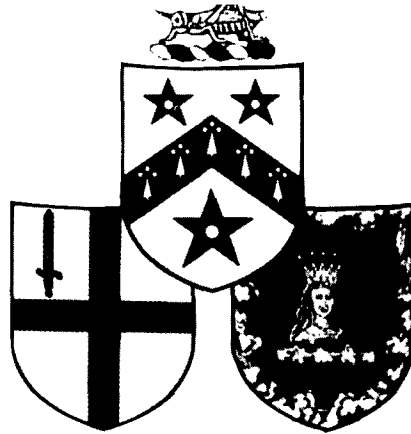


G R E S H A M
COLLEGE



MANAGING ETHICAL DECISIONS

Three lectures given by

THE REVD. PROFESSOR JACK MAHONEY SJ MA DD FRSA
Mercers' School Memorial Professor of Commerce

Lecture 1 - 14 November 1990
WHAT PRICE HONESTY?

Lecture 2 - 21 November 1990
HOW GREEN IS YOUR COMPANY?

Lecture 3 - 28 November 1990
POSITIVE DISCRIMINATION?

GRESHAM COLLEGE

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GRESHAM COLLEGE

THREE PUBLIC LECTURES

on

MANAGING ETHICAL DECISIONS

by The Revd Professor
Jack Mahoney SJ MA DD FRSA

Mercers' School Memorial Professor of Commerce
at Gresham College

delivered at the Parish Church
of St Edmund the King
Lombard St London EC3

in November 1990

- I What Price Honesty?
- II How Green is Your Company?
- III Positive Discrimination?

I

WHAT PRICE HONESTY?

Welcome to this new series of Gresham College lectures on business ethics. At the end of my last series in this hall I announced our hope that we should shortly be moving Gresham College into Barnard's Inn in time for our autumn programme, but such are the vagaries of the building trade that that has not yet proved possible. Hence our return here, with thanks to the Administrator for his kind hospitality in allowing the use of this hall. It still enables me to tell interested enquirers that part of my duties as Mercers' School Memorial Professor of Commerce at Gresham College includes lecturing on business ethics to the passing trade in Lombard Street - and from that point of view I shall be sorry when we do move to Holborn!

The title of this series is *Managing Ethical Decisions*, and in the course of the next three weeks I plan to introduce for discussion some areas in which the application of ethics in business is of particular topicality and importance. Next week at this time my title will be 'How Green is Your Company?'; and the following week I shall speak on 'Positive Discrimina-

tion?' My subject this week, however, is 'What Price Honesty?', a question which I feel sure most people would agree echoes the experience of people in all walks of life, and seems to have particular relevance to the conduct of business.

The title itself, with its reference to price, may be thought to raise the question whether honesty is always the best policy in terms of business success, as one example of the much wider question whether good ethics makes for good business. That is not a subject I intend to explore today, since it is one which I have already addressed in previous lectures, although perhaps I may recall here the statement of the Irish bishop Richard Whately to the effect that 'honesty is the best policy; but he who is governed by that policy is not an honest man!' My intention today is the more particular one of exploring what we mean by honesty in general and in business in particular; and I propose to proceed by considering first various traditional or classic attitudes to honesty in speech and in actions; then to ask whether the general disapproval of dishonesty is absolute or admits of exceptions, and if so under what conditions; and finally to apply my conclusions to three particular areas of business activity: negotiations in business; communication in advertising; and the dishonest behaviour which goes by the name of bribery.

I

Approaches to analysing the ethics of human behaviour can in general be divided into two broad categories: one type of approach which says that certain types of behaviour are wrong in principle regardless of what their consequences may be; and the other which prefers to look at the consequences of our behaviour before deciding whether what we do or plan to do is morally wrong. Attitudes to truth-telling and lying provide an excellent example of both of these broad approaches. In the history of Western thought, for example, there is a strong current of opinion that telling a lie is absolutely wrong and never permitted, however convenient or helpful to oneself or to others it might be. This is the view strongly advocated by Augustine of Hippo in the fifth century and running through the writings of John Calvin to Immanuel Kant in more recent centuries. It is an influence which raises in the feelings of many people an inbuilt horror of telling an untruth, particularly if this is inculcated or reinforced by their religious beliefs, as popularly expressed in the injunction to 'tell the truth, and shame the Devil.' It does not follow, of course, that people who take this approach to truth-telling invariably manage to refrain from telling lies; but, if and when they do behave untruthfully, say, under

pressure or out of human weakness, then they can subsequently feel somehow soiled by the event.

From an ethical point of view what is interesting is not just that some people have this strong attitude to truth-telling, but also why they should feel this way, and in particular what reasons they might give for such strong moral attitudes. A classical definition of the lie takes what could be called a psychological approach to the subject by describing it as 'speech or action which is at variance with what one actually knows to be the case, or the true state of affairs.' In this approach telling a lie is a contradiction in self-expression. I know what I think or believe to be the case and I deliberately distort that by stating what I know is not the case. Or rather, I deliberately distort myself by not faithfully expressing myself on this particular subject, disregarding Polonius' advice to his son, 'To thine own self be true.' I surmise it is this feeling of inner inconsistency, or almost of self-betrayal, which underlies the strong repugnance of many people to the very idea of telling a lie or the feeling of being soiled if one has told a lie.

One interesting feature of what I have called the psychological approach to lying is that it concentrates on the effect on oneself rather than on the effect on other people. In its strongest individualist form it does not include any element of trying to deceive other people, which I suppose most people would include in their understanding of what lying is all about. In other words, the psychological approach to truth-telling and lying occurs, as it were, in a social vacuum, and enquires whether I am being true to myself, whereas by contrast a more common tradition views it in terms of communication and as concerned with the quality of the way in which we relate to each other in society.

In this more social approach being honest in our dealings with others is seen as good and the right thing to do insofar as it respects others by engaging and communicating truthfully with them, and contributes to building up a sense of social solidarity. In the light of this the wrongness of lying consists in the harm which we do to other individuals by leading them to believe what is not in fact the truth, and more universally it erodes public confidence by making all communication suspect and thus poisoning the wells of social interchange.

II

If these two theories on the ethics of honesty, the psychological and the social, are submitted to what in my view is the acid test of any ethical theory, namely, how it copes with moral dilemmas or ethical conflicts, then

their contrasting solutions are interesting. For example, how do they solve the common problem of always telling the truth and yet also respecting confidential or privileged information?

The psychological approach, concerned as it is only with the individual and his or her personal consistency, needs to find a solution to such moral dilemmas in equally psychological terms. One obvious and easy solution, then, when faced with a question where the honest answer would betray a secret or a confidence is simply to decline to reply and to keep silent. In its own terms this is quite an acceptable solution. But, of course, it is open to objection from the social theory of truth-telling that often to keep silent in the face of questioning from others would at least tend to confirm their conjecture or suspicion as to the truth of the matter or of the confidence or the secret which is being enquired into. A more subtle form of solution which was developed by some seventeenth-century moralists went by the name of equivocation, where an answer was given which admitted of more than one interpretation. Thus, if one was asked directly about a matter on which one felt obliged to preserve secrecy, one might reply 'I couldn't say', an answer which might well convey to others the meaning, 'I don't know', but which could equally also mean 'I'm not at liberty to say.'

If charged that such deliberate ambiguity was deceptive, and indeed was intended to be misleading, the answer, of course, was that it was not ambiguous to the speaker. Moreover, it enabled him or her, through their understanding of what they meant or even through a private footnote which they might add *sotto voce* to themselves, as it were, on the one hand to preserve confidences and on the other to avoid lying, or more psychologically to live with themselves.

It is scarcely surprising that such a theory brought its exponents and its practitioners into disrepute, evoking charges of, and reputations for, equivocation, casuistry, and even jesuitry. Possibly in trivial matters such a device could be considered an acceptable means of preserving confidences. But even then it appears to make ethical behaviour dependent on one's dexterity with words and one's measure of native wit. More fundamentally, it appears that we need to seek a deeper ethical reason to enable us to live with ourselves.

By contrast with the psychological approach, the social approach to truth-telling and lying seems to provide a more acceptable solution to the dilemmas frequently experienced between truthfulness and confidentiality. For here the ethical criterion is whether one's behaviour will prove of benefit or harm to others. It is commonly argued, for instance, that doctors

or nurses are sometimes justified in telling a lie to a patient in hospital about the true gravity of their illness, on the grounds that the truth would be too much for the patient to bear and might, in fact, make worsen his or her condition. I once took part in an interesting public debate on such situations, entitled 'The therapeutic lie.' My view then was, and remains, that such reassuring communication of falsehood may indeed be justified, but only as part of a process of trying to prepare the patient to accept the truth of their condition. If communication is to be a constructive relationship between persons, then the basic question may not be just, with Pilate, whether jesting or not, 'what is truth?' It may equally be, 'when is truth?' and what are the appropriate conditions for constructive communication? And if untruth is to be judged helpful, and so acceptable in certain conditions, perhaps it is only on the condition of being a temporary phase in a continuing relationship which one aims to move beyond as soon as possible. How else, to raise a topical question, are parents to justify telling their young children about Father Christmas?!

If on a social theory of honesty we may, then, judge the ethical merits of telling the truth or an untruth in terms of benefits to other individuals, what becomes, however, of the wider social consideration that if we can never be sure when others are telling us the truth or not, then no one can be trusted, and all communication in society is undermined to the detriment of all alike? If this is seen as a broad social issue, then it appears that any line of solution must not be a merely private one. It must also be social in nature, and there must be social devices in the light of which all can know what is going on, and how to interpret what others say. In other words, as in the case of individuals in hospital, which we have considered, so also in society in general, all communication takes place within a particular context. And not only the meaning but also the ethical significance of individual communications can be fully discerned only when account is taken of the individual or social context in which they are uttered.

Another way of saying the same thing is to refer to certainly widely held social conventions in the light of which various individual communications are evaluated for their true meaning and significance. In a court of law, for instance, many people would understand my plea of 'Not guilty' not necessarily as a claim that I did not commit the crime of which I stand charged, but as an instance of the principle that I am innocent unless and until the prosecution prove otherwise. Similarly, a Chancellor roundly asserting in the House of Commons on the eve of devaluing the currency or lowering interest rates that he has absolutely no intention of so doing is widely understood on reasonable grounds as really, or quite possibly,

playing for time rather than making a categorical statement. Most treatments of such social conventions cite the more mundane statements of 'Not in' or 'not at home' as including the real possibility of being in but of not wishing to take calls or receive visitors. And, of course, the most obvious instance where context gives a totally different interpretation to what is going on is the context of theatre and dramatic performances.

In any society and pattern of discourse, then, there appear to be widely recognised social devices which give a quite different interpretation, and a different ethical quality, to statements which taken at their face value, or taken out of context, would appear to be dishonest. Over and above such conventions, however, or perhaps better, underlying them, is a deeper ethical consideration to which many people appeal explicitly or implicitly as a basis for feeling obliged to act honestly or as a precondition for expecting to receive the truth. And that is the extent to which various individuals have a right to the truth or are entitled to be communicated with truthfully.

Thus, a doctor or a lawyer or an accountant questioned about their client or patient by someone who has simply no right to the information in question has by the same token no obligation to communicate the truth. By extension a person seeking information in order to use it harmfully and to the detriment of the party concerned, or of a third party, is no more entitled to the truth than they would be entitled to be given anything else which could be used as a dangerous weapon. Nor is it now a question of seeking some ambiguous way of deflecting the question or of misleading the interrogator. The downright denial in such situations is by all reasonable standards an implicit and justified refusal to entertain the question. And anyone who thinks otherwise has only himself or herself to blame if they complain later of having been misinformed or lied to.

III

In the light of these considerations about how context colours communication let me in my final section apply them to three quite different situations in business where honesty is considered to be at a premium: negotiations, advertising, and bribery. It can be reasonably maintained that negotiations are yet another instance where the truth of a statement cannot be determined unless considered in context. All bargaining is played according to a set of rules which are widely recognised and accepted, and the analogy with bluffing or poker is a valid one. Claims of a final offer, or the impossibility of shaving costs further are simply moves in the game, and cannot on any reasonable

grounds be described as lies; whereas a categorical undertaking to meet certain standards or a particular delivery date one knows to be impossible would be rightly considered lying behaviour.

Advertising, however, may be quite a different matter, in the claims which are made for a product or a service, or in the concealment of pertinent information in the desire to make a sale. One standard defence of exaggerated or misleading advertising is that it operates by a set of conventions which are widely recognised as not claiming to communicate the literal truth, but are intended to entertain, amuse, stimulate and challenge. Is not this, after all, what is meant by the tradition of *caveat emptor*, let the buyer beware?

The trouble with such a defence of shared rules of the game, of course, is that not everyone is familiar with them. And as one commentator has said, it's all very well to beware, provided we know what to beware about. But not every child can look coolly or even cynically at excited TV adverts for expensive toys. Nor every ill person listen knowingly and dispassionately to white-coated commendations of the latest miracle pain-reliever. It is perhaps easy to be solemn or censorious about the needs for strict literal accuracy in advertising, and possibly in general one can apply the standard of how much salt the reasonable consumer will apply to the claims served up for instant satisfaction. Nevertheless, notwithstanding the legitimate appeal to various conventions in this area, there always remains one underlying social and ethical convention, and that is the entitlement of all potential customers to the truth about what they are being solicited to purchase. Full freedom of choice, which is the hallmark of moral action and responsibility, is informed freedom, and this depends on accuracy of information about the choices available. And this in turn entails a corresponding obligation on the part of advertisers not to manipulate the truth, nor obscure the real nature of the various choices which are on offer.

With advertising we have moved from honesty in speech to include honest dealings in other forms of actions. And in the area of action one of the ways in which honest business behaviour appears to be most undermined is the practice of bribery, or the hidden introduction of incentives extraneous to the proper conduct of business negotiations. In the nature of the case, to be successful bribery has to be secret, it appears, and one economic argument against the practice is that it distorts the freedom of the market and undermines the whole notion of fair competition, with its benefits to the consumer in terms of efficiency, quality and price.

Some companies take a forthright attitude to the whole subject of bribes, gifts and commissions by banning them completely. Some, in the case of gifts, entertainment, and so on, insist on a scrupulous reporting of them, and would respond to the solicitation of commissions, for instance, for overseas major or government contracts by insisting on complete transparency and public recording of them. I am not sure how successful such strategies are for dealing with the phenomenon or the temptation to bribery, but I am prompted to offer two distinctions which may throw some ethical light on the subject.

One is the common distinction which is made between bribing someone to do what they ought not to do, thus giving one an unfair advantage over others, and bribing someone to do what they ought to be doing anyway. If bribery is wrong in each case, then it appears to be less wrong in the latter, when one pays someone extra to do their job or their duty, or perhaps to do it more quickly or more efficiently than they would normally do.

But if bribery is considered necessary just to engage in legitimate business, then this in turn leads to a deeper distinction, that between bribery and extortion. Bribery I take to be the offering of a special inducement for preferential treatment; whereas extortion is the demand for a special consideration as a condition of performance. And for many businesses operating in overseas markets and other cultures than our own, where bribery is a way of life and a widespread social convention, the dilemma of whether to pay bribes is really a dilemma of whether or not to submit to extortion, on pain of not being able to do business there, whether it be in securing a contract or getting one's goods moved from the quay and through customs.

If this analysis is correct, then the problem of extortion in other cultures can be widened and seen as an instance of the wider problem of how any business can be conducted ethically in economic or political or social conditions which are repugnant to a particular company. Those companies, for instance, which decided that it is not unethical to trade with South Africa would find themselves reluctantly supporting an immoral regime of apartheid through the local taxes which they perforce must pay. Yet they might consider it justifiable if they operated so far as possible under the Sullivan Principles, which are in effect an attempt to erode apartheid from the inside. In other words, there is a case for doing the best possible in the circumstances, and reluctantly accepting at least some local unethical circumstances, but only, it would appear, on condition that one is also doing one's best to change the circumstances.

Can the same be said of submitting to local conventions of extortion? Possibly in two regards. One is to recognise a local convention which gives a different interpretation to one's actions and a different significance to one's behaviour, on the same lines as I have already explained how different contexts can give a different significance to one's verbal statements. And just as in some contexts what would otherwise be dishonesty and telling a lie in speech becomes a truthful and ethically permissible statement, so in different social contexts what would otherwise be considered rightly as a bribe becomes a submission to extortion, or the payment of a local 'tax' or even the local equivalent of a pension fund. And the other regard is that while one may well disapprove of the local circumstances which have given rise to a convention of extortion, one might be justified in going along with it, although only on condition that one is also working to eliminate it, and to improve the ethical texture of the culture on which extortion thrives.

I should not wish it to be thought that in all these reflections I have been simply advocating dishonesty in business in word and in deed! Nor is my title of 'What Price Honesty?' to be now understood in the sense that I believe that honesty is for sale. The psychological and social arguments for truthful speech and behaviour remain compelling, whether in terms of acting consistently with one's self and expressing one's honest appreciation of the facts of the case, or in terms of respecting others and promoting and sustaining a climate of public trust. Perhaps the view of truth and untruth which should most appeal to business men and women is well exemplified in the modern concern at insider dealing, where privileged information is betrayed by unwarranted communication, and public confidence in the market – as well as in business – is severely shaken. Unless we can trust each other to be true to ourselves and to subscribe to a climate of truth, then all social intercourse becomes corroded.

Nevertheless, in exploring some of the issues which can arise in managing ethical decisions, we cannot ignore some of the troubled spots on the business map where individuals may feel that they are in danger of being at best economical with the truth and at worst engaging in immoral activities. Voltaire was of the opinion that language is given us, not in order to communicate our thoughts, but to conceal them. I do not subscribe to such a philosophy, but I think it does point to the need to think hard about what is to count as honest human communication in word and in deed.

II HOW GREEN IS YOUR COMPANY?

Green is increasingly the flavour of the month. So much so that, according to the press, the Princess Royal was heard to complain recently that traditional charities were losing revenue as a result of the fashionable concern, and giving, for environmental issues (*The Times* 11 Nov 90). Be that as it may, there is no doubt that public preoccupation is mounting daily over green issues, and that such concern is reflected not only in political planning, such as Mr Chris Patton's recent White Paper on the Environment, *This Common Inheritance*, and various conferences in Europe and elsewhere. It is also, and was first, reflected in business attitudes as these have been increasingly affected by disasters such as Chernobyl and Bhopal, consumer preference, various pressure groups in society, and an increasing awareness within business itself, not just of the losses incurred by environmental negligence but also of the profit to be gained by fostering and marketing environmental sensitivity. In this second of my lectures in the series *Managing Ethical Decisions* I intend to explore the question 'How Green is Your Company?', and to do so first by sketching briefly what may be called the environmental problem, by analogy with earlier concentration on the social problem; then to explore the underlying considerations which may influence our attitudes to the environment; and finally to look at various ways in which businesses may aim to tackle the problem.

I

The ancient Greeks considered everything in the world to depend on the four traditional elements of earth, air, fire and water. The measure of what is today perceived as the environmental problem is that at least three of these elements, air, earth and water, are increasingly suffering pollution from the world's energy and other production needs and from its growing population. As one writer has expressed it, the basic environmental problem is that we have increasingly too many people on earth using too much of the earth's resources and causing too much pollution in the world.

Hence, so far as concerns the air, the increasing alarm at global level that the accumulation of greenhouse gases, notably carbon dioxide, will result not only in climatic changes and their influence on sea-levels, but also in large areas of drought and in widespread starvation. The depletion of the world's protective ozone layer through CFC's is also raising alarm at its possible global consequences. Hence also at continental and national levels concern at industrial emissions and acid rain fouling the atmosphere and destroying forests, in Britain as elsewhere in Europe,

according to an EC survey completed last year (*The Times*, 9 Nov 89). And hence, finally, at local level the problems of exhaust fumes, particularly from leaded petrol, contaminating the air of cities and endangering public wellbeing and health.

Not only the atmosphere, but the seas and rivers too have given increasing cause for concern in their having been used for years as 'out of sight out of mind' repositories for industrial and domestic waste, or as civilised society's carpet, with resultant poisoning of river banks and beaches, and harmful consequences for marine life and river life and the human food chain. The waters have also suffered from the leaching of chemicals and artificial fertilizers from the soil which are aimed at improving its productive capacity. Various parts of the earth have also become, or are planned to become, the receptacles of toxic and nuclear waste. And now, to crown all our technological achievements, it appears that outer space too is becoming increasingly a cosmic dustbin and hazardous for travel as a result of the debris of abandoned and disintegrating shuttles and satellites.

II

How have we managed as a species to make such a mess of our environment? One answer is simple negligence and lack of foresight in the search for quick and inexpensive returns on investment and manufacturing, as the cosmic extrapolation of the thoughtless lout irresponsibly tossing his litter on to the pavement or out of the car window. But there also appear to be ingrained attitudes towards our natural surroundings which may go some way to explaining such negligence. One such which is widely recognised is the consumer mentality towards the earth's resources, where more means better, and quantity of possessions, whether durable or consumable, is confused with the quality of human living, while no consideration is given to the finite nature of the earth's raw materials. Another, much deeper, attitude may be laid at the door of those dualist philosophies which regard matter and the material with hostility or disdain, as being infinitely inferior to all that is best in humans, namely, their mind and their spiritual aspects. Plato, for instance, had little regard for this mundane existence, and the spirituality which stemmed from his attitude saw the body and this earth as an illusion and a prison against whose restraints we have to struggle to free ourselves. Later philosophers also who favoured a philosophy of idealism were scarcely disposed to acknowledge the existence of the natural world, far less to accord any intrinsic value to it.

Religion, too, has a share in the blame for previous attitudes towards the world. Christianity perceived itself to have a divine mandate to 'increase and multiply, and subdue the earth', particularly after that earth shared with our first parents the cataclysmic fall from divine favour. And this easily engendered an attitude of conquest towards the natural world and what has been described as 'orthodox Christian arrogance.' Francis Bacon viewed the progress of science as the rape of nature's intimate secrets, and Newton viewed the world simply as a machine. Moreover, the stress put by Roman law and in later revolutionary centuries by John Locke and other social philosophers on property and one's rights to dispose of it at will was scarcely calculated to instil any consideration for such property other than its capacity to undergird human freedom and to meet all human desires and whims.

It would be easy to conclude from all this to the romantic view that in nature 'every prospect pleases, and only man is vile', as the Victorian hymn expressed it. And while recent re-thinking of our relationship with the natural environment has been long overdue, and the sheer mess we have contrived to create calls for radically new thinking, nevertheless it is possible to succumb by an overswing of the pendulum to what amounts to a worship of nature, or to a mystical and almost pantheistic identification with it. It is possible, in other words, to ignore the facts which led Tennyson to describe nature as 'red in tooth and claw', and to forget that the much vaunted ecological balance which we are bidden to disturb at our peril is the cumulative result of individual acts of natural savagery, suffering and destruction. If the fascinating and popular natural history programmes on television show anything, it is surely that the survival of one species or individual is the extinction of another. Moreover, it may be that much of the growing enthusiasm for recovering the rhythms of nature, or Gaia, and moving into the spirit of the New Age introduces a welcome spiritual and intuitive dimension to correct our overrationalist and production-orientated mentality. But it may also express a nostalgic and simplistic mentality which takes no account, for instance, of the dramatic and persistent growth in the world's population, and of the crushing poverty endemic in some regions of the globe, with the increasingly urgent need to provide humanity with even the necessities of life.

However, if the environmental problem is basically one of human attitudes, then nothing short of a change of such attitudes will provide any long-term solution to the problem. One ethical step which is being stimulated by the increased awareness of scarcity is the move from an attitude of dominion to one of prudent stewardship. As Mrs Thatcher ob-

served at a recent environmental conference, we do not have the freehold of the environment, but only a leasehold on it. Some, however, would view this attitude as still too anthropocentric, or species-centred, since it seems still to view nature in an instrumental manner, and to regard responsible stewardship as the using of natural resources to provide for our own and future human generations. Even to respect nature for its aesthetic qualities, for the human pleasure to be gained from seascapes and landscapes, quite apart from the fact that human standards of beauty and appreciation vary and change, is still to value it more for our sake than for its own.

What may be considered a further corrective is the attitude towards nature which is more one of participation in it, and of cooperation with it, than of control of it in stewardship, and this would appear to put restrictions on our human use of it and invite us to respect it for its own sake. At its most extreme perhaps it can even be expressed in the assertion that the earth, the air and the oceans have certain rights, along the lines by which some people argue to animals having rights. For my own part, I find this line of thinking difficult to justify so far as nature is concerned. Nevertheless, even the change of attitude from absolute and arbitrary domination over nature to some respect for its capacities and its limitations in applying it to human needs and uses can go a long way to modifying the way in which we treat it.

III

To come now to more practical considerations, if the environmental problem is at base a problem of attitudes, nevertheless the sheer scale of the problem as I have outlined it seems directly attributable to human science and technology. And from this follows one of two possible lines of solution. The one is to abandon science and technology, return to a simpler life style all round, and simply, in the words of Voltaire, concentrate on cultivating each our own garden. Apart, however, from the sheer impossibility of sufficient people wishing this, and the absence of any effective political will to bring it about, it takes no account of the fact that one of the major factors contributing to the problem is the growing size of the world's population, with their basic needs and their legitimate desire for a decent quality of life. And no matter what direct attempts may be made to control the increase in world population, the problem is unlikely to go away, and the only way in which to meet the multiplicity of human needs is through science and technology.

The only practicable line of solution, then, for the environmental problem which science and technology

have exacerbated to a global level is to enlist science and technology to relieve and solve the problem. And, of course, this is what is happening in many areas. One factor which is being increasingly recognised is what has been called 'the tragedy of the commons', and the realisation that environmental costs need to be internalised, and not simply by passing them on to the customer but also to the shareholder and others who have profited in the past from the social costs of business not having been picked up. And for this to be effective and equitable there seems no alternative to regulating environmental controls which will ensure a level playing field. Difficult enough as this appears to be at national levels, the problems which it raises within the European Community are manifold in terms of harmonising and enforcing environmental standards.

The consumer too has an important part to play in the environmental stakes, as is becoming increasingly apparent with the rush to environmentally friendly products, green and eco-labelling and what the Germans call the blue angel sign on sensitive products. Opportunism and cynicism are not absent from this scene, of course, but the moves to 'cradle to grave' sensitivity, with environmental considerations respected not only in the raw materials used and the manufacturing processes but also in the disposable qualities of the products and their recycling possibilities are all contributions to the maxim 'think globally, act locally' which sums up so well the myriads of practical steps which are called for by environmental concern.

The largest single contributor to the environmental problem is, of course, energy, with the problems raised by its voracious need for fossil fuels as well as those raised by the disposal of their waste products upon consumption. Several strategies are being explored here. One is attempts to cut back on consumption through more cost-effective economies and conservation of energy, to more efficient production and cleansing, with a consequent decrease in the waste to be disposed of. Another is attempts to explore alternative sources of energy, ranging from harnessing the wind and the tides and the heat latent in the earth, to biomass energy from recycled organic waste, to solar energy, and of course thermonuclear energy, if only clean nuclear fusion should become a reality rather than the damp squib it turned out to be last year.

Of course, the human need for energy exemplifies strikingly the fact that all environmental issues involve a trade-off and a striking of compromises. The best way to preserve the Lake District and Stonehenge is to prevent people from going there. Serried ranks of windmills around the coasts of Britain will scarcely

enhance the visual landscape. The eight-billion-pounds barrage planned to harvest energy from the Severn Estuary will wreak havoc with local wild life. And no doubt the emergence of *homo sapiens* on the evolutionary scale severely disrupted many of the local eco-systems of the time, as she and he sought to clothe, shelter and feed themselves. In one sense, on a more cosmic scale, this raises the much larger issue of whether continued economic growth is compatible with environmental sensitivity. Or, as *The Economist* expressed it (2 Sept 89), 'Can growth be clean and green, or is it inevitably harmful?' Can we achieve a sustainable economy, in the sense of one which our planet's resources can sustain for our own and subsequent generations?

Only, it would appear, on certain conditions. One is that growth should slow down to take account of conservation and restoration and their necessary costs. Another is that economy of energy be a high priority. Yet another is that more enterprise and initiative be devoted to developing, and profiting from, new methods of waste management and recycling, and to finding ways of cutting back on the use of dangerous substances or of seeking alternatives. And a fourth is that even greater priority be given to efficiency. As *The Times* pointed out this time last year (8 Nov 89) 'some of the worst pollution problems now facing the globe are the product of the inefficient non-growth non-market economies of Communist Eastern Europe.' And the same can be said of inefficient and primitive industries in the southern hemisphere. For there it appears, for example, that the destruction of the rain forests resulting in greenhouse consequences is associated with the desperate short-termism of the attempts of backward peoples to get on to the first rung of the growth ladder, by selling timber and draining and clearing land for cash crops for the north.

One systematic way in which the environmental concerns which are on the increase throughout society are finding practical expression is through the environmental auditing of companies. This, like so much else in modern business ethics, first emerged in the United States, where companies became increasingly nervous not only of causing disasters but also of the multiplying legislation and controls with which they had to comply. From there it spread to American subsidiaries world-wide, and has recently been taken up in Britain and the rest of Europe. The process is conducted periodically either by calling in advisers from the rapidly increasing ranks of auditing consultants or by setting up a regular internal environmental auditing structure. Its brief is to conduct an independent examination of an organisation's operations and practices in the light of existing legislation and established policies, to identify any problems which exist in

connection with air and water pollution and waste management, and to take steps to correct them.

However, while the initial impetus appears simply to have been to secure legal compliance, pressures from retailers, investors and other groups are also leading companies to go beyond the law and to take a more proactive and detailed approach to their activities. For one thing, as we have already noted, public expectations of environmentally sensitive business includes not only the manner in which the product is manufactured, but also the product itself 'from cradle to grave', that is, the source and supply of its raw materials and the ease with which it can be eventually disposed of or preferably recycled. One early version of such a check-list for environmental policy in a company is the so-called Valdez Principles, which were drawn up after the disastrous Alaskan oilspill and to which various companies are being invited or otherwise pressurised to subscribe publicly, after the manner of the earlier Sullivan Principles laying down conditions for trading with South Africa. More recently in Britain, at the recent TUC Congress there was unanimous approval for such 'green audits', which should cover everything from raw materials and disposable waste to packaging and stationery (*The Times* 5 Sept 90), and there was also a move to campaign for legislation obliging companies to undertake such audits according to set standards, and to publish the results.

The TUC's concern was for such regular auditing to take place regularly both inside and outside the workplace, and while the most obvious area of business for such screening is in manufacturing, some of the considerations also apply to the conditions affecting any workplace. Sensitivity over asbestos dust and other harmful building substances has led to detailed consideration of all the materials used in construction, furnishings and fittings. The health and comfort of workers are also evident in concern over their working conditions in terms of the design of buildings, their lighting, heating, ventilation and accessibility. New interest has been directed at their working materials, in terms of office supplies and catering facilities and services. And this may be extended to take note of the impact of any company on its local environment, including a fresh look at its provision of transport for personnel and the pattern of its hours of operating.

Finally, the environmental juggernaut is not proceeding without some resistance in society. For one thing, undeveloped nations in the southern hemisphere, perhaps experiencing their own industrial revolution, can rightly complain that environmental values are an item which has been added to the north's agenda somewhat late in the industrial day,

and that it is a luxury which less affluent countries and economies can ill afford. No doubt part of an answer to this is to acknowledge that not everything which developed countries have undertaken or perpetrated is worthy of imitation. Another part of the answer is for the north to export as a matter of urgency and on the most favourable terms that cleaner technology which it alone has the capital, experience and motivation to develop.

Even in the north, however, there appear to be some signs of a backlash against the environmental doomsday scenarios which climatology has been developing and publicising, with queries being raised about the accuracy of its data and its computer predictions, and about the certainty and the scale of the catastrophes envisaged. Here too, however, even if worst-case predictions do admit of qualifications, the gravity and urgency of the need for humanity to clean up its act can scarcely be denied. Again, there appear to be some signs of a waning of environmental enthusiasm on the part of consumers and customers, although the momentum of regulation as well as of environmental research and marketing may affect this, particularly as and when efficiency and productivity rise and costs are cut.

It appears, then, that the green thrust of business is here to stay to a significant degree. It also appears that other aspects of the ethical conduct of business are entering increasingly on to the scene on the back, as it were, of the environmental movement. Nor is that surprising. For environmental concern which begins with human tragedies, either cataclysmic or progressive, can concentrate the mind wonderfully, not only on human survival, but also on the quality of human living throughout the globe. And if managers can learn to cope with environmental decisions, then this may be the best incentive and experience for them to broaden their quality agenda to consider the total wellbeing of all the inhabitants of our global village.

III POSITIVE DISCRIMINATION?

In my previous two lectures in this series *Managing Ethical Decisions*, I concentrated first on honesty as a topic which can raise problems across the board in business at every stage and all levels; and in my second I considered the rapidly growing concern for environmental values and the issues which this raises for business, particularly in its public policies and external activities. In this third and final lecture I propose to examine a subject which primarily concerns businesses and organisations in their internal structure and activities, the subject of discrimination. My plan is to examine first what exactly discrimination is, and what is morally wrong with it in business; then to consider the idea of 'reverse' or 'positive' discrimination which is offered as a penalty or a remedy for past discrimination in business; and finally to explore other less questionable steps which business may take, by way of 'affirmative action', in order to promote more equitable employment practices.

I

Public awareness of widespread discrimination arose first, of course, with the civil rights movement in the United States in the 1960s. American citizens descended from the black slaves who had been given their political emancipation after the Civil War revolted peacefully, so far as they were concerned, against the lack of access to education, training and other social opportunities, as well as to public facilities, from which they judged they were unjustly excluded on the grounds of their race and colour.

The growing black civil rights movement then had a profound influence on women in the US, mainly middle-class educated urban women, who began to claim that they too felt segregated, exploited, stereotyped and otherwise discriminated against in a whole variety of ways by American male society simply on account of their sex. They too had secured political recognition in the nineteenth and early twentieth centuries, but the manner in which they continued to be treated, both in domestic and public life, in what they perceived as a patriarchal society, led to the rise of the women's movement and various types of feminism which have had major repercussions throughout the whole of Western society, and are also beginning to affect other areas of the globe, including the Middle East.

Other groups in society were not slow to profit from the new insights and campaigns of black people and women for social recognition worthy of their dignity as human beings; including other ethnic groups, religious groups, and minority groups such as the handi-

capped, homosexuals, the victims of AIDS, and the elderly; all of whom added their voices to the growing collective protest at being discriminated against.

There is a sense, of course, in which discrimination is not ethically undesirable and may indeed be praiseworthy, as when we speak of people having a discriminating taste in music, literature or wine. Here the point is to have a sense of discrimination which enables one to tell the difference between what one considers 'good' examples and 'bad' ones, and making a choice between them – depending, of course, on how one defines 'good' and 'bad'. There is, however, all the ethical difference in the world between discriminating *between* for good reason, and discriminating *against*, for reasons which are at best questionable. And this applies also in the labour market, where it is perfectly legitimate to discriminate between applicants applying for a post or for promotion in terms of whether or not they possess the necessary qualifications for the post. Where discrimination is seen as ethically at fault and viewed as discrimination, not between but against, is when the criteria of the choice made have nothing to do with the post in question or are, in the common phrase, not 'job-related'.

Standard treatments of the ethics of discrimination in employment, such as that of Richard T De George (*Business Ethics*, Macmillan, 1986) show the wrongness of such behaviour from various points of view. If the practice is widespread and unreflective, then not only is harm done to the individuals and their dependents who are discriminated against. It also harms business companies by depriving them of a pool of potential employees who, if appointed on merit rather than systematically ignored on account of prejudice, would benefit those companies. And it produces whole classes of people in society with a legitimate sense of grievance, who may well react accordingly.

Blanket discrimination against entire classes of people on the basis of one particular characteristic, whether it be sex, ethnic origin, or age, also de-personalises individuals who may belong to that class, and consistently takes no account of their personal qualities, gifts and attainments. In this respect discrimination is also a basic affront to the equality which should be enjoyed by all human individuals, by restricting their freedom of access and freedom of opportunity to compete on equal terms, on grounds which are quite extraneous to the exercise of such freedoms in society.

II

How society, and business within society, should react to the increasingly recognised phenomenon of discrimination falls into two categories: what, if anything, should be done about discrimination perpetrated in the past, and if so, how; and what can be done to prevent the continuance of discrimination in the future. So far as concerns the past, there are some who claim that since harm has been done, then restitution should be made in some form of compensatory justice. And it is in this context that the idea of 'reverse discrimination' and 'positive discrimination' takes on its force and its meaning. If whole sectors of the population have been discriminated against in the past, is it not only right that special favour in employment and promotion should now be given to such classes of people, in order to redress the balance of past injustice and make up for all the harm done? And likewise, if other, more favoured, sectors of the population have in the past profited from such discrimination, should not they be penalised by now being discriminated against in their turn?

Attractive as such a form of rough justice may appear to be at first sight, yet it labours from such difficulties and presuppositions that it seems to be impossible to justify either on ethical or practical grounds. For one thing, it is impossible to identify with any accuracy all the victims of past discrimination, whether dead or still alive, unless one is to make the unwarranted claim that all blacks as such, or all women as such, have suffered injustice from employment policies, and not just those among their ranks who might have been appointed on merit had they been not only suitably qualified but also able to defeat the white, or male, candidates who were in fact appointed. And not only is it impracticable to attempt to identify such victims; it is also impossible to estimate the scale of harm done to them as a result of discrimination.

In addition to such difficulties over identifying and quantifying the harm done in the past, there are other difficulties to be encountered in trying to identify precisely who it was who perpetrated such harm, and may still be alive, although it might be possible to answer this in terms of a particular society as a whole, and to call upon that society now to make amends for its past discriminatory attitudes and behaviour towards certain groups of people among its members. But even if such a claim for social compensation be granted, there still arise questions of identifying the victims, as we have seen, and also now questions of how moves to compensate those victims are to be set in train and implemented, and in particular what the implications are for businesses which have existed within that discriminatory society and shared its attitudes and practices alongside other areas in society.

Staying within our business context, it does not seem fair to place all the blame for such past practices on business if it was reflecting wider social attitudes. And more to the point, it does not seem fair to try to redress the balance by now penalising other globally identified classes of people by discriminating against all of the members of such classes as a matter of principle. At the simplest level, if this is not to be some form of blanket social vengeance or retribution, it suffers from the objection that two wrongs do not make a right. Such reverse or positive discrimination, which is tantamount to punishing whole classes of people in the present for the sins of some of their fathers, again fails to consider questions of identifying and quantifying what inherited ill-gotten advantages or individual guilt may now exist in the present. And if the wrong in the past was to exclude from employment or promotion on grounds which had nothing to do with equality of opportunity and merit, such wrong is not righted, but only compounded, by a society which directs exactly the same policy towards others of its members for whatever reason. In other words, while it is true that there is a genuine matter of compensatory justice to be considered, this surely must not be at the expense of distributive justice in any society.

III

Whatever may be said about the need for a society as a whole to make amends for previous wholesale discrimination against countless of its individual members and for the social and other disadvantages inherited by their children, there exists also the perhaps more urgent question of how society, and business within it, may take steps to prevent the continuance of such unjust discrimination in the present and the future. Since what is in question is basically deep-rooted prejudice, or traditions and habits of literally 'prejudging' individuals simply on the grounds of their possessing some common, and irrelevant, characteristic, the basic strategy must be to influence and work to change such traditions and habits in society at large, including legislation aimed at securing racial and sexual justice and equality of opportunity, and other methods of social pressure.

At the industry-wide and corporate levels of application, there is also need for the introduction and observance of good recruitment and promotion practices, not only on the part of employers but also as pressed for and recognised by employees, unions and professional associations, bodies which are not themselves immune to charges of discrimination. And it is at this level of various practical steps to be taken or

advocated that further ethical consideration enters into the picture.

So far as the advertising of vacancies or opportunities is concerned there is now little dispute about the need for the contents of such advertisements to specify only job-related criteria, and not to stipulate irrelevant conditions of sex, race, age, or standards of education or accomplishment which would in effect screen out various classes of applicants sight unseen. Not only the contents but also the placing of such notices, however, calls for scrutiny, including the extent to which they appear in places or publications or circumstances which result in various sectors of society being unaware, or being kept unaware, of the opportunities available. Indeed, it is not only in business's own best interests, but also an expression of some form of social compensatory justice on its part if it actively seeks out and encourages applications from individuals in groups whose members may legitimately feel grievance or cynicism or unjustified low self-esteem as a result of past history or previous experience. It might be added that such steps would appear particularly called for on the part of a company which has had, or has been perceived to have, a poor reputation in terms of discrimination. And particular sensitivity on the part of potential employers to such feelings among applicants needs also to be exercised in the questions asked in application forms and at interview.

There appears also to be growing acknowledgement, once appointments have been made, of the principle of parity of remuneration, at least in terms of pay, whether equal pay for equal work, or more equitably, of equal pay for comparable worth. Yet there still exist serious disparities and anomalies, it appears, in conditions of retirement and in pension arrangements, as well as in the general area of differentials, whether of pay or perks, within a company. And where promotion or appointment to senior posts are concerned there is also need to take into account the discriminatory 'glass ceiling' which various applicants may find themselves coming up against, but whose existence is either not adverted to, or denied by, others.

It is, of course, when the question of actually making appointments, and the grounds for making such appointments, are directly considered that sometimes heated ethical debate enters again on the scene. I have already argued that reverse or positive discrimination, or the deliberate choosing of appointees solely in a bid to make amends for the past, is as ethically flawed as the original or negative discrimination. And the same considerations must apply to the idea of 'token' individual appointments, as well as to the idea of fixed 'quotas' intended to make the variety in the work force correspond in some way to the con-

stitution of a wider sector of the population. In none of these instances is the individual considered in her or his own right. And not only is it not clear to them that they have been appointed under conditions of fair and equal competition; they may feel or suspect that personal merit has nothing to do with the appointment, resulting in the erosion of self-confidence and personal competence, possibly compounded by surmise or resentment on the part of colleagues.

What is sometimes called positive, or affirmative, action can be distinguished from such forms of compensatory discrimination in appointment. The active setting out to encourage applications from all quarters is one instance of such a policy, which is not content to refrain passively from continuing to practice discrimination, but which aims to remedy the situation and the recognised imbalance, whether in a particular company or in society at large. Another instance of ethical affirmative action is to be seen in the offering of training programmes to individuals who may not yet be in a position to compete on equal terms for appointment or promotion, but who can be invested in and brought to such a level, and then be allowed to take their chances under conditions of fair competition. And similar affirmative steps can also be taken by businesses to consider adjusting their traditional practices of hours and working conditions to make due and fair allowance for potentially valuable junior or senior employees whose personal or domestic circumstances may call for special, but not unequal, treatment. There is much to be said for the view that true equality can often mean treating unequals unequally, so long as it is done without prejudice to others.

Again, although the idea of 'quotas', in the sense of imposed proportions, suffers from discrimination just as much as the situation against which it is directed, the same charge may not be levelled against the idea of recruitment and promotion 'goals', if these are understood as desirable situations towards which a company is committed to move. The problem here, of course, is to build in sufficient controls to ensure that the company really is moving in the right direction, and not resorting to some vague and unverifiable appeasement tactic. The controls in question may include some form of monitoring of results, in terms of classes and numbers of applicants, appointments and promotions, over fixed periods of time; provided that the purpose of such monitoring is made clear to those, especially applicants, who might at first sight consider it just another form of discrimination, and provided also that the time element does not subtly take on the characteristics of a fixed quota or target and in the process once again undermine the ultimate criteria of relevant suitability and merit.

There remain other questions raised by all these considerations which would profit from ethical consideration and discussion. One is the area of contract compliance, when an organisation may decide to require policies of affirmative action, or at least of non-discrimination, as a condition for striking bargains with suppliers or other contractors. Another is the question of whether it is ever justifiable to take considerations of sex, race, age, etc., into account in appointments when such considerations are not 'job-related' and are strictly irrelevant to the post in question.

In the former case it would appear, as a general principle, that an ethically minimum condition would be that the supplier or contractor was not practising discrimination, even if it were not committed to a policy of affirmative action. But supposing two companies were to make equal bids for a contract, and one of them espoused an employment policy of affirmative action such as we have been exploring? If the contract was given to the more 'affirmative' company, would not this be tantamount to deciding on grounds which are not strictly 'job-related'? And similarly, of two applicants for a post with otherwise equal qualifications, if I appointed the applicant who belonged to a group which had hitherto suffered systematic discrimination, would not this too be appointing not on merit, but on some extraneous, and therefore unjustifiable, consideration, resulting in legitimate grievance on the part of the applicant rejected?

Various tactics are explored for dealing with such test-cases, including the somewhat despairing one of tossing a coin as the price to be paid for not discriminating against the person rejected. Yet perhaps a more satisfactory line of solution is to consider that any particular position with its carefully neutral conditions is not being offered, or filled, in isolation within the organisation. Apart from its specific duties it is being offered and accepted in the wider context of the needs and goals of the organisation as a whole. And in that context it does not seem unethical, when all other considerations of merit and suitable competence are exactly equal between applicants, to favour one who will also enable the organisation to discharge its social responsibilities to avoid discrimination and its commitments to take all fair means to remedy the imbalances which have resulted, and continue to result, from such practices.