



TAKING SIDES

**Clashing Views
on Controversial Issues
in Business Ethics
and Society**

Lisa H. Newton • Maureen M. Ford



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on Controversial Issues
in Business Ethics
and Society**

Edited by

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and

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*To our husbands—Victor J. Newton, Jr.
and James H. L. Ford, Jr.*

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PREFACE

From the very beginning of critical thought, we find the distinction between topics susceptible of certain knowledge and topics about which uncertain opinions are available. The dawn of this distinction, explicitly entertained, is the dawn of modern mentality. It introduces criticism.

—Alfred North Whitehead
Adventures of Ideas

This volume contains thirty-six selections presented in a pro and con format. A total of eighteen different controversial issues in business ethics are debated. In this book we ask you, the reader, to examine the accepted practices of business in light of justice, right, and human dignity. We ask you to consider what moral imperatives and values should be at work in the conduct of business.

This method of presenting opposing views on an issue grows out of the ancient learning method of *dialogue*. Two presumptions lead us to seek the truth in a dialogue between opposed positions: The first presumption is that the truth is really out there, and that it is important to find it. The second is that no one of us has all of it (the truth). The way then to reach the truth is to form our initial opinions on a subject and give voice to them in public, then let others with differing opinions reply, and while they are doing so, we listen carefully. The truth that comes into being in the public space of the dialogue becomes part of your opinion—now a more informed opinion, and now based on the reasoning that emerged in the course of the airing of opposing views.

Each issue in this volume has an issue *introduction*, which sets the stage for the debate as it is argued in the YES and NO selections. Each issue concludes with a *postscript* that makes some final observations and points the way to other questions related to the issue. The introductions and postscripts do not preempt what is the reader's own task: to achieve a critical and informed view of the issue at stake. In reading an issue and forming your own opinion, you should not feel confined to adopt one or the other of the positions presented. There are positions in between the given views, or totally outside them, and the *suggestions for further reading* that appear in each issue postscript should help you find resources to continue your study of the subject. At the back of the book (beginning on page 316) is a listing of all the *contributors to this volume*, which will give you information on the philosophers, business professors, business people, and business commentators whose views are debated here.

Supplements An *Instructor's Manual with Test Questions* (multiple-choice and essay) is available through the publisher. And a general guidebook, called *Using Taking Sides in the Classroom*, which discusses methods and techniques for integrating the pro/con approach into any classroom setting, is also available.

Acknowledgments We were greatly assisted in this enterprise by Mimi Egan, program manager for the *Taking Sides* series, who was unstinting with her time, effort, and insight. Praise and thanks are also due to our families, without whose patience and support this volume would never have been completed.

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Introduction

The Imperatives of Business Ethics

Lisa H. Newton

Maureen M. Ford

“Business ethics” is sometimes considered to be an oxymoron (i.e., a term that contradicts itself). Business and ethics have often been treated as mutually exclusive. But ethics is an issue of growing concern and importance to U.S. businesses, and we believe that many share our conviction that value questions are never absent from business decisions, that moral responsibility is the first characteristic demanded of a manager in any business, and that a thorough grounding in ethical reasoning is the best preparation for a career in business. The first imperative of business ethics is that it be taken very seriously, in our time and for the foreseeable future.

GRAPPLING WITH THE ETHICAL ISSUES OF BUSINESS PRACTICE

This book will not supply the substance of a course in ethics. For that you are directed to any of several excellent textbooks in business ethics, or to any general textbook in ethics. *Taking Sides: Clashing Views on Controversial Issues in Business Ethics and Society* teaches ethics from the issue upward, rather than from the principle downward. Both approaches to the heart of ethical reasoning are recommended. The purpose of this book is to allow you, the student, to grapple with the ethical issues of business practice in the safety of the classroom, before they come up on the job where human rights and careers are at stake and legal action looms outside the boardroom, or factory door. We think that rational consideration of these issues now will help you prepare for a lifetime of the types of problems that naturally arise in a complex and pluralistic society.

You will find here no dogmas, no settled solutions to memorize. These problems do not have ready-made answers; they require that you use your mind to balance the values in conflict and to work out acceptable policies on each issue. The second imperative of business ethics is that you learn to think critically, to look beyond short-term advantage and traditional ways of doing things, to become an innovator.

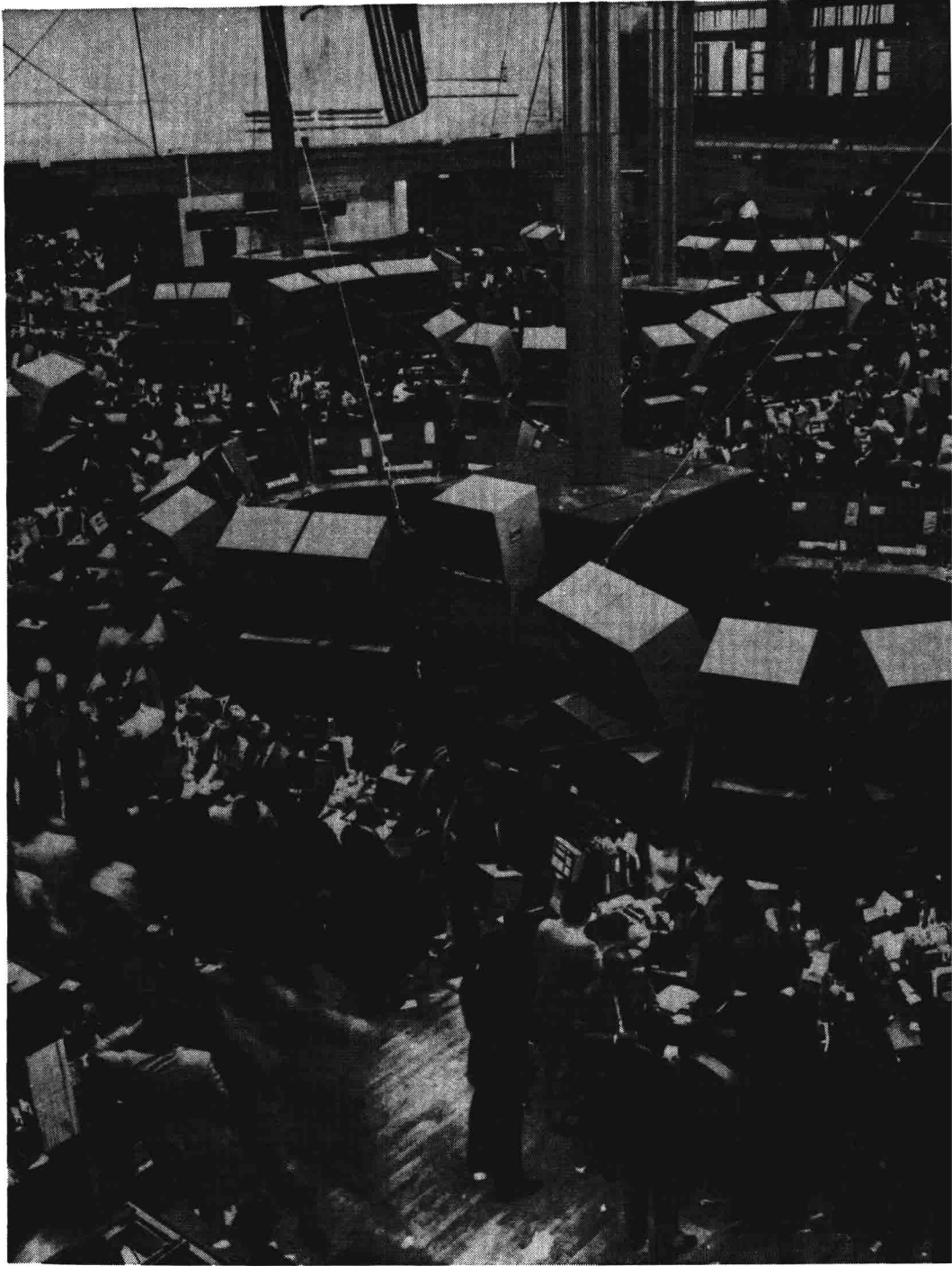
The issues discussed in this volume proceed from the most general questions of economics and moral right (*Is Capitalism Viable? Do Employees Have A Moral Right to Meaningful Work?*) to issues relating to the functional courses of a business school curriculum: manufacturing (the Pinto case),

marketing (the advertising issue, infant formula in the Third World), management (whistle blowing), human resources (labor-management teams, drug testing, preferential treatment), and finance (hostile takeovers, insider trading, the savings and loan catastrophe). We end with sections on environmental policy (acid rain, use of nuclear power) and international operations (South Africa, bribery, and the activities of the tobacco industry). You will face all of these issues in the years to come; you might as well start thinking about them now.

INTEGRITY ON THE JOB

There is no doubt that business people think that ethics is important, and many corporations have in-house handbooks and policy statements that spell out their ethics and values. Sometimes the reasons why they think ethics is important have to do only with the long-run profitability of a business enterprise. There is no doubt that greater employee honesty and diligence would improve the bottom line, or that strict attention to environmental and employee health laws is necessary to preserve the company from expensive lawsuits and fines. But ethics goes well beyond profitability, to the lives that we live and the persons we want to be. What the bottom line has taught us is that the working day is not apart from life. We must bring the same integrity and care to the contexts of factory and office that we are used to showing at home and among our friends. The third imperative of business ethics is to make of your business life an opportunity to become, and remain, the person that you know you ought to be—and, as far as it is within your capability to do so, to extend that opportunity to others.

We attempt, in this book, to present in good debatable form some of the issues that raise the big questions—of justice, of rights, of the common good—in order to build bridges between the workaday world of employment and the ageless world of morality. If you will enter into these dialogues with an open mind, a willingness to have it changed, and a determination to master the skills of critical thinking that will enable you to make responsible decisions in difficult situations, you may be able to help build the bridges for the new ethical issues that will emerge in the 1990s and beyond.



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<p>Russell Kirk, distinguished scholar at the Heritage Foundation, attempts to clarify the meaning of "capitalism," and he argues that this form of economic pattern will survive in the United States. Michael Harrington, a political theorist and prominent socialist, here attempts to show that American capitalism is not viable in the long run.</p> <hr/>	
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<p>Professor Gustafson, who teaches ethics at the University of Chicago, maintains that the common good is best served by more egalitarian distribution, of more things, and that this distribution is best carried out under the auspices of the state or public authority—the institution that in principle is concerned with the common good of the nation. Mr. Johnson, vice president of General Motors, argues that, whatever the theoretical merits of equality in distribution, no government to date has demonstrated the competence to perform egalitarian distribution very well.</p> <hr/>	
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Professor Werhane, of Loyola University in Chicago, states that employees have economic rights that are derived from basic moral rights—including the right to a safe workplace, fair pay, the right to participate in employment decisions, and work that seems to be worthwhile. Professor Maitland, of the University of Minneapolis, wonders if we have the right to establish possibly unwanted workers' "rights" at the expense of the workers' freedom to choose compensatory income in their stead.

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Bruce Lee, a director of the United Automobile Workers Western Region, was involved in the creation of the GM-Toyota joint venture, Nummi. He gives an account of that team effort, and the success of the effort from union and management points of view. Mike Parker and Jane Slaughter, former auto workers, take us behind the scenes at Nummi Motors. They are critical of the whole team concept in American manufacturing plants—and the role some labor union leaders are playing in helping management establish this new, often brutal, way of controlling workers.

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Richard DeGeorge, a philosophy professor, argues that "blowing the whistle" is often morally permissible and occasionally morally required. He presents the conditions that he thinks would justify a conclusion that an employee had an obligation to become a whistle blower. Alan Westin, a professor of public law and government, points out that evaluations of

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NO: Janice Castro, Jonathan Beaty, Barbara Dolan, and Jeanne McDowell, from "Battling the Enemy Within," <i>Time</i>	79

John Hoerr et al. survey the range of issues now generally categorized under the heading of "privacy in the work place." Corporate policies that require drug testing, lie detector tests, computer surveillance, and genetic screening, now part of many corporate personnel programs, are themselves being tested, in the courts, as invasions of privacy. And some critics charge that employers overstep their bounds in these matters. Janice Castro and staff for *Business Week* chronicle the growing awareness of the damaging effects and high costs of employee drug use in both the public and the private sectors. One consequence is the growing movement for policies of mandatory testing.

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Lisa Newton, a philosophy professor, argues that programs of preferential treatment are reverse discrimination and are therefore antimerit and unjust. These programs replace consistent, fair procedures with political positioning as preferential avenues are sought by minorities. Richard Wasserstrom, a professor of law, points out that society is not fair and meritarian to begin with. He argues that there is no inconsistency in objecting to racist and sexist discrimination while favoring preferential treatment; the social realities of numbers and power make discrimination against the majority less objectionable than discrimination against minorities.

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Philosopher Roger Crisp argues that persuasive advertising removes the possibility of real decision by manipulating consumers without their knowledge and for no good reason, and thus destroys personal autonomy. John O'Toole, CEO of Belding Communications, Inc., reasons that advertising is only salesmanship that has expanded into the paid space and time of mass media, and is no more coercive than an ordinary salesman.

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Michael Hoffman, professor of business ethics, describes the accusations that Ford Motor Company deliberately put an unsafe car on the road—the Pinto—and thus caused hundreds of people to suffer burns, deaths, and horrible disfigurements. James Neal, chief attorney for Ford Motor Company during the Pinto litigation, argues to the jury that Ford cannot be held responsible for deaths that were caused by others—such as the driver of the van that struck the victims—and that there is no proof of criminal intent or negligence on the part of Ford.

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Doug Clement, coordinator of the National Infant Formula Action Coalition (INFACT), argues that infant formula distribution in the Third World has

been a disaster for the health of the infants. INFACT brought this issue to world attention and called for the boycott of Nestlé products to protest the formula promotions. Maggie McComas et al. presents Nestlé's response to its attackers, and the company's view of its present and future role in protecting infant nutrition in the Third World.

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NO: Lisa H. Newton, from "The Hostile Takeover: An Opposition View," in Tom L. Beauchamp and Norman E. Bowie, eds., *Ethical Theory and Business*, 3rd edition 183

Craig Lehman, a philosophy professor, argues that hostile takeovers are useful in the ecology of American business because they contribute to the efficient allocation of capital, weed out weak management, maximize the interests of the shareholders, and provide opportunities for new entrepreneurial managers. Lisa Newton, professor of philosophy and ethics, responds that hostile takeovers destroy American enterprise by liquidating the investments of generations to provide ready cash for a few millionaires—employees and communities suffer, and the future of American business is severely compromised.

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NO: Allen M. Parkman, Barbara C. George, and Maria Boss, from "Owners or Traders: Who Are the Real Victims of Insider Trading?" *Journal of Business Ethics* 202

Henry Manne, law professor at George Mason University, argues that insider trading—the use of inside knowledge by corporate insiders to trade the corporations's stock—is the best reward for entrepreneurial services. Professors Parkman, George, and Boss, each of whom has a legal background, argue that too much of the uproar about insider trading focuses on the outside traders, when, in fact, it is the ongoing shareholders, the insiders' ultimate employers, who are likely to be hurt; insider trading should be treated as embezzlement or theft.

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Thomas Hayes, reporter for the *New York Times*, argues that the lure of fast profits and the chance to build enormous personal fortunes led first to unwise investments and then into bankruptcy, as the savings and loan industry ran wild during the crucial years of the 1980s. To Dallas TV reporter Byron Harris, the fault for the debacle of the saving and loan institutions must be laid squarely at the door of the federal government regulators who failed at the task assigned to them..

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Environmentalist George Reiger describes the irreparable damage done to our lakes and our forests by high levels of the fossil fuel air pollution of acid rain and ozone. We've done the research, he argues, and now we need public action to stop industrial pollution. William Brown, director of technical studies at the Hudson Institute, concedes that our forests are having problems, but the causes are much more complex than industrial pollution alone, including cyclic diseases and anti-forest fire policies. Given the high cost of stopping sulfur emissions, we should avoid premature or misdirected legislation.

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NO: Alvin W. Weinberg, from "Is Nuclear Energy Necessary?" *Bulletin of the Atomic Scientists* 247

Christopher Flavin, senior researcher for the Worldwatch Institute, argues that the Chernobyl nuclear plant explosion, still spreading death and loss over Europe, taught us once and for all that we cannot risk nuclear power in our energy arsenal, and that we should phase out all nuclear reactors and rethink our energy strategy. Energy sources are limited, argues Alvin Weinberg, director of the Institute for Energy Analysis. Unless we choose to expand our dependence on environmentally disastrous coal and politically disastrous oil, we will have to use nuclear energy; the only question is how to guarantee plant safety.

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NO: Peter Madsen, from "Comments on Kenneth M. Bond, 'To Stay or to Leave,'" *Journal of Business Ethics* 273

Kenneth Bond, professor of business administration, argues that multinational corporations in South Africa may benefit South African blacks and therefore need not leave. Peter Madsen, director of the Center for Business, Society, and Ethics at Carlow College, replies that Bond misses the point; we must divest in order to make a moral statement, and we must also extend economic aid to the black South Africans.

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YES: Michael Philips, from "Bribery," *Ethics* 280

NO: Thomas L. Carson, from "Bribery and Implicit Agreements: A Reply to Philips," *Journal of Business Ethics* 291

Not every payment that seems to be a bribe is a bribe in fact, argues Michael Philips, a professor of philosophy. It is often difficult to distinguish a true bribe from other payments; meanwhile, there may be no *prima facie* reason to refuse the offer of a bribe. Philosophy professor Thomas L. Carson argues that every acceptance of a bribe involves the violation of an implicit or explicit promise or understanding connected with one's office, and that Philips has failed in his attempts to show that acceptance of a bribe can sometimes be morally acceptable.

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NO: Tobacco Industry Representatives , from "Letters to the Editor: The Tobacco Controversy," <i>Business in the Contemporary World</i>	309
Stan Taylor, a professor of political science, sets forth the undesirable consequences of the tobacco industry in the developing countries, where tobacco endangers both the health of individuals and the economies of the Third World. Tobacco Industry Representatives defend the expanding tobacco markets and consider the attacks on the industry to be a result of misconstrued and mistaken facts turned into an emotional political issue.	
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