freedom, (c) freedom has a tendency to lead to more prosperity, and (d) taking away freedom has a tendency to cause suffering.

One conception of utilitarian justice can be found in the work [Utilitarianism](#) by John Stuart Mill (91). Mill said that justice was a subset of morality—“injustice involves the violation of the rights of some identifiable individual” (ibid.). Mill suggests, “Justice implies something which is not only right to do, and wrong not to do, but which some individual person can claim from us as his moral right” (ibid.). Morality is larger than justice because it's plausible that we can be heroic or act beyond the call of duty to help others and such acts would not be best described as examples of “justice.”

When do we (or should we) have a right? When can we legitimately make demands on society based on utilitarian grounds. “To have a right, then, is... to have something which society ought to defend me in the possession of. If the objector goes on to ask why it ought, I can give him no other reason than

general utility” (ibid.). Rights are rules society can make for everyone that could help people flourish and prosper in general, and we should have rights given the assumption that they are likely to increase goodness in the long run.

Mill's conception of rights can include both positive rights (for public education, food, shelter, medical assistance, etc.) and negative rights (to be allowed to say what we want, to be allowed to have any religion, etc.) Both of these sorts of rights can potentially help people have greater well being.

Concrete utilitarian suggestions

Utilitarians have suggestions for improving economic systems. For example:

1. Mill argued that we should reduce the division between workers and owners (92-94). Workers and owners often engage in class warfare or other hostile relations. There might be a way for workers and owners to blend together rather than be sharply divided groups, which could reduce class warfare and hostile relations. For example, profits could be shared with the workers.
2. We can promote greater equality of income (93). The more money you get, the less that additional money can help your well being. People who have billions of dollars don't get as much of a benefit *from each dollar they own* than others would. The poor often die from medical neglect, but everyone else can pretty much attain everything needed for survival. The luxuries enjoyed by the rich are much less important to their well being than the necessities that could be enjoyed by others if that wealth is shared. If we tax the rich to help the poor, than we could expect that greater goodness would result.

Applying Mill's theory of justice

Mill thinks that we should have rights, laws, and government intervention when doing so will best maximize the good, which he finds to be happiness, and minimize evil in the form of suffering. We often say that utilitarianism asks us to “maximize happiness” for short, and it's implied that suffering is incompatible and destructive to happiness. He thinks something's just if it doesn't violate any rights, and there are ideal rights that would maximize happiness. His utilitarian theory of justice doesn't tell us what the ideal rights are.

How can we apply Mill's utilitarian theory of justice to our lives? First, we need to figure out what rights will probably lead to greater happiness. Second, we have to figure out whether those rights are being violated in a given situation.

What rights will likely lead to greater happiness? – One proposed list of rights that seem like they could be justified through Mill's utilitarianism are those listed in the [Universal Declaration of Human Rights](#). Let's consider three of those rights:

1. Right to property – “No one shall be arbitrarily deprived of his property” (Article 17). People ought to have a right to property for at least four reasons. One, because we have various needs and property is very helpful to fulfill those needs. We need food and shelter, and we can become ill or die when people take our food and shelter from us. Two, we make plans throughout the day concerning our future (e.g. retirement) and property rights are needed to have the stability required for these plans. Three, it often

makes people upset when they are robbed, even when only luxuries are stolen. Four, the right to make a profit from one's labor can be an incentive to work hard and be productive, which can help create greater prosperity for society at large.

2. Right to social welfare – “Everyone has the right to a standard of living adequate for the health and well-being of himself and of his family, including food, clothing, housing and medical care and necessary social services, and the right to security in the event of unemployment, sickness, disability, widowhood, old age or other lack of livelihood in circumstances beyond his control” (Article 25). The right to the necessities of life requires the redistribution of wealth, but it can help many people who need help the most and thus increases happiness (the greater good) despite the fact that it can harm certain people. The greater happiness given to the poor can justify sacrificing some welfare of everyone else. As I said before, utilitarianism can justify greater income equality, and redistributing wealth can lead to greater income equality.

One could object that the right to social welfare violates property rights, but it is quite possible for people's rights to conflict. Sometimes we think one right can override another. Utilitarians can justify when one right overrides another if we know that greater happiness will result from the violation. For example, I can attack someone in self-defense to protect myself, even though we have a right against being harmed. My own well being might justify the act of harming another when that other person is a danger to me.

It's also possible for moral concerns that require us to violate people's rights in utilitarianism. Perhaps we don't have a right to social welfare, but the need for redistribution of wealth could still be a moral priority that overrides property rights in some contexts. The alternatives to coerced redistribution of wealth could be greater crime rates—the poor might have no better rational option than to steal from the rich—or even revolution when the poor think their current state is totally unacceptable.

Mill doesn't make it entirely clear when we have an “obligation” to help other people, but redistribution of wealth certainly seems to imply that we can have such obligations because people can be punished if they refuse to pay their taxes and so forth.

3. Right to education – “Everyone has the right to education. Education shall be free, at least in the elementary and fundamental stages. Elementary education shall be compulsory. Technical and professional education shall be made generally available and higher education shall be equally accessible to all on the basis of merit” (Article 26). Widespread education can help society in many ways, but I will just discuss a couple. First, it can help people know how to be better productive and attain higher positions in society. Increased education not only improves opportunity, but it can help motivate people to be productive knowing that they have an opportunity to improve their lives by attaining better positions. Two, without a right to education many people could be stuck being poor without much of a chance at attaining a better position in society, and that could destroy their motivation to be productive. The poor could even be motivated to commit crimes if it's the only way for them to attain a better position in life. Better opportunities diminish the desire to commit crime because there are often more efficient and less risky ways to try to improve one's life than crime has to offer.

When are rights violated? – Consider the following six situations and whether or not any rights are being violated:

1. A corporation sells TV sets that don't work and scams people out of their money because people assume that the TV sets work when they buy them. Is this a violation of anyone's rights? Mill can argue, yes, because a person's property rights entail that property is transferred given an agreement and no one agreed to buy a broken TV set. Buying a TV set implies that it works unless it's explicitly made clear that the TV set is broken.
2. Samantha was born in a poor family and she could never afford an education. She couldn't afford food and couldn't find a job, so she starves to death. Meanwhile there is an abundance of food and wealth that is almost exclusively owned by the wealthiest members of society. Was any right being violated? Mill could argue, yes, because (a) she should have been given a free education and (b) she has a right to social welfare and redistributing wealth could have helped her survive. People have duties to help one another and they can't just let others die of starvation.
3. The government taxes all profits 10% to help poor families buy the necessities of life. Anyone who doesn't pay their taxes can be punished. Was any right being violated? It seems obvious that the right to property was violated in this case, but Mill could argue that such a violation is necessary for ethical reasons—either because of conflicting rights or other moral considerations to the “greater good.” It is possible that a utilitarian could argue that taxing profits by 10% isn't enough, or there's some better way to redistribute wealth, but we will leave that concern aside for now.
4. The government subsidizes the big bank industry by using tax money to give the big banks billions of dollars to help them avoid bankruptcy. Was any right being violated? Yes, property rights are being violated in this case because people are coerced to pay taxes to fund a bailout. Is it just to violate property rights in this case? It depends whether the big bank industry getting loads of free money will lead to the greater good. This seems unlikely considering that businesses that go bankrupt are often either not conducting business properly or aren't providing a service people want, but some people might argue that “saving the banks” will prevent a huge disaster to the economy—and *absolutely no other alternative course of action would be better*.
5. A corporation hires hit men to kill the competition. Was any right being violated? Mill will argue, yes, because we have a right not to be harmed and it will probably not serve the greater good. The happiness of the “competition” (and their family and friends) matters just as much as everyone else's happiness.
6. The people who personally made the decision to hire hit men to kill the competition are thrown in prison after being found guilty in a court of law. Are any rights being violated? Yes, the rights not to be harmed are being violated here. The criminals have rights not to be harmed, just like everyone else, and being in prison is a violation of liberty—something that would ordinarily be considered to be unjust behavior against “innocent people.” However, a utilitarian could argue that it's for the “greater good” to throw the criminals in prison because such use of coercion helps discourage and prevent further criminal acts and rights violations.

Objections

1. It's too simple – Many philosophers who reject utilitarianism are “[deontologists](#)” who generally agree that utilitarianism has much to say about morality that's relevant, but utilitarianism is too simple and ignores some moral principles. It's possible that consequences (promoting goodness) is not the only thing of moral relevance.

2. Utilitarianism fails to account for the need to be respectful – It's not clear that utilitarians can fully account for why we need to respect people. There are some “counterexamples” philosophers often give against utilitarianism, and they often argue that it might (sometimes) be wrong to hurt someone even if it promotes the greater good. For example, we wouldn't think it's right to kill someone and donate their organs to those who need them to survive, even if the person's death lead to a “greater good.” Someone could argue that utilitarian governments would take away people's rights whenever they decide that it will serve the “greater good” to do so; but such a dispensable view of rights could miss the point of having rights in the first place.

3. It ignores personal relationships – Some philosophers argue that personal relationships provide us with unique obligations that utilitarianism can't account for. For example, parents have a duty to protect and feed their children; but they don't have the same duty to all children that exist. They shouldn't spend just as much time protecting and feeding the children of strangers as they spend to feed and protect their own children.

4. It's too demanding – Some philosophers argue that utilitarianism implies that we have a duty to promote goodness as much as possible, but that's too hard. Mill's utilitarianism in particular says it's wrong to do something that maximizes happiness less than an alternative course of action. It might be that you could be doing something *better* to promote goodness every second of your life. Maybe you could be curing cancer right now instead of reading this. There might be no limit to how much good we can do, and we would then be forever condemned for failing to live up to the unlimited demands of utilitarianism. This not only requires us to stop enjoying ourselves when we could be doing something better, but it implies that no actions are “above the call of duty” despite the fact that it seems intuitive that there are.

You can read more about Mill [here](#). You can read Utilitarianism for free [here](#) or buy it for \$2.50 [here](#).
Nozick's Libertarian Theory of Justice

Libertarians are people who favor negative rights (and the right to property in particular), small government, and a free market. Many libertarians ascribe to an extreme view that *denies* the existence of positive rights and favors a *laissez-faire* free market no matter how horrible the consequences are. This seems to entail no government regulation or public education.

Some utilitarians are libertarians because they think libertarianism will promote goodness best, but Robert Nozick developed his own theory of justice that finds utilitarianism completely irrelevant to justice, which was described in [Anarchy, State, and Utopia](#). Nozick argues that we have “Lockean rights” by our very nature prior to any political institutions, such as the right to property (95). For Nozick these rights are absolute and can't be violated for any reason—except perhaps if the only alternative action would *directly* violate even more rights.

Nozick thinks that we have property rights to keep our possessions as long *as they were attained fairly*—without violating other people's rights, harming others, or defrauding them (95-96). The world's natural resources are all up for grabs. They are the property of anyone who takes them. This conception of property rights are described by three principles of justice:

1. A person who acquires a holding in accordance with the principle of justice in acquisition is entitled to that holding.

2. A person who acquires a holding in accordance with the principle of justice in transfer, from someone else entitled to the holding, is entitled to the holding.
3. No one is entitled to a holding except by (repeated) applications of 1 or 2. (97)

Nozick's view seems to imply that taxation is a form of theft because it violates our property rights. People are coerced by governments to give up their property when they are being taxed. No one can take away our legitimately attained property without permission. Any public service funded by taxation would then also be illegitimate, such as public education or food for the poor.

Nozick argues for his theory of justice through a thought experiment, called the “Wilt Chamberlain example” (97-98). Imagine that *your favorite form of economic justice is enacted* and a basketball player, Wilt Chamberlain, agrees to play for a team by getting paid twenty five cents for each ticket sold. Everyone was entitled to their money (assuming your favorite form of economic justice is truly just), and that they therefore have a right to spend their money as they wish. Wilt Chamberlain also seems entitled to the money given to him (assuming that people have a right to spend their money as they wish after justly attaining it).

Applying Nozick's theory of justice

Nozick's theory of justice affirms that we have negative rights (to be left alone) but denies that we have positive rights (to social welfare or education). Nozick says taxation is a form of *coerced* redistribution of wealth and it's unjust because we have a right to property and we don't have a right to social welfare. We have no ethical obligations to help others—and even if we did, his theory of justice would override any other moral considerations there might be. Nozick says public education is one more form of redistributing wealth. I expect that Nozick's government to be fully funded by donations and/or requires volunteers. It would be wrong to tax people to have a police department because that's just one more unjust violation of our property rights. The police department, fire department, public schools, prisons, and everything else must either be “for profit,” exist from volunteers, and/or be funded by donations.

How do we apply Nozick's theory of justice? First, we need to know what rights we have. He thinks we have “Lockean rights”—a right from being harmed, a right to property, freedom of speech, and so on. Second, we need to know how those rights apply to various contexts.

Consider how Nozick's theory of justice could apply to the contexts mentioned earlier:

1. A corporation sells TV sets that don't work and scams people out of their money because people assume that the TV sets work when they buy them. Is this unjust? I expect that Nozick will agree with Mill here. As I stated before, a person's property rights entail that property is transferred given an agreement and no one agreed to buy a broken TV set.
2. Samantha was born in a poor family and she could never afford an education. She couldn't afford food and couldn't find a job, so she starves to death. Meanwhile there is an abundance of food and wealth that is almost exclusively owned by the wealthiest members of society. Was any right being violated? Nozick would say, “No.” No one has a right to anything nor does anyone have an obligation to help others. To redistribute wealth using coercion would be a violation of our property rights and there is no conflicting right against our property rights in this situation.
3. The government taxes all profits 10% to help poor families buy the necessities of life. Anyone

who doesn't pay their taxes can be punished. Was any right being violated? Nozick would say, "Yes," because taxation is a violation of our property rights, just like any other form of coerced redistribution.

4. The government subsidizes the big bank industry by using tax money to give the big banks billions of dollars to help the big bank industry avoid bankruptcy. Was any right being violated? Yes, property rights are being violated in this case—and there's no rights that could possibly justify taxation or coerced redistribution of wealth.
5. A corporation hires hit men to kill the competition. Was any right being violated? Nozick will answer, "Yes," because we have a right not to be harmed and people were killed. There are no conflicting rights in this situation, so the corporation has done something unjust.
6. The people who personally made the decision to hire hit men to kill the competition are thrown in prison after being found guilty in a court of law. Are any rights being violated? Nozick can argue, "Yes," the rights not to be harmed are being violated here. However, there can be conflicting rights in this case. The criminals in question should be in prison assuming it's necessary to protect the rights of others, and that seems like a fair assumption.

Objections

1. We have duties to each other – Many people argue that we have duties to each other, and Nozick isn't justified to reject such a moral fact. We start the world as helpless infants; and almost everyone becomes incapacitated from illness, injury, or old age at some point in their age. If we have no duties to anyone; then we can let orphans die, we can let uninsured poor people die from illness and injury, and we can let the elderly die out in the streets. That doesn't seem like acceptable behavior and could hardly be described as "moral behavior."

One could argue that Nozick's Wilt Chamberlain thought experiment is a good example of justice, but only accounts for one example of a just form of libertarianism rather than the unjust forms. In the scenario given, there is nothing unjust happening precisely when we assume that there is a "just distribution" of wealth that assures us that no one is suffering from extreme poverty. If a libertarian society donates to public service of its own free will, there is no problem with it. However, we can find fault with his libertarian ethics via a counterexample. Imagine a libertarian society where the poor all starve to death because there is no way for them to buy food and no job opportunities. The poor are seen as what Scrooge called the "excess population." In that case Wilt Chamberlain's wealth would be much better used to help the poor, and he is refusing to help them. We have reason to think that Wilt Chamberlain would have a duty to help the poor, and he is failing to fulfill his obligation. In that case we seem to have little choice but to tax him and therefore take a portion of his wealth to help the poor. The point is that Nozick's libertarianism isn't necessarily unjust, but that it might allow for unjust situations that should not be allowed in a proper theory of justice.

2. Freedom is more than negative rights – Nozick loves freedom and he thinks that his libertarian form of justice will be the best theory to support freedom. However, we can argue that Nozick isn't justified to equate freedom with negative rights—rights to be left alone, like freedom of speech and a right to property. Freedom can also entail power. The slaves that were freed after the civil war could have negative rights, but they lacked positive rights—rights to food, to resources, to education, to medical attention, to opportunity, and so on. In some ways some freed slaves were worse off than when they were slaves. Many became [sharecroppers](#) and made barely enough money to survive and had little to no opportunity to improve their lives. The so-called choice to work under the same (and perhaps

even worse) conditions as a slave *or* die doesn't seem like the kind of freedom an economic system embodying justice could allow.

3. The free market can lead to exploitation and oppression – This is related to the last objection. Absolute property rights leads to a free market, but an unregulated free market can lead to exploitation—disrespectful and oppressive behavior towards others. Sharecropping is one example. One could also argue that the fact that we needed a minimum wage is evidence that a company would pay their poor workers even less if it was legal to do so. Nozick doesn't think a worker deserves to make more money than companies will pay them. If workers have no choice but to work in horrible conditions for barely enough money to live, then that's perfectly fine. It seems like the result of a completely free market is that company owners will often make tons of money while many of their workers will be forced to live in poverty without any hope for medical insurance or educational opportunities. Those who have attained the world's resources (food, oil, etc.) and means of production (factories and machines) are holding all the cards and are “good enough chaps” to provide work for those in poverty while making a great deal of profit. Nozick seems to imply that such workers should be resigned to die young from a disease or poor working conditions rather than revolt against those who are wealthy.

4. Inheritance is unfair – Some people argue that Nozick's libertarian justice allows for unlimited inheritance, but that allows children of the wealthy to be given an unfair amount of freedom, power, opportunity, and education while the children of the poor might almost be guaranteed to live a horrible life of no better quality than a slave (101).

5. The free market can lead to horrible consequences. Absolute property rights seems to lead to a free market, but that could hurt a lot of people. For example, lots of people can starve to death when they can't get access to food, even when there's a free market.

Professor Amartya Sen of Oxford University shows how, in certain circumstances, changing market entitlements—the economic dynamics of which he attempts to unravel—have led to mass starvation. Although the average person thinks of famine as caused simply by a shortage of food, Sen and other experts have pointed out that famines are frequently accompanied by no shortfall of food in absolute terms. Indeed even more food may be available during a famine than in nonfamine years—if one has the money to buy it. Famine occurs because large numbers of people lack the financial wherewithal to obtain the necessary food. (101)

In [some cases](#) a country would rather export its food to other countries for greater profits than sell them to their own people who are starving. In [other cases](#) a country would rather sell its fertile land to rich foreigners than sell it to its own starving people for less. Is there any reason to think that this couldn't happen in a free market? Perhaps there is no reason for Nozick to criticize people for exporting all their country's food to other countries.

You can read more about Nozick's theory of justice [here](#). You can buy Nozick's Anarchy, State, and Utopia [here](#).

Rawls's theory of justice

Rawls described his theory of justice called “Justice as Fairness” in his book [A Theory of Justice](#). Rawls agrees with Nozick that justice is quite separate from morality and he too rejects utilitarian forms of justice. He first suggests a new way to learn about principles of justice—the original position (103-105). The original position asks us to imagine that a group of people will get to decide the principles of justice. These people don't know who they are (what he calls a 'veil of ignorance'), they are self-interested, they know everything science has to offer, and they're fully rational. He argues that in a veil of ignorance they couldn't be as biased towards their profession, race, gender, age, or social status because they wouldn't know which categories they belong to (104-105). As far as self-interest is concerned, Rawls argues that they will want principles of justice that will “fairly distribute” certain goods that everyone will value—what Rawls calls “primary social goods” (105). Rawls argues that the people in the original position will discuss which principles of justice are best before voting on them, and the best principles worth having will reach a “reflective equilibrium”—the most intuitive principles will be favored and incompatible less intuitive principles will have to be rejected in order to maintain coherence. He argues that two intuitive principles of justice in particular will reach reflective equilibrium:

1. Each person is to have an equal right to the most extensive total system of equal basic liberties compatible with a similar system of liberty for all.
2. Social and economic inequalities are to satisfy two conditions: first, they are to be attached to positions and offices open to all under conditions of fair equality of opportunity; and second, they are to be the greatest expected benefit of the least advantaged members of society (107).

Rawls says that the first principle has priority over the second, “at least for societies that have attained a moderate level of affluence” (ibid.). The liberties Rawls has in mind are negative rights, like the freedom of thought. The distribution of social goods can include education, food, and housing; which could be considered to be positive rights.

The second principle's second restriction—that social and economic inequalities must benefit the worst off group—is known as the “difference principle” and seems to imply that total communism is automatically just if such a system has no economic or social inequalities because it's only inequalities that require a rationale. Capitalism will only be justified if it benefits the least advantaged group—the poor, orphans, and so on. The assumption is that inequality can allow hard work to be rewarded to the point that people decide to be more productive and share their wealth with the poor. People won't be allowed to be wealthier *unless* the wealth is shared with the poor.

Applying Rawls's theory of justice

Rawls agrees with Nozick that we have negative rights and no positive rights, but he argues that social and economic inequalities are unjust unless they meet certain requirements. In particular, there must be equal opportunity (public education) and greater inequality must benefit those who have the least social and economic goods (the worst off group). Rawls disagrees with utilitarians that economic inequality is justified if it maximizes happiness—by providing rewards to being productive members of society—*if* such inequality doesn't help those who are the worst off. (A utilitarian could argue that some people living in poverty are a necessary for the “greater good” but Rawls would rather no one live in poverty.)

Rawls thinks that redistribution of wealth and taxes are justified if it is the best way for the “worst off” to benefit from social and economic inequalities. He thinks total economic equality is just (perhaps in a

socialist state), but he thinks that a capitalistic system might actually be better and help the “worst off” by rewarding productive behavior to give an incentive to increase productivity and therefore prosperity.

How will Rawls's theory of justice apply to the six above contexts?

1. A corporation sells TV sets that don't work and scams people out of their money because people assume that the TV sets work when they buy them. Is this unjust? I expect that Rawls will agree with Mill and Nozick here. As I stated before, a person's property rights entail that property is transferred given an agreement and no one agreed to buy a broken TV set. The transaction implied that a TV set was being sold “because it's a TV set” and does what TV sets are expected to do.
2. Samantha was born in a poor family and she could never afford an education. She couldn't afford food and couldn't find a job, so she starves to death. Meanwhile there is an abundance of food and wealth that is almost exclusively owned by the wealthiest members of society. Was any right being violated? Rawls would likely say, “Yes” because the economic inequalities don't seem to help the “worst off.” (Perhaps Rawls assumes that people won't starve to death if we have economic equality.)
3. The government taxes all profits 10% to help poor families buy the necessities of life. Anyone who doesn't pay their taxes can be punished. Was any right being violated? Rawls would say, “Yes,” because taxation is a violation of our property rights—but he might still think this form of taxation is just if it's the best way to redistribute wealth and make sure the “worst off” benefit from economic inequalities.
4. The government subsidizes the big bank industry by using tax money to give the big banks billions of dollars to help the big bank industry avoid bankruptcy. Was any right being violated? Yes, property rights are being violated in this case, but is it also unjust? If this form of redistribution will help the “worst off,” then it is just. However, it seems likely that Rawls would agree that saving an incredibly powerful company from going bankrupt would somehow benefit those who are the “worst off.”
5. A corporation hires hit men to kill the competition. Was any right being violated? Rawls will agree with utilitarians and Nozick here and will answer, “Yes,” because we have a right not to be harmed and people were killed.
6. The people who personally made the decision to hire hit men to kill the competition are thrown in prison after being found guilty in a court of law. Are any rights being violated? Rawls can argue, “Yes,” the rights not to be harmed are being violated here. However, there can be conflicting ethical considerations in this context. Rawls can agree with Nozick that the criminals in question should be in prison assuming it's necessary to protect the rights of others.

Objections

1. Basic liberties aren't good enough – The first principle of justice equates freedom with some list of negative rights, but we can argue that freedom is and ought to be more than that. The idea of having a finite list of rights implies that we can restrict freedom and oppress people willy nilly as long as the specific freedom in question isn't on some official list. Why not make freedom innocent until proven guilty? We shouldn't be restricting any freedom until we have an overriding reason to do so.

2. Aren't these people too risk averse? – It's not entirely clear how Rawls knows what principles people will agree to in the original position nor is it entirely clear that the original position is going to

help us discover the best principles of justice. In particular, some people argue that they wouldn't agree the difference principle because so few people will be part of the least advantaged group. Why not take a risk by screwing over the poor to help everyone else as long as there's a very low chance of being poor?

3. The difference principle unjustly restrains freedom and power – Someone could argue that many of us want as much freedom and power as possible and the difference principle will deny the ability of the wealthy and powerful to attain more wealth or power, even when it doesn't hurt anyone. What if the rich could attain a great deal more power and wealth without hurting anyone? It seems oppressive to stop them from doing so.

4. The difference principle can lead to poverty – First, it's possible that communism might lead to mass poverty. Everyone can all be equally poor, but that doesn't seem to imply that it's a *just* economic system. Second, it's logically possible that every economic system that leads to prosperity requires that the least off group to do very poorly. The difference principle would force us to reject prosperity and live in poverty just because economic differences might inevitably require that the worst off group do poorly compared to everyone else.

5. International responsibilities – Rawls's Justice as Fairness doesn't guarantee that a civilization will treat other civilizations with respect nor does it require civilizations to help other civilizations living in poverty and with many people who are starving to death. Utilitarians could argue that justice doesn't stop within our borders, but it expands to everyone in the world and Rawls's Justice as Fairness ignores this fact.

You can read more about Rawls [here](#). You can buy Rawls's [A Theory of Justice](#) [here](#).

Conclusion

It's possible that none of these theories of justice are true, but they have been the result of decades of philosophy. They could be the best philosophers have to offer at this time and they are certainly important to understand the history of the historical debate of justice. It's possible that no theory of justice needs to be endorsed and we could reason about justice using intuitive assumptions rather than a systematic attempt to capture justice in its entirety. That doesn't imply that justice is just a matter of opinion or meaningless. The fact that we are ignorant about justice neither implies that all beliefs concerning justice are equal nor does it imply that we know absolutely nothing about it.

Part II: American Business and Its Basis

Chapter 9: The Nature of Capitalism

Is capitalism a good idea? If so, is there any way to improve our capitalistic system? These are the sorts of questions that motivate us to face the challenges to capitalism. Many people believe that our capitalistic system has problems that need to be solved. Either they are wrong, or we should start looking for solutions. I will discuss the nature of capitalism, moral justifications of capitalism, challenges to capitalism, and new problems capitalism is facing. My discussion is based on chapter four of [Business Ethics \(Third Edition, 1999\)](#) by William Shaw.

What is capitalism?

Capitalism is a type of *economic system* that emphasizes the importance private property and there's at least some private ownership of the “means of production” (resources and machines) within capitalistic societies. There is no precise definition of capitalism, but a libertarian laissez-faire system (a free market with no government regulation, taxation, or tax-funded public services) is a clear-cut extreme sort of capitalism at one end of the spectrum. The United States has one of the most capitalistic systems insofar as it has relatively little government intervention and regulation. The opposite extreme of laissez-faire is an extreme form of communism where none of the means of production is privately owned (and is instead shared by communities). Most governments are somewhere in the middle of having an extreme form of capitalism and communism because almost all governments have a somewhat free market with some taxation, regulation, and tax-funded public services (such as public education).

There are many key features of capitalism, such as the following:

1. **Companies** – Capitalism has companies, business organizations “that exist separately from the people associated with them” (129). The capitalism of the United States is now greatly influenced by powerful companies, corporations, that can fight for their own interests through lobbying, public relations, and political donations.
2. **The profit motive** – Capitalists assume that people will be motivated to make a profit—more money than is necessary to run a business—in part because it really is possible for people to do so. The desire to attain riches might have always existed, but attaining profit is now one of the main goals (if not the central goal) in many people's lives (ibid.). One of the assumptions of capitalism is that *being productive will lead to profit*, so the profit motive will also motivate people to be productive.
3. **Competition** – Capitalism expects and encourages competition because of the assumption that people will have better products and services at a lower cost due to competition (ibid.). Without competition one business can dominate civilization by selling a product everyone needs (such as food) and inflate prices to make more profit. It is assumed that competition will eliminate inflated prices and shoddy products because you can just buy from the company that gives you the best deal. A company with artificially high prices will suffer the consequences. Similarly, a

company that tries to exploit their workers can lose employees who find better jobs elsewhere (130).

4. **Private property** – Private property is a bundle of rights and rules that assure us that we can own objects (such as food) and abstract entities (such as companies) (ibid.). If you own something, then you have a great deal of control over it, you can give it to someone else, and others can't take it from you without permission. Capitalism not only requires that many people have private property, but it requires that a great deal of the means of productions are privately owned; such as farmland, factories, and crude oil. Some private property, including the means of production, is *capital*—investments used to make more money (131).

Moral justifications for capitalism

To decide if capitalism is a morally justified economic system, we would have to compare and contrast capitalism with every other kind of economic system. That is a huge undertaking, but we can certainly consider possible benefits capitalism has over other systems. These are arguments for capitalism that don't sufficiently prove that capitalism is morally justified once and for all, but they are considerations in favor of capitalism. I will discuss two such arguments: (1) The natural right to property and (2) the invisible hand.

The natural right to property.

John Locke argued that people are entitled to the fruits of their labor. “When individuals mix their labor with the natural world, they are entitled to the results” (121). All things equal, it would certainly seem immoral for someone to seize all your crops after you worked all year to create them. Property rights can keep that from happening, and Nozick's theory of justice supports our natural right to property.

However, many object to the idea of having any natural rights. Perhaps there is an ideal set of rights that we can discover once we know which theory of justice is correct, but we can't just assume that property rights as understood by capitalists is that ideal. Consider that everyone agrees that there are limits to property rights. We can't just claim to own anything *unclaimed* by others just by calling dibs, and we can't own other human beings. It might be unethical to own an unfair share of the earth's resources; or to own intelligent animals, such as great apes, dolphins, or elephants.

Even if every philosopher agrees that some property rights are part of the ideal system of justice, they won't all agree in the specifics to having property rights. For example, Karl Marx argued that the means of production should not be owned as private property because it would give the owners an unfair amount of power. Those who own the means of production could end up being the rulers who oppress everyone else.

The invisible hand.

Adam Smith, one of the founders of capitalism, argued that a free market could be guided by an “invisible hand” in the sense that property rights, a profit motive, a free market, and competition can lead to a productive and abundant society; even if the government doesn't intervene or regulate business—as long as people are rational and informed (133). This is one way that selfishness in the

form of the profit motive can end up being beneficial to everyone in a society.

The “invisible hand” is caused by the “law of supply and demand.” If there is a demand for a product or service, people will compete to provide it, and we will buy from the person giving the best deal (133-134). The law of supply and demand can prevent price gouging (inflated prices), shoddy work, and perhaps even inadequate worker compensation (134). Businesses can hire the best workers, fire inefficient workers, and compete to hire the best workers through high compensation.

The invisible hand argument assumes that people are rational and informed. Consumers need to be willing and able to buy quality products from ethical businesses to make sure that businesses have an incentive to produce quality products and be ethical. If consumers aren't rational or informed, then we have no reason to expect them to buy quality products or buy from ethical businesses.

If the invisible hand argument succeeds, then we will have a good reason to endorse capitalism on utilitarian grounds. However, it's not obvious that the invisible hand functions as well as we would like, even though it's plausible that it does function to some extent. Competition and free markets might not always provide a fair, just, productive, or prosperous system. Even [Adam Smith seemed to agree that at least some government regulation is a good idea](#). He didn't seem to think the invisible hand to be infallible. Of course, capitalism doesn't require a completely free market.

Challenges to capitalism

Challenges to capitalism don't prove that capitalism is immoral; they are merely considerations for improvement and can be part of a greater discussion about the overall moral justification of capitalism. Some of the challenges are only relevant for laissez-faire forms of capitalism and others could be relevant to forms of capitalism that have socialistic programs. I will discuss four challenges to capitalism:

Capitalism leads to severe economic inequality.

There is a great deal of income inequality in our capitalistic system. “The disparity in personal incomes is enormous; a tiny minority of the population owns the vast majority of the country's productive assets; and in the final years of the twentieth century, our society continues to be marred by poverty and homelessness” (134). Inequality has not only lead to poverty, but also oppression, inadequate education, and unequal opportunities. A child born in a wealthy family will probably have better opportunities, a better education, and better medical insurance than a child born into poverty.

Some defend capitalism from this objection in the following ways:

1. The free market doesn't cause poverty; it's caused by government interference. However, “neither theoretical economics nor the study of history supports this reply” (135). Most economists and social theorists agree that redistribution of wealth through taxation and tax-funded public services have reduced poverty and perhaps even economic inequality (ibid.).
2. Poverty and extreme income inequality can be reduced (or eliminated) in capitalistic systems through political action. For example, we can reduce poverty through taxation and public

services (i.e. redistribution of wealth).

3. Even if capitalism leads to poverty, the benefits of capitalism could outweigh the harms (ibid.).

Capitalism is based on a false conception of human nature.

First, capitalism depends on a conception of people as well-informed rational profit seekers who know how to make decisions to benefit themselves. However, we can't always be well informed. Many of the products and services we pay for require a high level of expertise and specialization that we are unable to judge appropriately (135). We don't have the time or resources to be as “well informed” and rational as the capitalistic system demands. Additionally, to make maximally rational and well-informed economic decisions requires us to eliminate our [confirmation bias](#) and fallacious forms of reasoning through scientific experimentation and peer review. We don't always have the resources to have scientific experiments to determine which decisions are best, so we have little choice but to rely on reviews and testimonials ([anecdotal evidence](#)) and we will inevitably have a great deal of confirmation bias.

Second, capitalism can effect our personality and values by encouraging us to be “well-informed rational profit seekers,” but that's a bad thing. In particular, capitalism encourages people to have the wrong priorities insofar as it makes us “materialistic” and greedy (obsess over attaining money and possessions), and insofar as it makes us selfish (and marginalize the importance of other people) (136).

Three problems with competition.

One, capitalism requires there to be competition, but it's possible and desirable for self-interested profit seekers to eliminate the competition and seize as much power over society as possible. Capitalism has an insufficient defense against monopolies and the elimination of competition, and actually encourages these things. Additionally, capitalism greatly favors the wealthy over everyone else because the most productive businesses require expensive equipment for large-scale production (ibid.). It's not possible for everyone to compete on a level playing field when the wealthy have so much more power and resources than everyone else.

The challenge to capitalism concerning a lack of competition has been widely accepted and “antitrust actions have sometimes fostered competition and broken up monopolies, as in the cases of such corporate behemoths as Standard Oil and AT&T” (137). However, “such actions have proved ineffectual in halting the concentration of economic power in large oligopolistic firms... Today more than a quarter of the world's economic activity comes from the 200 largest corporations” (ibid.).

Two, our capitalistic political system favors corporations and the wealthy. Wealthy corporations lobby the government and donate to politicians in the hope to get favors in the form of legislation, tax loopholes, and other subsidies (government funding). Many call this “corporate welfare” (ibid.). For example, “[a]nnual taxpayer subsidies to agriculture alone run between \$10 billion and \$20 billion (and a total of \$35 billion, if the higher prices consumers pay are included)” (138).

Some have estimated that there are around \$85 billion worth of direct subsidy programs funded by the US government every year, the [Federal Reserve recently gave out \\$9 trillion in “emergency loans” to powerful corporations](#), and banks have the right to lend money they don't have due to our [fractional reserve banking system](#).

Three, competition might not always be a good thing. There are “empirical studies establishing that in business environments there is frequently a negative correlation between performance and individual competitiveness” (ibid.). Sometimes cooperation is much more productive than competition. Additionally, rather than being motivated to attain external rewards (profits) or other external goals (defeating the competition), we are often more productive when we do what we enjoy or value for its own sake.

Moreover, cooperation is often more productive than competition.

When people work together, coordination of effort and an efficient division of labor are possible. By contrast, competition can inhibit economic coordination, cause needless duplication of services, retard the exchange of information, foster copious litigation, and lead to socially detrimental or counterproductive results such as business failures, mediocre products, unsafe working conditions, and environmental neglect. (138-139).

Capitalism leads to exploitation and alienation.

The wealthy sometimes “hold all the cards” and can refuse to hire workers unless the workers agree to work in disrespectful, unsafe, and/or underpaid conditions. Workers have occasionally worked in conditions comparable to slavery, such as many of the [sharecroppers](#).

The wealthy can not only choose to treat workers as poorly as is legally possible in order to maximize profit, but the wealthy often feel morally justified in doing so. The power difference between the wealthy and workers often causes a rift in social status, where the wealthy think they deserve their wealth, and disrespect the workers because they are of a lower social class.

Moreover, workers often compete for jobs, promotions, and raises. This can cause dehumanization between workers who no longer see each other as people who deserve dignity and respect, but rather as the enemy. Workers who are more productive or hard working can be a threat to the livelihood of the other workers. A worker willing to work overtime without pay to get a promotion can end up forcing all other competitive workers to do the same to compete for that promotion; but such hard work can encourage workers to be exploited rather than respected.

Alienation is the psychological separation between two things. Two people are alienated even if they are in the same room when they see each other as external and separate. Rather than an enjoyable and fulfilling life, a life with alienation can be more depressing and oppressive. Employers alienated from their workers see their workers as a means to an end—a way to make profit, rather than as friends and fellow human beings. Workers alienated from workers can see other workers as a means to an end (a way to get products) or as the enemy rather than as friends or fellow human beings. Workers alienated from their own labor see their labor as a separate thing *sacrificed* for the necessities of life rather than as part of a fulfilling life or a reflection of oneself.

New problems capitalism is facing

I will discuss three problems the capitalistic system of the United States is facing.

The United States faces slow growth in productivity.

The United States is experiencing less economic growth than it did for a hundred years prior to 1973, and many experts believe it “reflects a declining rate of growth in productivity” (141-142). This can be, in part, because we haven't been investing as much in factories and equipment. It's not entirely clear why the United States has this problem and it's not a universal problem found around the world. The lack of productivity is lowering our standard of living and could lead to lower share of international business.

Some people have suggested that the reduction in productivity growth could be caused by a preoccupation “with short-term performance at the expense of long-term strategies” (142-143). For example, we should be more willing to lose short term profits for long term benefits, and invest in long-term research and development (143).

The United States has a declining interest in production.

There are a declining number of companies focused on producing goods, and some companies have stopped producing goods (ibid.). Many of these companies are focused on marketing rather than production, and others are now middlemen who do little more than package and distribute goods made by someone else.

The United States faces changing attitudes towards work.

First, some have argued that the work ethic—seeing hard work as part of living a fulfilling life and enabling us to attain the American dream—is being lost (145). Only one out of three people accept the American dream, “down from 60 percent in a 1960 survey” (ibid.). Many no longer think productive work will necessarily “pay off,” and there is evidence that “Americans place work eighth in importance behind values such as their children's education and a satisfactory love life” and have consequently allowed their professional lives to suffer in order to spend more time with their families (ibid.)

In addition, there are other changes in our values and interests that have an impact on business. One, people are no longer interested in factory work and want more fulfilling and less monotonous work (ibid.). Two, loyalty to employers is declining and loyalty to other employees is increasing (ibid.). Three, people's jobs are often taking a back seat to their “personal needs” (ibid.). Four, employee sabotage and violence are on the rise. Five, theft, absenteeism, and low productivity is increasing as drug use at the office is increasing (ibid.).

Conclusion

We often take it for granted that capitalism is morally justified, but there are philosophers who prefer some kind of socialism after considering the arguments for and against capitalism. I have discussed many of those arguments here in addition to some specific problems the United States capitalistic system is facing today.

Chapter 10: Corporations

Corporations are an incredibly powerful force in in the United States. They have a huge influence in politics and the lives of millions of employees. First, I will discuss the nature and moral justification for corporations. Second, I will discuss various moral debates concerning corporations, such as (a) whether corporations have moral responsibility, (b) the nature of corporate social responsibility, and (c) the importance of institutionalizing ethics within corporations. This discussion is greatly based on chapter five of [Business Ethics \(Third Edition, 1999\)](#) by William Shaw.

Introduction

What are corporations?

Corporations are “limited liability companies” created by “incorporators” and owned by investors called “stockholders” or “shareholders” who have certain rights and responsibilities. Stockholders “may sue and be sued as a unit and... are able to consign part of their property to the corporation for ventures of limited liability” (160). The investors enjoy “limited liability” meaning that investors can't be sued for all their worth. They aren't liable to the amount of damage they can do to society and customers. Instead, they can only be sued for the amount equal to their investment.

Limited liability extends to investors who have little influence on the corporation they (partially) own, but limited liability doesn't extend to anyone who has an active role when making illegal decisions. These people can face legal action for the crimes they commit. The investors often have little to no idea what is going on in their corporation, and the illegal actions of the employees are often dealt with separately.

The term “limited liability” is a bit deceptive because I think we can all agree that investors who know little about what the corporation they invest in is doing should have less liability than is humanly possible, and “limited liability” is actually “limited immunity.” A person can invest in a horrible corporation that does an incredible amount of damage and that person is *immune* from being responsible for any damage beyond the investment made.

Moral justifications for corporations

I will discuss two moral justifications for corporations. In particular, the argument that corporations should exist, even if they don't exist to serve the public good. These are considerations in favor of having corporations, but they don't sufficiently prove that corporations are morally justified. There are many considerations for and against corporations and we would have to assess them all to know for sure whether or not corporations are morally justified.

Corporations were originally considered to be morally justified because they were created to advance public interests. However, that's no longer the case. Corporations no longer need to serve the public good and can just try to make a profit. This change was caused (in part) due to the arguments of Adam Smith and Alexander Hamilton, who concluded that corporations shouldn't be required to serve the public good for at least two reasons:

One, they thought that the “invisible hand” of a free market would assure us that corporations would serve the public interest without doing so intentionally (161). Due to the invisible hand, corporations offer the best goods and services at the lowest prices to remain competitive and profitable. Corporations are often very good at being productive, and the existence of corporations can lead to greater prosperity.

Two, they thought that people should have the right to create corporations due to a “right of association” (ibid.).

It should also be noted that limited liability can encourage investment. People might not want to invest their money in companies if they have to take an active role to make sure the company is behaving morally, legally, and responsibly; and risk their entire fortune from each financial investment in companies. Without limited liability there would probably be a lot less investment in companies and a lot less productive companies as a result.

Objections to corporations

It's not obvious that corporations are morally justified. I will discuss seven objections to corporations. These objections don't prove that corporations shouldn't exist, but they are considerations against using corporations, and we might be able to find solutions to these problems.

First, corporations are a violation of the free market. The fact that investors don't have to pay for the actual amount of damage they are (partially) responsible for can encourage risky behavior by allowing investors to risk *other people's* well being rather than their own. A free market demands that people provide the best goods and services because of the financial ruin involved with harming others and breaking the law.

Second, the idea of a business doing a great deal of damage and *no one* being liable to pay for the entire amount of damage sounds like a violation of a person's actual rights and responsibilities. We have a right to be compensated to the harm done to us, and companies have a responsibility to compensate for that harm.

Third, giving investors limited liability and protecting *ignorant* investors from criminal charges encourages people to be irresponsible. It encourages investors to be ignorant because it validates claims that *ignorance can excuse their involvement in a crime*. It might be a better idea to encourage people to be responsible and take an active role in their business investments to make sure that nothing illegal or immoral is happening there. We don't want ignorance to be a “get out of jail free card.”

Fourth, corporations don't seem conducive to the responsibility of the employees. Managers and executives in particular can be encouraged to make a profit at the expense of moral and legal considerations. These managers and executives can be fired for not making enough profit and it can be that the only managers or executives who can keep their jobs are ones who are willing to break the law. Additionally, corporate employees often think that obedience is an excuse for breaking the law or committing immoral acts because they can lose their jobs for insubordination. Moreover, when large numbers of people work together, it's not always clear who should be blamed for immoral or illegal behavior. Sometimes we think everyone shares blame, but we don't always think we should send

everyone to prison.

Fifth, it's not obvious that the “invisible hand” has worked out so well. Corporations haven't always acted in the public interest. BP decided to risk the environment to rake in the dough and caused [a horrific oil spill](#) that devastated our ocean waters, [several banking corporations were involved in fraud that led to the financial crisis](#), and [Goldman Sachs](#) has been involved in several scandals over the years.

Sixth, consumers have not done a good job at punishing corporations for their immoral actions. [BP](#) and banking corporations involved in immoral acts are still highly profitable. The invisible hand argument assumes that consumers act in their rational best interest, but they often don't.

Seventh, we don't really have a free market, in part because corporations are allowed to lobby the government and give donations to politicians in the hope for favorable legislation and subsidies. This has further protected corporations from the need to act responsibly. Banks that took risks and committed fraud got a bailout from the [government](#) and [federal reserve](#), and have faced little or no punishment for their crimes.

Are corporations morally responsible?

In many ways corporations are treated as “legal persons” with rights and responsibilities. Corporations now have a highly unrestricted freedom of speech, and they are allowed to offer their opinion in the form of political donations, lobbying, advertising, and so on (162). The Supreme Court ruled that corporations have a constitutionally protected right to free speech in the 1978 decision “[First National Bank of Boston v. Bellotti](#),” which included the right to donate to politicians (ibid.). The 2010 Supreme Court decision “[Citizens United v. Federal Election Commission](#)” ruled that it's a constitutional right for corporations to spend unlimited amounts of money to influence political campaigns.

Freedom of speech involves *moral* opinions and can have a harmful impact on people—especially when it involves political funding and lobbying, which is one of the most cherished corporate activities. If corporations have the right to make moral decisions that can hurt people, then they should also be morally responsible for the benefits and harms caused by their actions.

If corporations are in some sense legal persons with constitutionally protected rights, then perhaps they also have moral or social responsibilities. It seems a bit unfair to give corporations all the rights of being a person without any of the responsibilities—all the benefits and none of the costs. The wealthy could then use corporations as a haven to be irresponsible and destructive without any significant moral responsibilities, and with the only risk being the loss of a financial investment.

What is moral responsibility?

There are at least four types of moral responsibility:

1. People are morally responsible if they can be appropriately praised or blamed for their behavior (163). If people choose to give to a charity that saves lives of their own free choice, then we

think they are appropriately praised. However, if people are forced to give to a charity that saves lives at gunpoint, then we don't think they deserve praise for doing so.

2. People are morally responsible insofar as they are accountable for the welfare of others, and have duties to help other people (ibid.). Parents are responsible for their children and have to provide food for their children; the news has a duty to inform us of political misconduct; accounting auditors have a duty to keep an eye out for fraud; and so on.
3. People are morally responsible insofar as they are capable of making moral and rational decisions (ibid.). Children, certain people who are insane, and most nonhuman animals seem to lack this kind of moral responsibility. We don't think they fully deserve praise or blame for their actions because they aren't fully capable of thinking morally or rationally.
4. Finally, people are morally responsible insofar as they are good at acting and thinking in a rational and moral manner. Such people can not only think rationally, but they choose to do so. Our moral heroes who display moral virtue, such as Socrates and Mohandas Karamchand Gandhi, seem like they are highly morally responsible insofar as they are exceptional people with an unusually high degree of moral virtue.

Can corporations think and behave morally?

Can corporations think and act morally or rationally? If so, then it is possible for corporations to be appropriately praised and blamed, accountable for the welfare of others, and virtuous. I will consider a case for and against the idea that corporations can think and act morally.

Corporations have various goals (related to making profit) and they have procedures to decide how to best achieve these goals (164). Some philosophers argue that corporate decision making is like a machine and is incapable of making moral or rational decisions because the profit motive will override all moral considerations (ibid.). Individuals within corporations can be morally responsible, but that doesn't mean a corporation, an abstract social construct, can be morally responsible.

On the other hand some people, such as Kenneth E. Goodpastor, have argued that corporate decision making is analogous to human deliberation because many conflicting goals can be relevant other than profit (165).

What is the nature of personal moral responsibility within corporations?

Many people share responsibility within a corporation and they often refuse to accept personal responsibility—to be whistleblowers, to disobey orders to break the law, and so on (165). Perhaps we cannot consider corporate employees to be responsible in the sense of being capable of thinking rationally and morally for themselves. For example, National Semiconductor sold products to the Defense Department without conducting the promised tests on the products and were fined over a million dollars as a result (ibid.). The corporation then refused to tell the Defense Department which individuals made the decision to have incomplete testing because such a decision was “an industry pattern beyond any one individual's responsibility” (166).

A corporation that blames a few individuals for breaking the law when several people actually share responsibility could even be a form of scapegoating—blaming a few so that many others can get away scott free. Consider how many [low-ranking soldiers in the military are found guilty of war crimes](#), but almost no high-ranking ones are blamed. It seems plausible to think that high ranking officers are at

least partially responsible as well. Additionally, it seems plausible that [corrupt corporate culture](#) can make immoral acts almost inevitable. Consider how it seems plausible to think that CEOs can occasionally face being fired if they aren't willing to pollute or break the law to increase profits.

If we find out that corporations *and* corporate employees both lack moral responsibility, that would be a serious problem. If no one is responsible, then who is going to pay for the damage done to people by corporations? There are at least two possible solutions to this problem. One, we can attribute responsibility to corporations just like we do people in general. Unfortunately, if corporations are punished, then the individuals who are morally responsible could get off scott free. Two, we can assign responsibility to corporate employees and dismiss the claim that they lack responsibility. Unfortunately, if individuals are punished, then the corporation could continue to encourage or demand immoral behavior. Of course, we could decide that both corporations and corporate employees are both responsible and *we could punish both corporations and individuals*.

What's the extent of corporate responsibility?

There are at least two major ideas of corporate responsibility *other than to abide by the law (and refuse to hurt people)*.

1. To maximize profits.

Some people think that corporations only have a duty to maximize profits. Some people think it's the duty of the government to look out for the public interest, not corporations. A corporation that sacrifices profit to look out of the public interest is committing themselves to the wrong role. Milton Friedman even suggested that corporations should feel free to pollute to whatever extent is legal:

[Business people who] believe that they are defending free enterprise when they declaim that business is not concerned “merely” with profit but also with promoting desirable “social” ends, that business has a “social conscience” and takes seriously its responsibilities for providing employment, eliminating discrimination, **avoiding pollution** and whatever else may be the catchwords of the contemporary crop of reformers... [are] unwitting puppets of the intellectual forces that have been undermining the basis of a free society these past decades. (168-169)

Of course, pollution can hurt people, and could be taken to be a violation of our rights. Pollution destroys the environment, makes us sick, and can even cause fatal illness. People might be willing to pay \$50 a year to a corporation if it would agree not to pollute, but that would be a form of coercion. The corporation would be paid to stop hurting people, but it wouldn't be “free trade” because free trade can't allow people to be coerced into conducting business transactions.

There are at least five arguments that corporations *only* have a duty to make profit:

- (a) Some argue that it's because the investors agree to invest their money in corporations precisely because they want to make profit. It would be a violation of an implicit contract or promissory agreement involved with such investments (171). Of course, even if this is true, we can wonder if this contract is morally binding given that it requires us to abandon certain moral

considerations (172).

- (b) Some argue that corporate social responsibility will harm our economy by going against the “invisible hand” (169, 173-174). We need corporations to be as profit making as possible to help our civilization prosper. Some people object that the “invisible hand” has not been guiding corporations—perhaps because they are too monopolistic or massive (174). Our “free market” hasn't been stopping the immoral behavior of corporations or our social ills (such as pollution and poverty).
- (c) Some argue that we can't trust corporations to be moral on their own, so we should rely on government regulation rather than demand corporations to self-regulate (ibid). Perhaps people are too selfish or unethical to make sure corporations can act in the public interest on their own (without government intervention). Some people reject this idea because (i) it requires an “intrusive government,” (ii) the government is greatly influenced by corporations that can prevent government regulation through lobbying, or (iii) laws and regulations can't stop every single possible immoral act that corporations will engage in (175).
- (d) Some people argue that corporations are too inept to be ethical (ibid.). Of course, lots of people aren't particularly informed about moral philosophy and we still demand that they are ethical. We demand everyone behave morally whether they are moral experts or not. Being ignorant about ethics isn't a get out of jail free card.
- (e) Some people think that corporations are evil or corrupt. They are full of greed and selfish people who don't know what is truly important in life, so their corrupt idea of behaving ethically will spread their “values” to the rest of our culture (176). However, corporations have already been doing everything they can to spread corrupt values and even use such values to influence politics (177). Perhaps their corrupt values are partially caused more from being told to be self-interested profit seekers rather than to also care for other people in our society. Additionally, it's unclear that corporate *charity* is really infused with corrupt values.

To make profits and help people

Some people think that corporations have a duty to make profits *in addition* to helping people. Corporations have some sort of responsibility to make people's lives better either through quality products and services or some sort of charity. There are at least four arguments to support this view:

- (a) Some argue that with power comes responsibility (ibid.). Corporations have the power to do great amount of good and evil to society at large (170). Those in the position to do the most good have the responsibility to help people. For example, scientists who are best equipped to cure cancer might have a responsibility to do so.
- (b) There is an implicit social contract between society and corporations that demand that corporations benefit society rather than harm it. If corporations harm us, then we have no reason to allow them to exist (ibid.). This argument is supported by the fact that most Americans believe that a corporation's highest priority is to the employees and “[o]nly 17 percent think stockholders deserve the highest priority” (171).
- (c) Corporations don't just make decisions that effect themselves and those who engage in agreements with them. Their decisions and business deals can harm people and cause hidden costs to others, which are called “externalities.” Examples include pollution and harm done to nonhuman animals. Corporations must somehow try to pay for these externalities—the hidden costs they force on others—or the business can cause more harm than good. A company that makes computers can sell each computer for \$300, but creating each computer might cause

\$400 of damage to others through pollution. It would be unfair of that corporation to reap all the rewards of their business without paying for any of the damage it does. It might be more appropriate for the corporation to charge \$700 for each computer and to use \$400 to clean up the pollution the business causes.

- (d) Some people could argue that insofar as we allow corporations to enjoy the rights of being legal persons, we must demand corporations to accept responsibilities of being persons as well. Allowing corporations to have the rights of people without the responsibilities could turn corporations into havens that allow the wealthy to escape their moral responsibilities.

Institutionalizing ethics within corporations

We need to know how corporations can best live up to their moral responsibilities (177-178). Even if corporations don't have a duty to *help* people, they still have a duty to obey the law and encourage trust with the public. It is plausible to think that one way this can be done is by improving the corporate culture and make sure employees are taking morality seriously. At least four steps can be taken (178):

1. Corporations should admit that they have moral responsibilities and make their moral commitments visible.
2. Corporations should encourage their employees to take moral responsibilities seriously. Employees can be rewarded for being ethical rather than punished. There should be a way for employees to voice moral concerns or be whistleblowers without fear of retaliation.
3. Corporations should seek rather than try to avoid criticism.
4. Corporations need to respect the individuality of people and the diversity of groups.

Corporate moral codes

Corporations can make their commitment to being ethical explicit and educate their employees about the moral code in an attempt to improve the importance of ethics within the culture of the corporation and foster trust with the public as a result (180). Top management can do the following:

1. Articulate the corporation's moral values and goals.
2. Articulate an ethical code applicable to all employees.
3. Set up an ethics committee that has the power to enforce the moral code and oversee ethical issues within the business.
4. Add ethical training to other forms of job training.

Conclusion

Although corporations are an entrenched force in our civilization that probably aren't going anywhere soon, it's not obvious that corporations are morally justified or supported by any system of justice. Libertarian justice doesn't necessarily support limited liability considering that it allows companies to disrespect human rights and refuse to pay the full damages done. Utilitarian justice doesn't necessarily support corporations because it's not clear that limited liability is really best for the "greater good." Rawls's theory of justice doesn't necessarily support corporations because limited liability can give the

wealthy more rights and less responsibilities than are enjoyed by the poor, and it's not clear that the poor will benefit from it.

We have little choice but to live in a world with corporations, and the arguments here offer a greater support to the view that corporations have a moral responsibility beyond merely making a profit. Even if we only demand that corporations make a profit, we still need to demand that corporations obey the law and encourage trust with the public. This can require an improved corporate culture that takes ethics seriously, and it is plausible to think that corporate moral codes enforced by ethics committees can do a lot to help improve corporate cultures.

Part III The Organization and the People in It

Chapter 11: The Workplace (1): Basic Issues

Our constitutional rights protects us from government interference, but they don't protect us from private industry. The workplace is allowed to violate our constitutional rights. Nonetheless, the law demands that businesses treat employees with a certain amount of respect *based on the assumption that people deserve to be treated with respect*. If we assume that people deserve to be treated with respect, that has moral implications in the workplace. We have rights and responsibilities other than what the law demands. I will discuss moral issues concerning the workplace; such as (a) the nature of moral rights and responsibilities in the workplace, (b) personnel policies and procedures, and (c) unions. This discussion is greatly based on chapter six of [Business Ethics \(Third Edition, 1999\)](#) by William Shaw.

The nature of moral rights and responsibilities in the workplace

Workers want to be paid well, have safe work conditions, be rewarded for their productive work, have a chance to get promotions, have a chance to do something important, have free speech, privacy, and so on. There was a time when workers had almost no legal rights in the workplace, but an employer must now treat minorities as equals, pay employees the minimum wage, pay employees more for overtime, and provide relatively safe work conditions. For more information, go [here](#). However, the law doesn't guarantee that employees will be treated with respect. Employers could have a moral responsibility to their employees beyond what the law requires.

Our actual moral rights and responsibilities are a matter of debate. Mill's utilitarian theory of justice might be used to justify our responsibility to help people, and employees might have a right to have a workplace that can improve rather than harm them. However, Nozick's libertarian theory can't justify a responsibility to help others. Even so, Nozick's theory can justify the fact that we have a right to noninjury and employers have a responsibility not to harm their employees. That means that employers have a responsibility to provide employees with safe working conditions and managers have a responsibility not to be abusive to their employees. This could include an employee's right not to be verbally abused, assuming that [verbal abuse](#) is harmful.

No matter what theory of justice we agree to, we have reason to think that employees have certain rights that can't be taken away. For example, any theory of justice can deny the right to own human beings. If that's true, then what exactly does it mean to own a person or to sell oneself? It might be immoral to sell oneself to a company, even for limited periods of time (from 9 to 5). Stripping a person of their liberties could be considered to be a form of slavery.

Although there's an American tradition that assumes that “corporate efficiency requires employees to sacrifice their civil liberties and other rights between 9 and 5,” there's reason to think otherwise (208). For example, Ewing argues that, “[T]he companies that lead in encouraging rights—organizations such as Polaroid, IBM, Donnelly Mirrors, and Delta Airlines—have healthier-looking bottom lines than the average corporation does” (ibid.).

Employers can also be tempted to be disrespectful of employees because it can cost money to pay more for wages, to create safer working conditions, and so on. However, employers have a *moral* reason to be respectful of employees, and it can be in the best interest of the company. Being respectful of employees can increase productivity by raising morale, help a company hire better employees by making a business more attractive to applicants, and keep productive employees from looking for better jobs elsewhere.

Our moral rights and responsibilities are merely *minimal* moral standards and only reflect a minimal level of respect. It's possible for a work environment to respect employees beyond moral requirements. What is moral isn't necessarily a duty. Sometimes we can treat people in ways that are beyond the call of duty. For example, rewarding employees with a bonus could be a good thing to do, and it could be more respectful than is morally required of a business.

Personnel policies and procedures

Personnel policies and procedures determine how a company handles hiring, firing, promoting etc. I will discuss the moral implications of various personnel policies and procedures.

Hiring

Hiring often involves, screening, testing, and interviewing—and each of these steps of a hiring process have unique moral implications (210).

Screening – Sometimes many people apply for a job and screening helps a company reduce the list of eligible applicants to be more manageable. People should be screened on the basis of their qualifications rather than discriminate on the basis of race, gender, and so on (ibid.).

Screening includes the job description and job specification. The job description should disclose the relevant details of a job, such as “its duties, responsibilities, working conditions, and physical requirements” (ibid.). The job specification should list all the requirements needed to be hired, “such as skills, educational experience, appearance, and physical attributes” (ibid.). How does this relate to morality? First, if a job description or specification is inadequate, “candidates can waste time and money pursuing jobs they aren't suited for” (ibid.). Second, jobs must not screen out qualified people on the basis of irrelevant characteristics—and disabilities, race, age, religion (or lack of religion), and gender are often irrelevant to qualification. Even job descriptions that are for “mailmen” could end up screening out women. Instead, gender neutral job titles like “mail carrier” are better (211).

Sometimes discrimination is warranted and sometimes it isn't. Requiring applicants to have certain educational or physical capacities isn't always warranted, and discrimination against people with disabilities and other minorities is occasionally justified because the job might have a good reason for doing so (211-212). For example, it can make sense to hire women for fashion modeling positions or to be the attendant in a womens' bathroom (211).

Sometimes *illegal* forms of discrimination are motivated by the actual profitability of an employee

(ibid.). For example, racist customers might prefer a white salesperson over a black one, and a white salesperson could make more money for the company as a result. Nonetheless, companies cannot discriminate based on the prejudice of customers.

Tests

Tests can measure an applicant's skills in an attempt to make the applicant pool smaller and efficiently decide which applicants are most qualified for a job (213). Employers have a duty to make sure that tests are valid, reliable, and fair.

Valid – Valid tests are relevant to the job. It would usually be unfair to require computer programmers to be sociable or to require diplomats to be good at computer programming.

Reliable – Reliable tests make sure that the scores properly assess the applicant's abilities and that “a subject's score will remain constant from test to test” (ibid.).

Fair – Fair tests must be relevant to job performance and must not discriminate against anyone who is qualified for the job (ibid.). For example, tests shouldn't be culturally or gender biased.

Assuring that tests are valid and reliable can be expensive, but it's morally necessary to protect the rights of applicants, to hire the most qualified employees, and to protect the interests of stockholders.

Interviews

Interviews allow employers to assess the qualifications of an employee through personal communication, but they are one more opportunity to discriminate against people. An interviewer's negative attitude around minorities can be an opportunity to get minorities to decide they don't want to be hired. “Interviewers must exercise care to avoid thoughtless comments that may hurt or insult the person being interviewed—for instance, a passing remark about a person's physical disability or personal situation (a single parent, for instance)” (214).

Promotions

Deciding who gets promotions is a decision with moral implications quite similar to hiring new employees. Additionally, seniority, inbreeding, and nepotism are tempting reasons to give people promotions despite not *necessarily* being good reasons to give a promotion (215). These three factors must compete with the actual qualifications of an employee and who is likely to do the best job.

Seniority – Seniority determines how long someone has worked for a company. A qualified person can be insulted if they are passed up for promotion time and time again, but not everyone with seniority are most qualified for a job. It is important that employers reward loyalty, but seniority doesn't always indicate loyalty either (ibid.). However, seniority is a morally relevant factor in determining promotions because (a) it's important that workers have opportunities for job advancement and (b) the actual prolonged contributions an employee makes to a company should count for something (216).

Inbreeding – Inbreeding is when people who work for a company tend to be considered for promotions rather than hiring people from outside of the company. Inbreeding is a relevant

consideration to giving promotions to the same extent as seniority—it's important that employees have a chance for advancement and the prolonged contributions employees give to a company are worth something.

Nepotism – Nepotism is showing favoritism towards family and friends. Nepotism can be a legitimate factor in justifying a promotion when a company exists primarily for the interests of a family, but employers must not disregard the actual qualifications, loyalty, opportunities for advancement, and actual contributions of other employees.

Discipline and discharge

Discipline and discharge are necessary measures to make sure that employees stay productive. Discipline involves punishment and discharge involves a separation between an employee and the company, such as being fired. Moral implications to discipline and discharge include the following:

1. Employees should be notified of infractions privately rather than publicly or not at all (217). Chastising employee in public can be humiliating and is disrespectful.
2. Employees should have chances to correct their behavior rather than being fired for the first minor infraction (ibid.). Infractions can give employees an incentive to be productive and improve their performance and firing employees too quickly will destroy this incentive.
3. Discipline and discharge should be given for “just cause,” meaning they should be relevant to job performance (ibid.). Employees should not be punished or fired for having various illnesses, being a minority, smoking cigarettes, etc.
4. How a person behaves outside of work is generally not relevant to job performance, but it can occasionally have a relevant impact on the business (217-218). Our rights to privacy and freedom of speech *outside the workplace* should be assumed to override the business's interest to control their workers while they're off the clock unless we are given good reason to think otherwise.
5. The job should provide workers with due process—fair and consistent sanctions (218). Discipline and discharge should be administered to everyone equally without favoritism. Those who allegedly violate the rules should be given a “fair and impartial hearing” and “the setting up of a step-by-step procedure by which an employee can appeal a managerial decision” (ibid.).
6. Employers must carefully analyze the reasons for dismissing an employee, and “wrongful termination” is a common cause of lawsuits (ibid.). The reasons for discharge should be outlined in an “employee handbook, collective bargaining agreement, or corporate policy agreement” (ibid.). Even if an employer dismisses an employee legally, they might not have done so morally. Employees should not be dismissed without a good reason.
7. Employers should be careful how they dismiss employees (ibid.). Employees should be dismissed privately, and they usually shouldn't be dismissed after funerals, “on Fridays, birthdays, wedding anniversaries, or the day before a holiday” (ibid.).

Wages

When deciding how much workers should be paid, the following criteria seems relevant (220-221):

1. The law. Workers should not be paid less than the minimum wage.
2. The prevailing wage in the industry. Knowing how much other companies are paying workers

- can help us get a ball park figure for the appropriate amount.
3. The cost of living in the area. It's more expensive to live in some places than others, and wages should be higher in those areas as a result.
 4. The nature of the job. The required education, skill level, stress level, and danger level of a job can all be relevant to the amount people should be paid.
 5. Security and advancement opportunities. Jobs with high security—a high chance of keeping employees—and good opportunities for advancement require less pay than jobs with low security and low prospects for advancement.
 6. The employer's financial capabilities. A company that has a great deal of profit can afford to pay employees more than those that don't.
 7. How much other employees make for comparable work. A company shouldn't be unfair or discriminatory in how much an employee is paid. The same work and qualifications should determine that two people get equal pay, and there shouldn't be huge pay disparities between management and everyone else.
 8. Job performance. Productive employees can be rewarded for their hard work and talent through higher wages.
 9. How the wage agreement was arrived at. There might be a unique contract between an employee and employer that requires higher than usual pay.

Unions

Large companies not only have control over the world's resources, but they have the machines required to make goods. This all makes companies much more powerful than individuals. Workers have little choice but to get jobs at companies to earn enough money to buy food and other goods, workers are often willing to work for very little money in unsafe working conditions when there is no better alternative available to them, and no better alternative is guaranteed to be available. Workers are supposed to be grateful to get jobs, no matter how poorly they are paid. Unions exist to help empower workers and help eliminate the disparity in power between large companies and workers. Unions allow workers to team up to help them demand more from companies, and to try to convince companies that they should be grateful to hire workers. If all workers refuse to work for low pay and in unsafe working conditions, then companies will have no choice but to comply.

“In an attempt... to redress the balance of power in their dealings with employers, workers band together. In acting as a single body, a union, workers in effect make employers dependent on them in a way that no individual worker can” (225). Unions allow workers to use “collective bargaining” to negotiate with businesses as a larger and more powerful group.

Even Adam Smith, one of the founders of Capitalism, agreed that there is an unfair disparity in power between workers and companies. Consider how he says,

The masters, being fewer in number, can combine much more easily... We have no acts of parliament against combining to lower the price of work; but many against combining to raise it. In all such disputes the masters can hold out much longer... Though they did not employ a single workman, [employers] could generally live a year or two upon the stocks which they have already acquired. Many workmen could not subsist a week, few could subsist a month, and

scarce any a year without employment. In the long-run the workman may be as necessary to his master as his master is to him, but the necessity is not immediate. (ibid.).

Unions are not always the enemy of businesses, they can be beneficial to them. For example, the [World Bank](#) found that worker unions could “improve productivity and efficiency, promote stability in the workplace, and make government less likely to meddle in the labor market” after considering thousands of studies concerning the effects of labor unions (225).

Union tactics

Unions are an important part of having a right to association for workers and can benefit many people, but there are many moral issues concerning union tactics, and not everything unions do is ethical. I will discuss some of these issues.

Direct strikes – Unions can refuse to work unless an employer meets their demands. Strikes are a powerful tool, but can be harmful to a company and should not be used unless certain criteria is met. First, there must be “just cause,” a legitimate reason to strike, such as inadequate pay or unsafe working conditions (226). Second, there should be proper authorization. Workers should (a) agree to strike without coercion and (b) strikers must attempt to attain union backing (227). Third, strikes should be a last resort. Workers should try to negotiate and communicate their grievances before having a strike because “we should always use the least injurious means available to accomplish the good we desire” (ibid.). Four, strikes should be nonviolent, noncoercive, and nondestructive.

Sympathetic strikes – Employees can strike at a grievance experienced by other workers—who don't necessarily even work for the same company (227). Sympathetic strikes can be justified in the same way as direct strikes when the workers who are wronged work for the same employer, but it is much more difficult to justify a sympathetic strike against another employer because the strike can harm innocent people who have no connection to the people who are wronged (227-228). However, a separate company could implicitly endorse the workers who are wronged by doing business with the “enemy.” In that case workers can refuse to do business with the abusive company as part of a sympathetic strike.

Boycotts and corporate campaigns – Union workers can refuse to buy products from companies who refuse to give into the demands of unions. A primary boycott is when union workers and their supporters refuse to do business with a company, and a secondary boycott when union workers and their supporters refuse to do business with any companies doing business with the abusive company (228). Secondary boycotts were made illegal by the Taft-Hartley Act. Boycotts can be justified in much the same way as strikes and it's not clear that secondary strikes are always immoral, even though they are illegal.

[Corporate campaigns](#) are tactics unions use to put pressure on a company by enlisting the help of the company's creditors in an attempt to get their demands met (ibid.). Financial institutions could in turn be pressured with the threat of mass withdrawals and cancellations of policies” (229). Some critics have called corporate campaigns “corporate blackmail,” but supporters insist that it is sometimes needed to get companies to be willing to behave ethically—especially when considering that corporations have “been so successful at exploiting labor laws and regulations to undermine unions and thwart their recruitment efforts” (229).

Conclusion

The law and unions can both fight to protect workers from abuse, but companies should treat employees with respect whether that is required by the law or not. In fact, it's quite possible that we can treat people with greater respect than morality demands. It might be immoral to outright hurt an employee, but risking their well being in unsafe working conditions, treating them with disrespect, and unjustly showing preferential treatment could also be forms of harm. Employers and union members make many decisions with moral implications, and I have briefly touched upon them here. However, this is not a conclusive discussion of moral implications and the workplace and there's much more to be said.

Chapter 12: The Workplace (2): Today's Challenges

I have already discussed various moral implications of the workplace, and I will continue the discussion here by considering (a) privacy, (b) work conditions, and (c) job satisfaction. This discussion is based on chapter seven of [Business Ethics \(Third Edition, 1999\)](#) by William Shaw.

Privacy

We have a right to privacy, and a lack of privacy can endanger our livelihood. We don't want people to see us during our sexual encounters, we don't want people to get our credit card or social security numbers, and we don't want embarrassing facts of our past to ruin our lives. A lack of privacy doesn't always harm us directly, but privacy is needed to protect us from various dangers.

Corporations have a duty to protect our privacy at least insofar as the privacy is part of our well being, but corporations often disrespect privacy (241). “The data banks and personnel files of business and nonbusiness organizations contain an immense amount of private information, the disclosure of which can seriously violate employees' rights” and this information is often used to harm employees. Consider the following examples:

1. “[A] wide range of snoops still manage, legitimately or illegitimately, to get their hands on it” (ibid.).
2. Many former bosses are “passing on damaging information to prospective employers” (ibid.).
3. “Some companies routinely eavesdrop on their employees' phone calls, and many of them read their employees' email” (242).
4. Some companies use private investigators to investigate employees who call in sick (ibid.).

Legitimate and illegitimate influence in private lives

Corporations sometimes try to influence the behavior of employees both in or out of the workplace, and this can be taken as an invasion of privacy. Controlling the lives of employees is usually illegitimate when it has nothing to do with job performance or the reputation of the company, such as forbidding black employees from wearing their hair in corn rows (243). Corporations often want to restrict the behavior of employees based on their interest to “protect the company image,” and could be tempted to fire an employee for being a stripper in his or her free time (243-244). However, corporations must respect their employees (and unique characteristics of their employees), even when the public is prejudiced and could lash out against a company for being associated with unpopular characteristics (or showing tolerance towards minorities).

Companies can have grounds to try to control the behavior employees outside the workplace when the behavior violates the following principles:

- (a) The employee's behavior must be compatible with good job performance. Employees that show a significant “lack of judgment” outside the workplace through highly reckless, immoral, or illegal behavior could be *legitimately* dismissed if their job requires good judgment. For

example, a security guard was fired for drawing his gun against an antagonist and the court system agreed that he showed reckless behavior that was incompatible with the good judgment required for the job (244).

- (b) Employees must be minimally loyal to their companies and are not supposed to *illegitimately* damage the reputation of the business. It is appropriate for employees to be whistle blowers when the company refuses to rectify illegal or immoral behavior, but employees shouldn't set out to damage to reputation of their company unless there is a good reason to do so. The public has a right to know of illegal and immoral behavior companies are engaged in, so that we have a sufficiently "free market" based on *informed* rational self-interest that allows the public to refuse to do business companies that don't meet relevant criteria. However, damaging the reputation of a company through lies or deception would be inappropriate.

To further assess the moral implications of a company's influence over the lives of employees, consider the following three common forms of influence:

Involvement in civic activities – Companies often pressure employees to get involved in civic activities, such as "running for the local school board or heading up a commission in the arts," but such pressure must not constitute coercion (ibid.). Employees must not be disciplined or dismissed for a lack of participation, and even public embarrassment could be considered to be a form of coercion. For example, "[m]embers of the Army Band... won a suit claiming that the posting of names of soldiers who had not contributed to the United Way constituted coercion" (245).

Health programs – Some companies try to pressure employees to live healthier lives. This is at least somewhat relevant when healthier employees are more productive and medical insurance can be more expensive for unhealthy employees. There's nothing wrong with educating employees about how to be healthier, but some companies want to make "employees pay more for their health care benefits if they are overweight, have high blood pressure, or don't exercise. And employees have been fired for smoking or taking a drink at home" (ibid.). This is legal in some states, but it's not clear that it's moral considering that punishing and firing employees for being unhealthy invites discrimination against people who are unhealthy—such as people who are overweight or have AIDS.

Intensive group experience – Some businesses pressure employees to undergo "personal growth" to help people "realize their potential for perceiving, thinking, feeling, creating, and experiencing" (ibid.). There are many different kinds of intensive groups and companies often use "team-building groups to facilitate the attainment of production and related goals as well as to provide opportunities for improved human relations and personal growth" (ibid.). Intensive group experience can improve productivity, so it is relevant to job performance. However, Shaw argues that employees should not be punished for refusing to participate because these activities can be personal and intrusive.

Obtaining information

Companies not only store private information, but they can sometimes attain private information without the consent of their employees. Issues concerning employee's privacy rights can involve (a) informed consent, (b) polygraph tests, (c) personality tests, (d) monitoring employees on the job, and (e) drug testing. I will discuss each of these topics.

Informed consent – Although attempts to attain private information from employees (and other people) is coerced for the person when at gunpoint, there are more subtle forms of coercion (246). Companies can punish employees for refusing to give private information, and all applicants can be required to give private information. Additionally, informed consent requires that employees and applicants “understand what they are agreeing to, including its full ramifications, and must voluntarily choose it” (247).

Polygraph tests – Polygraph tests, also known as “lie detector tests,” can not only be an invasion of privacy, but it's not clear that they are ever an appropriate way for a company to gather information. Polygraph tests are used for many reasons. For example:

1. To verify the information provided by a job applicant (ibid.).
2. To make sure a job applicant is honest (ibid.). This is often a measure taken in an attempt to stop hiring employees who steal from the company.

Polygraph tests are only justified given three contentious assumptions, and these assumptions are not necessarily warranted:

1. *The test only detects lying* (ibid.). However, the test only tells us that a person is disturbed by a question rather than why they were disturbed.
2. *The test is reliable*. However, that is highly disputed. David T Lykken argues that three credible scientific studies found the test was only accurate by 63%, 39%, and 55% (248).
3. *The test can't be beaten*. However, this is disputed. For example, Lykken has argued that “covert self-stimulation, like biting your tongue” during the control questions would destroy the test's credibility (ibid.).

Finally, Shaw argues that polygraph tests must meet the following moral requirements to have a chance of being a warranted invasion of privacy:

1. The information attained from the polygraph test must be sufficiently relevant to the job (ibid.)
2. There can't be significantly better options to accomplish the company's goals other than the polygraph test. “Some persons contend that among the reasons must be the fact that the polygraph is the only way the organization can get information about significant job-related matters” (249.). Invasion of a person's privacy can lead to abuse and often threatens a person's livelihood, so it should only be done as a last resort. Whenever we do something that can harm or threaten the well being of others, we should choose the least harmful option.
3. We should consider if the information gathered is too embarrassing or personal, if the people who have access to the polygraph results will violate the person's privacy rights, and if the polygraph test results will be disposed of in a way that doesn't violate a person's right to privacy.

Personality tests – Personality tests are used to help screen job applicants. Companies use personality tests to find out if applicants are trustworthy or have the right personality traits for the job. Some employers screen employees based on their emotional maturity and sociability (ibid.). Personality tests can reveal personal and embarrassing information, so they can be a violation of an applicant's privacy rights. Additionally, it's not entirely clear when using personality tests is morally justified.

The use of personality tests can't be justified without at least one assumption—"all individuals can usefully and validly be placed into a relatively small number of categories in terms of personality types and character traits" (ibid.). However, this is not obvious. Shaw insists that "people rarely represent pure personality types, such as the classic introvert or extrovert. Nor is the possession of a character trait an all-or-nothing thing. Most of us possess a variety of personality traits in various degrees, and social circumstances often influence the characteristics we display and talents we develop" (ibid.). A company can decide not to hire someone thinking *she's an introvert* when she could perform perfectly well on a job requiring human interaction.

Perhaps one of the most questionable common practices using personality traits is when it's used to test "organizational compatibility." Organizations often pressure employees to obey and conform to the organization's rules and traditions, and that's a threat to the employee's individuality (250). Tests used to reject applicants for failing to live up to an organization's ideals threatens our individuality even further.

Personality tests can be defended in much the same way as polygraph tests. Such potential violations of someone's privacy can't be justified if the information provided is unreliable, insufficiently relevant to the job, or a better alternative is available.

Monitoring employees on the job – Many employers monitor the performance of their employees through video surveillance and the employee's use of computers or telephones (251). Monitoring employees should not be done without the employee's consent, and many employers "confuse notification of such practices with employee consent" (ibid.). Monitoring should generally be avoided even when consent is attainable because sensitive and personal information can often be attained, threatened, and violated; and employees could feel coerced to agree to being monitored to keep their job.

Again, justifying monitoring requires the same kinds of justification as polygraph tests. Monitoring employees must be relevant to job performance and the best interests of the company, and there must not be a better alternative available.

Drug testing – Drug testing tends to be used to check if employees are using illegal drugs (ibid.). This is often done because it is widely believed that employees taking illegal drugs have worse job performance, greater absenteeism, and higher rates of theft. Drug testing is unjustified without informed consent or sufficient relevance to job performance. Additionally, it's not always clear when drug testing is relevant to job performance (251-252). Steroids could be relevant to the performance of football players, but it's probably not relevant to the performance of accountants. Finally, the proper response to drug addiction is not obvious. Shaw suggests that addiction warrants "medical and psychological assistance rather than punitive action" (252).

Working Conditions

Working conditions involve health and safety concerns on the job, styles of management, maternity policies, and day-care.

Health and safety

Shaw argues that health and safety precautions must be taken by businesses (ibid.). There are already laws protecting employees from working in dangerous work conditions, and businesses must take those laws seriously even when it would be profitable to ignore them. Companies should also keep an eye out for dangerous working conditions that are not yet covered by the law. Safety laws tend to only be passed after people are injured or killed. Finally, workers have a right to be informed about dangers on the job and workers should give informed consent before they are assigned dangerous work.

OSHA

The 1970 Occupational Safety and Health Act has given the federal government the responsibility to regulate businesses to “ensure so far as possible every working man and woman in this nation safe and healthful working conditions” and resulted in OSHA, the Occupational Safety and Health Administration (254). The federal government has fined companies for reckless and negligent working conditions that violate the law, but it has been criticized for (a) being too soft on companies with very low fines and (b) being negligent in its duty to fine companies that violate the law. Companies now try to use OSHA as a shield by arguing that being punished by the federal government “legally preempts state criminal prosecutions,” and this argument “has met with success in some state courts” (ibid.). Companies that succeed with this argument could refuse to pay the full amount of the actual damage done by their unsafe working conditions.

New health challenges

Shaw argues that businesses and OSHA will need to find ways to address various health and safety issues, such as repetitive strain injury and work shifts that cause fatigue.

Repetitive strain injury “results from the constant repetition of awkward hand and arm movements” and can cause a great deal of pain from doing menial tasks (255). President [Bush repealed a law](#) that would require employers to report stress related injuries, and [OSHA has merely given voluntary guidelines](#) to help companies avoid stress related injuries.

Many injuries on the job are caused by fatigue, which can be caused by improper work hours. “[A] team of scientists from Harvard and Stanford universities believes that the health and productivity of 25 million Americans whose work hours change regularly can be measurably improved if employers schedule shift changes to conform with the body’s natural and adjustable sleep cycles,” and Shaw informs us that “fatigue is a leading cause of industrial accidents” (ibid.). [Little to nothing has been done about this issue.](#)

Management styles

Morality requires that bosses respect their workers, but [a study](#) found that “millions of workers suffer from bosses who are abusive, dictatorial, devious, dishonest, manipulative, and inhumane” (256). Additionally, almost no contemporary management theorists agree that bosses should try to bully workers to maximize productivity. Instead, they advocate more respectful management styles. Finally, no single management style should be rigidly adhered to because employees all have unique personalities and needs that should be taken into consideration.

Day care and maternity leave

The number of women in the workforce has dramatically increased despite the fact that they continue to usually bear the primary responsibility for care of their children, so the need for day care and maternity leave is increasingly important (257). Additionally, “[m]any families are unable to make satisfactory child-care arrangements, either because the services are unavailable or for the simple reason that the parents cannot afford them” (258). Many people think that it would be morally preferable for businesses to do what they can to make sure that children aren't neglected, even if it's not morally required; but “very few companies do much to help with employee child care” (ibid.). Moreover, companies can do much to help with child care, such as set up child care facilities, and it's cost-effective for large businesses to do so.

Although a company could provide child care facilities with the assumption that it's the moral thing to do, employers who offer child care can be benefited from doing so because it can decrease absenteeism, boost morale, and increase loyalty.

Job Satisfaction & Redesigning Work

Many people are dissatisfied with their job. They might feel that the work is unfulfilling, they might feel alienated, and they might feel exploited or unappreciated. It is possible for companies to try to make jobs more satisfying, and it seems to be morally preferable to do so.

Job satisfaction is not just a moral issue, but also a pragmatic one. Workers who are more satisfied are likely to be more productive. “As early as the 1920s, researchers began to realize that workers would be more productive if management met those needs that money can't buy” (260).

Dissatisfaction on the job

A study conducted in the 1970s by the federal government had illuminating findings that are still relevant now (259). For example, consider the following three common sources of job dissatisfaction mentioned by the study (260):

1. Many workers are assigned to simple, monotonous tasks in an attempt to increase production. (At the very least, companies can try to rotate such simple tasks among employees.)
2. Many people lack opportunities to become their own boss. (Some jobs have better advancement opportunities than others, and they can provide more opportunities for employees to have unique oversight, responsibilities, or leadership roles involving various projects.)
3. Many people work for large corporations and the enormity and depersonalization of the business makes them feel “powerless, meaninglessness, isolation, and self-estrangement.” (Such companies can make an effort to be more personal and show appreciation to their employees. For example, companies can set aside some funds to spend on food and parties for employees.)

Quality of work life

Solutions to job dissatisfaction generally involve an attempt to improve the quality of work life, and quality of work life (QWL) programs are attempts to do so (261-262). QWL programs often attempt to increase worker participation in the production process by seeking their ideas. For example, companies can use “quality-control circles” where workers meet with supervisors to discuss quality improvement (262). Such circles made suggestions that saved Westinghouse millions of dollars. QWL programs could be morally preferable, and they are believed to be able to “improve attendance, motivation, and performance” (ibid.). There is no guarantee that QWL improvements will increase productivity, but it does at least some of the time (263).

Conclusion

The importance of privacy rights can be justified by any theory of justice insofar as a violation of privacy can be harmful to a person and every theory of justice grants us a right to noninjury. Improving work conditions and increasing job satisfaction can also be justified by any theory of justice that recognizes property rights, such as Nozick's libertarianism, insofar as doing so can increase productivity and profits. Additionally, improving working conditions and job satisfaction can be justified by any moral theory that recognizes the importance of helping people live better lives and increase their happiness, and almost every moral theory recognizes that helping people is a good thing.

Chapter 13: Moral Choices Facing Employees

Employees have various moral decisions to make. Many of these decisions should be made on the basis of our moral obligations, but sometimes the morally preferable action could require courage and be performed beyond the call of duty. I will discuss (1) obligations employees have for the firm, (2) the illegitimate use of one's position for private gain, (3) bribery, (4) the obligations employees have to third parties, (5) whistle blowing, and (6) self-interest. This discussion is based on chapter eight of [Business Ethics \(Third Edition, 1999\)](#) by William Shaw.

Obligations to the firm

Employees are hired to do something for the company (282). They obligate *themselves* to work for that company for financial gain. The employer often sets various conditions to employment, such as a dress code and respectful behavior.

Loyalty to the company

Most people assume that employees have a moral obligation to be loyal to the company they work for (ibid.). It is plausible that we are obligated to do our jobs in order to get our paychecks, but do we have an obligation to help the company in any way beyond strictly doing our job? Many employers seem to think so. “They may expect employees to defend the company if it is maligned, to work overtime when the company needs it, to accept a transfer if necessary for the good of the organization, or to demonstrate their loyalty in countless other ways” (283). Shaw does not tell us if we are *obligated* to have any loyalty to our employers, but we certainly think loyalty to the company is often a good thing and we hope that our loyalty will be rewarded through raises, promotions, good letters of recommendation, and so on.

Conflicts of interest

An employee's interests can conflict with the company's. Some of these conflicts of interest are minor and involve the fact that we might be doing something at work we would rather not. However, other conflicts of interest are serious and can tempt employees to behave disloyal. “For example, Bart Williams, sales manager for Leisure Sports World, gives all his firm's promotional work to Impact Advertising because its chief officer is Bart's brother-in-law. As a result, Leisure Sports World pays about 15 percent more in advertising costs than it would if its work went to another agency” (ibid.). Even if Bart doesn't act against his company's interest, he could still be tempted to do so and the conflict of interest will still exist (283-284).

Employees should try to avoid significant conflicts of interest by staying away from situations that could tempt them from being disloyal, but it is difficult to decide when a conflict of interest is significant and it's not always clear what employees should do when they are faced with a conflict of interest besides trying to resist the temptation to be disloyal.

Abuse of official position

The use of one's official position for personal gain is often an abuse of power. This abuse can exist when a conflict of interest leads to disloyalty, such as Bart William's use of his job to help his brother-in-law. Examples of abuse “range from using subordinates for non-organizational-related work to using a position of trust within an organization to enhance one's own financial leverage and holdings” (285). Common abuses of power include insider trading and stealing proprietary data. I will discuss both in more detail.

Insider trading

Insider trading is when one person has access to information that's unavailable to the public and will likely have an impact on stock prices (ibid.). For example, employees might know that their company is going bankrupt before the general public and sell all their stock before it becomes worthless. People who buy the stock will be deceived into thinking its worth more than it really is. It's also insider trading for the employees to encourage family and friends to sell their stock using such “inside information.”

Insider trading involves difficult moral issues. It's not clear exactly when employees can buy or sell stock from their own companies; it's not entirely clear how much information a company should “disclose to stockholders about the firms plans, outlooks, and prospects;” it's not entirely clear when such information should be disclosed; and its not entirely clear when a person is an “insider” (286).

Shaw does not tell us how we can try to resolve these issues. When in doubt, I suggest that employees should see legal advice or consult with the company's department that handles the shareholder surveys.

Proprietary data

Companies often have secret information called “trade secrets” that they don't want to be leaked outside the organization, and employees would be disloyal to use such information to advance the interests of competing organizations (287-288). Patents and copyrights are publicly available and protected by the law, but there's still a chance that many people can get away with breaking copyright or patent laws. Companies have trade secrets to assure that the information isn't used by competitors, but it is possible for others to discover the trade secret on their own and use it. For example, the formula for Coca-Cola is a trade secret, but anyone who discovers the formula can use it for their own soda company (288).

There are at least three arguments given for why some people think trade secrets should be protected by the law (ibid.):

1. They are intellectual property.
2. The theft of trade secrets is wrong.
3. Employees can steal trade secrets from their companies, but that would violate the confidentiality owed to the company.

Additionally, employees often get jobs working for the competition and can be tempted to use trade secrets to benefit the competitor (288-289). This is a difficult moral issue because people have a right to seek employment and we can't always separate proprietary information from a worker's acquired

skills and technical knowledge (289). “[T]rade secrets that companies seek to protect have often become an integral part of the departing employee's total capabilities” (ibid.).

Bribes and kickbacks

A bribe is a payment made with the expectation that someone will act against their work duties, and bribes can be very serious when they lead to neglect or reckless behavior that can injure people (289). For example, a judge is supposed to rule impartially based on what good judgment and the law requires in order to decide what punishment to give to criminals. [A judge who takes a bribe from a private prison](#) to give people guilty of crimes long sentences and send them to that private prison have compromised their impartiality and good judgment. Moreover, the people guilty of crimes would be harmed from the bribery because their punishment would be unfairly severe as a result.

Kickbacks are a form of bribery that are attained after a person uses their work position to benefit someone (290). If the judge gets paid after sending a person to the private prison, then the bribe is a kickback.

The Foreign Corrupt Practices Act

US companies have often bribed foreign officials for favors, and such favors could harm people. For example, Lockheed Aircraft Corporation was commonly bribing foreign officials and paid \$22 million to get aircraft contracts with foreign governments (ibid.). Such bribes can harm governments by getting them to pay too much for goods and services (aircrafts in this case), and the harm can then be done to citizens who have to pay the bill in taxes. In this case, knowledge of the bribes caused a crisis in the Japanese government.

The FCPA forbids US companies from bribing foreign officials and the punishment for bribes includes fines and imprisonment (ibid.). It also requires that companies adhere to accounting and auditing controls to help assure that bribes aren't being made. However, the FCPA doesn't forbid “grease payments” that are made to assure that government officials do their jobs because companies are often benefited when government officials do their jobs properly.

Finally, the FCPA treats extortion as bribery, so companies are not allowed to pay extortion money. Extortion is when a foreign official attempts to coerce a company to pay money (290-291). For example, sometimes “the official threatens to violate the company's rights, perhaps by closing down a plant on some legal pretext, unless the official is paid off” (291).

The case against overseas bribery

We have done very little about foreign bribery, and not everyone thinks foreign bribery should even be illegal. “[F]ew companies have recently been charged with violating the law” (ibid.). Although companies have accepted punishment for bribery in the past, executives of an American company, Lindsey Manufacturing Co., [were found guilty of foreign bribery in a court of law for the first time](#) since the FCPA was created 34 years ago (5/10/11).

Some people argue that overseas bribery should be legal because (a) forbidding it gives American companies a disadvantage to foreign competing companies that are allowed to bribe and (b) the FCPA illegitimately “imposes US standards on foreign countries and payoffs are common business practices in foreign countries” (ibid.).

Does forbidding bribery give American companies a significant disadvantage? It's a highly contentious assertion with little evidence to back it up. First, competition is often against other American companies rather than foreign ones (ibid.). Second, studies show that the FCPA has done little to damage American export expansion. Third, there's little evidence that the FCPA really does give US companies a disadvantage. “Even in nations where the FCPA is alleged to have hurt American business, there has been no statistically discernible effect on US market share” and “since passage of the FCPA, US trade with bribe-prone countries has outpaced its trade with other countries” (ibid.). Fourth, there's no longer very many competitive countries that allow bribery. “In 1997, the world's industrialized nations—the 29 members of the Organization for Economic Cooperation and Development—formally agreed for the first time to a treaty that outlaws the bribing of foreign officials” (ibid.).

Does the FCPA illegitimately impose US standards on other countries? That is an implausible assertion. First, even if bribery is common practice, that in no way proves that it's accepted by a country (292). Shaw reminds us that illegal drug dealing is common practice in the US, but that doesn't prove it's socially acceptable. Second, foreign officials tend not to want their bribery to be publicized, but if it was acceptable, then we would expect that they wouldn't mind their bribery to be publicized—but there's no such example (ibid.). Third, although the FCPA reflects our moral standards, it's not clear that such standards only apply here in the US. “[T]hose standards are not just a matter of taste (like clothing styles) or completely arbitrary (like our decision to drive on the right, whereas the British drive on the left). Good objective arguments can be given against bribery and related corrupt practices, whether overseas or at home” (ibid.).

What good objective arguments can be given against bribery? Bribery can harm people, and it's not clear that there's any good excuse available to allow companies to harm people through bribery. “For example, by encouraging on nonmarket grounds the purchase of inferior goods or the payment of an exorbitant price, bribery can clearly injure a variety of legitimate interests—from stockholders to customers, from taxpayers to other businesses” (ibid.).

Gifts and entertainment

Gifts and entertainment can be used to reward and encourage certain behavior from employees, and can cause a conflict of interest as a result. Entertainment is often provided as a gift, but entertainment isn't as likely to be morally wrong because “it usually occurs within the context of doing business in a social situation” (294). In extreme cases gifts and entertainment can be equivalent to bribes. For example, there was a “former General Services Administration (GSA) official who pleaded guilty to a criminal charge of accepting free lunches from a subsidiary of the BellSouth Corporation, which was seeking a telephone contract with the GSA” (ibid.).

When deciding whether gifts and entertainment are appropriate, the following considerations are relevant (293-294):

1. **The value of the gift.** Gifts worth thousands of dollars or more are likely to be taken as bribes. Most companies define infrequent gifts worth \$25 or less to be “nominal” but anything more to cross the line.
2. **The purpose of the gift.** A gift could be meant to be used for palm-greasing to encourage someone to do their job, used for advertising, or used as a bribe.
3. **The circumstances under which the gift was given or received.** A gift given at a celebration, store opening, or during a holiday season is different than a gift not attached to a special occasion, and a gift given openly is less suspicious than a gift given in secret.
4. **The position and sensitivity to influence of the person receiving the gift.** A person in a position to reciprocate the gift in the form of business decisions more likely to be taking a bribe.
5. **The accepted business practice in the industry.** Gifts in the form of “tips” are part of our custom of having a waiter or waitress, but not part of being a CEO of a company. Gifts that are part of a cultural custom are much less suspicious than gifts that aren't.
6. **The company's policy.** Some companies have stricter rules concerning gifts than others, and we have some reason to refuse gifts when our company forbids it.
7. **The law.** Gifts that violate the law are almost always morally unacceptable, but the law doesn't always forbid immoral forms of bribery or gift giving.

Obligations to third parties

Sometimes an employee has obligations to the general public that can conflict with their loyalty to the company. For example, a dishwasher can find out “that the restaurant's chef typically reheats three- or four-day-old food and serves it as fresh” and she might have a duty to alert the public, and a consulting engineer could find “a defect in a structure that is about to be sold” and she might have a duty to tell the customer about the defect (294). In some cases an employee could find out about negligent and reckless behavior of a company that puts the public in eminent danger, such as when [a company dumps toxic waste](#) without taking proper precautions.

How should employees behave when their job duties, personal obligations, and personal interests conflict with the interests of others? When a person is morally obligated to alert others about dangerous and deceptive business practice is not obvious, but employees should consider the importance of their job duties and personal interest compared the importance of the interests of others who are involved. Additionally, it can be morally preferable to alert the relevant third parties about immoral and illegal business practices, even if it's not a moral obligation to do so.

The fact that business decisions can harm some people isn't enough to prove the decision to be morally wrong. Decisions made by companies often harm the interest of competitors, and some people might argue that pollution violates our right to noninjury when it is likely to hurt people, but both of these business practices are often considered to be morally permissible. There are unfair [trade practices](#) that can illegitimately harm the competition, and there are illegal levels of pollution, but such practices aren't always considered to be “significantly wrong.” That's not to say that harming people is never significant. Businesses aren't allowed to deceive their customers or do anything that would violate a person's right to noninjury, and its often morally preferable to alert the relevant third parties about such violations.

Shaw suggests two ways to try to help us avoid rationalizations when engaging in moral reasoning to decide what to do when we face moral dilemmas:

First, we can ask ourselves whether we would be willing to read an account of our actions in the newspaper... are the contemplated actions ones that we would be willing to defend publicly? ...Second, discussing a moral dilemma or ethical problem with a friend can often help us avoid bias and get a better perspective. People by themselves, and especially when emotionally involved in a situation, sometimes focus unduly on one or two points, ignoring other relevant factors. Input from others can keep us from overlooking pertinent considerations. (296)

Whistle blowing

Whistle blowing is the act of going public with what one has reason to believe to be significantly immoral or illegal acts of an organization one is part of. Someone is not a whistle blower for telling the public about embarrassing or rude behavior (297), and being a whistle blower doesn't involve sabotage or violence (298).

Many employees refuse to be whistle blowers because it is likely to damage their relationships at work, lead to dismissal, and even lead to being blacklisted from an industry. In fact, some whistle blowers have faced illegal forms of retaliation such as harassment, and sometimes [they've even been murdered](#).

Whistle blowers must often have courage to be willing to endanger their own well being, and many of our unsung heroes are whistle blowers. However, it's not always the right thing to do. Whistle blowing can be reckless and endanger the well being of an innocent company when its done from a "hunch" of wrongdoing rather than from a reliable method. Normal Bowie, a professor of civil disobedience, argues that whistle blowing isn't justified unless the following criteria is met (298-299):

1. **The motive must be appropriate.** The employee must want justice because the organization committed a significant immoral or illegal act. The motive must not be to get revenge or to attain fame. However, this criteria is controversial. An inappropriate motive might still help cause appropriate forms of whistle blowing. As long as the company has done something significantly wrong or illegal, it's morally preferable for the public to find out about it one way or the other.
2. **The employee should usually seek less harmful ways to resolve the issue first.** Employees should usually alert management and executives of wrongdoing before making the wrongdoing known to the public. Management or executives should usually be given a chance to rectify the situation, and alerting the public should usually be a last resort. The reason that this rule isn't absolute is because there are situations when it's impractical. For example, if people's lives are in immediate danger, then there might be no better option than to go public with the information right away.
3. **The whistle blower needs compelling evidence of wrongdoing.** Its reckless to accuse a company of wrongdoing when there's a good possibility that the company is innocent. Additionally, accusations against a company are likely to harm the whistle blower rather than the company when the public doesn't have good reason to agree that the company did something wrong. An employee could be dismissed or sued for defamation.
4. **The organization's wrongdoing must be specific and significantly wrong.** To accuse a

corporation of wrongdoing involving rude behavior can be a violation of employee privacy, and the whistle blower must have specific examples of wrongdoing by the company.

5. **The whistle blowing has a chance of being successful.** If whistle blowing has no chance of success, then the whistle blower is going to be likely harmed by the act without a worthwhile payoff. However, Shaw objects that whistle blowing can occasionally bring attention to a practice that will eventually lead to reforms sometime in the future even if it won't be a solution to the specific wrongdoing done.

The question of self-interest

Whistle blowing and complaints can be dangerous for whistle blowers because they are “exposing themselves to charges of disloyalty, disciplinary action, freezes in job status, forced relocation, and even dismissal” (299). Again, whistle blowing is often also met with illegal forms of retaliation ranging from harassment to murder. It seems reasonable to ask ourselves if we should be whistle blowers or complain about business practices on the job when doing so can require us to endanger our own well being. I will discuss the relevance of self-interest to our moral decisions and obligations.

Are we obligated to protect the interests of others by reporting misconduct to management or alerting the public of significant immoral acts committed by companies we work for when doing so significantly endangers our own well being? There are two common responses to this concern. One, some people argue that “prudential reason” (rational self interest) can override our moral obligations (300). It's possible that we are justified to neglect our moral obligations when doing so would likely harm us. Two, some people argue that prudential reasons are relevant to morality and that we are not morally obligated to help others when doing so is likely to significantly cause us harm (ibid.). In that case we wouldn't be morally required to be whistle blowers, but it could still be morally preferable and supererogatory (above the call of duty) to be a whistle blower.

If employees have an excuse to refuse to be whistle blowers, then we have a serious problem—many people will get hurt when no one is willing to take a stand (301-302). It's not enough just to hope that some heroic individuals will try to protect our interests. Shaw suggests that it might be a good idea to “restructure business and social institutions so such acts no longer carry such severe penalties. Just as laws currently exist to protect whistle blowers in the public sector from reprisals, so comparable legislation is needed in the private sector” (302). Although the laws protecting federal whistle blowers is actually inadequate and [Obama has promised to strengthen the protection](#), improved legislation is a solution worth considering.

We should not use self-interest to rationalize the wrongs we or our companies do. “Each of us has a tendency to magnify potential threats to our livelihood or career. Exaggerating the costs to ourselves of acting otherwise makes it easier to rationalize away the damage we are doing to others. In the business world, for instance, people talk about the survival of the firm as if it were literally a matter of life and death” (301). Additionally, we have a tendency to over-value obedience and many people will obey leaders to the point of harming others.

We should think rationally and impartially regarding morality, but that can require changes in our personality—an attempt to be morally virtuous. One way to improve ourselves is to “perform a kind of

character or personality audit” (ibid.). We can think about our life and ask ourselves questions, such as the following (ibid.):

1. Do we follow authority blindly?
2. Do we suffer from moral tunnel vision on the job?
3. Do we mindlessly do what is demanded of us, oblivious to the impact of our cooperation and actions on outside parties?
4. Have we given enough attention to our possible roles as accomplices in the immoral undoing of other individuals, businesses, and social institutions?
5. Do we have a balanced view of our own interests versus those of others?
6. Do we have substantial evidence for believing that our livelihoods are really threatened, or is that belief based more on an exaggeration of the facts?

Conclusion

Morality demands that we consider the interests of everyone who can be affected by our decisions, and that we consider the situation we are in. Our job and position in society can give us unique obligations and what we *should* do depends on all these factors. When considering our moral duties, the most commonly cited moral principle is the right to noninjury. No matter what moral theory we agree to, everyone seems to agree that noninjury is relevant to morality and employees have a duty not to cause significant harm to innocent people. This is why it's often morally preferable to be a whistle blower when a company is causing significant danger or harm to the public.

Chapter 14: Job Discrimination

Prejudice and discrimination still have a powerful impact on the workplace and are serious moral issues facing our society. I will discuss (1) the meaning of job discrimination, (2) evidence of job discrimination, (3) affirmative action, (4) the doctrine of comparable worth, and (5) sexual harassment. This discussion is based on chapter nine of [Business Ethics \(Third Edition, 1999\)](#) by William Shaw. This is the most outdated chapter in his book because it relies heavily on older statistics and studies, and the problems we face today might not be quite the same as the problems we faced ten years ago. However, I will use more current statistics and studies than are available in his book when possible. Shaw's newest business ethics book came out in 2009 and has updated statistics. (It can be found on [Amazon](#).)

The meaning of job discrimination

We all discriminate for and against people. It's perfectly rational to discriminate between applicants for a job and to only hire those who are the most qualified based on merit. However, there are irrational and illegitimate forms of discrimination, such as racism and sexism. There is rarely (or never) reason to discriminate against people *purely* on the basis of religious or political views, sexual orientation, age, or ethnicity. I will use the word “discrimination” as equivalent to the illegitimate sort of discrimination and prejudice. Job discrimination is when business decisions, policies, or procedures are at least partially based on illegitimate forms of discrimination that benefit or harm certain groups of people. Refusing to hire black people, paying women less than men for comparable work, and refusing to give homosexuals promotions are all egregious forms of job discrimination. Shaw only discusses discrimination against blacks, Hispanics, and women because “most discrimination in the American workplace has traditionally been aimed” at these groups (317). Discrimination is usually based on prejudice. (e.g. The belief that men don't respect women bosses, that whites are harder working than other groups, or that customers won't like to have Asian waiters.)

Not all discrimination is intentional or conscious. Sometimes people favor some groups of people over others as a matter of personal preference, or unconsciously accept stereotypes (317). Sometimes no one in particular is prejudiced, but the policies or procedures of an organization are prejudiced. A blatant example would be a policy that states that women can't get “supervisory positions because 'the boys in the company don't like to take orders from females” (ibid.). Not all examples are this obvious. For example, some states required a [literacy test for voters](#) and many blacks were given a poor education and couldn't pass the literacy tests. Literacy tests (and similar academic tests) used for job applications could be discriminatory for similar reasons when it doesn't directly measure the relevant qualifications concerning the job.

Why is job discrimination immoral? I've already made it clear that we are only dealing with irrational “non-merit-based” forms of discrimination here. That in itself doesn't sound productive. Additionally, there's a good reason that such discrimination is wrong. First, it unfairly harms people of a group (ibid.). Second, it's disrespectful and doesn't treat people as “ends in themselves” (317-318). Third, we wouldn't be willing to accept such irrational discrimination practices that target groups we would personally suffer from (318) Fourth, discrimination violates the ideals of equal moral equality, violates people's moral rights, and violates the ideal of equal opportunity (ibid.). Shaw doesn't mention a fifth

reason, but discrimination often harms companies because companies do best with the most qualified employees and discrimination often prevents qualified people from attaining the jobs they would best serve. As a result it also harms customers and investors who depend on the company to hire and reward the most qualified employees who can provide us with the best products and services in the most efficient way available.

Evidence of discrimination

Although it is clear that job discrimination exists, it's not clear how widespread it is. “However, when (1) statistics indicate that women and minorities play an unequal role in the work world and (2) endemic attitudes, practices, and policies are biased in ways that seem to account for the skewed statistics, then there is good reason to believe that job discrimination is a pervasive problem” (ibid.).

Statistical evidence

Many statistics indicate that there are advantages given to whites and disadvantages facing blacks and Hispanics. This can be seen in household net worth, poverty rates, and unemployment rates.

Household net worth – Studies have consistently found that white households tend to have about ten times the net worth of black households. The Panel Study of Income Dynamics found that in 2007 the median white household's net worth was \$116,500 but the median black household's net income was \$9,500. More information can be found in the [PDF](#) here.

Median Household Net Worth

	2005	2007
White	\$115,800.00	\$116,500.00
Black	\$10,600.00	\$9,500.00

Poverty rates – According to [statehealthfacts.org](#), 13% of white Americans, 35% of black Americans, and 34% of Hispanic Americans lived in poverty from 2008-2009.

Unemployment rates – According to the [Bureau of Labor Statistics](#), in April 2011, 8% of whites, 16.1% of blacks, and 11.8% of Hispanics were unemployed

Second, many statistics show advantages given to men and disadvantages given to women. This is illustrated by the income gap between men and women, and the low number of women in high paid positions.

The income gap – According to [Robert Drago](#), the ratio of women’s and men’s median annual earnings, was 77.0 for full-time, year-round workers in 2009, essentially unchanged from 77.1 in 2008

High paid positions – Relatively few women are in management positions. According to the [Government Accountability Office](#), women accounted for 40% of the management positions in 2007 despite being 49% of the non-management work force. Additionally, very few women are corporate executives. [According to CNN](#), in May 2010 only 15 of the 500 “Fortune 500” companies were run by

women.

Attitudinal evidence

Statistics don't conclusively prove that discrimination exists because there could be causes of various advantages and disadvantages accorded to various groups based on legitimate factors other than prejudice or discrimination. To assume that "correlation always indicates causation" is to commit an error in reasoning. Shaw helps establish that discrimination exists by appealing to concrete examples of job discrimination and surveys.

For example, in 1990 Price Waterhouse, an accounting firm, was sued by Ann Hopkins and found guilty of sex discrimination for refusing to treat women as equals when deciding when to promote women into partners (320).

Price Waterhouse denied her the position because she was allegedly an abrasive and overbearing manager. Coworkers referred to her as 'macho,' advised her to go to charm school, and intimated that she was overcompensating for being a woman. One partner in the firm even told her that she should 'walk more femininely, talk more femininely, dress more femininely, wear makeup, have her hair styled, and wear jewelry.' Hopkins argued, and the Court agreed, that the comments like these revealed an underlying sexism at the firm and that her strident manner and occasional cursing would have been overlooked if she had been a man. (321)

Shaw adds that several surveys confirm the prevalence of discrimination, prejudice, and stereotyping against women and other minorities (321-322). I will discuss the findings of new surveys and studies instead of the older ones that Shaw discussed.

One study from 2007 found that (a) customers who viewed videos featuring various employees were significantly more satisfied with the employees who were white men than from a minority even when the performance of the employees were indistinguishable, and (b) that white male doctors are often believed to be more competent and approachable than doctors of a minority even when their performance is indistinguishable. Such a study suggests not only that prejudice is widespread, but that "customer satisfaction surveys" are biased and should not be taken seriously when making administrative decisions that can help or harm employees. You can download a PDF of the study [here](#).

Additionally, in 2005 Catalyst published findings concerning American stereotypes about women that can often be harmful to their careers. In particular, stereotypes tend to bias people against women taking leadership positions. Women are often seen as affectionate, appreciative, emotional, friendly, sympathetic, sensitive, and sentimental; but men are seen as dominant, achievement-oriented, active, ambitious, self-confident and rational.⁴ It seems likely that many people think our leaders should be dominant, achievement-oriented, ambitious, self-confident, and rational; rather than affectionate, emotional, or sensitive. You can download a PDF of the findings [here](#).

Finally, we can also consider other evidence that people are prejudiced in various ways. For example:

1. There is evidence that many people are prejudiced against atheists. [A 2006 study by the](#)

⁴ These specific findings are attributed to David Schneider's *The Psychology of Stereotyping* (New York: Guilford Press, 2005).

[University of Minnesota](#) found that 47.6% of Americans disapprove of a marriage between their child and an atheist, and a [2007 poll](#) revealed that 57% of Americans don't think atheists can be moral. The word “godless” has been used as an insult for quite some time, and it still is. I argue that atheism is not immoral [here](#).

2. There is evidence that many people are prejudiced against Muslims. A [2010 poll](#) showed that 43% of Americans admit being at least a little prejudiced against Muslims, which is more than twice the number of people who admit that concerning other religions (18% admit it concerning Christians, 15% admit it concerning Jews, and 14% admit it concerning Buddhists.) I argue that Muslims are not immoral [here](#).
3. There is evidence that many people are prejudiced against homosexuals. A [2007](#) poll found that 43% of Americans wouldn't vote for a qualified homosexual to be president, and a [2006 poll](#) found that 22.6% of Americans don't think that homosexuals “share their vision of of American society.” I argue that homosexuality isn't immoral [here](#).

Additionally, there's evidence of prejudice and discrimination against...

- (a) People with disabilities, which lead to [the Americans with Disabilities Act of 1990](#) and successful [lawsuits](#).
- (b) Unattractive people based on a [1994 study](#) and a [2010 study](#).
- (c) People who are overweight based on a 2001 study ([PDF](#)).
- (d) Older people, which lead to the [Age Discrimination in Employment Act of 1967](#) and [successful lawsuits](#).

Affirmative action: a legal context

Affirmative action originated in the form of somewhat recent civil rights legislation. It started in 1961 “President John F. Kennedy signed Executive Order 10925, which decreed that federal contractors should 'take affirmative action to ensure that applicants are employed without regard to their race, creed, color, or national origin,” the 1963 Equal Pay Act that “guaranteed the right to equal pay for equal work,” and the 1964 Civil Rights Act that “prohibits all forms of discrimination based on race, color, sex, religion, or national origin” (323). Title VII of the Civil Rights Act prohibits discrimination in the work place regarding hiring employees, dismissing employees, wages, benefits, and discipline. The Civil Rights Act applies to all organizations with fifteen or more employees.

Civil rights legislation continued with the 1967 Age Discrimination in Employment Act and the 1990 Americans with Disabilities Act.

Civil rights law is enforced by the Equal Employment Opportunity Commission (EEOC). Starting in the 1960s “companies contracting with the federal government were required to develop affirmative action programs, designed to correct imbalances in employment that exist directly as a result of past discrimination” (324). The EEOC gives the following guidelines to affirmative action: (1) Organizations must have a written equal employment policy, (2) they must appoint someone in charge of the equal employment policy, and they must report information regarding employees of various minorities (ibid.).

The Supreme Court's position

Shaw lists many Supreme Court cases relevant to affirmative action to give us an idea about the legality involving it.

The first case concerning affirmative action was *Bakke v. Regents of the University of California* from 1978 and ruled that strict quotas meant to help minorities were a form of reverse discrimination against non-minorities (325). A white student sued because he would have been admitted to UC Davis if it weren't for the quotas, and he won the case.

Perhaps the latest affirmative action case in the Supreme Court was the 2009 case, *Ricci v. DeStefano*, which ruled that an organization can't dismiss test results that seem discriminatory unless they can be sufficiently proven to be discriminatory. A test was given to firefighters in New Haven, Connecticut to determine which workers would get promotions and none of the black workers passed. Nineteen workers believed they were passed up on the promotions because the test result was thrown out, and they won the case. The Supreme Court decided that throwing the test results out was a form of discrimination and violated our civil rights.

Recent Supreme Court cases involving affirmative action have confirmed that minorities can be given extra points when making administrative decisions, but unqualified people should not be given special treatment on the basis of affirmative action (328).

Affirmative action: the moral issues

Legislators and the Supreme Court can decide when affirmative action is legal, but they can't determine when (or if) it's moral. Shaw discusses arguments for and against affirmative action that include “programs taking race or sex of employees or job candidates into account as part of an effort to correct imbalances in employment that exist as a result of past discrimination, either in the company itself or in the larger society... Excluded are programs that establish rigid, permanent quotas or that hire and promote unqualified persons” (ibid.).

I don't know why Shaw states that affirmative action is meant to only counter “past discrimination.” Discrimination still exists. People and institutions often give preference to non-minorities over minorities, as was already made clear above. Affirmative action could be used to counter discrimination that still exists to make sure prejudice has a smaller impact on administrative decisions that can benefit and harm workers.

Arguments for affirmative action

1. **“Compensatory justice demands affirmative action programs”** (329) – Past discrimination has harmed minorities and we should try to compensate for that damage. (However, (a) it's not clear that employers have a duty to compensate for the wrongs done by *others* and (b) affirmative action doesn't compensate the actual people who were harmed by past discrimination.)
2. **“Affirmative action is necessary to permit fairer competition”** (329-330) – Blacks,

Hispanics, and other minority groups are still disadvantaged because of past discrimination, and affirmative action can help them rise above disadvantages that they still suffer from. (However, its prejudiced to assume that only minorities suffer from unfair hardships when many whites have also had to do so.)

3. **“Affirmative action is necessary to break the cycle that keeps minorities and women locked into low-paying, low-prestige jobs”** (330) – It's unfair that certain minorities are trapped into worse jobs than white men and it would take hundreds of years to change that situation without affirmative action. (However, affirmative action can make people racially conscious and white men can resent minorities who get good jobs by assuming that it was because of a form of reverse-racism.)

Arguments against affirmative action

1. **“Affirmative action injures white men and violates their rights”** (ibid.) – The group you belong to is irrelevant to your qualifications and people should be treated as individuals with unique qualifications instead. Affirmative action doesn't treat people as individuals and can harm white men who might not enjoy advantages that are enjoyed by minorities just because they are minorities. (However, white men have more advantages than other groups and affirmative action can help provide a better balance of advantages by taking minority groups into consideration.)
2. **“Affirmative action itself violates the principle of equality”** (330-331) – If it's wrong to treat people unequally, then it's also wrong to treat them unequally to give minorities an advantage over whites. (However, being in a minority group already prevents people from being equals and affirmative action helps counterbalance the advantages enjoyed by white men.)
3. **“Nondiscrimination will achieve our social goals; stronger affirmative action is unnecessary”** (331) – Civil rights legislation already requires nondiscrimination and strict enforcement of the law is all that we need to stop discrimination. (However, lawsuits are not always successful, not everyone wants to sue their (potential) employer, and it's extremely difficult to prove non-egregious and non-blatant forms of discrimination.)

I believe that the opposition to affirmative action tends to rely on the assumption that affirmative action doesn't help prevent actual discrimination that exists right now despite evidence that discrimination is widespread. So far affirmative action seems to be the only solution to that issue, but certainly more research could help us decide on whether or not it is effective. This argument is utilitarian. It is possible that there are deontological reasons to oppose affirmative action. Perhaps it illegitimately restricts freedom, disrespects people by assuming there are prejudiced, and so on.

Comparable worth

We think equal work and merit deserves equal pay, but many women don't always get equal pay as men—even for the same job (ibid.). For example, Louise Peterson, a female nurse, sued Western State Hospital because she was paid \$192 a month less than male nurses who had similar work and pay. A federal judge found the hospital guilty of sex discrimination (331-332).

Additionally, many women get paid less than men because they work in a job that was traditionally given to men. Such women dominated professions (called “pink collar” occupations) often pay

significantly less than jobs traditionally dominated by men despite requiring comparable work and qualifications. “For example, studies have shown that legal secretaries and instrument-repair technicians hold jobs with the same relative value for a company in terms of accountability, know-how, and problem-solving skill. Yet legal secretaries, who are almost all women, earn an average of \$9,432 less than instrument-repair technicians, who are generally men” (332).

Advocates of the “comparable worth principle” argue that people should be paid the same amount for the same sort of work and qualifications—“even if discriminatory job markets would otherwise put them on different pay scales” (ibid.). Moreover, I would like to point out that some jobs with such “discriminatory pay” could be for the government rather than in the free market. It seems like a blatant example of discrimination when the government pays women less than men despite doing comparable work and having comparable qualifications.

Opponents of the comparable worth principle often favor the free market and don't think the government should regulate the amount companies pay for a job. After all, it might be that women freely chose to work in professions that pay less knowing full well that better paying jobs are available. One opponent points out that “[f]or two decades at least women have been free to go into any occupation... But most women continue to choose traditional, rather than non-traditional jobs. This is their own free choice. Nobody makes them do it” (332).

It seems reasonable to demand that the comparable worth principle should be used by organizations to make sure that white men and minorities are paid equally for the same jobs, equal work, and equal qualifications. It seems like blatant discrimination not to do so. Minorities might “freely choose” to work for a discriminatory company only because almost every company is discriminatory and few to no better opportunities exist. This certainly seems disrespectful to minorities.

It also seems reasonable to demand that government jobs pay women equally to men for comparable work and qualifications across professions because there is no reason for the government to favor white male dominated professions over professions dominated by minorities other than blatant and disrespectful discrimination. Government jobs don't revolve around the “free market,” so it can't account for governmental discrimination.

Sexual harassment

Sexual harassment—unwelcome sexual behavior in the workplace—is merely one illegal form of harassment, and workers should not be harassed on the job. Sexual harassment, however, is often discriminatory in that it mainly targets women *because* they are women (334). Perhaps the most obvious example of sexual harassment is when a manager tells an employee to “sleep with me or else you're fired.” Other examples of sexual harassment can include unwelcome sexual requests, unwelcome touching, and unwelcome sexual comments. For example, “[s]exual innuendos; leering or ogling at a woman; sexist remarks about women's bodies, clothing, or sexual activities; the posting of pictures of nude women; and unnecessary touching, patting, or other physical conduct can all constitute harassment” (335). Sexual harassment can involve potential punishments and rewards for the victim. However, “[e]ven sexual offers without hint of retaliation [can] change the employee's work environment in an undesirable way” (ibid.).

The difference between harmless sexual behavior (flirting, sexual advances, and sex-related humor) and sexual harassment is not always clear, and it might be impossible or even undesirable to ban all sexuality found in the workplace (336).

It is advisable for people to try to make it clear that unwanted sexual behavior is unwanted, and if the unwanted sexual behavior becomes distressing, to even take steps to stop the sexual harassment. The following steps can be taken (ibid.):

1. It can be made explicitly clear that the sexual behavior is unwanted.
2. The behavior can be documented with every case of it being specifically noted.
3. If the behavior continues or is serious, then a supervisor should be notified and any other official policy of the company can be followed.
4. If the company refuses to stop the sexual harassment, then it can be sued.

[A 2007 study](#) said that there's strong evidence that women who defy gender stereotypes and have "masculine" qualities are more likely to face sexual harassment. Men are not necessarily sexually attracted to women they sexually harass and often feel that their masculinity is threatened.

Sexual harassment is wrong for the same reason as discrimination and because it's a harmful form of harassment. Sexual harassment is often harmful to both the (a) victim and (b) organization:

1. Sexual harassment is not only disrespectful and not only coercive, but it has measurable effects. The psychological distress caused by sexual harassment is very real. Two 1998 studies conducted by the European Union ([PDF](#)) found that sexual harassment could lead to "severe distress" and cause negative effects on the victim's health. For example, victims reported feeling fear, insecurity, and mistrust; as well as physical symptoms, such as headaches, stomach aches, and sleep deprivation.
2. A [2005 study](#) by the Queen's School of Business found that unwanted sexual attention makes entire work teams less efficient and can lead to team conflict.

Sexual harassment is widespread. A [2011 study](#) by Michigan State University found that over 50% of women and almost 20% of men had at least one incident of sexual harassment within a year. The study found that many people experience sexual harassment as bothersome or frightening. Women were found to find sexual harassment distressing when it was frightening rather than bothersome; but men found it distressing either way.

Conclusion

Job discrimination is illegal, it's often against the company's best interest, and it's immoral. Not all forms of irrational discrimination are illegal and companies should do whatever is necessary to be impartial when making decisions that can harm or benefit employees and applicants. Moreover, discrimination is widespread. Legal action is often but not always available against companies that discriminate. Affirmative action can help minorities by preventing discrimination against them or to attempt to help them overcome obstacles that they face due to past discrimination, but it's not clear that affirmative action is a morally preferable option.

One form of discrimination seems to be unfair wage differences and the “principle of comparable worth” might be necessary to combat such discriminatory practices.

Finally, sexual harassment in particular violates the right to noninjury accepted by all theories of justice and causes measurable harm.

Part IV: Business and Society

Chapter 15: Consumers

There are many moral issues in the business world relevant to consumers. In particular, businesses have moral duties to consumers and some actions taken in business are morally preferable that have an impact on consumers. I will discuss (a) the responsibilities of business to consumers, (b) product safety, and (c) advertising. This discussion is largely based on chapter ten of [Business Ethics \(Third Edition, 1999\)](#) by William Shaw.

The responsibilities of business to consumers

Businesses have at least the following two general ethical duties to consumers, according to any theory of justice or morality that recognizes (a) that contractual relationships give us obligations and (b) that we have a right to non-injury:

1. Businesses must give us what we pay for. Whenever we trade, we are exchanging goods and services within an implicit or explicit contract. One person is obligated to give one thing in exchange for another. People should not be deceived about what they are buying. For example, when we buy a TV set we expect (i) to get the TV set, (ii) that the TV set will function, (iii) that the TV set has minimally sufficient quality, and (iv) that the TV set will not harm us when used in ordinary ways.
2. Businesses must not harm anyone, including consumers.

Additionally, businesses can make moral decisions that are not necessarily “ethical duties.” Some moral decisions are morally favorable and some are morally unfavorable. For example, utilitarians will argue that a business ought to help people flourish and live better lives, even though it’s not necessarily obligated to do so. One popular argument for a free market that allows trade unrestricted by a government is the “invisible hand argument”—that free trade between rational self-interested and profit-seeking individuals leads to competition, and a productive and flourishing society. However, this implies that consumers are rational and informed and yet consumers tend to know very little about the products they buy *despite requiring them*. For that reason it seems preferable for companies to be open and honest about the products and services they sell. Consumers need ways to be informed about the products and services they buy without becoming experts, or we have no reason to expect free trade to lead to a prosperous society.

The facts that (1) consumers are no longer well-informed and (2) consumers are no longer self-sufficient both have bearing on the importance of business ethics regarding consumers: First, at one point in time consumers might have been able to assess the quality of products and services they bought on their own, but that is no longer the case (354). Products and services are now often created by experts who have spent years within a specialized field. This makes it very important for companies to be honest with consumers who can no longer know on their own if the product or

service they buy is of sufficient quality or even has the function they consider buying it for. Second, at one point in time consumers might have been able to refuse to buy products and services without penalty (353-354). Such people could be self-sufficient and farm all the food they need to survive on their own. However, that is no longer the case. People are increasingly dependent on the goods and services that require the machines, resources, and expertise of others. This gives consumers little choice but to trust the honesty and good intentions of companies, and makes it even more important that companies look out for the best interest of their customers.

Product safety

Product safety is an ethical obligation insofar as companies have a duty to provide consumers with whatever it is they pay for and products are assumed to be safe for ordinary use. Nonetheless, “statistics indicate that the faith consumers must place in manufacturers is often misplaced. Every year millions of Americans require medical treatment from product-related accidents” (354). For example, [drugs often have harmful side effects](#) (including death) and many [children’s toys contain harmful chemicals such as lead](#).

The legal liability of manufacturers

We originally had a legal doctrine of “*caveat emptor*”—“let the buyer beware” because consumers were expected to know if the products they purchased were of sufficient quality (355). This doctrine was eventually phased out, which was clearly seen after the 1916 landmark court case *MacPherson v. Buick Motor Car* embraced the view that *manufacturers* could be sued *rather than merely sellers*, and it marked a change in law where manufacturers were seen as having a duty towards customers despite not always having a direct contractual relationship with them (*ibid.*). This duty is what can be described as being based on “due care,” the view that “consumer’s interests are particularly vulnerable to being harmed by the manufacturer, who has knowledge and expertise the consumer does not have” (354-355).

In 1916 the doctrine of “due care” was based on the assumption that (a) companies were innocent until proven guilty and (b) that manufacturers aren’t responsible for harming consumers after taking sufficient precautions (355). It was the customer’s job to prove that the manufacturer had been *negligent*, but it can be very difficult to prove that a company is negligent and products could be very dangerous even when many precautions are taken.

However, we now use the legal doctrine of “strict liability” and companies are now liable even when they take precautions, so consumers no longer have to prove negligence. Companies have a duty to have safe products and taking precautions can no longer get them off the hook (*ibid.*). Strict liability isn’t absolute liability because the product must be “defective” and consumers must use caution. The justification for strict liability is utilitarian. It’s a good source of motivation for companies to take every precaution possible because any harm a defective product causes can cost them a lot of money from legal battles (356). Taking *some* precautions is no excuse for a defective product because more precautions can often still be taken.

Protecting the public

The government regulates product safety of manufacturing industries using various agencies, such as the Consumer Product Safety Commission. “The five-member commission sets standards for products, bans products presenting undue risk of injury, and in general polices the entire consumer-product marketing process from manufacture to final sale” (ibid.).

Although it might sound like a good idea for the government to protect consumers, it comes at a cost. First, we have to expand the government and hire more government officials. Second, high safety standards are often expensive for both manufacturers and consumers (ibid.). For example, “[t]he cost to Panasonic to recall and repair 280,000 television sets, as ordered by the commission because of harmful radiation emission, was probably equal to the company’s profits in the United States for several years” (ibid.). Safety regulations can raise prices for consumers and they can prevent consumers from buying less safe goods at a reduced price (357). There might be less people who can afford to buy cars because they can only afford cars without the added cost of high safety standards. Government regulation over manufacturing safety standards is often a form of *legal paternalism*—treating the government as a protective parent (357). Cars need to be safe enough to prevent car accidents because we don’t have the right to harm (or endanger) other people. However, some safety standards only protect consumers who own the products. For example, cars are now legally required to be made with safety belts, but such a legal requirement is paternalistic because it is trying to protect people from themselves by disallowing them to risk their own safety. Many people assume that paternalism is totally unjustified because people have a right to live their own lives and know how to protect their own interests better than anyone else (ibid.) However, Shaw argues that (a) consumers are not fully rational and informed, and (b) we have to balance the value of freedom against the value of safety (ibid.). Knowledge of safety often requires expertise that most of us lack, so it seems plausible that people don’t understand when a product is sufficiently safe. Paternalism could be justified on the grounds that (i) companies would be disrespectful to exploit our ignorance, (ii) companies would be respectful to give us products that are safe to use when possible, and (iii) it will lead to the “greatest good” insofar as safety is a vital part of our well being.

How effective is regulation?

Government regulation is often effective, but not always. For example, the Food and Drug Administration (FDA) banned cyclamate, a sweetener perhaps because of questionable reasons. Abbott Laboratories, the maker of cyclamate, found “compelling evidence of the FDA’s abuse of both regulatory process and scientific method, as well as a massive attempt at a cover up” that led to the ban despite the fact that cyclamate was proven to be safe (358). Nonetheless the FDA “commissioner conceded that cyclamate was safe but would remain banned for political reasons” (ibid.).

Although some people have argued that the government should let companies regulate themselves, there’s evidence that there’s often a good reason for the government to step in because companies often refuse to accept sufficient safety standards on their own (359). For example, the auto industry preferred to have low safety and pollution regulation for cars and fought against legislation for stricter standards. The lower standards enjoyed by car companies might have saved them money, but they cost the public lives, suffering, and high medical bills. “[T]he federal government delayed the requirement to equip cars with air bags or automatic seat belts. Each year of the delay saved the industry \$30 million. But the price paid by consumers has been high: Passive restraints reduce highway deaths by 3,000 a year and injuries by tens of thousands” (ibid.)

The responsibilities of business

As noted earlier, businesses are required to give us sufficiently safe products whether they are regulated or not. The following six steps should be taken by manufacturers to assure consumers that safety standards are sufficiently high:

1. **“Business should give safety the priority warranted by the product”** (360) – Companies shouldn’t dismiss safety standards whenever they would cost the company money. Safety standards are a requirement other than profit. The seriousness and frequency that a product causes harm determines how important safety standards are. Products that cause serious injuries often are the products that need the highest safety standards.
2. **“Businesses should abandon the misconception that accidents occur exclusively as a result of product misuse and that it is thereby absolved of all responsibility”** (360-361) – First, consumers should be educated about the proper use of products that can cause harm. Second, some consumers are harmed even when they use products appropriately. Third, if products are continually being misused, there might be ways to make misuse less dangerous.
3. **“Business must monitor the manufacturing process itself”** (361) – There are often product defects from mismanaged manufacturing processes, and companies must oversee that people making the products are qualified and predict possible problems in the manufacturing process and ways to identify when such problems occur. Additionally, products should be rigorously tested to make sure they are adequately safe. Sometimes other companies should be hired to assure that the testing process is unbiased.
4. **“When a product is ready to be marketed, companies should have their product-safety staff review their market strategy and advertising for potential safety problems”** (361-62) – Advertisements and product images can have an impact on how a product is used and irresponsible advertising and product images can encourage people to use the product in unsafe ways. For example, advertisers shouldn’t show people driving cars while using their phones to send text messages.
5. **“When a product reaches the marketplace, firms should make available to consumers written information about the product’s performance”** (362) – To prevent the misuse of products, information about proper and improper use of a product should be clearly explained and available to the public. This is why many products have a warning label.
6. **“Companies should investigate consumer complaints”** (ibid.) – Consumers are a good source of product safety testing that can go beyond a company’s expectations, and complaints can be a good source of information concerning safety standards and misuse of products.

Other areas of business responsibility

Product safety might be the most important concern of consumers considering that it’s often a matter of life and death, but it’s not the only concern of consumers. In this section Shaw discusses product quality, pricing, and packaging and labeling.

Product quality

When a product is purchased, customers aren’t usually just buying an unknown object—they are

usually buying an item of sufficient quality that performs a certain expected function (363). A broken TV set shouldn't be sold as a "regular TV set." It should be clear that it's broken. Products must either conform to reasonable customer expectations or to the explicit claims made about it. This is especially important now that the quality of many products can't be assessed quickly or without adequate expertise. We tend not to have adequate time to test an item before buying it, and we tend to lack the expertise required to know its quality.

Many products are sold with a guaranteed level of quality, which is known as a *warranty*. For example, the manufacturer can promise that a TV set will last for two years without needing any repairs. There are express and implied warranties. Express warranties are explicitly given, but implied warranties aren't. Any sale without an express warranty has an implied one, which is that the product will have the adequate quality needed to be used for ordinary use.

Prices

Pricing practices are often meant to "manipulate people." Consider the following:

1. Price tags often have 99 cents included because many people don't think of it as a dollar. For example, something could be sold for \$19.99 instead of \$20 (365).
2. Prices can be raised in the hopes to sell more products because sometimes people will be willing to buy something if the price is high—perhaps with the assumption that it has a higher quality (ibid.).
3. Sometimes similar products sell more often if they are available at different prices. This can give the illusion that the products are of varying qualities, when they might have nearly identical quality (ibid.).
4. Prices are often higher than they appear due to "hidden fees" (ibid.)
5. Prices are often raised by reducing quality or quantity (ibid.). For example, a container of peanuts can stay the same size but contain less.
6. Sometimes products aren't labeled with a price tag to make it more difficult for customers to compare prices (ibid.).
7. Electronic scanners used to charge customers often have errors and charge customers more money than the item was supposed to cost (ibid.).
8. Prices can start at artificially high values so that they can be "on sale" and appear to be a better deal than they really are (366). Sometimes these originally high values are the retail prices suggested by the manufacturer (365).
9. Companies often have promotions for sales, but only one or two products are marked for sale and the promotion was just a lure to get customers into the store.

It is certainly more respectful to customers to do business without psychological manipulation, but it's not clear if businesses are *obligated* to do business without such manipulation. Either way, it seems to be morally preferable considering that psychological manipulation can harm people and encourage irrational choices to be made. When dealing with the well being of people, it's better to be safe than sorry.

Price fixing – Sometimes stores engage in price fixing and sell products for inflated prices by refusing to do business with manufacturers who sell the same products to competing stores that are willing to sell the same product for less. Other times manufacturers require stores to sell their products for the

retail value or they will refuse to do business with the stores in the future. Either way, price fixing is illegal and probably immoral given that the “free market” requires supply and demand to determine the value of products (366). In fact, price fixing is usually only used by monopolies—companies that lack competition. If the product was being sold for too much, then a competitor could sell the same product for less; but there is no concern for such competition when there isn’t any.

However, it’s not always monopolies that engage in price fixing. Sometimes an entire industry can refuse to be competitive and can keep prices high (367). Such industries are still more likely to be run by large businesses rather than several small ones.

Price gouging – Price fixing is often a sort of price gouging—charging too much for a product, but there could be other reasons for price gouging and it’s not entirely clear when high prices are examples of price gouging. For example, it’s not obvious if it’s immoral to raise the price of umbrellas during a rainy season or the price of snow shovels after it starts snowing (ibid.).

Price gouging raises the question, “What’s a fair price?” This is not an easy question to answer and seems related to the costs of producing a product and the profits being made for it (ibid.). If a price is so high that it seems disrespectful, then we have a reason to find it immoral on deontological grounds. If a price is so high that it ends up hurting people that wouldn’t be harmed if prices were lower, then it’s morally preferable that the price should be lower on utilitarian grounds.

Predatory pricing – Shaw doesn’t discuss predatory pricing, but it’s something worth thinking about. Although we like low prices, predatory pricing is the use of such low prices that little to no profit is made. It is suggested that large companies can engage in predatory pricing to harm the competition because large companies can afford not to make any profit for quite some time while other companies can’t. Predatory pricing is an unfair tactic that undermines the free market.

To identify predatory pricing, consider the following:

1. Is the company selling something for little to no profit? If not, it’s not predatory pricing. Sometimes low prices are still profitable enough for a large company when it wouldn’t be sufficiently profitable for small businesses.
2. Is it an unusual promotion? If it’s a promotion, then the company might just be trying to get some customers into the store.

If a company is selling something for little to no profit and it’s not a promotion, then it could be a form of predatory pricing.

Some people have argued that predatory pricing never happens and/or is irrational, but [there is game-theoretic evidence that it is rational](#), James A. Dalton and Louis Esposito argue that there was considerable evidence that Standard Oil engaged in predatory pricing from 1892 to 1894 (2006, [PDF](#)), and in 2003 [Germany found Wal-Mart guilty of predatory pricing](#) (due to the simple fact that Wal-Mart was engaging in “below cost pricing.”)

“Below cost pricing” is the practice of charging less for a product than the cost. Germany forbids all “below cost pricing” as a form of predatory pricing. Even if below cost pricing isn’t meant to destroy the competition, it could still do so. As noted above, many small businesses can’t afford to compete

with extremely low prices and “below cost pricing” would certainly be included in that. It’s not entirely clear that below cost pricing is always immoral, but there could be utilitarian considerations against it that could be used to justify legislation against it.

Extremely low prices are generally not seen as being immoral, but highly efficient and powerful corporations can end up putting small companies out of business when they can keep prices low, and some people think there’s value to be found in small businesses that can’t be found in large corporations. Sometimes corporate efficiency is little more than being large enough to get discounts based on volume—companies that can afford to buy enough from manufacturers can buy them for lower costs. It seems a bit unfair to give wealthy and powerful corporations a huge discount just because they can afford to buy more goods. It’s a form of rewarding the wealthy for being wealthy.

Labeling and packaging

Customers have a right to know what the products are that they purchase, and labels and packaging are the customer’s “primary source of product information” (368). I already mentioned that safety information and warnings should be included with a product, and in many cases such information should be on the package. The most important moral issue involving packaging is misleading packaging. Packaging must not be misleading because (a) it’s important for consumers to know what they are buying for the transaction to be legitimate and (b) it’s disrespectful to try to manipulate people. Customers might not want a product if they find out it’s unsafe or unhealthy, such as tobacco.

Despite a customer’s right to know what they are buying, companies often lie or prefer for their products to remain a mystery. In egregious cases, labels can be used as false advertising. For example, in 2008 [Purely Juice](#) sold juice labeled as “100% pomegranate juice” that contained mostly water and high fructose corn syrup (sugar). Another example is [Taco Bell](#), which has been charged with misleading customers by advertising the use of “100% beef” when the meat substance is only partially beef.

Vague or ambiguous words, like “[all natural](#)” and “99% fat free” are often misleading. Arsenic is all natural, and [2% milk contains 35% fat in terms of calories](#). (It’s 2% fat by weight.) Packaging can also be misleading by using large packages full of air or optical illusions (369). Cereal boxes look larger when they are tall and narrow rather than box-shaped, and shampoo bottles often have a pinched waist to look larger than they really are.

Deception and unfairness in advertising

The goal of advertising tends to be to persuade people to buy a product rather than to convey information (370). False advertising is only one form of morally questionable advertising. There’s also the question of manipulative and uninformative advertising.

Advertising is morally relevant not only because some companies advertise, but also because we are saturated by it. Back in 1999 William Shaw stated that companies spend so much on advertising that around \$500 is spent for each person annually in the US (369). In 2010 around \$425 was spent on each

person for advertising in the US.⁵

Deceptive techniques

False advertising is the most egregious form of deceptive advertising, and not all deceptive advertising is blatant. Deceptive advertising usually makes use of ambiguity and vagueness, concealed facts, exaggeration, and psychological appeals.

Ambiguity and vagueness – A statement is ambiguous when it can be taken two different ways, but a vague statement is when it's not clear where to draw the line. Shaw's main point is merely that advertisers use manipulative language and he treats ambiguity and vagueness as equivalent, *but they aren't*. To say that 2% milk contains 2% fat is ambiguous because it could be 2% by weight, volume, or calories; and the company will use whatever criteria is most convenient. To say that a product is "healthy" is vague because it might be healthy in moderation or merely healthier than some other product on the market.

Shaw argues that Sara Lee's "Light Classic" desserts are preying on ambiguity because people tend to think that the word "light" refers to the calories, but it actually refers to "the texture of the product" (370).

Shaw gives examples of "weasel words" that are intentionally *ambiguous* or *vague* that can easily be used to deceive consumers. For example, "like," "virtual" or "virtually," "can be," and "up to," and "as much as." The statement "*up to 50% fat free*" is almost meaningless because it might not be fat free at all.

Concealed facts – Advertisers suppress information that customers should know about. For example, alcoholic products advertised on television don't mention that [alcohol is addictive](#). Sometimes the suppressed information is merely used to play on the manipulative language used. For example, "American Home Products was advertising its Anacin-3 by claiming that 'hospitals recommended acetaminophen, the aspirin-free pain reliever in Anacin-3, more than any other pain reliever'—without telling consumers that the acetaminophen hospitals recommend is, in fact, Tylenol" (ibid.).

Exaggeration – Exaggeration can be nothing less than false information, but it can also be a form of puffery. When Nabisco claimed that it's bran cereal was "flavored with two naturally sweet fruit juices" it exaggerated its use of healthy sweeteners because it failed to mention that it mostly uses sugar and only trace amounts of fruit juice (373). Puffery is the use of "harmless superlatives," like when a company describes their product as the "king of beers" (ibid.). The main purpose of puffery is to appeal to our emotions rather than reason, and it could be considered to be an inappropriate "psychological appeal" despite being relatively harmless rather than deceitful.

Psychological appeals – Attempts to deceive people through [poor reasoning](#) or emotional appeals are deceitful forms of psychological appeals. Many advertisements seem to promise or imply a possible connection between a product and a good family, a good sex life, intimate friendships, and happiness. Usually this is implied by showing family, friends, and lovers enjoying their intimate time together with the product. Also, consider a blatant example of advertising [by Coca-Cola on youtube](#) that

⁵ According to [Kantar Media](#), \$131 billion was spent on advertising in 2010, and the US population was 308 million, according to the [US Census Bureau](#).

promises happiness. It says, “A Coca-Cola vending machine is transformed into a happiness machine delivering ‘doses’ of happiness. Where will happiness strike next?” The video shows a Coca-Cola machine that provides free bottles of Coca-Cola and a large subway sandwich to high school students. Some psychological appeals could be at the subconscious level and we might not even be aware of the effects subliminal advertising has on our decision making (374-375).

The Federal Trade Commission’s Role

The FTC was originally created in 1914 to combat monopolies and unfair business practices that harm competition, but it has been expanded to “regulate deceptive advertising and [fraudulent] commercial practices” (375). However, many people don’t think it does enough to protect consumers, so many people have sued companies for false advertising and the punishments for false advertising have been more harmful to companies than the fines that would be required by the FTC if it took a more active role (376). Historically when suing companies for false advertising, it must be shown that a reasonable person could be deceived by the advertisement (ibid.). However, the courts now often try to protect less than reasonable consumers (and adopt an ignorant-consumer standard) because half the population has a less-than-average ability to reason and it doesn’t seem fair to let companies manipulate large numbers of people (377). If large numbers of people are deceived, that’s enough to show that the advertising is deceitful.

Ads directed at children

Children are especially vulnerable to deceptive advertising because they can’t be expected to be very reasonable. Some companies advertise to children despite not wanting to sell to children. They want to foster “brand loyalty” because they think their commercials can persuade children to prefer their brand at an early age that will continue into adulthood (378).

The debate over advertising

It’s not just deceptive advertising that people dislike. Many people find some advertising to be immoral based on other factors, and some people even think advertising should be banned entirely. This debate relates to consumer needs, market economics, and free speech.

Consumer needs

Theodore Levitt argued that advertising helps fulfill consumer needs by seeing products as more than mere products—as part of being a happy person. Levitt says, “Without distortion, embellishment, and elaboration... life would be drab, dull, anguished, and at its existential worst” (379). Advertising can make us feel more satisfied with life (perhaps because we bought many products that guarantee it). However, others argue that products rarely live up to their promises of making us live better lives, and I personally think it is warped to value one’s life more based on owning products. That seems like a blatant distortion of the sorts of values that are appropriate. Advertising shouldn’t convince people that being happy is about buying lot of stuff, nor should it convince people to feel unsatisfied with life when they refuse to buy products they don’t need. (See [George Carlin’s skit on stuff](#).)

I find that advertisements that manipulate us to buy products aren’t just disrespectful, but they could cause materialism or [consumerism](#)—a superficial emphasis of the importance of owning products at the

expense of more important values. First, this in itself can cause irrational behavior, such as spending too much time shopping rather than doing something more important. Second, consumerism is wasteful because it encourages us to waste our money better used on something else. Third, consumerism encourages us to buy products that use the world's resources that can harm the environment and cause pollution (which harms both people and nonhuman [animals](#)).

John Kenneth Galbraith argues in The Affluent Society and The New Industrial State that advertising can create new desires in people (380). For example, an advertisement for a product that can reduce dandruff can also show people get upset about dandruff and it might manipulate people to dislike dandruff who cared little about it beforehand.

Advertising often attempts to make people feel inadequate and in need of something that might have little to nothing to do with living a better life. Many people think advertising often attempts to make us feel inadequate with our appearance in an attempt to motivate us to buy more products that can help us look better. [Research](#) by Regan Gurung and Jennifer Otto seems to indicate that advertising is successful at making men feel inadequate with their appearance, even if that's not the intention. I personally don't think it matters whether advertising creates new desires or merely deceives people. Consider the following explanations for why advertising showing intimate relationships can be successful:

1. The advertisement implies that the product can satisfy our desires for close relationships with others, and tricks us into believing it. It's simply a form of false advertising meant to deceive the gullible.
2. The advertisement can create a subconscious association between something we desire (close relationships) and the product, causing many people to desire the product even if they don't consciously believe the association is real. Perhaps the advertisement arouses positive emotions in many people that they confuse with the product, and the advertisement can create a new desire in them that didn't exist before.

I think there is at least some evidence that the second option is right at least some of the time—that advertising can create desires that didn't exist before. For example, we might all desire physical beauty, but giving beauty attention and praising it could completely change a person's priorities. Additionally, many cultures see beauty differently and attempt to satisfy their desire for beauty in different ways as a result. For example, the US has a problem with [anorexia](#) because it values thinness and many other places do not suffer from this problem. The desire to lose weight can be harmful, irrational, and “created” by a culture.

Market Economics

Many people think that advertising is part of having a “free market” and defend advertising using the same arguments used to argue for capitalism and a libertarian theory of justice (381). However, it's not obvious that advertising is really part of having a free market. First, the “free market” could be justified on utilitarian grounds with the assumption that buyers are informed and rational, but advertising rarely has anything to do with rational thought or objects that really make our lives better. Second, it's unclear that advertising is necessary for economic growth or benefits people in general. As I mentioned earlier, some people argue that “advertising in general reinforces mindless consumerism. It corrupts our civilization and misdirects our society's economic effort towards private consumption and away from

the public realm” (382).

Free speech and the media

Some businesses argue that advertising is a form of free speech, and [the Supreme Court has upheld this argument](#). However, it's not obvious that advertising *should be* part of free speech. The law could be changed in the future. And even if it should be, free speech is not unlimited—we don't have the right to use free speech to significantly harm other people, and advertising might significantly harm people in general (or perhaps just specific forms of manipulative advertising are harmful) (382). Although advertising subsidizes television to keep it free, it's not clear that it's good for us in the long run. “[T]he very fact that it's free results in far more consumption than would otherwise be the case and probably, as many think, far more than is good for us” or animals due to distorted values, pollution, damage to the environment, time wasted, and so on (ibid.).

Conclusion

Businesses are responsible to their consumers based on the contract implied by trade and potential harm that can be done to the public. Advertising and product labeling are both very important because it is the *potential* customer's primary source of information, and companies have responsibilities to everyone that could be harmed by their advertising. Although Shaw's book is highly comprehensive, he neglects to discuss pollution and environmental considerations in detail here even though such issues are relevant to how companies treat their customers insofar as environmental damage can harm them. However, environmental issues are saved for Shaw's final chapter and are discussed in more detail there.

It's not entirely clear what all the moral obligations companies have towards their customers and potential customers. Companies must be honest with customers and sell products that are adequately safe or people will be cheated. Every theory of justice will forbid coercive and deceptive trade. However, there's a lot of gray area. It's not entirely clear when advertising is overly deceptive or how much harm manipulative advertising does to people. However, it seems reasonable to think that it is morally preferable for companies to be honest and reject manipulative practices whenever it's unclear how much harm it could cause. It's better to be safe than sorry when we are dealing with the well being of people.

Chapter 16: The Environment

There are many environmental moral issues relevant to business. I will discuss (a) ecology, (b) traditional business attitudes towards the environment, (c) problems involving environmental abuse, (d) environmental protection, (e) methods to pay for environmental protection, and (f) other issues involving environmental ethics. This discussion is largely based on chapter eleven of [Business Ethics \(Third Edition, 1999\)](#) by William Shaw.

To make the grave importance of the environment clear, Shaw briefly discusses many of the environmental issues we face today:

1. Pesticides often harm or kill fish and birds (394), and can cause illness in children (395). Too much pesticide is dangerous to adults, so only safe levels are allowed, keeping adults in mind, but such levels are still probably too dangerous for children. [A 2011 study by UC Berkeley](#) has evidence that prenatal exposure of pesticides in pregnant women can also lower the IQ of their children.
2. Air pollution contaminates the air, despoils vegetation and crops, corrodes construction materials, and threatens our lives and health (ibid.). [A 2011 study by the EPA](#) claims that the Clean Air Act saved over 160,000 lives in 2010, but [many people still suffer illness and die from air pollution](#) and more lives can be saved by stricter standards. We generally assume we get sick from allergies, bacteria, or viruses; but pollution is a very common cause of illness as well.
3. The ozone layer was damaged from chloroflourocarbons (ibid.).
4. Carbon dioxide (and other greenhouse gasses) are causing global warming (ibid.)
5. Toxic chemicals in our environment cause many health issues (ibid.).
6. Nuclear power plants require mining, processing, and transporting of nuclear materials that causes cancer in many people, and it's unclear that our methods of disposing of nuclear waste are entirely safe (ibid.).

In addition to the examples given by Shaw, a [2007 study by David Primentel](#) concludes that pollution could cause 40% of all deaths worldwide.

The importance of environmental destruction is recognized by every theory of justice and every moral theory. Destroying the environment often violates our right to non-injury and endangers our health. Additionally, some people also think that it's morally preferable to protect rather than harm nonhuman animals. Any moral system that is unable to admit that animals should be protected could be flawed.

Business and ecology

Businesses damage the environment when they take natural resources from the Earth and dispose of waste. All of this is done within the natural environment, a kind of ecological system or “ecosystem.” “*Ecology* refers to the science of the interrelationships among organisms and their environments. The operative term is 'interrelationships,' implying that an interdependence exists for all entities in the environment” (397). For example, a pond is an ecosystem that contains a large number of living organisms that exist in a complex web of dependence and interdependence.

Many companies discharge waste into bodies of water, like ponds. Sometimes this is relatively harmless to the ecosystem, but increasing the amount of waste could become too toxic for some of the organisms. If the toxins kill certain plants in a pond, then many fish could die. This in turn could frustrate fishermen who make a living by catching fish in the pond (397-398). All of the damage done to the pond, fish, and fishermen are “externalities” or “spillover”—costs to third parties. Business transactions aren't always just transactions between two people during trade. Sometimes other people and nonhuman animals are also harmed by business transactions.

Imagine that a company dumps twice as much pollution into a pond to save \$9,000 a year, but it kills the fish in the pond. The fishermen lose \$10,000 a year from the pollution because their primary source of income is lost. In that case the company's decision to dump more waste into the pond actually causes more harm than good, and it's unfair to save money to pollute when other people have to pay for those savings.

Additionally, financial harm isn't the only kind of harm we are dealing with. I want to point out that the fish and other animals that eat the fish are also harmed. It's not obvious that we have a right to harm animals indiscriminately to save money or make money. However, whenever we take the Earth's resources or pollute, animals are often harmed. Animals can die from toxins, such as air pollution; and they can die when they lose their habitat.

Is it always immoral to intrude into ecosystems and harm living organisms? That seems unlikely to me given how impractical it is. It's almost impossible to do no harm to ecosystems in business because we need the Earth's resources to conduct business and sell products, and many companies have no choice but to dispose of waste and pollute one way or another.

It's not obvious to me when damage done to the environment is warranted, nor is it obvious to what extent people are warranted to harm the environment. Nonetheless, it's morally preferable to do so as little as possible while conducting business and attempting to make a reasonable profit. It's possible for a company to lose all profit in an attempt to protect the environment, but it seems unreasonable to think that all companies should lose their profits to environmental protection. There might be some companies that are so inefficient or harmful that they shouldn't exist in the first place, but many companies that harm the environment only do so because it's necessary to satisfy our needs.

Business's traditional attitudes towards the environment

Businesses have traditionally shown egregious indifference towards the environment. Environmental protection was rarely seen as an issue. A company would harm the environment to whatever extent was profitable, and they often harmed the environment despite the fact that it was unwarranted to do so. Shaw discusses the attitudes of businesses that led to unwarranted environmental damage. In particular, people saw the “natural world as a 'free and unlimited good'” (398). People at one point thought that the world's resources could be taken without end and without any morally significant harm done. Pollution could damage the environment, but the damage done was considered to be insignificant because the world was seen as such a large place.

However, resources aren't unlimited and many people and animals are harmed from environmental

damage. In Garrett Hardin's parable, "The Tragedy of the Commons," he describes the importance of the environment to human interests based on the fact that it's limited (399). He describes villages who share a pasture and let farm animals graze indiscriminately. The meadow eventually loses all its grass and the villagers are left with a serious problem of having no way to feed their animals.

Hardin's parable is often relevant to real life issues, such as overfishing (ibid.). If the fish population is depleted by fishermen, then the fishing industry will go out of business.

The ethics of environmental protection

How is the environment relevant to business ethics? First, it's in our interest to protect the environment insofar as we are human beings and we are often harmed by environmental damage and measures to protect the environment can benefit us all (400). Second, many people don't feel responsible for harming the environment because they don't personally do much harm to it (ibid.). Third, companies that harm the environment have externalities (and harm others) that they unfairly benefit from, which can violate our right to non-injury (ibid.). I would like to add that externalities can also be in the form of harm done to nonhuman animals.

The costs of pollution control

We can protect the environment by implementing stricter standards on companies and limit the amount of pollution allowed, and we can try to heal the environment and do what is necessary to restore it back to a balanced state. Of course, the costs of protecting and helping the environment can be expensive, and people don't want to pay those costs. How do we decide when we must pay greater costs to help the environment?

One possibility is a cost-benefit analysis (401). We can assess the harm and benefits done to people by harming or benefiting the environment. Consider a company that pollutes twice as much to save \$10,000 in production costs. If the harm done to society by doubling the pollution is worth \$20,000 from health costs and sick days, then it would seem immoral for the company to double its level of pollution. Although it's hard to link pollution to specific sick days and medical costs, imagine that we could. In that case it would be just to charge the company with the \$20,000 worth of sick days and medical costs, so the company would actually lose money by increasing pollution.

However, the cost-benefit approach is often an impractical approach and it might be impossible to know how much harm a company's environmental damage is worth (402). Additionally, the cost-benefit approach isn't just about money. We might need to consider the pain, suffering, and death that can be caused by pollution; and that might be impossible to measure. That's especially true if we have to consider the damage done to nonhuman animals from environmental damage.

Who should pay the costs?

No one wants to have to personally pay the costs to protect and restore the environment. Most people think that either those who are responsible for environmental damage or those who benefit from it should pay the costs. Consider each possibility:

1. **Those responsible** – The problem with this answer is it's not entirely clear who's responsible for harming the environment (403). Even if we all agree that big business harms the environment the most, they don't all harm it equally and it's hard to assess the actual damage each business does. Some people have argued that consumers are to blame for harming the environment because they demand products at a reduced cost and buy products from companies that disproportionately harm the environment. However, Shaw claims that urbanization, consumerism, and a growing population is to blame; so we are all somehow responsible for harming the environment. That might be true, but I don't see how that excuses companies from harming the environment more than is necessary just to raise profits and make others suffer from their decision; nor do I see how it excuses consumers from buying indiscriminately from companies known for abusing the environment or buying unnecessary goods that cause harm to the environment.
2. **Those who would benefit** – Companies that harm the environment indiscriminately can benefit the most and it's often *others* who are harmed the most from environmental damage, so it might be most appropriate for the companies to pay the most to protect and restore the environment (404). However, Shaw argues that this is not a good position because we all benefit from harming the environment “albeit, not to the same degree” (ibid.). Again, I don't see how this objection can be taken seriously given how much more some people benefit from pollution than others and Shaw even mentions that “flagrant polluters” benefit from polluting much more than others (405). Additionally, Shaw argues that this position ignores the importance of responsibility, and I agree that there is something strange about making people pay costs for something they aren't responsible for (404). Imagine that I steal \$20 from a stranger to give to a friend. Should I have to pay the stranger \$20 back, or should my friend? It seems most appropriate for me to pay the \$20 because I'm responsible for the theft.

Cost allocation

After we decide *who* should pay for protecting and restoring the environment, it's still not clear *how* it should be paid: Through regulations, incentives, pricing mechanisms, and/or pollution permits (405). I will discuss these ways to allocate the costs to protect and restore the environment.

Regulations

“[A]gencies such as the EPA, set environmental standards, which are then applied and enforced by those agencies, other regulatory bodies, and the courts” (ibid.). Sometimes a company is limited in how much it's allowed to pollute and a company might have to install machines that help reduce the pollution. The main advantage is that such regulations are legally enforceable and companies that are caught cheating can be fined. However, there are also disadvantages:

One, regulators have to know how much pollution to expect from companies and whether or not it's possible for them to reduce pollution, but this requires extraordinary amounts of research and expertise. There are several different kinds of manufacturers and it can be difficult to know so much about them all (406).

Two, regulations often ignore differences between industries and manufacturers and require them all to

be regulated in exactly the same way, even when it might not make sense to do so. For example, “the courts required two paper mills on the West Coast to install expensive pollution-control equipment, even though their emissions were diluted effectively by the Pacific Ocean [and it] took a special act of Congress to rescue the mills” (ibid.).

Three, regulation can cause displacement (ibid.). First, companies can go out of business if the regulations will cost too much. Second, a company might move somewhere else where regulations are less severe. Either way, it can suddenly leave many employees without a job. Sometimes a town can greatly rely on a company for employment and everyone will have to find another place to live after the company moves on.

Four, companies might be able to reduce pollution below the regulated requirements, but have no incentive to do so (ibid.).

Incentives

The government can reward companies in various ways for reducing the harm they do to the environment. For example, the government can offer tax breaks for buying equipment to reduce pollution or offer grants to companies to install the devices (407). At one point the EPA offered good publicity and trophy-like rewards to companies that voluntarily reduced pollution. Incentive programs require minimal government interference and they don't harm companies or cause displacement. However, there are disadvantages to incentive programs:

One, progress will likely be slow and environmental problems that need quick solutions will probably continue (ibid.).

Two, many incentives are subsidies for polluters and reward companies that are already doing something harmful rather than benefiting those who are harmed (ibid.).

Three, it seems unjust to pay a company not to pollute just like it's wrong to pay people to be moral for any other reason (ibid.). It could be a form of coercion to be forced to pay a company money to stop polluting, and offering a company money to stop polluting doesn't seem a whole lot better.

Pricing mechanisms

We can charge a company for the amount they pollute (ibid.). Such pricing could be based on the area and time. Places that already have too much pollution could raise the price of pollution because the total pollution we encounter can reach dangerous levels, and places with very little pollution could lower the cost because the pollution done there might do very little harm.

Pricing mechanisms encourage companies to find ways to pollute less, they don't put a company out of business unless it is likely causing the world more harm than good, and it allows companies to pay the public for certain externalities (408).

Pollution permits

Companies could be charged money to get a license or “permit” to pollute. This can be done in

different ways such as (ibid.):

- (a) Every company could buy permits to get the right to pollute.
- (b) There could be a limited number of permits auctioned off.
- (c) Every company could get a permit to have to right to pollute a certain amount, and they could sell permits to other companies that need to pollute more than the amount allowed from a single permit.

Permits have been successful in the past, but their success depends on certain criteria (ibid.). First, the pollution should be easy to monitor. Second, the number of firms involved should be manageable. Third, the environmental goals should be clear and widely accepted.

Economists tend to favor pricing mechanisms and pollution permits, but it's not obvious that those are the most moral solutions (ibid.). One, the pollution costs might be arbitrary. Two, areas with strict environmental controls could put companies out of business or require the company to relocate. Three, areas with strict environmental controls could give certain businesses an unfair disadvantage. Four, these forms of pollution control legalize pollution and might imply that polluting isn't immoral—even when the polluting is egregious and entirely unnecessary (408-409).

Shaw argues that all of these solutions have strengths and weak points and other possible solutions aren't taken very seriously at this point in time (such as banning pollution entirely), so we have little choice but to use one or more of them (409).

Delving deeper into environmental ethics

Environmental ethics has implications to foreign nations, future generations, and animals. Right now the United States uses the world's resources at a disproportionately high rate and depends on the resources of other nations to maintain its standard of living (410). This can lead to at least two main problems:

One, we might not always have access to the resources of other countries. Sometimes a country runs out of resources and has no way to attain them, so they decide to seize the resources from other countries and that often leads to war. It's not clear that any nation in particular has a right to the world's resources just because the surrounding territory has been dominated by a group of people, but harming others to take resources is morally questionable.

Two, it's not clear that we have a right to consume the world's resources at such a reckless and destructive rate. I want to point out that it's not only harmful to our future generations, but also to animals.

Obligations to future generations

It seems unfair to people from the future that we are using the world's resources now and leaving little to them; and that we're leaving the world polluted and less livable than it once was (411). Do future generations have rights? Does leaving the world uninhabitable *harm* people of the future?

First, consider our duties to others based on our rights. “Professor of philosophy Joel Feinberg argues... that whatever future human beings turn out to be like, they will have interests that we can affect, for better or worse, right now” (411). We don't have to know all about people from the future to realize that they will be in need of clean water and so on.

Shaw points out that even if people of the future have rights, it's not obvious what those rights are or how we should balance our interests against theirs (ibid.).

Second, consider the utilitarian perspective. It has been argued that the people who actually exist in the far off future will only exist if we treat the Earth exactly as we do, so we can't have duties to treat anyone differently. If we did, they wouldn't even exist. However, Anette Baier argues that our duties to people aren't just to specific individuals (412). Instead, our obligations are to communities of people. I agree that it's important for people to do well and their unique individuality is not always relevant to the importance of their interests.

Another issue is whether we have a duty to prevent overpopulation to future generations. From a utilitarian standpoint an overpopulated world could have less average happiness, but still greater happiness overall, but some utilitarians now prefer to say that average happiness is more important than total happiness to avoid this position (ibid.).

I personally don't see why it's so horrible to have larger populations that are less happy. If every human life has value, then why not admit that larger populations are a good thing? If overpopulation causes suffering to people and animals, then there might not be “greater happiness” overall in the world. All things equal, it certainly seems better to exist than not exist. Perhaps some people are merely selfish and would rather that certain *other* people don't exist if necessary to live a better life for themselves.

Third, consider a deontological perspective—Rawls's perspective. John Rawls suggests that we should consider what duties we have to people from the future based on the original position under the “veil of ignorance” without knowing what generation or time period we are born in (412-413). It seems likely that the natural resources can be distributed among generations. In fact, I find it plausible that the perspective of the original position would demand that we use few enough resources that can be replenished as quickly as they are depleted. For example, trees shouldn't be chopped down faster than they grow. However, there might be exceptions if people from one generation can use up extra resources to make the world a better place in the future.

The value of nature

A common assumption in business is that businesses only have obligations towards people and that nonhuman entities aren't worth moral consideration. However, some philosophers challenge this notion. William F. Baxter agrees that only humans are worthy of consideration, but Holmes Rolston III believes that nature can have intrinsic value—be good just for existing and worthy of protection for its own sake (413). He calls his position a “naturalistic ethic” and denies that things only have value insofar as they are used for human purposes. Shaw states that a naturalistic ethic would (or could) find even mountains to have value beyond human interests, such as hiking and skiing.

Some defenders of a naturalistic ethic think that we have a special obligation to protect each species

from extinction to help protect the diversity of life. I don't know that each species has value in isolation, but the concrete existence of animals could have intrinsic value and species often play unique and irreplaceable roles in ecosystems.

Many philosophers doubt that nature has intrinsic value or that nature has rights because they think something must have interests to have rights, but nature has no interests (414). Of course, animals are part of nature and many animals seem like they have interests. However, Shaw's discussion of the value of nature seems to be based on non-animal organisms and objects.

Our treatment of animals

I will use the term “animal” to refer to “nonhuman animal.” Animals have interests, so it might make sense to say that they have rights insofar as we can have duties towards them. However, even if animals don't have rights, it still seems like animals have implications to morality and that it's morally preferable to help animals rather than hurt them. The value of animals seems intuitive given utilitarianism because they can be happy and suffer, similar to people (415). If we are supposed to maximize happiness, then why shouldn't the happiness of animals be part of our moral concerns? It seems like they should.

Shaw discusses the relevance of business ethics to animals insofar as (a) we do animal testing and (b) raise and kill animals for food. However, his discussion is extremely limited. We should also consider (c) animal ownership, (d) animal abuse, and (e) the effects of environmental destruction on animals.

Animal testing – We tend to assume that we are more important than nonhuman animals and it's better to test on animals rather than humans because it's disrespectful and harmful to treat people as guinea pigs. However, animal testing is only morally warranted when (a) it doesn't harm the animals or (b) we have no choice but to test on either animals or humans. Peter Singer argues that animal testing is often unjustified and causes needless harm to animals. [Cosmetics testing on animals](#) seems like an obvious example given that we already have plenty of safe cosmetics on the market, it causes harm to animals, and we don't really need cosmetics in the first place.

Farming – Farming might have once been humane when animals could live their lives safely protected by people until they are killed for human consumption, but now most farm animal lives tend to be miserable in cramped spaces on “factory farms” (415-416). First, this treatment of animals seems unjustified insofar as animals have interests and it seems important that we don't hurt them for no good reason. Second, it's not obvious that it's morally justified to kill any animals we want for food considering that we could be vegetarians or just eat less intelligent animals (416). Cows and pigs are fairly intelligent and it might be wrong to kill them when it's not necessary for our health or survival.

Animal ownership – It's not obvious that we have a right to own *all* other animals. It might be that we have a right to own lower organisms of sufficiently low intelligence, but not higher life forms. Elephants, dolphins, whales, and great apes are all very intelligent, but even dogs and cats can be pretty smart. Many people have pets and perhaps it's better that we care for these animals than send them out into the wild. However, we could care for animals without technically owning them. Perhaps we could be their “guardians” rather than owners, much as parents should be understood as the guardians of their young children rather than owners. The idea of owning animals suggests that the animals are objects and such an idea could be inappropriately disrespectful to them. We could try to refuse to

“dehumanize” animals despite the fact that they aren't humans—by being respectful of them and valuing them as ends in themselves.

Animal abuse – According to the [law](#), people who own and sell animals have responsibilities towards those animals, whether the animal is a pet, farmed for food, or used in experimentation. It seems plausible that such laws are based on our moral duties, and there's almost no reason for these laws to exist for human benefit. It seems likely that the laws exist precisely because many people agree that animals have intrinsic value. Shaw has already discussed how farming and experimentation often harms animals, and the law often allows such harm. It seems likely that it's wrong to harm animals beyond what the law allows. What Shaw said about factory farming and experimentation also applies to animals in the wild and pets. It generally seems morally preferable to protect the interests of animals rather than harm them.

Environmental destruction – Shaw rarely or never mentioned the effects environmental destruction has on animals. Animals are harmed and destroyed when we take the world's resources, strip forests to make farmland, and pollute. The environment has at least two important moral considerations for animals:

First, the pollution that makes people sick is the same pollution that makes other animals sick. Just recently [high amounts of toxins—the highest ever recorded—was found in dolphins and whales](#), such as polychlorinated biphenyls and insecticides.

Second, it's not obvious that we have a right to resources that are used by animals. As humans we see the natural world as being our property. Just about every piece of land is now the property of a country or individual. However, many animals are also territorial and it's not obvious that we can legitimately own land being used by other animals—especially when they were here first. We might have a right to protect our interests and take the world's resources as needed, but that doesn't mean that the interests of animals shouldn't be taken into account as well. There could be immoral cases of seizing land from animals. Consider how the [Malaysian forests are being destroyed to make farms, which destroys the habitat of Orangutans](#), one of the most intelligent animals in the world (and an endangered species). Aren't animal interests worth consideration when we destroy the environment? It seems like they are, and the interests of intelligent animals like the Orangutan seem especially important.

Conclusion

The environment is one of the most important moral issues not only because harming the environment often violates our right to noninjury, but also because environmental damage has been incredibly harmful to both people and other animals. Not to mention that many environmental issues can create even more devastation in the future, such as the possible depletion of the world's resources to future generations.

The importance of the environment not only shows traditional failures of business ethics of the past and present, but it also helps clarify the importance of externalities and animals. Businesses traditionally saw no need to pay for externalities, but we now know that externalities are of grave importance and are often a matter of life and death. Businesses traditionally saw no need to respect animals, but many moral philosophers no longer see any reason to value ourselves over other animals at any cost.