

CHEATING

**THE ORIGIN, NATURE, IMPORTANCE
AND IMPROVEMENT
OF BUSINESS AND OTHER ETHICS**

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CHEATING

THE ORIGIN, NATURE, IMPORTANCE AND IMPROVEMENT OF BUSINESS AND OTHER ETHICS

Hermes –The god of commerce, invention, cunning and theft who serves as messenger and herald for other gods, as patron of travelers and rogues and as the conductor of travelers to Hades.

Greek Mythology

"In the performance of duties, we shall have to become skilled evaluators of duty, and by calculation perceive where the weight of the duty lies ... Circumstances alter cases."

Cicero¹

1. INTRODUCTION

This book began by formulating some important questions relating to the subject of business and other related ethics in order to investigate and better understand the subject.

These questions include: Where did ethics come from? What is their origin and history? What constitutes their nature, description, dimension and characteristics, starting with animal behavior, religion, living in a community, values, philosophy and other possible sources? Does evolution always produce better ethics? Are ethics the same for everybody? Do or can universal ethics exist? Do ethics change depending upon gender and with whom you are dealing – family members, friends, strangers or foes? Do ethics vary at different times like environmental ethics? Are

¹ The quote from Cicero is taken from Witton, Howard. 2007. *Developing the Ethical Competence of Public Officials. A capacity Building Approach*. Private paper prepared for UNESCO.

ethics subject specific? Are ethics separated from business? Are some businesses in whole or in part unethical? Does ethical conduct pay and if so for whom? Can ethics be enforced thru law and enforcement of justice? What is the relation of ethics, (morality), law and justice? How are ethics formalized and transmitted to future generations? Can research help us improve ethics? Why are ethics important? What role does government play in trying to reach an ethical society? And what are the consequences if government is not ethical?

These are some of the questions this book attempts to answer. To do so, where possible, the author has cited history, experience and the best scholars he could find from a wide variety of specialized fields. The most important areas of knowledge drawn on in this book are biology, the study of animals (ethology), the study of primates, anthropology, behavioral economics, political science, philosophy, religion, and natural sciences². This book is trans-disciplinary.

The study of Business Ethics was initiated for the author at a 1998' UNESCO work shop organized by Marie Louise Kearney from New Zealand, the Director ERC (NCP) sector for External Relations Cooperation, who invited the author to preside at this work shop.

This problem area is important because it is woven into our lives, affects outcomes of our efforts and is an important element in the tragic economic crises that reoccur from time to time causing great damage to those who lose employment, homes and savings.

These crises have expanded geographically in their effects in an increasingly globalized world where shock

² Other fields also considered in this book are: history, psychology, other social sciences, economics, physics, the science of chaos and complexity, modeling, chemistry, evolutionary science, comparative human development, neuroscience and behavioral neuroscience, psychiatry, brain science, medicine, law, technology and communication technology and other bodies of knowledge or experience that shed light on this subject.

waves travel faster and faster across communities and national boundaries. There is less stability than when our world was more compartmentalized by national borders and there was more separation between different peoples and events. Rapid innovation has brought rapid changes to life so that many people crave less change and more stability.

The scope of this subject is human nature which is complex and varied and was formed over millions of years. Our ethical capabilities are limited by our human nature which is still to a great extent animal nature.

It cuts across and depends on the many different bodies of knowledge mentioned above, intertwined in complex patterns, chaos and disorder going back to our primate evolution, starting about eight million years ago when our line of development separated from monkeys and apes. It also involves different human cultures in more recent times.

The new information revolution has facilitated the solution to some of our problems but has also complicated getting the right information since there is so much of it.

The major thread that runs through this book is the relation of money, ambition, competition and power of individuals, companies or small groups, to ethical conduct. Conflicts occur where individual striving runs against the good of the community. Another complicating aspect is conflict between different ethical and cultural values that underlie what is considered ethical. Competition often plays an important role. The quality of the family life in raising children is essential. The effects of unlimited reproduction and unwanted children affect human character in many parts of the world. This has led to the present population explosion, poverty, crime, terrorism, out-sized prison populations in the U.S., and unhappiness. A minimum level of wealth usually increases happiness. The ambition of the author in researching and writing this book is to try to find ways to make life on this earth more heavenly, without

waiting to find out what happens after death in the hope that the afterlife - if it exists - will be better.

The outcome of humanity's search for improvement may depend upon whether Darwin's theory of survival of the fittest still works in the modern world and whether it will lead to a better world. To improve social life, business interests need to actively cooperate by being more ethical, more accountable and socially innovative in the public interest. Will Darwin's principle of survival of the fittest continue to drive the world and in what direction?

The doors the author has used to open up this subject are the series of important questions mentioned above and found in the table of contents and at various points in the text itself.

This introduction continues by raising issues, later dealt with in more detail, to illustrate and introduce the different ways to approach the subject and its complexity.

2. HUMAN BEHAVIOR INCLUDES EVIL ACTIONS AND MORAL CONDUCT

The variety of human conduct is huge. Genocide is where killers do not consider their victims as humans but objects for which there is no empathy. Part of the brain is activated when humans are involved, in particular the pre-frontal cortex. This region becomes active when we are interacting with or thinking about other people, but it is not active when we are dealing with inanimate objects.³

³ Eagleman, David, a neuro-scientist at Baylor College of Medicine, has written "The Brain Network", 24, 25 October 2015, page 21, Financial Times quoted above. This article is based in part on an edited extract from his book "The Brain : The Story of You", 2015, Pantheon Press and published by Cannongate Books, also in 2015.

Willingness to kill in wars, in the context of history, economics and politics, is more common than genocide. Some of the historic genocides are listed below⁴ :

- 1915 : More than a million Armenians, Assyrians and Greeks are estimated to have died in the Ottoman Empire.
- 1933 : Nazi Germany killed six million Jews.
- 1975 : The Khmer Rouge killed between 1.7 and 2 million Cambodians.
- 1990 : The Hutu majority murdered many Tutsi and moderate Hutus with machetes.
- Bosnia became a theater of mass killing, followed by Darfur in Sudan in 2003.

Others would list the 9 million Native Americans lost from killings and disease over many years when the white man arrived in North America.

Wars happen by accident or to steal territory, wealth or power from others.

On the opposite side of the spectrum, one has the example of Jesus-like figures and others described by religions dedicated to ethical behavior and the teaching of morality. In this case, the Christian religion, like other religions in the past, postulates that Jesus was born of virgin birth and fathered by a deity. This is an opposite kind of dehumanization which tends to increase faith. The Romans and perhaps the Jews who may have seen Jesus as a competitor or a blasphemer, dehumanized him which facilitated crucifying him.

⁴ <http://endgenocide.org/learn/past-genocides/>

A Framework for Thinking Ethically⁵

How to know what is ethical is well explained in the document in the link in the footnote below, which the reader is invited to read now. It forms an important part of this introduction.

Definition of Ethics – Ancient vs Modern

If one looks up ethics in the dictionaries, a great variety of different definitions are given, including for example, the "standard of conduct and moral judgment..., the system or code of morals of a particular philosophy, religious group, profession, etc". (See Webster's New Universal Unabridged Dictionary, Second Edition).

Although ethics, morals, values and justice are often used as synonyms, ethics seems more fitted to reflect conduct in a community while "morals" is sometimes more an individual's moral compass, less related to accepted community standards of conduct. Justice is more associated with political philosophy (government action) as distinguished from moral philosophy.

Philosophers differ on how to define ethics, morality or justice. Aristotle's approach was to focus on virtue that leads to the good life. Bentham and Mill thought utilitarianism was the proper way to define ethics to give maximum pleasure or good to the most people. Kant thought ethics and morality depended more upon the moral intentions of a person's actions which should be universally accepted as ethical, and less on the consequences of the action.⁶

⁵ This title is taken from a five-page document of the same name prepared by the Markkula Center for Applied Ethics at the Santa Clara University in California. It can be found at:

<https://www.scu.edu/ethics/ethics-resources/ethical-decision-making/a-framework-for-ethical-decision-making/>

⁶ See Sandel, Mitchel J, 2009, *Justice: What's the Right Thing to do*, Farrar Straus and Giroux, New York, for a remarkable description with excellent examples of these and other philosophers' views including Libertarians and Rawls who thought

A book published in 1996, *The morals of modernity*, by Charles Larmore⁷, a leading contemporary philosopher, attacks the problem in defining "the way distinctive forms of modern experience should orientate our moral thinking". He is concerned with how human experience and history in the West does or should exercise more influence on moral thought as to what is more important: the right (Kant) or the good (Greek ethics). He notes that conscience became important in modern ethics but was absent in the thought of the ancients.

Part of modern life is the realization that philosophers make mistakes and our modern world became more secular which Larmore deals with in the second chapter *Beyond Religion and Enlightenment* in which he writes: "God is so great he does not have to exist. Thus might we describe the essence of the process of secularization that has so profoundly shaped modern society." He notes that the enlightenment suffers a crisis because "rationality is such an abstract capacity".

Liberal thought, though difficult to define, generally believes "there are things the government ought to be prohibited from doing" and that "reasonable people tend naturally to differ and disagree about the nature of good life".

Included in the idea of liberalism is mutual respect – a sort of neutrality. Also included in liberalism is as Rawles wrote "the aim of justice as fairness as a political conception is practical, and not metaphysical or epistemological".

Another modern concept he describes is: "A prevalent view about moral sources of liberalism is that it arose out of the acceptance of value of pluralism [...] often thought to be naturally connected ideas."

each person should be free to decide upon on what the good life is where personal liberty should play a big role.

⁷ Larmore, Charles, 1996, *The Morals of Modernity, Modern European Philosophy*, Cambridge University Press, pages 27, 41, 122, 146, 153.

Finally, although not included in Larmore's book, there is libertarian political philosophy, sometimes defined as classical liberalism of John Locke, which arose in the 18th century in varied forms in Europe but is different in the U.S.. Usually associated with this philosophy is the idea of a very limited role for the State. Anarchy was close to some libertarian thought and some libertarians associated free love and no restrictions to pornography. Liberty is at the center of ethics for them.

One can easily see that ethical values have varied and should vary over time as these different philosophical ideas took form. Modern ethical and moral concerns will necessarily vary from more ancient philosophies and present day ethics probably have not caught up with modern developments to the extent this would be useful. This does not imply that modern philosophy or values reflect what is right or good since the reverse is often true.

Another way to define ethics is to examine the writings on this subject, especially political ethics that are described in declarations, for example those ethical principles expressed relating to human rights often embodied in constitutions or conventions such as the European Convention on Human Rights (See pages 108 for more details).

Dictionaries define ethics in different ways. However, for the sake of simplicity, let us adopt the following definition.

The meaning of ethics in this book is simply and practically defined as good conduct –doing the right thing, i.e. the best solution to the problem which has an ethical aspect⁸.

⁸ See http://en.wikipedia.org/wiki/Descriptive_ethics, viewed 23 Nov. 2008 for another way to understand ethics. Wikipedia divides ethics into "Descriptive ethics: what do people think is right? Normative (prescriptive) ethics: how should people act? Applied ethics: how do we take moral knowledge and put it into practice? Meta-ethics: what does 'right' even mean?".

The general context of the ethics analyzed in this book is that of the U.S. and western capitalistic society at the end of the 20th and beginning of the 21st century with some interesting examples from other countries, particularly France.

Ethics in Selling Weapons

Alain Crémieux, who served for many years on the Ethics Committee of Weapons ("*Comité d'éthique de l'armement*") which recommends approval or disapproval of arms sales by France, has an excellent analysis of ethics which can be summarized as follows: ethics, which generally refers to conduct or behavior, is related to morality, i.e., the distinction between good or evil. It also refers to deontology (the study of the nature of duty and obligation set in written and codified rules in the professions) and it is also related to law. If ethics does not respect morality, scandal is not far away. If it is in contradiction with the rules of deontology, one should question whether such rules ought not to be changed. With regard to law, if one believes that everything not prohibited by law is authorized, this does not square with ethics. His definition of ethics is that it begins where morality, deontology and law give ambiguous answers.⁹

Ethics as a part of philosophy can be defined as opinions that tend to control behavior in people that care about ethics. For such people, ethics is closely related to religion. Some say business, a profit making activity, is separate or necessarily contradictory to ethical conduct¹⁰.

⁹ Crémieux, Alain. 2006. *L'éthique des armes*. Aegeus, Editions du Bicorné, Paris. Chapter 2, "General Problems of Ethics", pages 23 to 24.

¹⁰ For example, André Comte-Sponville, a leading French philosopher, believes morality and ethics are separated from business, technology, science, economics, law and politics. Therefore he would probably think it is confusing to use the term business ethics. See Annex I for a short summary of his analysis and my comments. His book, *Le capitalisme est-il moral ?* (Is Capitalism Moral?), was published in 2004 by Albin Michel, Paris.

This paper deals with the origin, nature, relationship and importance of ethics in business, if any, and how it can be improved. In this search the author believes the ethical system is not a static one but a dynamic and changing one, depending upon time, place, facts of the case, culture, religion, philosophy, gender and other factors. Therefore, ethics is not an exact science. To attempt to find a reasonable ethical solution to a problem in business, one must make a careful analysis of the facts including the consequences and cost of a particular solution. If the problem is technical and complex, a study of the technical aspects with an expert in the concerned field is helpful. In order to arrive at the best analysis, applying knowledge from a number of different relevant disciplines can lead to deeper understanding and suggest better answers. Good discussions of the problem with wise people with experience help greatly.

Heterogeneity, Complexity and Difficulty of some Ethical Problems

*Patterns of Moral Complexity*¹¹ is a book that attempts to prove the "heterogeneity of morality" (Chapter 6), complexity and difficulty of some ethical problems which have been oversimplified. Professor Larmore writes: "The ultimate sources of moral value are diverse".

The author wants to recover two other fundamental and pervasive forms of moral complexity.

He argues that "virtue is not as both Kantian and utilitarian theories portray it simply as conscientious adherence to principle. Rather, as Aristotle pointed out, the exercise of virtue requires the use of judgment [...] to establish when and how the rules associated with a virtue apply. [...] One needs the faculty of insight into how general rules are to be applied to particular decisions."

¹¹ Larmore, Charles, 1987, *Patterns of Moral Complexity*, Cambridge University Press, Preface IX-XIV

Professor Larmore also attacks [...] "the assumption that what may be a decisive moral consideration in one area of social life must carry equal weight in other areas. [...] Nowhere has this assumption played a more insistent and harmful role than in the domain of political theory. [...] What has too often been missed or misunderstood is the good reason for the differentiations between the private and the public, *homme* and *citoyen* or as I shall also say between personal and political ideals".

He cites Max Weber's distinction between ethics of conviction and ethics of responsibility and notes these two ethics can collide.

For the author conflicts can occur between principles of deontology and consequentialism to add to complications.

In conclusion he writes "The fundamental aim of this book has been to show why moral philosophy must outgrow the simplifications that have beset its past".

Other Philosophers Give Examples of Difficult, Ethical (Moral) Problems

Other philosophers have developed hypothetical questions to demonstrate complex moral problems.

Some examples of how difficult some moral or ethical problems can be are¹²:

A difficult hypothetical posed by Philippa Foot, a moral philosopher, related to a driver of a runaway trolley car hurtling toward five railway workers: the driver has the possibility of diverting the trolley to another track which would save the five workers, but kill another worker on the track. Judith Thomson "thickened" this example with another hypothetical: a doctor who could kill a patient and

¹² Lloyd John, influential thinker on ethics who devised the "trolley problem" which is cited in his 1967 essay. *The Problem of Abortion and the doctrine of Double Effect*, cited in the Financial Times, article of October 16-17, 2010, p. 7.

remove his organs to save five other patients even though under his oath he is bound to do no harm.

Then, there is the question relating to torture: whether it is ethical to torture a terrorist or his child to try to induce him to tell where he has put an atom bomb in New York City which will shortly detonate.

Unethical Conduct Uncovers a Biological Miracle of Great Benefit to Mankind

Does unethical professional conduct ever benefit the community? Medical scientific research in the past has been done on humans that has sometimes been harmful and without the consent of the person concerned. Most people think it is unethical to do this. There is one extraordinary case where genes in cells that cause cancer were removed from the cancerous cervix of the uterus of Henrietta Lacks in 1950.

Usually human cells die when put in cultures but Henrietta's cells never died and reproduced every twenty four hours. They were immortal, living after she died. As a result of this miraculous situation "they launched a medical revolution and a multimillion dollar industry". Her cells reproduced in enormous amounts. Her cells named "HeLa" cells were "vital for developing the polio vaccine, uncovered secrets of cancer, viruses and the atom bombs effects, helped to lead to important advances like in vitro fertilization, cloning and gene mapping and have been bought and sold by the billions"... "More than 60,000 scientific articles were published about research done on HeLa cells by 2009".¹³

Ethical Short Comings not only in the Financial Sector

Although the financial crises in this last part of the first decade of the 21st Century has focused many on the lack of ethics and responsibility of the financial community, it is

¹³ Skloot, Rebecca, 2010, *The Immortal Life of Henrietta Lacks*, Crown Publishing Group, a division of Random House, NY, Cover and page 312

important to remember that activities in other sectors such as domestic and international procurement of transportation and other equipment, construction, the pharmaceutical and other businesses as well as government, labor organizations, accounting and law have often been subject to criticism in important ways. One is tempted to believe more intense competitive pressure in large and small companies and elsewhere is leading to less ethical conduct.

Work Ethic and Earning Money

Since business conduct is the subject of our inquiry, one must take into account the financial aspect. Earning and accumulating money, usually a product of work, is a value highly appreciated in the United States, as well as in varying degrees in other countries. Although working harder does not always result in more money, there is some correlation. Wanting to earn lots of money without hard work can lead one into trouble. Ethics is often ignored when there is a conflict with the possibility of earning or acquiring large sums of money. Earning money is not the only motivation that leads people to act unethically. There is also the desire for power, to win favor of the opposite sex, and the desire for fame and reputation. Ambition, envy and other reasons can also motivate unethical conduct. It is clear that working and earning money in itself is ethically positive; it can lead to personal freedom, i.e., escape from the tyranny of poverty, better education and general prosperity. It facilitates the pursuit of happiness.

Businesses rely on contracts and keeping promises, a central feature of ethics in business. However, Domenico Maffei, an Italian Professor of Legal History, questioned whether this is really ethics or is it self-interest?

The large U.S. foundations funded by businesses make significant contributions to the public interest and the general welfare, even though they were created by successful businessmen who were not always ethical during

their business career. So, despite the fact that acquiring money can be done in unethical ways, the creation of wealth can improve our situation.

When Greed conquers Ethics – Crises

The ordinary business of making profit from time to time develops into a climate of increased greed which displaces ethics after a period of business experimentation, investment and production or other events when speculation occurs accompanied by a frenzy of rising real estate prices, stock market prices and other prices. In 1636-1637, it was the rising tulip bulb prices in Holland of a rare species, very difficult to breed but once bred easy to propagate. Inevitably, a steep downturn then inflicted losses on investors and on businesses with a concomitant reduction of employment. This happened in the last years of the 20th century with the new technology boom and recession. It happened again with the housing boom in the early years of this century.

Kindleberger, in his remarkable book telling the history of economic crises as phrased by Peter L. Bernstein in his foreword, states that "[t]he manner in which human beings earn their livings is no laughing matter to him (his book has some hilarious anecdotes in it), especially when they attempt to do so at the expense of one another. As he so effectively demonstrates, manias, panics and crashes are the consequence of an economic environment that cultivates cupidity, chicanery and rapaciousness rather than a devout belief in the Golden Rule¹⁴". See also page 195, 246 and 248.

¹⁴ Kindleberger, Charles P. 2001. *Manias, Panics and Crashes: A History of Financial Crises*. John Wiley & Sons Inc., NY. This remarkable book lists and dissects financial crises in history. Chapter 5 is entitled "The Emergence of Swindles", which he writes run parallel to the propensity to speculate during a boom. Crash and panic, with their motto "*sauve qui peut*" induce still more to cheat to save themselves.

Short Term vs Long Term Profit and Accountability

Since Man's nature, conditioned by genetics and experience has been focused on short term escape from danger over a very long period of time, rather than long term survival which depends upon working to avoid long term dangers, his ability to deal with the long term problems is probably insufficiently developed. In addition, long term problems are by nature more difficult to solve because they may never happen and the future is usually impossible to predict. In such case, when what were once long term problems become short term dangers, the situation may have deteriorated and/or become so irreversible (e.g., if the environment deteriorates too much) that humanity's future has grown worse or survival is not possible. However, the future is still open or at least unknown for most people and there is hope that humanity can survive if the crises that occur can lead to reform and are not irreversible.

In addition, the financial incentives for short term profits for corporate executives (stock-options and bonuses) and the quarterly pressure of the financial markets tend to prevent consideration of longer term values and business possibilities which are neglected, including giving customers real worth for their money. This situation has led to the comment that short term equals sin while long term management equals virtue. Of course without short term success there may be no long term in business. The balancing of short term and long term objectives and success can be most difficult since the pressure of realizing short term profits is so high in publicly quoted companies that some are, to a greater or lesser extent, forced into actions that do not meet the highest ethical standards. More work needs to be done to remove the excessive motivations to go only for short term profits

Excessive Competition

An excessive competitive spirit can also induce unethical business practices to move to a lower level playing-field, down the ethical scale of values. If this becomes the rule, the business world becomes a battlefield where the normal rules are flouted, skirted or simply disregarded. The ensuing instability is bad for the economy, the government and the public at large. Unethical conduct may often be more marked in less developed countries with national resources coveted and desperately needed by other nations.

Taking Care of Your Own Interests is Ethical if not Excessive

Benjamin Franklin wrote about the work ethic: “Early to bed and early to rise, makes a man healthy, wealthy and wise.” By working hard one can not only serve oneself but be in a position to contribute to the general good, as he did.

While no one is better placed than oneself to take care of one's own needs and desires, nevertheless, if self-seeking wreaks great harm to the general good or harms other individuals in the process of bringing advantage to the individual, a small group or a company, society attempts to correct the situation. It is not only painful but inefficient to live in a society where there are no values, ethics, law and order. Voluntary ethical conduct is the least expensive and the best way to protect the best interests of society but not sufficient. There is always a potential conflict of interest between earning more profit for one's self and treating the client fairly. Efficient government, or other means, must enforce minimum rules required for a good life in a community. The other safeguard is to produce people that have acquired the habit of being ethical – so it is part of their character.

In addition, if individuals or businesses become steeped in unethical practices, this trend generally engulfs

the political world as well. At this point, the quality of democracy languishes and the citizens lose faith in their institutions and their elected officials and the quality of life deteriorates as the law of the jungle takes over¹⁵.

In order to increase our understanding of problems of business ethics, we have addressed the topic in this paper through a series of questions and answers which offer different perspectives.

In conclusion, we attempt to draw upon all the different aspects of the problems of ethical conduct we have seen in the course of our research and to assess the importance of business ethics, to note the limits on ethical conduct and to make some common sense recommendations which focus on what has actually happened in society and what more could be done.

Finally, we include a list of other questions relating to business ethics for further study.

This book cites examples and cases of great diversity from many different disciplines, countries, cultures and situations with the idea that if the base of this study is very broad and chosen carefully, the discussion in the book should be more interesting and useful in suggesting answers to the question posed. An effort has been made to cite the

¹⁵ This is happening in the United States. See Mitchel J. Sandel (1996) *Democracy Discontent: America in search of a Public Philosophy*, page 3, footnote 1, in which he cites a poll in 1994 in the United States in which only 20% of the Americans believe they can trust the government in Washington to do the right thing most of the time and in 1992, three-quarters said they were dissatisfied with the way the political process is working. According to Sandel, this discontent with democracy is a longer term problem of lack of proper political philosophy. Also, see reference to Transparency International's work in section IV infra which shows the situation in less-developed countries with less good reputation relating to corruption.

See also Reich, Robert B. 2007. *Supercapitalism: The Transformation of Business, Democracy and Everyday Life*. Alfred Knopf, New York. This author notes on page 131: "Thirty five years ago the vast majority of Americans thought our democratic government was run for the benefit of all the people [...] now a vast majority thinks it is run by a few big interests looking out for themselves." For him, furious corporate competition to influence legislation to favor each company's profitability and huge sums of money flowing to the growing army of lobbyists in Washington may be one reason for this change of opinion.

most intelligent thinkers and try to get up on their shoulders because seeing and insight from high up facilitates understanding more of the surrounding territory of life.

* * *

3. THE ORIGIN AND NATURE OF ETHICS

Do ethics come from the nature of animals, evolution of animal behavior, genes, religion, philosophy, laws of human nature, natural physical or chemical functioning of the brain, scientific study, beliefs drawn from the study of political theory relating to ethical norms existing or created in societies, other fields of knowledge or causes or a combination of one or more of these?

Do Animals and Insects have Ethics?

To discover the origin of ethics and human behavior in order to understand this subject better, it is logical to go back in time before man existed and study the older forms of life (animals, insects, etc.) as well as the evolution of early man and the study of anthropology. Sharks, ants, apes and monkeys existed before man walked on earth.

The study of ants and the invention of the science of sociobiology by E. O. Wilson provide important progress in our understanding of the social behavior of ants which opens up new ways of thinking about animal behavior including humans. Later in this book we study important contributions by E. O. Wilson, Christopher Boehm and Dario Maestripieri.

Most scientists agree that we have a common ancestor with the chimpanzee about eight million years ago. Scientists who have researched primate behavior can contribute their knowledge to help us understand human behavior. Small primates existed between 55 and 85 million years ago and survived the disappearance of dinosaurs. Some believe that the human branching from monkeys and apes occurred because of a genetic accident that allowed

more brain capacity including learning languages (*Sciences et Avenir*, July 2012, p. 24,). Others like E.O. Wilson think it more likely that there was a combination of one or more genetic accidents, cultural innovation and a gradual process and development.

Cooperative Meerkats

Scientists, after a ten-year study of the African meerkat, a wild animal of the mongoose family, reported that it exhibits more cooperation and altruism, than is the case with many other animals –and most human beings¹⁶. These foot-high animals with almost human eyes can stand upright supported by their tails. They take care of other families' children, take turns guarding their group and warn others engaged in food-digging of a predator's arrival. If a jackal attacks, they stand together to fight as a group and are much more effective in defeating considerably larger enemies. Sympathy runs so high that non-breeding females produce milk for another family's pups. This cooperative, if not altruistic, behavior extends to groups as large as 50 members. Larger groups are the most successful because each member can contribute less time protecting the group's interests and devote more time to foraging (beginnings of specialization). These animals survive because they cooperate with each other.

Female Lemurs Lead

Another primate, the lemur, has a common ancestor with humans 65 to 70 million years ago. “Among lemurs, females lead. They go into fruit trees first and the males must stay out until the females decide they can come in. Interestingly the female leaders don’t strut around a lot. They work out relationships in the group peaceably.”¹⁷

¹⁶ Clutton-Brock, Tim, Sept. 2002, *Meerkats Stand Tall*. National Geographic.

¹⁷ Claudia Dreyfus, A Rescue Mission in Madagascar, NY Times, August 19, 2014, p. 5.

Female Bonobo Apes Control Demonic Males

Another interesting example from the animal kingdom that illustrates more cooperation than usual and better ethical conduct is the case of the bonobo apes where the capacity for cooperation of females among themselves to control the males has made the sexes co-dominant, resulting in greatly reducing male violence in their communities. There is no evidence among groups of bonobos of the unprovoked aggressive warfare one observes among different groups of chimpanzees with whom humans have a common ancestor more than about eight million years ago. Bonobo males do not commit rape, batter adult females, torture and brutally kill infants and adults like chimpanzees do. Unfortunately humans have the same kind of male dominated society where wars and violence are more common than elsewhere in the animal kingdom¹⁸.

The study of animals (ethology) and their behavior advanced rapidly in the twentieth century and sheds new light on human behavior.

¹⁸ Wrangham, Richard and Peterson, Dale. 1996. *Demonic Males, Apes and the Origin of Human Violence*. Houghton Mifflin Company, New York, New York. Chapter "The Gentle Ape", pages 200-220.

4. HUMAN ETHICS – SCIENTIFIC PROGRESS IN UNDERSTANDING ETHICS AND EVOLUTION

Charles Darwin

This subject was raised by Charles Darwin when he wrote "Any animal whatever, endowed with well-marked social instincts, the parental and filial affections being included, would inevitably acquire a moral sense or conscience, as soon as its intellectual powers had become as well developed or nearly as well developed as in man"¹⁹.

Konrad Lorenz

Konrad Lorenz, an Austrian, who received his medical doctor degree in 1928, a PhD in Zoology in 1933 and later became a Professor of Psychology, loved and studied animals very carefully. He generated many interesting and controversial theories.

In 1973 he shared a Nobel Prize in Physiology of Medicine "for discoveries in individuals and social behavior patterns" with two other important early ethologists, Nikolas Tinbergen and Karl von Frisch.

In the introduction to the French version of one of his numerous books "On Aggression", it is explained that the instinct to combat its own species is necessary in natural selection but it can be harmful. He showed evolution invented mechanisms to direct this behavior into unexpectedly inoffensive channels. Lorenz leads the reader to profound thoughts.

He was a controversial leader in the most important progress in the last century researching and learning about animal behavior that illuminated understanding of human behavior described by researchers and scholars later in this book²⁰.

¹⁹ Darwin, Charles, 1982, *The Descent of Man*, [1871] pp. 71-72.

²⁰ Lorenz, Konrad, 1963 in German, French edition, 2010 *L'Aggression* – Flammarion, Paris. Also see Wikipedia, the free Encyclopedia on Konrad Lorenz.

Julian Huxley

A distinguished biologist, Julian Huxley²¹, had a very well developed ethical conscience, even though he was an atheist. He was a great admirer of Charles Darwin, like his grandfather Thomas, and they all believed in evolution. Evolution had occurred in the past in bodies of animals and their minds. Now the biggest evolution in man will be in the realm of ideas and how his mind works. This was to be the psycho-social stage of evolution - a radical change in ideas and how man's mind works. Therefore "man must reunify his life within the framework of a satisfactory idea-system" ... "The new pattern of thinking and attitude is necessitated by the increase of knowledge demanding to be organized in new and more comprehensive ways, and by the failure of older ideas which attempted to organize beliefs round a core of ignorance."

He names the new idea-system "Humanism" because "it can only be based on our understanding of man and his relations to the environment. It must be focused on man as an organism, though one with unique properties. It must be organized round the facts and ideas of evolution, taking into account the discovery that man is part of a comprehensive evolutionary process, and cannot avoid playing a decisive role in it."

In his view one can rely only on knowledge that comes to man not from other worldly sources. In this way, he believes there is a unity of mind (spirit) and body. Man is a global part of the rest of life and nature, and this affirms the unity of mankind.

His views of Humanism are that it is not static but a directional process just as life was not created but evolved.

²¹ See his chapter "The Humanist Frame" in *The Great Minds Series, Evolutionary Humanism, Julian Huxley*, Prometheus Books, 1992, pp. 72-115.

His humanistic philosophy was not to think in terms of absolutes such as absolute truth, morality, perfection or authority.

He thought knowledge was increasing, behavior could improve and new directions could be found.

He thought that as man evolved his objectives would be less on acquiring power, efficiency, growing populations or creating wealth, but rather on reaching greater fulfillment as a human being.

Julian Huxley, an enthusiastic follower of Darwin, thought successful idea systems replaced older ones which lost peoples' beliefs. It is in this way that the medieval god centered organized thought belief in God. Revelation is now slowly disappearing in favor of a science centered pattern where truth is found through experience and experiment and the idea of human progress.

He also writes that "religions are organs of psycho-social man concerned with human destiny and experiences of sacredness and transcendence."

In this way, man has attempted to explain complex situations beyond the grasp of his brain and understanding.

He also points out that man is subject to the same energy as in the cosmos. In addition, although man is different from other natural phenomenon, there is genetic linkage to others on our planet.

As an evolutionary biologist, he compares the present development of man to the moment in time when our amphibian ancestors came out of the water to become land dwellers. Thus he compares a biological change to a psycho-social period of evolution.

In his view, now is the time for a "scientific study of values" which some philosophers and theologians think is impossible because the subject of values is not within the realm of science. But Huxley argues that they are

something in the world and “capable of being investigated by methods of science”.

Huxley's optimistic view of psycho-social evolution is very attractive to some thinkers. But one needs to consider the possibility that evolution does not always lead to a happy ending. Sharks are a very ancient fish that are successful in surviving evolution. But it is difficult to say that evolution has made them any more ethical. Evolution shakes things up, sometimes improving a species for the better or worse in terms of goodness or ethics. With regard to human psycho-social improvement, man's own efforts to improve his conduct towards better ethics through proper education at all ages hopefully entering into the DNA over time may be possible but not certain. With humans, things often go wrong.

Desiderius Erasmus, a Humanist

Philosophers including theologians have been referred to as humanists, like Julian Huxley. An earlier humanist, perhaps the most famous, who focused on literature, ethics, morality and religion, was Desiderius Erasmus (1466 or 69-1536).

Encyclopedias note there were ancient predecessors to humanists in South East Asia, China, Greece and Islamic countries. Then there are early Renaissance examples like Erasmus and later secular humanists like Julian Huxley. Humanists included those who were benevolent to other humans. For the Greeks, education (Paideia) in the liberal arts was an important part of humanism. However, the word “humanism” only came into current use in the 19th century. Humanists often look to science rather than to religion and revelation for ethical guidance.²²

²² See generally Humanism, Wikipedia, the Free Encyclopedia and Renaissance Humanism in the Encyclopedia of Philosophy.

Erasmus is often described as one of the first “modern” persons closer to our time than to the medieval world”.²³ In this article, his modern approach to education is described which is truly remarkable and explains well why he was referred to “ a leading light of Christian Humanism” with his writing, about 1509, on the importance of early liberal education for children, which should, he wrote, include the participation of the children’s parents.

Erasmus, the Dutch illegitimate son of a Catholic priest and a physician’s daughter, was a faithful Roman Catholic all his life.²⁴ He lived in Holland early in his life. He was a highly talented and dedicated scholar of good literature, and the outstanding restorer of the Latin tongue north of the Alps. He lived and taught with honesty, modesty and good ethics.

Erasmus wrote to a friend in 1500 “[...] in all of what I have hitherto said about my good friends, I was speaking of my books, it is their friendship that has made me perfectly happy, my only misfortune being that I have not had you to share this happiness with me”.²⁵

A reading of Erasmus’ correspondence in Latin, although well written even in translation, seems to some scholars to be excessively wordy and long. He often wrote very fast. On occasion he expressed deep love for young male friends that seems a bit strange to present day readers. He also wrote some vicious invective against his guardian who separated him from a friend. See Letter 58/To Thomas

²³ <http://www.faqs.org/childhood/Co-Fa/Desiderius-Erasmus-of-Rotterdam-c-1469-1536.html>; this article refers to the book by Johan Huizinga, *Erasmus and the Age of Reformation*, 2011, ISBN 9781499124651.

²⁴ For a description of Desiderius Erasmus’ life, see Wikipedia, the Free Encyclopedia, the Encyclopedia Britannica 1953 on line, the New Catholic Encyclopedia (2003), from *World History in context*, and *Encyclopedia of the Renaissance* (2000), from *World History in context*, Content Level=Advanced; and Johan Huizinga, *Erasmus and the Age of Reformation*, ISBN 9781499124651.

²⁵ Letter 125/ to an un-identified person, p 253, *Collected Works of Erasmus*, Volume 1, the *Correspondence of Erasmus*, Letters 1-141, University of Toronto Press, 1974, Toronto and Buffalo.

Grey. However, it is true that his thinking is detailed and precise and often sentimental in his devotion to his friends which he expresses forcefully and freely.

One should remember that he was highly motivated to revitalize “theology and popular piety”. See page XVIII of Introduction in Huizinga cited above.

These characteristics did not prevent him from being an intelligent critic. He prepared a new translation and edited and corrected the Latin New Testament based on the original Greek text. He was also one of the best Latin scholars in existence. His revision of the New Testament upset the Catholic clergy who were shocked and angered by his criticism of the holy scriptures which he corrected.

In addition, he was highly critical of the actions of the Catholic clergy, especially the fanatics, and how badly many of them behaved.

He probably started the Reformation movement unintentionally by these intelligent ethical criticisms. However, it was his view that the Catholic clergy should reform from within. Luther, who was his contemporary, had some different ideas including the desirability of a Protestant split-off from the Catholic Church. Erasmus was against such a separation because he feared it would lead to violence which it did for a long period in Europe. In addition, he did not agree with Luther on some important religious issues like free will.

Erasmus wrote other interesting books and was credited with being the author of a total of 10%-20% of the books published when he was the most active, which was shortly after the printing press was invented. Thus he was a most popular author who wrote an astounding amount. In addition, he was a good friend of the major publishers. He entertained and often amused his readers.

His other most famous and hugely successful essay, a powerful satire of contemporary thinking, was “The Praise

of Folly” written in the space of a week in 1509 and printed in 1511.

In this essay, Folly, a goddess, praises in a virtuoso style her virtues which include self-deception, madness, superstitious abuses and corrupt practices of the Catholic church, folly of pedants, self-love, inebriation, ignorance, laziness, flattery, forgetfulness, pleasure, wantonness, intemperance and heavy sleep. Other subjects dealt with in this essay are tyrants, fraudulent merchants, militant theologians, decadent clergy and brutish monks. She concludes that life would be dull and distasteful without these qualities.

Erasmus was a true European and spoke many languages. He spent his early life in Holland where he went to school. He then lived in Paris from 1495 to 1499 where he taught students. Then he spent three years in England where he returned several times and where his friends were leading citizens, including Sir Thomas More, later beheaded by Henry VIII because he stayed loyal to the Pope after the king started the Church of England. Erasmus received a degree of Doctor of Divinity as an honor from the University of Turin. He went to Venice to print his *Adagio*, a collection of wise Roman and Greek sayings which he updated throughout his life. One reason he traveled and lived in so many countries was to secure his absolute freedom to study, write and speak his mind and teach freely. He had an enormous number of friends throughout Europe, many of whom were leaders and distinguished scholars and theologians.

He put his study and writing time first, before insuring he had enough to eat and lodging. For these, he relied on his notoriety, and on his friends to provide for him. But this characteristic meant he often had plenty of money but at other times lived in absolute poverty.

He lived in present day Belgium at Louvain and Germany but in the latter country, he could not stand the heating stoves there, preferring an open fire.

He also lived in Basel, Switzerland and worked as an editor and advisor to the Froben Press. There he produced a new edition of the Colloquies, a collection of dialogues on subjects such as war and soldiers' life, scholastic studies, the art of hunting, a lover and a maiden, the shipwreck, enquiry concerning faith and a beggars' dialogue.

The role of Erasmus in forming and promoting ethical ideas that exist today is substantial. This conclusion is based upon the fact that he knew the situation in the ancient world beginning with the Greeks, continuing through the Roman world throughout the dark ages until the Renaissance and the enlightenment, of which he was a precursor. Based on the content of his thinking and writing, the ideas he had have influenced Locke and ultimately U.S. constitutional practice up to the present date. Freedom of thought and speech were his most precious ideas and are fundamental in the U.S. today. U.S. conservatives especially hold these freedoms at the top of their values. Those on the left do also but they tend to emphasize equality as well.

An interesting and useful way to appreciate Erasmus' ethical and political ideas is to compare them with those of a contemporary of his, Machiavelli (1469-1527). This comparison has been made carefully by Gennady Stolyaroy II.²⁶

Stolyaroy first points out that these two thinkers and writers had totally different approaches to governing in that Machiavelli, in *The Prince* (1513), explains how a leader should enhance the power of a state while virtue and moral objectives are secondary and should only be employed if practical and useful for this purpose. For Erasmus,

²⁶ What follows in this section is drawn from the Liberal Institute, Machiavelli and Erasmus compared, <http://www.liberalinstitute.com> (viewed in June 2016).

leadership is leading with moral principles. For Machiavelli, even honesty is not necessarily wise. A republican system of government is not considered by Machiavelli as efficient as a unitary powerful, absolutist ruler which Cesar Borgia favored: the latter employed treachery, deceit, conquest and murders to increase state power. For him, leaders should inspire fear not love in their subjects. He was aware that this was a double edged sword. Inspiring hatred is counter-productive for a leader so he should avoid inflicting harm or expropriating property from the population, where possible. This was for practical reasons to avoid unnecessary hatred and conflict.

Some believe Machiavelli wrote *The Prince* to enhance and ingratiate himself with the rulers of Florence even though his personal convictions were more ethical.

In comparison with the ideas in *The Prince*, Erasmus' ideas were totally different. He believed a leader of a government should follow ethical and moral principles. He should ensure the fair administration of justice for the people, do the right thing, do no violence or plunder, sell no offices and accept no bribes.

According to Paul Johnson, an English catholic historian, Saint Paul and Erasmus were the leading and effective Christian heroes. Their example served as inspiration to governments of the United States. In this way Erasmus' influence drew deeply on past moral teaching and projected it forward.

Machiavelli was not necessarily against war if it led to securing political power.

Erasmus was against war which he thought was monstrous and unjust. In war he was disgusted by bilateral cruelty committed by both sides. In the 20th century, many millions were killed in World War I and World War II.

Toleration was not a goal for Machiavelli as it was for Erasmus who liked free expression and felt he was a citizen of the world.

Erasmus, unlike Martin Luther, believed in free will and the possibility of an individual to decide upon and reach his own goals. Machiavelli's primary interest in state power limits the free will of individuals.

Erasmus was living proof that his moral ideas could lead to a successful life which consisted of a remarkable amount of literary and ethical writing. He sometimes wrote up to forty pages in one day. His writing was widely read and it influenced many other people.

Where Erasmus' enlightenment thinking influenced Locke and Voltaire, Machiavelli influenced Otto von Bismark and imperial Germany, and authoritarian state with big government intervention, military discipline and expansion of frontiers by war which continued and burst into two horrible World Wars in the 20th century. This could have been avoided if Erasmus' anti-war policies had been followed by both sides. This result proves that morality and ethics pays in human conduct – this kind of conduct would have avoided millions of war casualties.

Jessica Flack's and B.M. de Waal's Principle Paper entitled: "Any Animal Whatsoever" Darwin and Building Blocks of Morality in Monkeys and Apes.²⁷

Jessica Flack, a well-known scientist who worked at the Santa Fe Institute, and Franz B.M. de Waal, based on their observation and study of social behavior and inferred psychology of monkeys and apes who are the living animals

²⁷ Flack, Jessica C. and B.M. de Waal, Franz B. M.'s paper *Any Animal Whatever - Darwinian Building Blocks of Morality in Monkeys and Apes*. The first Principal paper is found from page 1 to page 29 in *Evolutionary Origins of Morality, Cross-Disciplinary Perspectives*. Edited by Leonard D. Katz, Imprint Academic, U.K. (2000). This book is remarkable because of the large number of leading scientists who have prepared principal papers and others who have prepared commentaries on the principal papers and response to the commentaries.

most closely related to us, find "building blocks" for later evolution of human morality. This conclusion contradicts to a great extent Thomas Huxley's famous conclusion in "Evolution and Ethics", in an 1871 lecture where he advocated that the search for morality's origin should be outside biology – a dualistic view of nature and morality which is still shared by many today including ethologist Richard Dawkins.²⁸

The degree to which the tendency to develop and enforce moral systems is universal across cultures (according to Midgley 1991 and Silberbauer 1991²⁹) suggests that moral systems do have biological origins.

They further argue that "the sets of rules that govern non-human behavior in their social groups provide clues to how morality arose during the course of evolution". These rules provide order necessary to the stability of social systems. They also note that justice "creates a *modus vivendi* [...] so that life can go on indefinitely in the future" (citing Kumnov 1979, Garrett Hardin 1983. *Is Violence Natural?* p. 412).

What exactly is the social behavior that leads these scholars to this conclusion? They note that "many non-human primates for example seem to have similar methods to humans".

The important question is "to what degree has biology influenced and shaped the development of moral systems?"

To answer this question one needs to explore behavior in other species that are analogous (similar traits that arose by converging evolution due to the presence of similar selection pressure or evolutionary conditions) and perhaps

²⁸ See Orr, H. Allen, January 11, 2007 Mission to Convert, The New York Review of Books p. 21.

²⁹ Midgley, M., 1991, *The Origin of Ethics. A Companion Guide to Ethics*. Ed. P. Singer, Oxford. Blackwell Reference. Pp. 1-13.

Silberbauer, G., 1991, *Ethics in Small Scale Societies. A Companion Guide to Ethics*. Ed. P. Singer, Oxford. Blackwell Reference. Pp. 14-29.

analogous traits that evolved in common evolutionary conditions, and perhaps analogous to our own (traits that evolved in a common ancestor and remain present in related species due to common phylogenetic descent).

This behavior relates to resolving, managing and preventing conflicts of interests within their groups and such methods, which include reciprocity and food sharing, reconciliation, consolation, conflict intervention and mediation. These are the very building blocks of moral systems in that their existence indicates, as Mary Midgley (1991, p. 12) wrote "a willingness and a capacity to look for shared solutions to conflicts". Sympathy, empathy and community concern are also "prerequisites" of morality recognizable in social animals.

Food sharing is widely practiced in many types of primates. Petr Kropotkin (1902) thought organisms not necessarily struggle against each other but collectively against their environment. Robert Trivers (1971) later, in *The Evolution of Reciprocal Altruism*, refined this idea into simultaneous co-operation or mutualism. In such case one party benefits and the other has a cost generated by the time lag between giving and receiving. Richard Alexander (1987) saw reciprocity as essential to the development of moral systems.

Several hypotheses exist why individual primates voluntarily allow others to take their food, i.e., to avoid becoming the recipients of aggression, to enhance their status, the individual likes to show off and that this is a start of mutual obligations that can involve exchanges of other things or privileges including sex.

This most interesting and carefully researched article by Flack and de Waal concludes by defining possible evolutionary building blocks of the human moral system also found in other types of animals as divided into four groups.

These authors organize the building blocks into the following four categories:

1. Sympathy related – this occurs where there is friendship linking humans and animals, they help each other and are emotionally linked. This occurs especially in case one is disabled or injured – sympathy is created. Another factor intervenes if one puts oneself into the other's shoes imagining how the other feels.
2. Norm related – social rules are created which apply to societies. Each member of the society internalizes them and makes them part of their operating system. Failure to follow them is expected to be punished, i.e., society is regulated.
3. Reciprocity – one expects others whom one treats well to reciprocate or be subject to punishment in some form.
4. Getting along – this aspect of behavior relates to the practical and natural desire to avoid conflict which most normal animals have. Conflict is sometimes necessary but has a cost which can fall on either party. Having friendly relationships with those around you is generally an asset. Sometimes avoiding conflict requires negotiations to protect one's best interest.

The authors also note that the "foundations of morality may be built on our emotional reactions to one another but morality itself is no doubt also tempered and sometime modified by two additional factors" i.e., "our ability to evaluate the situation, generalizing their emotional reactions". It also "may be tempered by our understanding of the consequences that our responses to the behavior that elicited the emotional reactions have for ourselves and others".

The authors cite David Hume (1739), Adam Smith (1759) and Edward Westermarck (1912) for the proposition

that "human morality is powerfully influenced by emotional responses and is not always governed by the abstract intellectual rules upon which we have supposedly agreed. The primate research implicitly suggests that this emphasis on the tale of emotions is both insightful and accurate –in primate groups individuals are motivated to respond to others based on emotional reactions they have to one another's behavior."

This idea that emotion may be fundamental to morality contradicts many philosophers like Emmanuel Kant (1785) who believed "that the human sense of right and wrong is more a consequence of rational processes than emotional reactions".

From the above it seems obvious that non-human primate behavior in societies having strict dominance hierarchies may not be exactly moral beings "but they do show indications of a sense of social regularity that parallels the rules and regulations of human moral conduct"

(de Waal 1996 a, 1996 b, Chapter 3).

Two other scholars believe the study of animal behavior proves that animals act morally and don't just have the building blocks of morality as described by Flack and de Waal. They cite examples like a gorilla at a Chicago zoo who returns a 3 year old child who fell into its caged enclosure to their keepers. See Beckoff, Marc and Pierce, Jessica, 200 Wild Justice: The Moral Lives of Animals, University of Chicago Press.

Gruter – Primates and Law

Margaret Gruter and Monika Gruter Marhenn are quoted on page 38 of "Evolutionary Origins of Morality" edited by Katz cited above in an abstract of their short article "Building Blocks of Legal Behavior –The Evolution of Law".

The Gruters accept the theory of building blocks as a starting point for a legal system that emerged from a certain pre disposition in human nature.

They mention reciprocity, dispute resolution, sympathy and empathy, which play a role in law.

They cite one of the greatest human judges, Oliver Wendell Holmes, for the proposition that the legal system comes from the deepest instinct of man.

This observation is more applicable to laws relating directly to human moral or ethical conduct and to the legal system as a whole than to other purely technical legal rules.

How, When and Why Did the Unique Aspects of Human Morality Arise?

This subject by the author of this book is discussed later and is mostly drawn from Christopher Boehm's recent book "Moral Origins".

Are We Really Altruistic?

This question is addressed by Elliot Sober and David Sloan Wilson who answer by noting that "group selection is conceptually coherent and empirically well documented" in the evolution of unselfish behavior. In a second part of their answer considering psychological egoism versus altruism they claim that due to evolution "humans have altruistic ultimate motives".

Can Fairness evolve? Game Theory, Rationality and Evolution of the Social Contract

In this part of the book, Brian Skyrms's principal paper is entitled Game Theory, Rationality and Evolution of the Social Contract. Titles of Comments include Motivation and the Games People Play, When Evolutionary Game Theory Explains Morality, What Does it Explain? (a sanction based conception?). Other subjects covered are Rational Deliberation versus Behavioral Adaptation, The Evolution

of Cooperation in Hostile Environments, Distributive Justice and the Nash Bargaining Solution.

This section of Katz's book has many equations, charts, and explanations that look like mathematics.

Relation of Science, Religion and Ethics – E.O. Wilson

Others like E. O. Wilson, a world renowned socio-biologist and Pulitzer Prize winner, prefer to rely on science and studies of society to better understand ethics. In his book *Consilience*³⁰, he notes all knowledge is related directly or indirectly so it is important to find the relationship of one kind of knowledge with others. Some characterize this skill as “genius”. Obviously different kinds of knowledge are more closely related than others. In his other books he explains that with primitive man, ethics had survival value because it improved the efficiency of cooperation and teamwork in the group. Primitive men could create a stronger common defense if they cooperated. They could kill more bigger animals for food if they hunted together rather than singly.

In his article *Hardwired for God*³¹, Wilson seeks a possible explanation for the persistence of belief in God or a search for divinity as a result of evolution because it is so common if not an almost universal characteristic of human beings. There must be a reason for this need for belief.

He notes the growing importance of science which has doubled knowledge every fifteen years or so for three centuries. Science now shows coherence in the world between the different disciplines. Today much of biology has become a specialized branch of chemistry and physics. There is a webwork of cause and effect explanations that link galaxies to neutrinos and living tissue to ions and

³⁰ E.O. Wilson, 1998, *Consilience –The Unity of Knowledge*. Alfred Knopf.

³¹ E.O. Wilson, 4 Oct. 1999, *Hardwired for God –Is our search for divinity merely a by-product of evolution?* Forbes ASAP, pp. 132-134

molecules. A molecular base for heredity was not imagined in the past.

Many believe problems of the origin of existence, essence of life, the nature of the mind, the meaning of human life are within the domain of philosophers and religious thinkers. Some of these mysteries are being clarified or explained by science to some extent.

This leads to the question of whether religion and moral reasoning have a biological origin, which is part of ethology, the study of animals. Man is an animal too.

It should also be kept in mind that life is complex with different kinds of animals who operate in many different ways. Appropriate conduct for one kind of bird is different from that of an elephant, a whale, a tiger, an alligator or other species. This is also true for different kinds of people and their institutions and businesses. They are all different so ethics is not a unified subject but rather a diverse one. Are they moral principles formulated outside human existence –divine will or natural law? Or has humanity evolved these principals on its own during its own genetic and cultural history. Examining these questions, E. O. Wilson believes this "is what science is doing in case of spiritual and moral authority". It is possible that religious emotions that religious people feel are neurobiological and do not come from some higher God separate and above each of us. It is possible these religious thoughts are part of the evolution of the brain and its genetic history. This idea is reinforced by the theory that a number of scientists have had that a group sharing a strong religion survives more often and better than other groups not having a strong shared religion. The former probably cooperate more and could be more willing to sacrifice themselves in times of danger or conflict. A group that has a common religion derives its source of truth from its religion. An example of this is the Muslim religion where the rules supposedly come directly from Allah, God, through his word in the Koran.

Fundamentalist Christians rely on the texts in the Bible to find the truth.

However, with the advance of our knowledge of science and the acceptance of some of Darwin's scientific ideas, the creation story in the Bible seems fictional to most educated people given scientific evidence and accumulated archeological and fossil finds. Thus the foundation of our beliefs and knowledge is shifting from faith based knowledge and divine revelation to scientific progress. Science often has the advantage of verification through experiments that are repeatable and universally shared by other scientists. Faith based knowledge and ethics vary depending on which religion each person has. There are many different religions and cultures in the world so this source lacks universality.

Times have changed and although a majority of people in the world claim to be religious, the building of huge cathedrals in Europe by workers with strong faith for little or no money is finished. This hypothesis is that "powerful emotions of religious experience are entirely neurobiological, that they evolved as part of a programmed activity of the brain favoring survival of the tribe and individual, and that the particular form they have taken was therefore shaped by the long and idiosyncratic genetic history of the human species". Did we evolve "biologically to accept one truth but then evolved intellectually to accept another" –the scientific one where truth is revealed slowly through increasing knowledge. According to E. O. Wilson "the transition from one foundation of thought will be gradual and because it is knowledge universally shared, probably benign." He believes the shift from faith-based ethics, supposedly based on divine revelation, will slowly give way to more faith in science which is open to all and in this way democratic and not authoritarian like much of faith-based religious ethics. The scientific approach has the advantage of being constantly reviewed and revised and

may therefore be less subject to becoming outdated and perhaps more credible. It is also possible that religious principles developed over many centuries reflect conditions which no longer exist especially with such rapid globalization, so ethical and moral principle probably should be adapted to existing conditions.

There is another reason faith-based religious ethics is slower to change. The clergy and religious leaders have invested their lives and livelihood in their knowledge, culture, churches and doctrine so there is great reluctance, if not fear, in change because their very important spiritual and material interests are involved, not to mention the fear of change and preference for the *status quo*. There is also the force of inertia.

Professor Wilson ends this article by writing "it appears that this division wrought by science and the convergence of disciplines will be the 21 Century version of the struggle for the soul".

The Social Conquest of this Earth

On the cover of E.O. Wilson's new book, *The Social Conquest of the Earth*³², appears a quote from James D. Watson "a monumental Exploration of Biological Origins of Human Condition". This statement implies that the fundamental basis of ethical conduct is closely bound up in our biological history and the evolution of human beings.

This book makes a convincing argument that biological science and other sciences are a reliable guide to reality even though this view is unacceptable to people who believe that the Christian religious Bible version is literally true. However, Catholics tend to accept evolutionary theory controlled by God who is believed to create human souls. Muslims are divided but most of them are not informed of this theory and believe Adam is the beginning of mankind.

³² E.O. Wilson, 2012, *The Social Conquest of the Earth*, Liveright publishing Corporation, a division of W.W. Norton & Company, NY.

As we have previously seen with ethics and religion Darwin's science provides a natural and plausible explanation of the origin of species even though it doesn't explain everything, Wilson's thinking and writing follows that of Julian Huxley with more details and research supporting Darwin's conclusions that man without supernatural intervention could turn this earth by the twenty second century into a permanent paradise for human beings (probably after doing a lot more damage to the earth and humanity and the rest of life) if we "have an ethic of simple decency to one another, the unrelenting application of reason and acceptance of what we truly are..." (p. 297). His last chapter's title "A New Enlightenment" is another way of expressing Huxley's phrase "a radical change with a dominant idea system".

In this most interesting book the author explores human nature touching on its many aspects. He writes:

"If the genetic code underlying human nature (p. 193) is too close to its molecular underpinning and cultural universals are too far away from it, it follows that the best place to search for hereditary human nature is in between in the development prescribed by genes through which the universals of culture are created. Human nature is the inherited regularity of mental development common to our species. They are the "epigenetic rules" which evolved by interaction of genetic and cultural evolution that occurred over a long period in deep prehistory. These rules are the genetic basis in the way our senses perceive the world, the symbolic coding by which we represent the world, the options we automatically open to ourselves and the responses we find easiest and most rewarding to make.

(...) As epi –in the word epigenetic– implies the rules of physiological development are not genetically hard wired. They are not beyond conscious control like autonomic behaviors of heartbeats and breathing. They are less rigid than pure reflexes such as eye blinks and knee

jerks. The most complex of reflexes is the startle response". This occurs when an unexpected big noise is made behind a person by another person who sneaks up close.

The author and his young theoretical physicist researcher working with him divided the problem into two parts, the first being "to identify the instinctive hence non cultural basis of human nature. The second even less tractable problem was the causal relation between the evolution of genes and the evolution of culture or gene-culture co evolution (...).

It had been apparent for some time that many properties of human social behavior are affected by heredity both for species as a whole and for differences among members of the same population" Innate properties of human nature also have evolved as adaptations. "We surmised, too, that the key to the solution is the preparedness and counter preparedness on how people learn culture."

From Professor Wilson's research on this highly complex subject it is clear that genes and heredity (biology) play a major rule in the composition of human nature and how humans behave. Thus biology necessarily plays a major rule in ethical or unethical conduct, along with culture.

In his next chapter "What are We?" in section 21 "How Culture Evolved" on page 212, Professor Wilson's defines "a culture trait as a behavior that is either first invented within a group or else learned from another group, then transmitted among members of the group... that distinguishes one group from another" (p. 213).

Intelligent animals also have culture which E.O. Wilson notes "depends upon long term memory which animals also have but with much less capacity to remember great quantities as humans do.

At one time many scientists thought the mind started out as a blank slate, upon which all culture is inscribed by

learning" but now most scientists believe the brain has "a complex inherited architecture" (p. 217). This comes from genes and culture which emerged about 20,000 years ago based upon certain artifacts made then. The reason man developed this way was his superior long term memory became a working memory. This started before man came out of Africa and continued thereafter.

Language is a reflection of more complicated abstract thought patterns linked to significant stored memory.

Professor Wilson believes that group selection played an important role in this progress.

There was a duality to group selection which included competition among selfish individuals in the group but not so strong that it interfered with the better performance over other groups. Individuals are often selfish to other individuals in their group. This can constitute a sin. But they have another side – they also treat other individuals altruistically. This is referred to as a virtue. This situation creates a conflict in each of us.

This means that there was often good cooperation among group members. Professor Wilson thought that knowledge about how other groups worked permitted the most able groups to act in the same better ways and anticipate and read intentions of competing groups – a considerable competitive advantage. This allowed them to act together fired by religious fervor and gave them the ability to become fierce and fight enemies. This led to survival of certain groups over less gifted groups. Some groups (societies) react more successfully to the environment than others. The survivor societies or groups have greater longevity and fertility of individuals.

Our social and genetic history shapes us but it changes. Genetic change is more slow than social changes but as Julian Huxley has written, new ideas replace old ones.

The Origins of Morality and Honor

In section 24 under the above title, he sets forth his views – a rich combination of interdisciplinary knowledge, history and most importantly including prehistory and biology. He poses a question:

"Are people initially good, but corruptible by the forces of evil? Or, are they instead innately wicked, and redeemable only by the forces of good? People are both".

From Darwin's Survival of the Fittest to Human Altruism

Richard Dawkins' theory (kin selection) starts with his idea of the selfish gene, the lowest level – the "fundamental unit of selection"³³. He denies that selection occurs at the level of the species, or a group within the species, or larger groupings, or at the level of the individual organisms. None of these has a unique or special status as a "replicator" like a gene that makes copies of itself, according to him.

The above-cited book is Professor Dawkins' attempt to go further into Darwin's theory and to understand better how evolution has worked, i.e., that a predominant quality in a successful gene is "ruthless selfishness"... which usually "gives rise to selfishness in individual behavior". But "there are special circumstances in which a gene can achieve its own selfish goals best by fostering a limited form of altruism at the level of individual animals"³⁴.

Dawkins adds that it is false that genetically inherited traits are fixed and un-modifiable. We can learn to be altruistic. Culture can also influence behavior. He does not take a position on how important nature is compared to nurture. But he discusses the role of culture later in his book when he introduces "Memes". The first chapter gives

³³ Dawkins, Richard, « The Selfish Gene », 1989 edition, Oxford, NY Oxford University Press, p. 10, 11.

³⁴ Ibid, page 2 (Eagleman, etc).

striking examples of apparently selfish conduct of animals and contrasts it with examples of apparently altruistic behavior.

He cites the extremely bad behavior of black headed gulls whose nests are close together. If parents leave a nest alone, a neighboring parent may eat up a small chick left alone in the nest. Another example he describes is the carnivorous praying mantis female who eats up the male while he is copulating with her by biting off his head.

Good behavior occurs when military heroes in war give their lives to save others from an attacking enemy. Parents also sacrifice their meals to give food, shelter and protection to their young.

Scientists, biologists, ethologists or anthropologists do not all agree on how evolution has worked. E. O. Wilson, a well-known scholar at Harvard, believes in multi-level selection theory in which certain groups develop characteristics that keep them focused mostly on genes who are the survivor “replicators” that create copies.

Dawkins and Wilson are convinced the other is wrong and insulted each other publically.³⁵

There are differences of opinion on how man has passed through evolution since he grew out of the category of apes millions of years ago. There are many theories but no scientific proof of any, since running an experiment under the same conditions to find out is not possible. To have a scientific answer an experiment needs to be repeatable. Man’s evolution up to now is done and cannot be restarted. David Eagleman, a social neuroscientist, in his

³⁵ Flam, Fay

<http://philly.com/philly/blogs/evolution/>

The Latest Altruism War : Richard Dawkins vs E.O. Wilson

article “The Brain Network” cited in footnote 7, appears to accept both theories. This appears to be the best hypothesis: accept both theories as a possibility rather than trying to decide that one theory is right and the other wrong.

Dawkins has a good imagination since he popularized the word “Memes”, to mean a cultural idea that is replicated in future generations and therefore acts like a gene.

Thus our tribal instincts formed thousands of years ago govern our reactions to the modern world are far different than they were at the time when our instincts and emotions were matched with the real world and served to make us survivors.

Even if one is attracted by the explanation of E. O. Wilson one must recognize the persistence of belief in religion is reinforced by those leaders who have a personal interest or believe it is the interest of their community in continuing them. In the U.S. more than 98% of the people said they believed in God in 1990 and nearly 45% today attend church once or more times a week. So the social and spiritual needs of people for religion still have a powerful and very significant hold on the population in the United States even though the motivation is very ancient in origin. Religion fills a human need for many people, probably will not disappear any time soon and will remain closely allied to ethics.

Psychologist Donald T. Campbell's New Ideas

One methodology he used was blind variation and selective retention (BVSR) which some see as "a principle for describing change in evolutionary systems in general not just in biological organisms. This can be seen as a generalization of Karl Poppers philosophy of science which conceives the development of new theories as a process of proposing conjectures (blind variation) followed by

refutation (selective elimination) of those conjectures that are empirically falsified."³⁶

Campbell added that this was the case not only for science but also for creativity for the evolution of knowledge and our cognate abilities in general.

He thought public policy could be improved through use of experimentation as it is in the natural sciences.

He also believed the conformist tendencies in humans help them as individuals to internalize moral rules in social life. His thinking was influenced by Herbert Simon, a leading political scientist with expertise in related disciplines who noted that those individuals who were more skilled at learning their culture absorbed more altruism.

Campbell developed other ways of analyzing ideas and especially "false knowledge... the biases and prejudices that poison everything from race relations to academic disciplines where vested interests in them perpetrate erroneous theories".

Anthropologist Christopher Boehm's theories on Moral Origins

Christopher Boehm draws on many writers and thinkers in his recent book "Moral Origins, The Evolution of Virtue, Altruism and Shame"³⁷.

Professor Boehm's book is dedicated to his friend Donald T. Campbell and draws on a remarkable number of scholars in different fields including socio-biologist E.O. Wilson and primatologists Jessica Flack and Franz de Waal, ethnologists (those dealing with races, their origin, and primitive human societies), genetics and a host of other leading researchers and thinkers, some in new and recently developed fields of knowledge like brain science, moral

³⁶ Quoted portions of this text are taken from Wikipedia on Donald T. Campbell viewed on December 5, 2012.

³⁷ Boehm, Christopher, 2012, *Moral Origins, The Evolution of Virtue, Altruism, and Shame*, Basic Books. A member of the Perseus Books Group Philadelphia P.A.

psychology, evolutionary ethics, neurobiology and animal and human cognition. However, his book adds original elements in that it follows closely, the history of man drawing evidence from different periods and knowledge from different fields. But not all researchers accept his theories.

"Moral Origins" explains the importance of Darwin's 1859 "Origin of Species" describing a scientific theory which severely shocked many believers in religions who thought the Bible was literally true including how the world and its inhabitants began. His theory was totally different from the Bible story i.e. that hereditary variation was something that provided the basis for selection for survival among plants and animals as conditions on earth changed as there was abrupt temperature change in our Pleistocene era.

Professor Boehm in his first chapters directs his attention to how natural selection could produce people with conscience, virtue, altruism and the universal trait of shame which he states exists in all cultures and even perhaps in some apes. A "survival of the fittest" theory, a phrase coined by Herbert Spenser, is based on the strong individual competition (egocentrism leading to the survival and the contest to reproduce). However, this theory has difficulty explaining why good qualities such as treating unrelated persons generously exists and how virtue and morality and altruism are part of a man's character.

Boehm's theory goes farther than Darwin in explaining these developments. He proposes working hypotheses relating to the mystery of human generosity especially extra familial generosity and how "Golden Rules" taught by communities tend to amplify our innate generosity. He also considers whether selection and survival of some groups is the reason why generous and cooperative individual traits survived and were perhaps amplified despite the more powerful selfish individual competitive drive in man. In

competition between groups the theory is that the more efficient and effective groups survived.

Boehm is a great admirer of Darwin because he developed good theories based on relatively little evidence available to him. He also noted he did do the "first cross-cultural research" relating to different cultures. In addition, his theories were reinforced by his knowledge of geology. So he had a transdisciplinary approach which provided a more solid foundation for his ideas.

Boehm also advances as a major claim that group punishment of some individuals plays a major and important role in curtailing cheaters, free riders and overly aggressive alpha males that such punishment can not only influence group life but also shape gene pools in a similar direction (p. 15).

The author has a concluding paragraph in his first chapter entitled "A new way to use Darwin". He follows Darwin's thinking that analysis of evolutionary developments over time can produce powerful explanations especially if they include abundant naturalistic detail and "holistic natural history" approaches (p. 14).

By looking at long periods of time, he concludes that humans used intensive social control, and thus individuals who control better their anti-social tendencies for fear or punishment were better at adopting their groups' rules and became better fit for survival. They developed a conscience as they internalized their group's rules. Punishments discouraged free riders. As we acquired a stronger moral sense, this also facilitated "extra familial generosity".

One point in his book I found most interesting was that at a certain point in man's development in a hunter gatherer group members shared the big game they killed. Killing big game provoked sharing. Such bands tended to be egalitarian rather than hierarchical with one very strong arbitrary leader in their social organization. It is in such egalitarian societies

he argues that ethics generosity and morality can develop because egalitarian groups hate an unethical authoritarian leader.

Egalitarian bands can more often make better decisions because discussion by a variety of different types of people among members of the egalitarian group often produces the best solutions to problems which lead to better chances of survival.

In chapter 4 "Knowing Our Immediate Predecessors from Present to Recent Past", Professor Boehm projects backward present day anti free rider social control to more recent hunter gatherers to try to assess their effect on human gene pools. He discusses excessively harsh punishment which could have a major effect on such individuals' reproduction and gene frequencies and gene pools in general.

To do this accurately it is helpful to study the recent Pleistocene period since archeologists consider these people as culturally "modern". The author believes these people arrived about 45,000 years ago in Africa.

The author searched to find the most representative ancestors of modern man and contemporary models to study of the right hunter-gatherers which involved ten years of research effort studying 339 of them in order to weed out what were not egalitarian groups. He then studied the egalitarian groups which existed in the Late Pleistocene era.

He refers to his models as "Late Pleistocene appropriate" foraging societies (LPA). He found some such societies that still exist today.

Boehm thinks having a historical sample of social behavior of these humans should help us understand where virtue, altruism and shame arose in the human species.

Although these hunter gatherers had stone tools and produced artwork which they had in Africa, this knowledge does not provide enough understanding of their social

behavior which can come from carefully chosen contemporary hunter gatherers who appear unchanged by more recent events such as agricultural settlement, cities and other more modern developments.

"With a third of these worldwide LPA societies now coded in fine detail with respect to their social life", the author concludes the fifty he has chosen all are mobile nomads who don't store their large game meat individually but store it collectively. They never dwell in permanent year-round villages (p. 79). The average size of bands is 20 to 30 persons and each family cooks on its own fire.

In the late Pleistocene climate change was very rapid posing serious challenges to man. Professor Boehm thinks this could be the reason for fast growing brain size required to meet these changes and challenges. Social equality among hunters was the rule.

Capital punishment has been found in bands of hunter gatherers. This harsh form of social control usually concerns only males. It probably affects gene pools since these dangerous potential fathers are eliminated. Moral outrage drives such social punishment. The same is true for people punished by banishment and social ostracism.

Besides examining the Pleistocene men carefully, he also goes back much further. Based upon the work of Watson and Crick on DNA, laboratory geneticists have found 98% of human DNA is shared by the slightly smaller African chimpanzees called bonobos (*Pan Paniscus*) and chimpanzees (*Pan Troglodytes*) which means that about 8 million years ago we had a common ancestor with these two species. Knowledge of DNA and the molecular clock provide a basis for such an estimate. Through this DNA analysis we can begin to reconstruct some of our direct ancestors, social behavior in order to better understand how our own behavior came to be what it is.

Thus all descendant species i.e., man, bonobos, chimpanzees and later gorillas, have certain characteristics our common ancestor must have had as well such as eating lots of plant food and meat and with the possible exception of bonobos stalking and killing their own species.

In case of bonobos rebellion against an aggressive leader often by groups of cooperating females was a new development in the practice of group social control "that set humans on the course to evolve a conscience". (p 113) "Having a conscience is all about personally identifying with community values, which means internalizing your group's rules. [...] You must connect with these rules emotionally [...] in a positive way that makes you identify with them [...] feel ashamed when you break them and feel self-satisfied and moralistically proud when you lived up to them." Boehm calls this "a modern definition of virtue" and notes that "individuals who better internalize their groups rules are more likely to succeed socially in life and thus be more successful in propagating their genes". However, in humans flexibility is the rule since the most effective ones could be those who ignore their conscience when competitions requires less ethical action to come out on top in contests between individuals provided loss of reputation is not too serious and one can stay out of trouble.

Professor Boehm's work with these apes convinces him they have no internalized morality but perhaps "building blocks" for it described by Flack and de Waal. Boehm was interested in finding out how "territorial" and xenophobic they were.

The first fossil directly in the human line is the Homo erectus who appeared about 1.8 million years ago with a brain bigger than any ape but only half the size of our own. They evolved in Africa to still larger brained Homo sapiens.

By 250,000 years ago large game hunting especially hoofed animals was routine and serious.

How can altruists enter into the gene pool if they give more than they receive? How are they compensated? War Heroes are rewarded with Medals of Honor for which they are likely to keep direct social benefits.

Enhanced reputation may be a benefit for potential partners in a future cooperative venture. It can also result in "beneficial personal alliances – social economic political" (p. 194).

There is also "a third potential pay-off for altruists" - it can "help one local group flourish in competition with other local groups". Thus these altruist peoples' genes will multiply faster in the gene pool as their local group prospers and grows larger compared to local groups who lose in intergroup competition. In addition, kin selection should favor altruists. Sexual social selections may also work in favor of altruists. Selection by reputation through gossip probably plays an important role. Altruists avoid lethal punishment, banishment, or ostracism by the group which evil alpha males, predatory characters, cheaters, social deviants and free riders often receive. Murder, sorcery or witchcraft, beatings, stealing, failing to share, lying, cheating, failing to cooperate, cheating as a group, and individual cheating are actions that resulted in punishment or social reprobation in the hunter gatherer groups.

There is also the possibility of "Moralistic Supernatural Sanctioning" i.e., the belief that God or other supernatural powers believed in by an individual will punish wrong doers.

Christopher Antweiler, a cultural anthropologist in the comment on Boehm's earlier paper in *Evolutionary Origins of Morality* writes "it is a piece of speculation but of careful and empirically founded speculation which is stimulating methodologically and empirically."

He notes "sharing (of meat) is understood here as procurement of goods conserved by others; respectively the

reciprocal transfer through pooling and redistribution of individual harvests." (page 103 of Katz's book).

He refers to studies that indicate even in egalitarian primitive societies based on ethnographic observation there is still regular cases of egotistical behavior which he writes "strengthens Boehm's argument that human egalitarian societies actively have to maintain their egalitarian structure through specific [...] leveling mechanisms to counter bully and other egotistic behavior." Jerome Kagan, a human development psychologist is skeptical of Boehm's theories. He writes in his comment that "animals have no conscious" intentions and feel no guilt for past failure to live up to internalized standards which they lack. Two other veteran primatologists are also skeptical of Boehm's theories.

However, in Boehm's judgment this difference is more a question of timing when moral judgment, the core of morality developed in primitive humans or in their animal predecessors, but it did happen at some point in the evolution man.

The above outlines the various hypotheses Professor Boehm so carefully explains. One has confidence in what Christopher Boehm has written due to the multiplicity and variety of sources for his research over long time periods upon which his working hypotheses are based. More knowledge and more careful research should generate more new ideas to improve our situation on earth.

Marc D. Hauser: A Dishonest Authority on Moral Minds

The case of Marc D. Hauser, a former Harvard Professor, in the psychology department for 19 years is interesting because he was considered by other scientists, researchers, teachers a leader of research and teaching. He also received teaching awards. His specialty was at the intersection of evolutionary biology and cognitive neuroscience in animals and humans. One should note this subject tends to attract speculation because there is

relatively little knowledge in it and results of experiments are not so easy to reproduce. Therefore, unlike physics or chemistry, knowledge is less certain. In his experiments his students discovered he was dishonest. He was found guilty of scientific misconduct by Harvard and the U.S. government office of Research Integrity after long investigations which found that he fabricated data, manipulated results and conducted experiments in factually incorrect ways. He resigned from the Harvard Faculty.

For more details and the history of this subject, see Google research papers, junk science, Pseudo Science, Science fraud, and Wikipedia on Junk Science. This subject of fraud in science has a long history beginning in the 19th century. There are many examples in different fields of science and pseudoscience where fraud and dishonesty has occurred.

A rather similar story of scientific misconduct including the wholesale creation of evidence occurred about the same time in Holland with Diederik Stapel, a distinguished well respected Professor of Social Psychology. This false evidence according to him was imagined because actual evidence was too often messy and unclear and Stapel was someone who loved order. So he decided what the conclusion of the experiments should be first and then he made up the results of the experiments themselves³⁸.

A recent article in Natural Health News & Scientific Discoveries by J.D. Heyes states: “Researchers say it’s still rare, but fraud in scientific research is climbing at an alarming rate nonetheless. [...] In 1976, there were fewer

³⁸ http://www.nytimes.com/2013/04/28/magazine/diederik-stapels-audacious-academic-fraud.html?pagewanted=all&_r=0 - Google Diederik Stapel for information on him in a long New York and Times Article. See also the Financial Times for an article 22 – 23 December 2012 p. 2 Life & Arts. Simon Kuper “The eternal sin of bad science.” In this article Simon Kuper comments that in the dominant Dutch Calvinistic tradition of eternal sin is there is no forgiveness so his life is permanently ruined and finished with no hope for the future.

than 10 fraud retractions for every million studies published; by 2007, fraud retractions had grown to 96 per one million [...]”³⁹.

For a reader of Hauser’s book *Moral Minds – The Nature of Right and Wrong*⁴⁰ without knowledge of the above facts most colleagues and other readers were very impressed by his writing skills, his range of knowledge, the interesting hypothetical problems he used in his teaching and the quality of this and his other books. He also had articles published in the widely respected *Nature and Science* publications which are prestigious science publications of scientific research. Even after the above facts of his fraudulent experiments became known Noam Chomsky, a distinguished professor of linguistics at MIT, a coauthor of a book with Hauser, continues to believe he is a reliable leading scientist perhaps not necessarily based on his own experiments.

The reason I decided to discuss his writing is the intense interest scholars have in questions of Morality and Ethics, the much increased knowledge of animal behavior over the last century adding biological information on their ethical behavior, the differences discovered between humans and animals, a field in which Marc Hauser was very active, and the fact that he had problems himself with ethics in his own career.

Hauser’s book collects and summarizes very well writings of other brilliant experts writing on important aspects of the source of human morality and ethics. Therefore despite his shortcomings mentioned above I believe it is worth reading what he has written and learning his own story and his ideas. At least, they should be considered.

³⁹ http://www.naturalnews.com/041592_scientific_fraud_research_papers_junk_science.html

⁴⁰ Hauser, Marc D., 2006, *Moral Minds, How Nature designed our Universal Sense of Right and Wrong*, Harper Collins NY, NY.

Hauser in the beginning of his book cites Chomsky, an authority on linguistics as follows:

“Why does everyone take for granted that we don’t learn to grow arms, but rather, are designed to grow arms? Similarly, we should conclude that in the case of the development of moral systems, there’s a biological endowment which in effect requires us to develop a system of moral judgment and a theory of justice. If you like, that in fact has detailed applicability over an enormous range.”

Noam Chomsky

Hauser also writes about what role language and linguistics play in morality starting on the first page of the Prologue: Righteous Voices in his book, Moral Minds.

Hauser’s book on Moral Minds in its Prologue, adopts Chomsky’s theory that human nature has a moral instinct which feels what is right and wrong which comes from evolution and Darwinian selection drawn from another instinct – an analogy to language.

Knowledge of language, once learned, is automatic and complex so it needs to be analyzed by taking a small piece and using some simplifying assumptions.

Hauser gives examples of where moral instincts differ from practice: actions versus omissions. Consider drowning a nephew versus letting him drown so his uncle can inherit his wealth, and mercy killings compared to terminating life support by doctors.

He cites Henry Wadsworth Longfellow for the proposition that religion should be a “guiding light” for morality.

*Disgrace – Charles Gross*⁴¹

The story of Marc Hauser's downfall is told in Gross's well written article cited above blaming too strong a desire for recognition which results in scientific misconduct or fraud.

Gross writes that the history of science is full of misconduct going as far back as the Greek natural philosophers, Ptolemy of Alexandria (90-168) and even to Newton who used "fudge factors" to improve his data, as did Mendel relating to hybrid plants.

The first formal discussion of scientific misconduct was published in 1830 by Charles Babbage, who held Newton's chair at Cambridge and made major contributions to astronomy, mathematics and the development of computers. In *Reflections on the Decline of Science in England and on Some of Its Causes*, Babbage distinguished hoaxes (Piltdown man, missing link), forging, changing results of experiments to make them more convincing, "cooking" or the selection of data.

Surveys in recent decades of scientists asking if they had seen evidence of misconduct indicates that it has happened. Other books on this subject are: Horace Freeland Judson's *The Great Betrayal: Fraud in Science* (2004) and David Goodstein's *On Fact and Fraud: Cautionary Tales From the Front Lines of Science* (2010). These books reveal a pattern usually of a younger ambitious person often monitored by a respected senior scientist, who are sometimes their co-authors. These senior scientists tend to supervise only conclusions but fail to check the younger researchers' data. To counteract these problems and after serious scandals, the work of the House Science and

⁴¹ Gross, Charles, January 9/16, Books & the Arts, The Nation page 25-32. Professor Gross has taught scientific misconduct at Princeton and Berkeley and written a serious study of Marc Hauser's conduct and disgrace. Gross is a professor of psychology and neuroscience at Princeton University. In 2011 he was a biology instructor in the Prison University Project at San Quentin, California.

Technology Committee began in 1981. It is normal that government is involved because it finances many researchers.

“The serious involvement of the government in policing scientific misconduct began only in 1981, when hearings were convened by Al Gore, then a Congressman and chair of the investigations and oversight subcommittee of the House Science and Technology Committee, after an outbreak of egregious scandals. One was the case of John Long, a promising associate professor at Massachusetts General Hospital who was found to have faked cell lines in his research on Hodgkin’s disease. See *infra*, Section on Armand Hammer for the Gore family’s questionable actions.”

Marc D. Hauser: After Disgrace He Explains Evil

The organ theory of morality of Chomsky adopted by Hauser is very imaginative and interesting. It could be just interesting speculation but not science.

Also Hauser remains vague and does not prepare solutions to these different problems.

Since his departure from Harvard he has been working on a book which at first bore the title “*Evilicious: Explaining our Evolved Taste for Being Bad*” but finally bears the title “*Evilicious: Cruelty = Desire + Denial*”⁴². Hauser confirmed that while “*Evilicious* is not informed by any of his own empirical research, it is a product of his own ideas”⁴³

If one concludes Hauser was evil in his dishonest research activity perhaps he has special insight on how doing evil occurs by a person who is generally good.

⁴² <http://www.amazon.com/Evilicious-Cruelty-Marc-D-Hauser/dp/1484015436>

⁴³ Patel, Alexander H. September 27, 2013 Marc Hauser, former Professor found guilty of Academic Misconduct Publishes First Book since Resignation. The Harvard Crimson
<https://mail.google.com/mail/u/0/?ui=2&ik=040dfc8817&view=pt&>

Another reviewer writes as follows:

Marc Hauser believes we all have the capacity to commit acts of violence.

Hauser writes in his: “Prologue: The problem of evil, quoting Freud:

“In reality, there is no such thing as “eradicating evil tendencies... [T]he deepest essence of human nature consists of instinctual impulses which are of an elementary nature, ... and which aim at the satisfaction of certain primal needs.”

Sigmund Freud

He notes that normal humans are able to torture and kill others.

He wrote “Evildoers have many personalities. Some are cruel for cruelty’s sake. Some believe that extreme violence is the only way to secure resources or defend sacred values. Some inspire other to do their dirty work. And some stand by and watch as others carry out horrific acts of violence, unwilling – though not unable – to intervene. You might think that these different behaviors require different explanations. I suggest that they all stem from a single psychological recipe that is part of every human mind but of no other mind in the animal kingdom. This is a stripped-down account of evil, one that explains how it grows within some individuals and how it uniquely evolved in our species”.

“(- - -) This perspective, I suggest, explains not just the pathology of the sadist or the sexual predator but the actions of “ordinary” individuals who perpetrate unimaginable cruelties. It also illuminates the evolution of our capacity for evil, which, I will argue, evolved as an incidental consequence of our brain’s unique design. This is an idea developed in somewhat similar ways by the philosopher David Livingstone Smith in his book *Less than Human*, and by the social psychologist Roy Baumeister in

his book *Evil*. Unlike the brains of other animals, where circuitry specialized for one function slavishly serves that function, our brain circuitry works in harmony to serve a variety of novel functions. Thus, when we dehumanize other human beings – thinking of them, say, as vermin or parasites – and then torture them without guilt, we have connected brain areas involved in recognizing objects, determining moral standards, and justifying actions with brain areas involved in emotion, reward, motivation, and aggression”.⁴⁴

By acts of violence, individuals can signal they have the power to perform them. “These displays sent credible messages of ongoing and impending terror to victims, freezing them in their own fear. This explanation for costly signaling, proposed by the evolutionary biologist Amotz Zahavi and developed in interesting ways by others, is one way of interpreting the paradoxical, gob-smacking episodes of gratuitous cruelty carried out by otherwise civilized people”.⁴⁵

To understand evil one needs to clarify its causes. In some cases, understanding entails recognizing that some people lack self-control or awareness of the pain of others. In some other cases, a perpetrator is of sound mind yet

⁴⁴ The difference between human and animal brains, and especially the distinction between dedicated modules serving one function and interconnected modules working to serve multiple functions, has been highlighted by other authors, including especially the philosopher Daniel Dennett, in *Consciousness Explained* (New York: Little, Brown, 1991), and the archaeologist Steven Mithen, in *The Prehistory of the Mind* (London, U.K.: Thames Hudson, 1996). These and other authors emphasize that language was essential in forging the connection between modules, but, as I will discuss in chapter 3, language itself is based on interconnected modules, including those dedicated to phonology, meaning, and syntax. It is thus more likely that the connections were in place before language, providing benefits in thinking that went far beyond the parochial style of other animals.

⁴⁵ See especially Amotz Zahavi and Avishag Zahavi, *The Handicap Principle* (New York: Oxford University Press, 1997). On conspicuous consumption, see Thorstein Veblen, *The Theory of the Leisure Class* (London, U.K.: Macmillan, 1899). On credible threats, see Thomas C. Schelling, *The Strategy of Conflict* (Cambridge, MA: Harvard University Press, 1960).

knowingly causes harm to innocent others and relished the act. Understanding an individual's character with the tools of science should make appropriate assignments of responsibility, blame, punishment, and what future risk there is to society.

The story told above with excerpts from Marc D. Hauser's writing is interesting and important for a number of reasons.

First, he was an intelligent man, expert in morals and ethical conduct who by some defect in character lost the respect of his fellow scholars. Why? He seemed to be unintelligent to think his able students would not see he was dishonest in writing up false results of his experiments. This would also imply that he had not acquired the habit of being honest or if he had it he lost it. This probably has some reason related to his ego and his desire if not compulsion to do better than others. He was admired by most of his students and colleagues. Perhaps he had too much ego and thought he could do no wrong when he acted dishonestly. Then he was caught. His reaction as a wrong doer after discovery was he had made mistakes. But still he hoped as a scholar he could make a positive contribution in researching and writing about evil since he acted evilly.

Hauser probably hopes that by relating his story and extracts from his latest book others can learn something about human morality and ethics by studying its opposite – Evil as Hauser sees it.

Is Ethical Conduct Better Decided by an Individual or a Group?

To analyze this problem, let us take two examples.

Sepp Blatter - A Dishonest International Association

Sepp Blatter, former President of the International Soccer Association, FIFA, defines his ethics as those he got from his family. He explained: “We have a principle in our family. The basic principle is to take only money if you earn it. Secondly, do not give money to anybody to obtain the advantage. And the third one is if you owe money, pay your debts. These are the principles I have followed since I was 12 years old. That is why I am claiming that my conscience, as far as money is concerned, I am totally clear and clean.”⁴⁶

With the lack of transparency relating to the huge sums transiting through and around FIFA and “shocking accusations of corruption and backroom dealings”, Blatter’s rules of conduct seem inadequate in this situation. Who decides whether Mr. Blatter earns his money since no one is sure how much money he has “earned”, how he received it, or other pertinent facts. US Attorney General Loretta Lynch announced indictments for criminal conduct against nine FIFA officials and five corporate executives for racketeering, conspiracy, corruption, buying and selling votes to deliver the World Cup to South Africa and soliciting kickbacks from sports marketers.⁴⁷ Recently it was disclosed that Sepp Blatter was paid at least \$10 million for each World Cup.⁴⁸ Blatter’s replacement, Gianni Infantini, will be paid less than half the salary of Blatter.⁴⁹

There seems to be no doubt that he has worked assiduously on building the FIFA organization. He has

⁴⁶ Moore, Malcom, Lunch with Sepp Blatter, « I am a Very Generous Man », FT Weekend 31 October-1 November 2015.

⁴⁷ See L.A. Times, May 27, 2016
<http://www.latimes.com/sports/soccer/la-sp-fifa-scandal-timeline-20150603-story.html>

⁴⁸ The Wall Street Journal, by Joshua Robinson, August 31, 2016
<http://www.wsj.com/articles/fifa-publishes-salary-information-for-president-secretary-general-1472668605>

⁴⁹ The Wall Street Journal, by Joshua Robinson, August 31, 2016.
<http://www.wsj.com/articles/fifa-publishes-salary-information-for-president-secretary-general-1472668605>

worked hard in promoting and organizing the participation of African countries including having the first African World Cup in South Africa. There is clearly a gap between what the outside world perceives of the FIFA's operations and Sepp Blatter's views. Not only does conduct need to be ethical but it also needs to seem ethical to others.

The Guardian's view on Blatter's interview was that "[FIFA] was "still rotting from the head." "FIFA stinks."⁵⁰

How Community Institutions Create Economic Advantages: Jewish Diamond Merchants in New York⁵¹

This section tells the remarkable story of how a close knit community of orthodox Jews through strict ethics has dominated a market for centuries, with little or no theft and no enforcement by public courts through a reputation mechanism by means of rules in an industry, family, religion and community so their children can inherit the benefits from their parents of the system.

The diamond industry has long been in the hands of Jewish merchants. This existed in the 11th century when two Jewish brothers, prominent bankers in Cairo, supplied precious stones to the Fatimid Caliph Empire. This continued in the Middle Ages when India was the biggest source of new diamonds. Diamond traders and cutters occupied the trade routes which included Egypt and the

⁵⁰ <http://www.the-guardian.com/commentisfree/2015/oct/28/the-guardian-view-on-blatter-interview-still-rotting-from-the-head>

⁵¹ This section is based on two versions of an Article in 2002 and 2006 by Barak D. Richman, *Law & Social Inquiry*, Volume 31, Issue 2, 382-420, Spring 2006. He cites and draws on two other articles of previous scholarship, i.e., Roy Kenney's and Benjamn Kleins « The Economics of Block Booking, the *Journal of Law and Economics*, 497 (October 1983) and Lisa Bernstein's «Opting out of the Legal System, Extra Contractual Relations in the Diamond Industry», *Journal of Legal Studies* 115 (1992). The earlier version had a slightly different title: «Community Enforcement of Informal Contracts: Jewish Diamond Merchants in New York, JEL Classification K12, L14, L22.

Southern European shores. Sephardic Jews, who fled the inquisition beginning in 1492 in Spain and Portugal, ran the world's largest diamond market in Holland and acquired a monopoly in this business. In the 17th and 18th century, Jews in Hamburg in the royal courts of Europe became important. When in the 18th century England became a world power, business people of Jewish origin were important. Finally, the Jewish De Beers family syndicate handled close to 100 percent of the world's uncut diamonds and still today controls 65 percent.

Jewish diamond merchants' predominance has lasted up to the present in the important diamond centers of Antwerp, Tel Aviv and New York where diamond cutting and brokering is important.

Orthodox Jewish influence is dominant in the industry. Its philosophy dominates the rules and practices. This shows that culture dominates ethical rules.

Possible reasons for this predominance may be the exclusion of Jews from many activities, past dependence or a product of this history, or a theory of available human capital (know how developed), or they learned that cooperation increased their efficiency and their income.

Other parts of this article deal with details on the following subjects: "The Challenge of Enforcing Diamond Executory Contracts" in a \$60 billion dollar business, diamond thieves (one who stole \$100 million dollars worth of rough diamonds), why intergenerational participation is important (Infinite Time Horizons), and possible excommunication by a rabbinical court, exclusion by religious leaders of participation in daily prayer or ability to arrange marriages.

The 2006 version also gives information on Mumbai, India, a diamond market beginning in 800 BC, Antwerp starting in the 14th century, Israel/Palestine where significant growth since World War II occurred. The 2006 Article is well documented with four pages of references.

The temptation to be dishonest in dealing with diamonds is high. They are easy to steal and hide and are of great value. The industry functions through many who possess diamonds on credit who have not paid for them. If someone in the ultra-orthodox Jewish community acts dishonestly he will be excluded from the community. Being part of this community is very important to members for many reasons, so maintaining one's reputation is a matter of life or death.

Games Primates Play – Dario Maestriperi

Dario Maestriperi is described as a leading primatologist in the cover to his book "Games Primates Play: An Undercover Investigation of the Evolution and Economics of Human Relationships"⁵². This book cover also indicates his official title of "Professor of Comparative Human Development, Evolution Biology, Neurobiology and Psychiatry and Behavioral Neuroscience" at the University of Chicago.

The cover has a picture on it of what appears to be a chimpanzee playing chess with a girl about seven years old. Professor Maestriperi's amusing, engrossing and sometimes surprising writing demonstrates most interesting comparisons of how human's often have social behavior like primates. He also describes where it is different. This is an imaginative comparative approach which is often revealing.

⁵² Maestriperi, Dario 2012, *Games Primates Play – An Undercover Investigation of the Evolution and Economics of Human Relationships*, Basic Books, A Member of Perseus Books Group NY, NY. Copyright licence # 3870850502483 granted to Wallace R. Baker by Perseus Books Group for material from page 66 to 86.

In this respect the author shows his remarkable curiosity and impressive trans-disciplinary background knowledge of existing research. He "finds analogs in surprising places" and corrects errors of other scholars to explain human nature.

The cover continues "A particularly intimate form of bond-testing in baboons illuminates why lovers kiss. Trapping two macaque monkeys in a cage shows why we are so uncomfortable riding with a stranger in an elevator. And primate nepotism can explain why Italian military service is only bearable for the well-connected. Why? The codes that govern our behavior are the result of millions of years of evolution, predating the emergence of modern humans. As Maestriperi shows, everything from how we jilt lovers to how we climb the corporate ladder is marked by our primate roots."

In this introduction he points out that our social relationships with others are all different "good or bad, strong or weak, symmetrical or asymmetrical and everything in between." The title to his book is a take off from best seller 1964 book "Games People Play" by Psychiatrist Eric Berne who showed people interact in specific patterns (games he calls them) usually characterized by predictable outcomes which stem from "our tendency to assume particular social roles in relationships whether family members, friends, coworkers or strangers. Subsequent research in psychology and psychiatry has shown "that our behavior in social relationships is the result of complex interactions between our genes and our environment and the effect of these interactions on our brains. In analyzing the complexity of human relationships he writes that researchers appear to have lost interest in their general underlying patterns."

The author thinks we need to "take a good look into other life forms and their behaviors, i.e. get to escape from limiting our study to human psychology and go into

biology". This is because "patterns of underlying human relationships developed through evolutionary processes and these same evolutionary processes have produced similar patterns in other animal species." The author as an evolutionary biologist concludes that many of the games played by people are also played by other animals." In the last fifty or sixty years there have been many meaningful new studies of animal behavior to enrich this subject. This book is especially interesting because he compares, not only how monkeys and human's act but how Italians act compared to other nationalities.

Although humans are not necessarily the most complex animals they do have the largest brains, which began in our primate lineage long ago.

Primates and humans and some insects also contrary to most other animals live in groups and have one or much more common characteristic: sociality. They both depend upon "behavior of conspecifics", i.e. conspecific means belonging to the same species. Disappearance and death of an individual has important consequences for the group in primates and humans. This characteristic enhances survival and reproduction.

"Chimpanzees and humans live in highly competitive societies. Instead of fighting all the time, individuals establish dominance hierarchies within their group."

"These behaviors, the legacies of our primate past, do not lie hidden – they play out on the surface of our lives yet are so instinctual, so "natural" to us that we don't notice them." But what makes this book extraordinary is the author notices them.

"To detect the "games" people play in every day social interactions, it is necessary to become an excellent detective: one must observe human interaction not only closely but without being too overt or obvious. To understand the rules of primate games it is also necessary to

know the scientific principles that animal scientists (ethologists), psychologists, economists and other behavioral scientist have discovered ..."

Just because we no longer live in a jungle but in modern cities or modern environments does not mean we do not "act out age old rituals, making the games that human primates play more arbitrary perhaps, but no less powerful.

"Dilemmas in Elevators – The Cavemen's Legacy"

In his first chapter, he opens up the subject by imagining what happened if a male cave man suddenly encountered another one in a cave. That's bad news – violence. The way our minds react to potentially dangerous situations like chimpanzees do is very old. It is not one of our mental abilities which appeared more recently like "abstract reasoning, language, love, or spirituality."

Being in a confined space evokes a reaction from others of fear of the risk of aggression. A previous hypothesis that every animal fought to keep his own territory to itself according to the author is wrong.

Its greed to want to hang onto our territory; not the fear one feels when he suddenly finds another in a confined space.

The author believes confining two male monkeys who did not know each other in a small cage – would probably result in a fight to kill each other. He did experiments with 25 pairs of female macaques⁵³ about half of whom knew each other.

When they knew each other they first showed tension when placed in the cage but then became friendlier by

⁵³ Macaques are the most widespread primate genus found from Japan to Afghanistan and North Africa and Gibraltar. Only human primates are more widespread inhabitants of the world. There are twenty-two species of macaques. Some have tails while others do not. Their social life is intricate and hierarchical. They carry viruses potentially fatal to humans, See Wikipedia, Macaques.

grooming each other by picking parasites off the others body and eating them.

The behavior of other pairs was at first puzzling but the author concluded that they were playing the game of Prisoners Dilemma which according to the author explains the exchange of altruistic behavior between two unrelated individuals.

In the prisoner's game if both cooperate and refuse to incriminate the other in a crime they committed, they get a mild sentence of one year in jail. If one confesses and incriminates the other, he gets no jail time and the other gets a five-year sentence. If each incriminates the other both prisoners will be sentenced to three years.

If the game is played only once with a stranger and if there is no reason to expect cooperation the best strategy is to incriminate the other.

But if the game is played repeatedly there is an opportunity to keep track of the other players previous moves and to act according to how the other prisoner acts. Axelrod in 1970 by computer simulation proved that a strategy of "tit for tat" when the game was repeated was a winner. The first player cooperates then the second player cooperates (copies what the first player does) then they are nice. If player number two incriminates the first player, then on the next round player one retaliates. He forgives if the opposite player cooperates even if there was a previous incrimination.

Kinship can alter the dynamics of this game. Mothers groom their daughters with no hope of reciprocal grooming.

Dominance can alter the relationship. The subordinate is willing to behave altruistically toward the dominant party "not for reciprocity in the same currency, but in exchange for safety or protection."

According to the author the Prisoners Dilemma is a model to "explain the exchange of altruism not only among people but among monkeys as well."

The author notes that lowering tension in elevators by human beings is not always necessary. This is because time in elevators is short and silence is usually enough. On the contrary the monkey experiments lasted an hour. However, even in elevators, avoiding eye contact, which can be a threat, is common as is smiling. Often talking is a remedy, sometimes lots of it for extremely insecure people. These are the things noticed by the author in his own building to relieve tension in a confined elevator.

Obsession of Dominance

In his second chapter the author takes up "The Obsession of Dominance" in human relations. At various places in this chapter the author refers to RHP which means resource holding potential which is defined later in the next chapter at page 66 in discussing nepotism and how people build up dominance through nepotism, friendship and political power.

As an example of dominance he analyzes e-mails. He notes his students write long e-mails to him while he writes shorter ones to them since he is in a dominant position.

Boy children can fight for dominance to impress other children. Girl children usually prefer to spread nasty rumors to damage the reputation of potential rivals. They can make friends with others who might be their allies who simultaneously attack the child they want to dominate. The author concludes that these "Machiavellian strategies are similar to those used by other primates to achieve and maintain dominance over their group members. Once Mother Nature has found something that works well in one species she is happy to use the same trick in other organisms as well."

"Dominance in romantic or married couples is an important but under-appreciated phenomena."

Some marriages have a dominant spouse who makes all the decisions and the other is willing to pay a disproportionate share of the price unless the dominance becomes abusive when the cost to the subordinate partner becomes unacceptable.

Couples break up over who is in charge which is not an unimportant or small issue. Unresolved dominance is inherently unstable leading often to constant disputes.

A change in dominance can have a catastrophic effect on a relationship as illustrated by a 1935 novel *Auto-Da-Fé* cited by the author where a housekeeper subordinate marries her employer, beats him up and kicks him out of his apartment and sells all his books. "They feel prey to the dark survival instincts of our own minds."

In all our relationships we don't always notice who is dominant or subordinate but if asked one can usually name one or the other and figure out who plays each role.

The author cites savanna baboons who have a dominant or subordinate relationship with everybody else in the group. One practical aspect of dominance is priority of access to "a piece of food, an attractive mate, or a spot in the shade on a hot summer day."

Dominance hierarchies need not be linear but can be triangular or contain loops. Primates kept in captivity with plenty of food seem to have less hierarchy than those in nature where "high ranking animals survive longer, reproduce better, and generally live a healthier more comfortable less stressful life than low ranking members".

The author sites Richard Coniff's books "The Natural History of the Rich" and "The Ape in the Corner Office" as evidence.

Dominance and hierarchies exist also in bees, chickens (pecking order) and other birds and animals.

Some have believed primate dominance is caused by stronger members while others thought that some individuals were weaker and more fearful. Others think that "dominance should be considered a property of relationships not of individuals".

The author also notes that dominance and anxiety are intervening variables although some scientists doubt whether all dominance is real or simply recognizing assumed dominance. E.O. Wilson and others think there are different kinds of dominance depending on context. Territoriality, where you are, can matter. Rebecca Lewis proposes dominance should be called a power relationship and in some cases leverage.

But the author calls on game theory to help explain this subject. This theory was pioneered by John Maynard Smith in a 1970 article "The Logic of Animal Conflict" which considered how two individuals decide how to settle an agreement by fighting or establishing dominance. The decisions are not based on rational thinking in animals but are products of natural selection which give them a predisposition to "behave adaptively" (in a way that increases the benefits and reduces the costs of their behavior" without necessarily engaging in complex thinking or being aware of consequences of their actions."

Once two persons or animals decide they are more likely to win something of value in competition with another their dominance relationship is established. Establishment of a dominance relationship can happen right away or after some fighting. If fighting continues no dominance is established. Establishing dominance is important to both parties: the subordinate cuts his losses by not fighting and by being patient can wait for a day when he can be dominant should things change. There are also asymmetries if one is bigger. Differences in size are not the only factor

but also willingness in using their bodies and take risks. In territorial species, intruders can have fear if in the others' territory. One can get enraged if he loses his territory since this can mean a very great loss – nest, food and precious resources, mates and offspring. This emotion can enhance his "aggressive motivation".

The Palestinians think immigrant Jews have invaded their territory so there is great loss and real trouble for large numbers of Palestinians refugees forced out of Palestine to other countries.

Real life adds another complication if two opponents often don't have "accurate information about asymmetries and relative probabilities of winning or losing".

"Behavioral displays" indicating supposed superiority in rank help build dominance although one can't be sure they are honest.

"Communicating resource holding potential (RHP) and motivation through behavior referred to as agonistic (competitive) confrontations tell us we are dominant or subordinate."

Natural selection has favored and awarded the tendency to bluff as well as be skeptical to detect bluffing.

If subordination is a learned response dominant parties periodic aggression "refreshes subordinates memories".

Are there born leaders and losers? Not just relationships count but also an individual's physiological and psychological characteristics contribute to their RHP (resource holding potential). Persons with low levels of serotonin in their brains tend to be impulsive or aggressive; testosterone makes them competitive and driven to succeed. So body chemistry plays an important role.

Predispositions to act dominant or subordinate don't involve only emotions and physiology but also cognition and social and political intelligence.

"Humans and some other primates are obsessed with dominance, although not necessarily at a conscious level. Dominance is so entrenched in human nature that thinking we can have social relationships without it is unrealistic. "We can't prevent dominance but we can teach dominance which comes with responsibilities.

Dominance has leadership duties since subordinates pay the price for leaders' success. Dominants must make it easier on subordinates by being tolerant, generous and forgiving. After all dominance is not forever – we must be ready to step aside when the time comes."

As we have seen in Boehm's book some human communities have adapted a theory of equality among members of these communities that according to Boehm can provide a basis for ethics among equals. But everybody knows there is seldom equality in nature so this idea of equality is somewhat theoretical but serves to lubricate the good relationships among humans and avoid conflict by trying to establish dominance.

This idea is important for democratic theory of government so everybody has a theoretically equal chance to become a leader – to become more dominant.

But in the U.S. constitutional system the elected president is subject to checks and balances since the founders wanted to escape absolute dominance by one individual – a common pattern with monkeys.

We are all Mafiosi

In chapter 3 with the above title the author turns to nepotism which he defines as favoritism toward kin at the expense of non kin. This "altruism" does maintain one's own DNA by helping a relative especially where resources are limited. The author starts this chapter with a quote from Adam Bellows, "In Praise of Nepotism: A Natural History". This quote starts with the phrase "Nepotism is something we can hardly do without. For one thing, nepotistic concern for

the welfare of children is the engine of the capitalist system; take that away and you destroy the main incentives for innovation and the creation of wealth. [...] pure meritocracy is inhuman [...] nepotism is a profoundly moral relationship [...] in short nepotism works [...] it feels good and it is generally the right thing to do."

Then the author explains the situation when a young man is drafted into the Italian army if he has a recommendation (*raccomandazione*) or an order to subordinate from a general one can get a cushy office job with short hours. Favorable treatment for the recruit can also be secured by continuing gifts to non commissioned officers of meats, groceries or pharmaceuticals from parents who are butchers, grocery store owners or pharmacists. Failure to get favored treatment results in very unpleasant army training in a far away army base marching during the day with the risk of sexual abuse by older soldiers like in prisons.

This nepotistic corrupted system is also found in Italy relating to becoming a professor in universities. Hierarchies of powerful professors are part of this mafia which rigs entrance exams to graduate school and avoids competition on merit.

Professor Maestriperi writes that this system is the reason he left to teach in the United States since he did not have someone who could give him a good *raccomandazione*. He also notes that in animals nepotistial behavior started long before Adam and Eve and then he goes to compare how this differs in animals and humans.

In rhesus macaques nepotism is mostly female work because males do not stay with their family. With humans since men usually have more power than women it is mostly a function for men to provide nepotistic support. In addition humans extend nepotistic behavior to non kin through marriage, through patronage and nepotistic alliances to increase political power through groups that cooperate which increases the size and power of their families. Non

relatives or strangers are thus accorded the advantages of kin relatives and are expected to reciprocate. The mafia is a good example. The head of the family is the Godfather to the children of his associates.

"The popes in Rome instead of playing by the rules and appointing people to offices based on merit and qualifications, hired their illegitimate sons whom they described as "nephews" hence from which word the term nepotism comes?" This fraud is "the beast of the crimes [...]. Millions of people have been killed as a result of nepotistic behavior of ruthless dictators bent on advancing the interests of their family members at all costs. The author cites Saddam Hussein as an example and his two sons Uday and Qusay Hussein in whose benefit their father killed hundreds of Iraqi citizens.

The author concludes that the U.S. has seemed to practice the best meritocracy seen so far but nepotism, he writes, "has reemerged stronger than ever". Could it be that the longer a country exists successful families and organization get more and more entrenched and dominate the circles of power. The United States started out with waves of immigrants mostly poor who had to work hard to survive in a pioneer society.

Climbing the Ladder

In this next chapter after concluding we are all Mafiosi especially with regard to helping our children get ahead he discusses the various skills needed to move up the ranks of citizens and organizations. He explains different strategies for climbing the ladder that both humans and male macaques use, under what circumstances each is effective and when coalitions are advantageous. These models combine evolutionary biology with economic cost benefit analysis.

He starts with the good citizens, then the young Turk, and Machiavelli's theory for humans. For monkeys he starts

with The Unobtrusive Immigrant, The Challenging Immigrant, The Challenging Resident before discussing different models of ladder climbing strategies.

The author's conclusion is that in any kind of social organization in all the situations he evokes, it is highly important to "acquire and use social knowledge to form effective political alliances [...]. Humans are political animals but their societies are more complicated than other primates".

One needs to know that political alliances, social knowledge and skills and dominance status are intimately interconnected and are necessary for strong relationships. It is also important to be attractive enough to others to secure their cooperation – to be able to charm and lead others (charisma) in addition to having high resource holding potential (RHP) and self-confidence.

Cooperate in the Spotlight, Compete in the Dark

To start this chapter, the author cites an experiment at Newcastle University in England that tended to prove if people thought they were being watched by others they were more honest and cooperative. Voluntary payments into money boxes for coffee even worked much better when no real person was watching but when pictures of eyes were posted close to the money box rather than pictures of flowers.

Another game relating to giving away money to another player showed when stylized eyes were posted in front of the players the giver was more generous. The author concludes that images of eyes "automatically activate brain responses that unconsciously influence the level of cheating, cooperation and generosity even "if they barely notice the eyes".

The first part of this chapter shows that when people think their identity is known they tend to help others, cooperate and are trustworthy.

In the second part of this chapter the author demonstrates that anonymity influences decision making. Many economists assumed that "people always made natural choices to maximize their gains, and that they make choices in isolation from their social context, without regard for the consequences of their behavior. However, the gap that still separates economic and biological evolutionary explanations is closing.

The Altruist in the Spotlight

The choice of trustworthy partners is necessary for cooperation. Family members often make good coalition partners. The Bush family members is a good example.

Reputation for generosity influences other members of a group or society to be like minded. In games such as Prisoners Dilemma if one knows how the other player has previously acted that can affect a players move. Haley and Fessler's Dictator Game deciding to share money and how much demonstrated how much reputation influences outcomes.

In Cambridge University Redouan Bshary experiments with small fish who cleaned the teeth of bigger fish also exhibit how behavior is influenced by reputation but within certain limits and by the particular factual situation. Sometimes big fish swallowed cleaner fish and sometimes cleaner fish bit and ate gums of larger fish they were supposed to service.

Why it's so Difficult to Protect the Environment

Those who don't cooperate are not punished in a public goods game. As Garrett Hardin described the situation in 1968 the "tragedy of the commons" [...] "the individuals private interests usually prevail over the public ones and in the end everyone loses". Paying taxes is the same i.e. failure to punish cheaters encourages wide spread cheating.

One of the reasons why Italy is always bankrupt is because there is rampant tax fraud. There is also "tragedies of the commons" in other life forms like parasites - over exploiting and killing the host will lead to death of all parasites.

In order to better understand how a good reputation helps, some scholars refer to "indirect reciprocity". "Evolutionary biologists distinguish between direct and indirect reciprocity. If one cooperates altruistically with another he can expect to receive a reciprocal benefit and both parties benefit. In indirect reciprocity a third party not the original recipient returns the benefit when all three are members of the same cooperating group. In this situation reputation is built for those reciprocating for the one unable to reciprocate even though he has not received a benefit. Game theorists call this "positive image score". Recognizing charitable gifts by charities announcing amounts given tends to enhance reputation.

Moralistic malicious gossip is a form of punishment for defectors who don't cooperate. Honking drivers are another form of criticizing driver wrong doers. Cheating on spouses has caused hurt spouses to publicize this conduct to destroy a husband's reputation with other women.

Cooperation avoids punishment. Competition can go the other way pushing non cooperation or encouraging cheating. Competition has benefits if success is admired provided cheating is not known or not done.

In a New York black out in 1977 of 24 hours there was a huge crime wave – lots of stealing, looting, robberies and shootings on the street occurred. Four thousand people were arrested. But the number of crimes committed by those who were not caught was probably much larger. The same phenomena occur when natural disasters happen or when soldiers invade another country. The author quotes an Italian proverb "Opportunity turns man into a thief" which he notes implies that "the world is not divided into bad and good

people [...] but rather that given the right circumstances anybody can turn into a thief or even a murderer.

The poor and less well educated fill our prisons for the most part because they profit most from crime and more often believe society has not given them a fair deal. But the author does not think education or wealth changes the way these people act but their situation is different.

Love – Economics and Evolutionary Biology

In this chapter the author suggests that economists and evolutionary biologist can explain why love marriages break up.

According to economist Gary Becker⁵⁴ we choose mates who best promote our material interests and then remain in the relationship as long as the benefits outweigh the costs. A break up occurs when circumstances change and the benefits of being together aren't enough as the costs of the relationship begin to outweigh the benefits and the relationship ends. For him "love is merely an afterthought." Other economists such as Robert Frank⁵⁵ believe love is important. Like Becker he believes romantic relationships are cooperative ventures in which two individuals choose to stay together to pursue joint goals – such as raising children, accumulating property or producing movies together like Brad Pitt and Jennifer Aniston did after they met in 1998, married two years later until Brad met Angelina Jolie on a movie they were doing together. He fell in love with Angelina and separated from Jennifer on January 2005 and was divorced in October with Angelina already pregnant with Brad's child.

"Economists tell us that long term cooperative relationships pose what they call a commitment problem."

⁵⁴ Becker, Gary 1991 A Treatise on the Family Harvard University Press, Cambridge MA.

⁵⁵ Frank, Robert 1988 Passion within Reason: The Strategic Role of Emotions Norton, NY.

Circumstances change and according to Frank love is a solution to commitment problems in romantic relationships; thus to do well one needs to behave irrationally by remaining strongly in love and ignore costs and benefits and be truly altruistic.

Maestriperi has several problems accepting this theory such as: (i) Isn't "a relationship motivated by irrational thinking (i.e. love) more subject to mercurial whims? (ii) If love solves the commitment problem how long does the solution last? It should be stronger the longer the relationship lasts but the opposite is more often true. (iii) Love is often about the pursuit of a relationship sometimes with an object of desire. The author cites the story of a big nosed unattractive Cyrano de Bergerac. Cyrano courts Roxane who has told Cyrano she loves his younger brother for whom he has written Roxane love letters. But she discovers the real situation when Cyrano recites his own words in the dark to Roxane after his brother Christian has been killed. Roxane then discovers the truth and realizes she loves Cyrano who has been mortally wounded and dies. The author concludes that neither Becker nor Frank's economic theory explain Cyrano's feelings and behavior so he turns to biology to see if he can find a better answer to explain romantic love.

He writes "like many of our other psychological, physiological and physical traits the human ability to love probably evolved by natural selection. That being said, traits that evolve by natural selection to serve a particular function can occur later on in contexts that have nothing to do with the original function."

Pair Bonding – Raising Children

In apes including those most similar to us sexual attraction, sexual intercourse and reproduction are similar to humans but only the mothers take care of the off spring. "They are raised by single moms [...]. There is no

attachment or bonding or anything remotely resembling romantic love between mates".

"In a few primate species the fathers help is either necessary for infant survival or can make a difference between a bad life and a good life."

In a research project analyzing a large body of scientific literature results show that animals where the two parents are pair bonded they had extensive physical contact, proximity, separation distress and provided mate guarding.

Such pair-bonded animals also provided parental care. All this resulted in longer life for these animals and the period of offspring development was longer and slower.

If fathers help with the family they provide important advantages when they cooperate with mothers, i.e. help in feeding children, and to "protect them from danger, give them money, teach them all kinds of useful things, push them and support them and get them out of trouble."

The two main reasons humans are different from most other primates is the extent to which children need their fathers. First they have bigger brains and take a long time to grow up. Brain growth continues after birth.

The second reason is human societies are so competitive young people need all the nepotistic support they can get. Therefore receiving nepotistic support from the two parents rather than only one parent can be of great importance.

Breaking the Bond

The U.S. Census Bureau statistics show after seven years of marriage "divorce is most likely to happen". This corresponds to the times necessary to raise children through the risky infancy period.

Human infants have a high risk of infant mortality compared to older humans.

Another world wide study found single child marriages break up more often after four years – about "the minimum amount of time necessary to raise one child together."

The author concludes that because human children have a longer time to develop than other animals, they need work and care by both parents. He believes natural selection plays a role here since giving outstanding care by both mother and father probably means more families and children survive over generations. The fathers became more like mothers and husbands grew more bonded to their wives and children. The author believes neural circuits similar to the ones developed between mothers and children, such as those involving oxytocin and endogenous opioids, also developed in the father and also became involved in bonding between adults.

Human males produce less testosterone than apes so the author claims there is less promiscuity. The author also believes more intercourse plays a role in increasing human fathers to be more integrated into the family than other animals. This increases survival.

Long Lasting Happy Marriages

A feature of a long-lasting happy marriage according to Katchadourian⁵⁶ is serious commitment and belief in the value of a good marriage relationship in addition to romantic and sexual attraction. Another characteristic is spouses' ability to talk and discuss freely their opinions and problems as good friends who feel they are close and intimate. To reinforce and keep alive such a relationship over time friendship and romantic love should be maintained by demonstrating love by words and deeds in interesting ways. All of these elements reinforce the commitment. Children brought up in such an environment probably live longer and happier and are the object of

⁵⁶ Katchadourian, Herant, A Lecture in France. See also his book Human Sexuality with Donald T. Lunde Holt, Rinehart and Winston Inc. 1972.

natural selection compared to children brought up in broken families with one or more parents maladjusted to life especially where the parents are violent which often means producing maladjusted, delinquent and violent children.

Maestriperi writes "One major feature of emotions (romantic love) is to energize motivation."

"Sexual desire and orgasm exist to make sure persons are highly motivated to engage in sexual intercourse and produce children, regardless of their opinions on the subject."

Even celibate priests have difficulty controlling this powerful urge.

The author argues that "Romantic love evolved [...] to motivate men and women to form pair-bonds."

Birds have been pair-bonded longer – probably for millions of years – long enough for natural selection "to sculpt birds' brains and provide the necessary wiring to support the psychological and behavioral adaptation for pair-bonding [...] human pair-bonding is an evolutionary novelty."

It wasn't an easy evolutionary step to transform a sexually promiscuous, aggressive, and misogynistic chimpanzee like ape to become the socially monogamous female loving male.

This rapid transformation presented a special evolutionary problem which required a special solution which was probably adaptation of the infant mother love and closeness transferred to man woman romantic love and increased closeness not usually found in apes.

Selfish Children

It seems that some ethics come from nurture not nature although nature is involved. Research shows that sharing doesn't come naturally to small children.

"Sharing is a skill that children must be taught, even if they understand the concept. Researchers found that children between ages 6 and 14 lack the impulse control to master sharing. 'Just because the brain is that way doesn't mean it can't be changed. Education and setting a good example can have an enormous impact', said researcher Nikolaus Steinbeis."⁵⁷

However, a conversation with a skilled professional teacher of young children reveals that initially selfishness may be predominant. It appears that young children soon consider their social integration into groups of their contemporaries important so selfishness is reduced. This could also be part of human nature and not solely a "learned" behavioral pattern.

Larger Communities: Less Enforcement of Ethics

The problem of ethics became more acute when humanity passed from a hunter-gatherer society, with fewer individuals in one community all in direct relationships, to an agricultural society and gathered in larger communities together. In this new type of society, ruled by chiefs or kings, individuals accumulated more property. This development provided more occasions to steal from those who accumulated property than in a society of hunter-gatherers where property was scarce due to the wandering nature of humanity and good relations with all others in your small community were essential for survival. Mutual assistance in sickness and danger was a top priority. In this respect, small was beautiful.

Scholars have observed and learned through experiments that cooperation among humans occurs among

⁵⁷ This is a part of an E-mail sent by Robert Silsbee referring to a study by Nikolaus Steinbeis of the Max Planck Institute for Human Cognitive and Brain Science in Leipzig, Germany, reported in a Scientific American article entitled *Young Brains Lack Skills for Sharing – An Underdeveloped Prefrontal Cortex makes sharing difficult for young children*. According to a comment to this article the original more detailed report is found at:
t [http://www.cell.com/neuron/Abstract/S0896-6273\(12\)00077-3](http://www.cell.com/neuron/Abstract/S0896-6273(12)00077-3).

a large number of unrelated individuals. This cooperation has been defined as "individual behavior that incurs personal costs in order to engage in a joint activity that confers benefits exceeding these costs to other members of one's group"⁵⁸. This cooperation seems to occur more easily in groups of a limited size. For meerkats, this limit is about fifty. Individuals in very large groups may be unwilling to incur costs to help the group since their share in the benefit to the community is reduced. This is especially true in the groups where individuals are selfish and there are too many free riders benefiting from contributions by others who never contribute anything for the benefit of the whole group. In groups, especially smaller ones, with strong social links, these members can be punished or excluded from the community.

Religion

A majority of individuals brought up in a monotheistic cultural background –Jews, Christians and Muslims– even today– apparently believe that standards of ethical conduct come from God by revelation. For example, according to the Christian and Jewish religions, God gave Moses the Ten Commandments on a mountain top. For Muslims, Muhammad's experienced revelations from Allah which were later written in beautiful prose and poetry in the Quran (Koran). This belief helped individuals to follow the religious rules which they believe came from a divinity who loved them and they loved and believed would punish them if they transgressed these rules. Thus these religions reinforced the community in which they lived and were probably an important element in increasing the likelihood of the group's survival, even though many of its members did not follow prescribed ethical rules particularly with their relations to those outside their community.

⁵⁸ Bowles, Samuel and Gintis, Herbert, *A Cooperative Species: Human Reciprocity and Its Evolution*, Princeton University Press, Princeton and Oxford, 2011.

Whether or not God revealed ethical rules, it is certain that religious faith has stimulated and motivated religious scholars –Jewish, Christian or Muslim– to expend enormous efforts on religious and ethical studies. Consider the Talmud and contributions of religious scholars of all faiths.

Buddhists believe that Buddha found the proper way to virtue and to respect others through meditation without the direct intervention of a monotheistic god.

Religious fervor can be a deep and highly effective motivating factor for some individuals to act ethically and can bring stability to one's personality and be an inherent part of it. Religion is often a help for imperfect humans and used as a guide and helps build confidence, especially when an individual is a part of a religious community which provides support through life's difficulties. Without such faith and the comfort of belonging to a group, many human beings would feel more helpless and without hope in a chaotic, unfair, unreasonable, often ugly world. The support of religious faith helps them gain stability and to resist temptation from evil actions. Such faith gives them a drive and optimism very useful in life. A significant majority of those living in societies with a generally monotheistic culture have faith in one god and also believes that their values have universal application. It appears that a large majority of the people in the world have religious or religious like beliefs which seem to be a basic human need for a majority of humans.

Religion Necessary for Survival - Malraux

According to Fr. Michael Van Aerde in a 2003 conference, André Malraux declared (which some doubt the veracity) "Le xxi^e siècle sera religieux ou ne sera pas" ("The twenty-first century will be religious or it won't exist")⁵⁹. According to this speaker, he said atheism has bitter fruits

⁵⁹ André Malraux was a distinguished and prolific novelist and writer, art theorist, and Minister of Information (1945-46) and Culture (1959-69) appointed by Général de Gaulle whose greatness was celebrated in France by his burial in the Pantheon.

like Nazi, communist or ultra-liberal secular "religions". The speaker cited Regis Debray: "Those who do not believe God believe in much worse things".

One's view on this issue determines her or his answer to the nature and origin of ethics.

One should not forget that many scientists believe in the past that communities with strong religions were better at surviving through the ages. Could this be true for the future too?

Religious Extremists and Violence

Unfortunately, on the other side of the coin, some of those who have religion, especially religious and extremist leaders in all religions, at different times, have contributed to religious and racist hatred, violence and killing. In addition, adherence to absolutist rigid principles and intolerant attitudes create unnecessary tensions between diverse groups which are often a causal factor in violence.

It is also true that good conduct on each holy day is not necessarily maintained during the remainder of the week.

Religion and Insanity

An American author⁶⁰, a recovered victim of a serious mental disease who became an Episcopal minister, noted in one of his studies that there were many similarities in the way some religious believers and people suffering from mental illness view the world.

Religious Faith – Stability or not?

Religious faith can be and is often an element of stability in the life of some individuals since the need for a spiritual life is widespread. On the other hand, especially if in a more extreme form of some types of religious belief, it

⁶⁰ Boisen, Anton T. 1936. *The Exploration of the Inner world –A Study of Mental Disorder and Religious Experience*. Harper & Brothers, Publishers, New York. Mr. Boisen became research associate in psychology of religion and chaplain at the Elgin Illinois State Hospital. He taught at the Chicago Theological Seminary.

can accompany a form of instability that resembles insanity. Some would say that terrorists who sacrifice themselves to tell others of their religions are insane or simply criminals.

Religious Persecutions

In China some forms of Western religions and newer religious sects are not considered ethical but politically and morally dangerous, and therefore they are not tolerated and are suppressed. The same is true in France to a much lesser extent where some newer unconventional churches in the United States are categorized in France as "sects" and subject to popular and official opprobrium.

Some believe the Devil is a very clever fellow able to infiltrate and spread his evil ways into religions. If this is so, religious leaders must be very careful not to take actions in the name of their religion which is not in the best interest of humanity⁶¹.

Spinoza

Spinoza, when he was young, left his family's Jewish community and religion in Amsterdam to write his theological-political treatise in 1670. This work expressed his view that the "Bible was a source of moral guidance rather than a fountain of philosophical or scientific truth, a view contrary to prevailing religious teachings. Later in an unfinished work, *Political Treatise* (1677), he expressed his devotion to freedom of thought. Spinoza's skill as a craftsman (he was a lens grinder) which afforded him a modest but independent economic status. As a philosopher, he gained so much international attention that at 45 he was offered the chair in philosophy at the University of Heidelberg which he refused in order to maintain his

⁶¹ For a description of the evil actions of the Christian Church in the 1st to 3rd century, according to one Christian author, see Harpur, Tom. 2004. *Recovering the Lost Light, the Pagan Christ*. Thomas Allen, Toronto.

In his book, a leading ethologist, Richard Dawkins, has gone much farther in writing that religion is a very "evil force in the world". See Orr, H. Allen. January 11, 2007. *A Mission to Convert*. The New York Review of Books, p. 21.

solitude and "intellectual freedom." Spinoza wrote that experience had "taught him that all the usual surroundings of social life are vain and futile..." For Spinoza the ordinary objects of desire, riches, fame and sensual pleasure should not be an end in themselves. However, fame which he secured and a steady but modest income were useful means for his reaching his higher goal which was to increase his knowledge. His conception of god, according to Leibnitz who visited him, was a strange mixture of god and nature. God was the basic substance in the universe. Such beliefs caused him to be expelled from his synagogue and considered a non-religious materialist. However, his ethical and philosophical ideas were celebrated by philosophers a number of centuries after his death⁶². Jefferson's deistic views seem to resemble to some extent Spinoza's beliefs. His devotion to freedom as the highest virtue resembled that of Erasmus.

Catholics and Jews

The Catholic Church and Judaistic religious leaders have conducted a useful dialogue since WWII which helps to resolve some of the existing hostility and strong tensions between these two religions despite the resentment on the reality of the Shoah. More dialogue, tolerance and cooperation, and rapprochement between all religions would be useful to reduce racism, religious hatred and evil in the world. A large part of Christian thought and other is derived from the Jewish religion. Jesus was a Jew and Saint Paul was a converted Jew. One could think that hostility between Jews and Christians is not reasonable. But schisms or splits in a religion especially between similar or closely related religions often results in very strong hatreds. Consider the ongoing violence between Sunnis and Shiites in the Muslim religion. This also reflects power struggles between two groups which fuels the fire of violence. In

⁶² Nadler, Steven, *Spinoza: A Life*, Cambridge University Press, 1999

Europe the violence between Catholics and Protestants took centuries to end.

Competition between churches should be reasonable, ethical and non-violent to avoid generating hate as much as possible.

Natural Law as a Source of Ethics

In contrast, some legal scholars have thought natural law governs moral behavior. It flows out of what are considered natural rights like liberty and free speech. This concept of law comes in theory from nature. It is not law made by human beings nor does it flow from a religious source. Its source is reason.

Behavioral Economics – Cooperation – An Economic Basis for Ethics

In the new field of behavioral economics research at the Santa Fe Institute, Professors Bowles and Gintis and others have recently made interesting progress. This field of inquiry emphasizes actual human conduct rather than the theories developed in neo-classical economics where assumptions are made which facilitate the use of mathematics but are often unrealistic.

In a 2011 book entitled "A Cooperative Species – Human Reciprocity and its Evolution"⁶³ Bowles and Gintis

⁶³ Bowles, Samuel, Gintis, Herbert, 2011, *A cooperative Species: Human Reciprocity and its Evolution*, Princeton University Press, Princeton and Oxford which includes some of the following topics of the papers cited below:

Bowles' and Gintis' article cited in footnote 8 for an example of an article on behavioral economics and other articles:

- Bowles, Samuel; Gintis, Herbert. 17.08.1998. *The Evolution of Strong Reciprocity*. Santa Fe Institute

- Bowles, Samuel; Gintis, Herbert. 12.12.2000. *Social Capital and Community Governance*. Santa Fe Institute

- Bowles, Samuel; Fong, Christina; Gintis, Herbert. 24.05.2001. *Reciprocity and the Welfare State*. Santa Fe Institute

- Bowles, Samuel; Gintis, Herbert. 24.07.2002. *The Origins of Human Cooperation*. Santa Fe Institute

- Bowles, S.; Gintis, H. Nov. 2002. *Social Capital and Community Governance*. In *The Economic Journal*, 112:483, F419-F436

have updated papers they have written and added new writing.

Technical material in this book has been presented in verbal and mathematical form.

According to the introduction, two propositions are advanced in this book.

People cooperate not only for self-interested reasons but also because they are genuinely concerned about the well-being of others. They value ethics for its own sake and punish those who exploit the cooperative behavior of others. Such action evokes satisfaction, pride, even elation and even failing to do so causes a feeling of shame or guilt.

Groups of individuals who cooperated and upheld ethical norms tended to survive and expand and out compete more than other groups.

These "moral sentiments" were noted by Adam Smith, who wrote⁶⁴:

"How selfish so ever man may be supposed, there are evidently some principles in his nature, which interest him in the fortune of others, and render their happiness necessary to him, though he derives nothing from it, except the pleasure of seeing it."

In order to foster cooperation there must be ethical conduct on the part of cooperating parties. Otherwise there would be little cooperation. Like trust, cooperation depends upon ethical conduct of the parties involved. Therefore the studies of behavioral economists of cooperation are very relevant to the subject of ethics. They are like the other side of the same coin. See page 265 in this book for other

- Boyd, R.; Gintis, H.; Bowles, S.; Richerson, P.J. 2003. *The Evolution of Altruistic Punishment*. In "Proceedings of the National Academy of Sciences of the United States of America", 100:6, pp. 3531-35

- Bowles, Samuel; Gintis, Herbert. 2004. *The Evolution of Strong Reciprocity: Cooperation in Heterogeneous Populations*. In "Theoretical Population Biology", 65:1, pp. 17-28.

⁶⁴ Adam Smith, *The Theory of Moral Sentiments* (2000[1759]) Chapter 1, p. 3.

research on this subject done at the Harvard Business School.

Paul Kurtz's Secular Ethics

A contemporary philosopher, Paul Kurtz, has recently written a book about the ethics of secularism or humanism as it was referred to by Julian Huxley⁶⁵. Professor Kurtz has organized groups working together, somewhat like religious communities, who believe that promoting ethics as a part of a religion is less efficient and less reliable and has failed to improve ethics in society after thousands of years. Religions generally divide people rather than unite them into one human family, i.e. a single human community with basic common values which should be easier and less divisive through secular ethics. Members of each religious group often believe or imply their group's religion is the best or the "true" religion, superior to all others, allowing or encouraging those in such a group to feel superior to or look down on others outside their group which leads to ill-feeling, hatred, and sometimes to violence. In addition, they are often based on purported revelation from supernatural events which are unverifiable and seem to be more unreliable methods of finding truth compared to rational and scientific inquiry based on the careful observation of facts or experience, subject to verification by experiment. Religions use stories, miracles and mysticism based on sacred texts often written long after the events described by promoters of the religion in question. They are often products of the imagination rather than based on real world solutions. On the other hand, unethical conduct and violence are not always fueled by religious fervor. In addition, science is teaching us more about human nature as it progresses. Professor Kurtz believes ethics should focus on actual situations rather than on abstract or theoretical ideas -the

⁶⁵ Kurtz, Paul. 2008. *Forbidden Front. The Ethics of Secularism*. Prometheus Books.

For a complete bibliography of Professor Kurtz, Columbia PhD in philosophy, see also <http://en.wikipedia.org/wild/PaulKurtz> (viewed 24 Nov. 2009).

ones that come up in real life and are often complex, where the best solutions are usually not evident nor totally satisfactory. There are usually difficult trade-offs and compromises necessary in arriving to the best but not perfect ethical solution to practical problems.

Neuroscience: Ethical Conduct and Generosity Gives Pleasure in Brain

Neuroscientists Moll and Grafman at the U.S. National Institute of Health have been scanning brains and a recent article reported "that when the volunteers placed the interests of others before their own, the generosity activated a primitive part of the brain that usually lights up in response to food or sex. Altruism, the experiment suggested, was not a superior moral faculty that suppresses basic selfish urges but rather was basic to the brain, hard-wired and pleasurable. Their 2006 finding that unselfishness can feel good lends scientific support to the admonitions of spiritual leaders such as Saint Francis of Assisi, who said, 'For it is in giving that we receive.' But it is also a dramatic example of the way neuroscience has begun to elbow its way into discussions about morality and has opened up a new window on what it means to be good⁶⁶." So, this adds another possible explanation to where ethics come from. This research suggests another possible source for ethics, i.e. the origin is physical and not a cultural trait learned by living in a society –or both. Would a brain scan also reveal pleasure in acting destructively and being evil which also lights up the same part of the brain when experiencing pleasure and sexual delight?

Brutality and Violence

Unethical anti-social violent conduct seems to be learned in situations where young people are brutalized, where they learn to be belligerent and experience violent

⁶⁶ Vedantam, Shankar. May 28, 2007. *If It Feels Good to Be Good, It Might Be Only Natural*. Washington Post, p. A01.

performances until such conduct becomes virulent. These people are not, according to Richard Rhodes, mentally ill, brain damaged, monstrous, anomic or genetically or subculturally determined, i.e., not categorically different from the rest of us⁶⁷.

Different individuals and different groups have varying degrees of prosocial emotions such as shame, guilt, empathy, and sensitivity to social sanction. "Without the prosocial emotions, we would all be sociopaths, and human society would [...] not exist. [...] Sociopaths have no mental deficit except that their capacity to experience shame, guilt, empathy, and remorse is severely attenuated or absent. They comprise three to four percent of the male population in the United States, 20% of the prison population, and between 33% and 80% of the chronic criminal offenders⁶⁸."

Moral or ethical conduct is considered by some philosophers, like Hume, to be based on emotion rather than reason. An example of emotion is the guilt felt by Adam and Eve when they were expelled from the Garden of Eden.

Consider how female Bonobo apes control male violence more successfully than in human behavior. are by nature biologically less brutal (see page 21 above).

Cyrulnik's Good Guilt

One French scholar, Boris Cyrulnik, "feels that there is a 'good' kind of guilt, through which we try to avoid causing harm because we can empathize with others. This is probably the basis of morality". This is contrary to Freud's

⁶⁷ Rhodes, Richard. 1999. *Why they Kill, the Discoveries of a Maverick Criminologist*. Random House, New York, New York. In this book the author writes about Dr. Lonnie H. Athens, a criminologist who, he believes, has established a solid scientific foundation to build a program of violence prevention.

⁶⁸ Bowles, Samuel and Gintis, Herbert. June 20, 2002. *Strong Reciprocity. Origins of Human Cooperation*. Background paper for Dahlen Conference on Cultural and Genetic Origins of Cooperation, Berlin and Mealey, Linda *The Sociobiology of Sociopathy An Integrated Evolutionary Model*, Special Issue 03, September 1995 pp 323-541, Cambridge Journals, September 1995. See also Peter Hammerstein. 2003. *The Genetic and Cultural Origins of Cooperation*. MIT Press, Cambridge

idea that guilt causes neurosis and unhappiness. Cyrulnik believes the Nazis and terrorists lack empathy so they can believe it is good to kill innocent people, if different from them. He thinks hate and fanaticism can be manufactured in a school curriculum. Young people are often anxious about the future and some never "made it through adolescence into adulthood. [...] The moment you submit to a master, [...] you become a fanatic. [...] Submission is a good way for them to get rid of their anxiety"⁶⁹.

Another example is through sympathy and compassion displayed when a child is injured and one provides generous help. By contrast, Kant thought morality or ethics was founded on reason and universal principles.

William Perry's Study – Effect of Education on Ethics

Another aspect to be considered is the effect of education on ethical opinions of young men. In a 1970 study at Harvard College, William Perry describes how students' conceptions of the nature and origins of knowledge evolve and how their understanding of themselves as knowers changes over time. He depicts a passage through a sequence of epistemological perspectives that he calls "positions". Initial positions are basic dualism right/wrong, black/white, we/they, good/bad. Passive learners are dependent on authorities to hand down the truth –right from wrong is taught. The students gradually become aware of diversity of opinion, multiple perspectives and, as a result, dualistic faith in absolute authority and truth is shaken. Dualism gives way to multiplicity. Since doubt comes to them, they realize that they may not have the right answers and knowledge and ethics becomes more a question of opinion and taste. The students grow beyond dependency and trust in external authorities and carve out their own territory of personal freedom. Truth, including truth in ethics, needs evidence,

⁶⁹ Cyrulnik, Boris. November 2001. *Surviving the Trauma of Life*. An interview by Sophie Boukhari in The UNESCO Courier. http://www.unesco.org/courier/2001_11:uk/dires.htm (viewed 1 Dec. 2009)

i.e. the students require a more analytical evaluative approach probably induced in great part by the education they receive.⁷⁰

Improved Position of Women in Society: Less Discrimination

According to Lionel Tiger, in human society, women are taking firmer control of their destinies and men are losing their ancient position of dominance because of effective contraception, more working women and more higher education. Men's attitudes toward women have become more civilized and respectful. They also have different voting tendencies⁷¹ which indicates that women's ethics may be different from men's. It is therefore reasonable to hope that more participation by talented women in top management positions in business, government and politics should yield better results because discrimination by men against women limits choice of the most talented persons. This is not intelligent or ethical.

There are also large and important networks of women working to stop discrimination and get equal treatment for women. Three of such networks are as follows.

The first is the Professional Women's Network. This group is a global federation of more than 24 professional networks started in Europe. The purpose is to give women the tools, networks and support resources they need to assume leadership positions. This comes through sharing knowledge through on line networks linking thousands of business women and men. This group wants gender balanced decision making to accelerate the pace of change.

⁷⁰ This paragraph is drawn and adapted from Belenky, Mary F.; MClinchy, Blythe; Goldberger, Nancy R.; Tarude, Jill M. 1986. *Women's Ways of Knowing the Development of Self, Voice, and Mind*. Basic Books.

⁷¹ From a review of Tiger, Lionel. 1999. *The Decline of Males*. Golden Books in Scientific American, January 2000, p. 84

This group impacts families, corporate partners and incorporates best practices to break down barriers to women's progress.

Women's Forum Inc. of New York was founded in 1974.

There are 66 women's forums on 5 continents through the International Women's Forum formed in 1982 based in Washington DC.

This organization is a network of leaders in the professions, arts, and business of many very distinguished and talented women leaders.

Another important organization promoting interests of women is headed by Irene Natividad of Philippine origin, Founder and President of The Global Summit of Women. The web site of this organization notes that: "Irene Natividad is a recognized national leader for women in the United States & Chair of Corporate Women, Directors International which promotes increased participation of women on corporate boards globally. She also runs her own public organization Globe Women based in Washington DC. A sought after commentator whose views are heard nationally on PBC called "To the contrary": an all women news analysis series in which she has served as a regular panelist for over two decades."

These organizations play an important role in improving the situation of women in society.

Even more progress could be made if men who have most of the power in society began to act as more mentors for more women in the professions and business.

Sexual Ethics

Ethics relating to sex is as difficult as it is important and an important biological factual situation that can't be ignored. One author points out that "the most difficult task of romantic life is getting Like, Love, and Lust all in one

relationship"⁷². Arriving at a proper mixture of open honest communication (intimacy), trust, commitment, enjoyable sex and working to maintain a loving relationship for a solid long term marriage is not easy.

In some cultures, mutilation of young females' sexual organs is considered proper. This is a good example of Campbell's "false knowledge". Different "false knowledge" exists in most if not all cultures and needs to be removed.

Many people believe there is an ethical problem in procreating children if they do not have a good solid family structure to educate and bring them up well. Unfortunately a very large part of the world production of children occurs under bad conditions and women do not participate enough in the decision making relating to the size of their family.

In this field such human behavior is probably much more refined than in primates where the male at the top of the hierarchy just takes the female or females he prefers and females are probably more submissive except perhaps with the bonobos where the females cooperate to secure co management of their societies.

Leaders and Ethics

More cynical observers believe that the leaders and those who hold power in a society formulate ethical rules (does this mean "might makes right"?). This view is consistent with the fact that leaders have often considered themselves to be sacred (divine right of kings), claiming to be representatives of God or other divinities. This practice tends to reinforce their power. If it is true that leaders can help improve the level of ethics for each individual in the group they manage, then this bodes well for upgrading ethics in large organizations where leaders can propose or impose high ethical codes of conduct on subordinates, or simply lead by example, especially if their personal ethics

⁷² Gini, Al. 2008. *Why It's Hard To Be Good*. Routledge, Taylor & Francis Group, NY - London. P. 192.

are an inspiration for others. One prominent example today of an ethical leader is Christine Lagarde, the present director of the International Monetary Fund.- She was France's first woman Minister of Finance and the Financial Times choice as the best Minister of Finance in Europe. Before this public service, she successfully led one of the largest multinational firm of lawyers for five years with thousand of partners and employees in more than forty countries. One of the reasons for her success was she developed great skill in listening to what others said. This skill leads to friendship, trust and close relations and allowed her to help others come to agreement. Listening carefully to others is a sign of great respect.

Henri Hude is director of ethics and deontology in the research centre at Saint Cyr Coëtquidan, the French school for military officers where he teaches that the best introduction to the existence of ethics is to rediscover how important good citizenship is. It is the key to the way to a peaceful world through ethics. There is also a course in ethics taught in France's leading military school⁷³.

Love your enemies?

In all the monotheistic religions, love plays a central role. First there is emphasis on the duty to love God. As a corollary, one should also love his neighbor. Jesus said we should even love our enemies, an extremely high level of ethics or nearly impossible goal, which poses a problem when the enemy is trying to kill us. But good ethics seem naturally to flow out of love for God and other human beings. The most practical way to solve the near impossibility of loving one's enemy is not to have enemies. This means working to improve relations with everybody.

⁷³ See Hude, Henri. 2004. *L'éthique des décideurs*. Presses de la Renaissance, Paris. Page 12.

Levinas – The Divine in Interhuman Relations

Emmanuel Levinas, a philosopher and scholar in the Judaic religion, wrote that "The true correlation between man and God depends on the relation of man to man where man assumes full responsibility as if there were no god⁷⁴." According to Roger-Pol Droit, he "places the divine in inter-human relations. For him, the 'other person' comes before all⁷⁵."

Atheistic Ethics

A recent novel⁷⁶ explores ethical conduct of an atheist. The reviewer of this book notes "Lili is a welcome and timely reminder that atheism is not just an inevitable result of teaching evolution in schools but a valid moral alternative, arrived at by observation, reason, and a desire for morality unencumbered by guilt or visions of the next world." Perhaps this reflects a distillation of Judeo-Christian ethics into one's conscience without religious beliefs.

Ethics by Public Opinion?

One could also consider ethics to be formulated by public opinion, through reaching a consensus resulting from discussion at international and other conferences leading to such statements as the 1997 Declaration on the Human Genome and Human Rights and earlier similar declarations on human rights and duties. These soft laws are often confirmed in constitutions and by legislators to become "hard" enforceable laws.

However, this way of deciding what ethical norms is very difficult or impossible in different communities and cultures.

⁷⁴ Emmanuel Levinas quoted in "Dossier Emmanuel Levinas", Le Monde, Friday 6 January 2006

⁷⁵ Roger-Pol Droit in "Dossier Emmanuel Levinas", Le Monde, Friday 6 January 2006, p.6.

⁷⁶ Martin, Valerie. February 18, 2001. *A True Nonbeliever*. The New York Times, Late Edition –Final, Section 7, Column 1, Page 31 [Review of: De Witt, Abigail. May 2000. *Lili*. Northwestern University Press].

In Asia Ethics exist Without a Monotheistic God

One must also bear in mind that a great number of people in Asia –Buddhists and others– think that it is possible to live as a saint without believing in the uniqueness of a monotheistic god.

In Ethics Culture Counts – Ruth Benedict

The conclusions of Ruth Benedict, a leading sociologist who wrote a landmark book, *Patterns of Culture*⁷⁷, indicates that ethics vary widely in different societies. She studied Indian tribes in the United States and primitive cultures in Pacific islands. For example, in the Dobu Islands, in the Entrecasteaux group off the southern shore of eastern New Guinea in the Pacific, very poor people live who are considered to be dangerous, and in whose society ill will and treachery seem to be considered virtues. Before white men came, several generations ago, they were cannibals.

Cartoons depicting Mohammed

Problems often become even more acute if different cultures are involved. We have recently seen a cultural and ethical conflict when, in the press, cartoons of Mohammed enraged some Muslims, posing a conflict between free speech and the respect for someone else's religious views.

Whistleblowers

Another example is found in the U.S. Sarbanes-Oxley legislation, where an employee can complain to his company about other employees' or executives' conduct if he believes it illegal or unethical. In France, denunciations are not favored because of their unfortunate reminder of the Vichy government and the Nazi occupation of France. Cultural differences in ethics also can be seen in part of the

⁷⁷ Benedict, Ruth. 1950. *Patterns of Culture, An Analysis of Our Social Structure as Related to Primitive Civilizations*. Mentor Book.

French population's distrust of genetically modified foods – health concerns collide with economic freedom.

Conflicts – Legal Ethics

Other complications occur when, within the same culture, there is a conflict of ethical principals. For example, a tragic conflict arose when lawyers Frank Armani and Francis Belge defended Robert Garrow who was accused of a murder and suspected in a number of other crimes including rape and murder. The accused revealed the place where his victims' bodies were buried to his lawyers who planned an insanity plea. To verify his story, they personally investigated and found the bodies. The rule governing a lawyer in this situation is that he must keep incriminating information confidential when defending a client. The lawyers followed this rule. Robert Garrow was sentenced to life imprisonment. His lawyer, Francis Belge, was criminally prosecuted, but found not guilty for failure to report a dead body and failing to provide a corpse with a decent burial. However, despite a not-guilty verdict for the lawyers, they were ostracized by the community. Robert Garrow escaped but was found and killed, based upon what Robert Garrow previously told Armani, his lawyer, that his strategy was to hide close to the prison from which he escaped until the police went away. This insoluble ethical dilemma was between an ethical rule binding a criminal lawyer to keep confidential information given by a client and a duty to the victims' parents and society to reveal the truth – a general rule of ethics⁷⁸.

⁷⁸ The author is grateful to Frank Morrissey, his former partner, for informing him of this case and the publication cited below. Frank was a leader in introducing an examination on legal ethics as part of the Bar examination in many U.S. states.

Zittrn, Richard and Langford, Carol M. 1999. *The Moral Compass of the American Lawyer – Truth, Justice, Power, and Greed*. A Ballantine Book, New York, NY. Pages 1-26.

Ethics vary depending upon Place and Time

In Alain Crémieux's *L'éthique des armes* (Ethics of Weapons) which includes questions of manufacture, sale and use, he states that with regard to defining good and evil, it may be clear in one place and time but it varies a great deal with geography and it has changed enormously in different times⁷⁹.

Different Genders, Different Ethics

There is also evidence that gender affects what is thought to be ethical. Four psychologists have written an interesting book in which the following passage appears.

Women's solutions of ethical problems revolve around a feeling of responsibility and care of other people perhaps resulting from many women's educating young children more than men.

According to some other authors who have studied the development of moral reasoning in young men, it centers around a "rights morality" applied by "blind justice" and applying abstract principles not taking into consideration the personal situation of the persons involved.

Women prefer to consider the context to resolve disputes rather than the general principles. Women prefer to form opinions inductively from the experience of the parties involved.⁸⁰

Conflict of Sexual Ethics: A Moroccan Suicide

Amina El-Fitali, a 16-year old girl who was forced to marry a man who had raped her twice, committed suicide by swallowing rat poison. This conflict of ethics between genders in a Muslim country led to a public demonstration.

⁷⁹ Page 23 of *L'éthique des armes* by Alain Crémieux, 2006, Aegus, Edition du Bicorné, Paris.

⁸⁰ This paragraph is drawn and adapted from Belenky, Mary F.; MClinchy, Blythe; Goldberger, Nancy R.; Tarude, Jill M. 1986 *Womens's Ways of Knowing the Development of Self, Voice and Mind*. Basic Books.

Article 475 of the penal code protects the rapist if he marries his victim until a judge annuls the marriage⁸¹.

According to a report by Aljazeera, nearly a year after the event the Islamist government, Justice Minister announced plans to change the law. The President of the Moroccan Association for Human Rights said:

"This was a good thing but it doesn't meet all of our demands. The Penal Code has to be totally reformed because it contains many provisions that discriminate against women and doesn't protect women from violence. A comprehensive law combating violence against women has been languishing in parliament for the past eight years"⁸².

Public opinion driven by women forced legislation to be enacted which changed the law to remove protection for a rapist under article 475 of the Penal Code if he married his victim.

"The Trust Molecule"

"Why are some of us caring and some of us cruel, some generous and some greedy".

This is the subject that Paul J. Zak of the Claremont Graduate University has tried to answer by applying "the new science of morality". His questioning continues with "Why are some people trustworthy, while others lie, cheat and steal? [...] and why women tend to be nicer and more generous than men? [...] Could a single molecule – one chemical substance – lie at the very center of our moral lives?" The Oxytocin or Pitocin (the synthetic version) is known primarily as a female reproductive hormone used in inducing contractions during labor. Is this chemical the substance that lies "at the very center of our moral lives"?

For over ten years Paul Zak and his colleagues have conducted experiments which tend to show that when the

⁸¹ <http://www.lemonde.fr/afrique/article/2012/03/24/le-suicide-qui-bouleverse-la-societe-marocaine>, 25 mars 2012

⁸² <http://www.aljazeera.com/news/africa.2013/01/2013123225637555571.html>

amount of oxytocin goes up in a person, he or she responds "more generously and caringly even with complete strangers".

Someone who becomes more trusting who deals generously with another makes this other person more trusting in turn – sort of a chain reaction. This feedback or forward loop creates what might be called a "virtuous circle". Theoretically all of the society affected could be made more trustworthy and virtuous. This reminds one of the Golden Rule of doing unto others what you would have them do unto you.

Paul Zak did a test before and after a friend's wedding. The bride was feeling very happy and her level of oxytocin rose 28% and her mother's 24%. However, the father of the groom rose only 18% and the groom 13%. Why were the men so low? The groom's testosterone surged by 100%. Testosterone is a steroid hormone. In males this hormone plays a key role in reproductive tissues such as testis and prostate and is primarily secreted in the testicles of males. Both males and females have each of these substances although males produce much more testosterone than females, and their level varies and their interplay is highly complex (see Testosterone – Wikipedia, the free encyclopedia).

Testosterone "is one of several other hormones that can interfere with the release of oxytocin, and the groom's testosterone level, according to our blood test, had surged 100%! As the guests admired Linda in her strapless bridal gown, he (the groom) was the alpha male".⁸³

⁸³ Zak, Paul J., *The Trust Molecule*, The Wall Street Journal, The Saturday Essay, April 27, 2012, Interview by Gary Rosen

Edelman “Trust Barometer”

The Edelman company⁸⁴, Public Relations specialists, claims their 13th annual Trust Barometer is “our largest exploration of Trust, to date, and the largest survey of its kind”. It included 31,000 respondents in 26 markets around the world. It measured their trust in institutions, industries and leaders.

This Company manages an online survey, a general public survey and informed public’s survey.

Several examples of conclusions in retrospect of the Trust Barometer are as follows:

2013 Crisis of Leadership, Financial and Banking Industry Deep Dive, Lower Trust among General Population than Informed Public

2012 Fall of Trust in Government

2011 Rise of Trust in Authority Figures

2010 Trust is now essential in business

2009 Young influences have more trust in business

2007 Business more trusted than Government and media

2006 “A person like me” emerges as credible spokesman

2005 Trust shifts from “Authorities” to peers

2004 U.S. Companies in Europe suffer trust discount

2003 Earned media more credible than advertising

2002 Fall of Celebrity CEO

2001 Rising Influences of NGO’s.

According to Edelman trust is important to a company’s long term success and it can “leverage

⁸⁴ Edelman and Associates was founded in Chicago in 1952 by Daniel Edelman, a newspaper writer. His son Richard took over as President in 1985. It has 67 locations, 600 people in its digital division, and over 4,500 employees.

reputation” which says something about values. In short, Trust is essential to corporate positioning in the market and the way a company communicates is the key.

The success of the Edelman company and its message testifies to the strength of Trust as a business weapon. This is a long term strategy which does not try to earn profits from short term unethical policies some of which may if not most companies go for. If a company accepts Edelman’s advice and adopts the principal that Trust Matters, Edelman, a PR company, has originated more ethical business. It is a source of ethics.

Do Universal Ethics Exist? Yersu Kim’s UNESCO Study

At UNESCO, Professor Yersu Kim led a most interesting study begun in 1997, *Prospect For a Universal Ethics*⁸⁵. According to Professor Kim, there is an urgent need to make progress in defining and promoting ethical conduct, and agreeing on basic rules, because the Western synthesis of ideas is no longer providing a reliable guide to progress and survival. He cites the historian Hobsbawn, who wrote that the last part of the 20th Century was "an era of decomposition, uncertainty and crisis", after a period of major wars and more killing than in any previous century.

As globalization occurs and we are hopefully moving toward a global community, a system of global ethics will better fit and serve the global community.

UNESCO's study attempts to identify basic ethical principals which are common to major religions and cultures. For example, this study has found that the golden

⁸⁵ Kim, Yersu. 1998. *Prospect For a Universal Ethics. Report on On-Going Reflections, Preliminary Report, Part I*. UNESCO.

See *Problems and Prospects* relating to the Universal Ethics Project (<http://www.unesco.org/opi2/philosophyandethics/pronpro.htm> (viewed 26 March 2007)).

See also *Prospects of a Universal Ethics. Reporting on Ongoing Reflections* by Yersu Kim, The Universal Ethics Project Preliminary Report: Part 1 (1998) which contains an annex listing documents consulted containing information on ethical values.

rule of "doing unto others as you would have them do unto you" is common to many religious teachings and cultures; it is almost a universal theory. This can be compared to Kant's view that ethics should be based on principles that are universal.

It would be most useful if UNESCO as well as other organizations or international associations could continue to try to formulate some general rules and induce people to actually integrate basic ethical principles in their lives through education in the home and in schools. Professor Kim's preliminary report notes that the Western synthesis -individualism, rationalism, scientism and progress- now has lost adherents. Something else is needed.

Professor Kim wrote in "Problems and Prospects" under Chapter 1 "Feasibility" that "[...] while most members of the member states of UNESCO executive board showed strong support for [the Universal Ethics Project], a small number of countries have made their opposition equally clear. Just as diversity in culture should be respected, said these critics, "so should diversity in ethical matters be respected." He also notes that some leading philosophers do not believe in the concept of universal ethics. Aside from the study of ethics by philosophers, the social scientists, as well as natural scientists, have been engaged in researching the new ethics of sustainable development which include intergenerational ethics. For interesting research on this subject, see "Sustainability and Social Sciences. A Cross-disciplinary approach to Integrating Environmental Considerations into Theoretical Reorientation." This book was written by fifteen international scholars and results from an international project of UNESCO (MOST), financed by the German Federal Ministry of Education. UNESCO's scientific partner was the German Institute for Social Ecological Research (ISOE).

Recently, one of the most challenging problems in biology -why metabolic rate scales as the $\frac{3}{4}$ power of body

mass— appears to have been solved by transdisciplinary work. It occurred at the Santa Fe Institute, where physicist Geoffrey B. West, former President of the Santa Fe Institute, and biologists James H. Brown and his student Brian Enquist worked together for three years. An even more revolutionary transdisciplinary cooperation that resulted in a revolutionary breakthrough was the discovery of the double helix by Crick, a physicist, and Watson, a biologist. So, it is clear that attacking problems from different perspectives can result in fresh ideas and a more rapid understanding which leads to solving problems. This is more than ever true with research on ethics.

Public Opinion on Universal Ethics – Adrian van de Staay

Adrian van de Staay has prepared a report on public opinion and global ethics in one third of the countries representing about one half of the world's population which indicate that values and trust among the different communities vary and are not homogeneous depending upon the status of a person in society (i.e. is he or she wealthy or poor, educated or not). Other factors include the wealth of the country in which that person lives, the geographic location and the culture and the religion of the individual. The variation in the values and amount of trust given to people outside the family reflects a difference in ethics and how much people work together to create wealth⁸⁶.

⁸⁶ Van der Staay, Adriaan. 1998. *Public Opinion and Global Ethics: A Descriptive Study of Existing Survey Data*. World Culture Report: Culture, Creativity and Markets. UNESCO Publishing. Chapter 16, pp. 252.

For other interesting research papers on universal ethics, see Kim, Yersu. 1998. *A Search for Common Values*. World Culture Report: Culture, Creativity and Markets. UNESCO Publishing. Pp. 254-255.

Kim, Yersu. 2000. *Regional Experts Meeting on Universal Ethics from the Nordic Perspectives; Lund, Sweden; 1999*. UNESCO Publishing.

Kim, Yersu. 1999. *A Common Framework for the Ethics of the 21st Century*. UNESCO Publishing.

It is interesting that the people with lower income are the most distrustful and intolerant in society which tends to prove the value of education, since educated people usually are better off economically (http://www.unesco.org/culture/worldreport/html_eng/wcr4.shtml (viewed 26 March 2007)). Does this poll mean that there are no universal ethics? Or that people think problems of immediate concern in daily life are the only ones that merit attention and ethics is not included? The Universal Ethics Project was a most interesting one because it implicitly posed the question of whether universal ethics exist or, if not, can a consensus be reached on what universal ethics should be. The work done on this project indicates that much research remains. One conclusion can be drawn from this work: if there is to be one or more international communities working for peace in the world, there needs to be more agreement on what the basic ethics and values are to be shared. Then the young should be educated in these values.

Universal Declaration of Human Genome and Human Rights

Despite the results of the above report on Public Opinion and Global Ethics, UNESCO succeeded in securing the above declaration and having it approved by the UN General Assembly. It prohibits reproductive cloning so this principle seems to be universally accepted.

Declaration of the Rights of Man of 1948 and Adoption in 1966 – Individualistic Culture vs Duties to Community

Gandhi thought that the rights of man had no other purpose than to fulfill man's duties. While not going that far, René Cassin⁸⁷, a former President of the European Human Rights Court, wrote that rights and duties are related

⁸⁷ This section is a translation and summary of René Cassin's article *De la place faite aux devoirs de l'individu dans la Déclaration Universelle des Droits de l'Homme* (the place made for duties of the individual in the Universal Declaration of Human Rights of Man), 1968. *Mélanges offerts à Polys Modinos*, Editions Pédone, Paris.

(correlatifs) and thus human rights vis-à-vis his fellow men are the logical counterparty of the beneficiary of these rights toward other men individually and with regard to society, i.e. nations and other social groups.

In reading the declaration there is no mention of duties in it.

Declaration of the Rights of Man – No Duties?

But Article 1 does mention that human beings should act towards one another in a sort of brotherhood – a moral obligation.

These classical human rights arose from the conflict between individual subject and their sovereigns and governments demanding freedom and guaranties (vertical rights).

One does find in Article 29:

"In the exercise of his rights and freedoms, everyone shall be subject only to such limitations as are determined by law solely for the purpose of securing due recognition and respect for the rights and freedoms of others and of meeting the just requirements of morality, public order and the general welfare in a democratic society."

Individuals also get protection from abusive action from their fellow citizens i.e. horizontal protection in addition to vertical protection from abusive action from the sovereign or their government.

There are no related duties of individual subjects to the State mentioned. This was logical. The purpose of the Declaration of Human Rights was to protest the monstrous violations of human rights during the Second World War. Mrs. Roosevelt, President of the Commission, said it was not the purpose of the Declaration to enumerate duties of citizens.

However, constitutions usually enumerate the role of citizens and their duties relating to service in the armed forces, paying taxes, etc. Socialist States have also added social, economic and cultural rights as rights of man, such as a right to work, social security and the right to education. These rights need to be written into legal form in constitutions, laws and regulations since they were considered inappropriate in the Declaration of Human Rights and the Commission was not willing to include these new rights formulated by socialists or communists.

G.W.F. Hegel's opinion as to human duties can be found in a summary for a first year course in Philosophy he gave in 1809 to 1811 in a Nuremberg Lycée (comparable in some respects to a good high school in the U.S.).⁸⁸

Hegel's duties

Hegel spelled out in paragraph 40 of this summary that individuals belong to a natural group, a family, are a member of a State, and are in relations with other human beings. Then he writes his duties are divided in four categories (1) duties to himself, 2) duties with relation to his family, 3) duties to his nation and 4) duties to other men).

Duties to oneself

His duty to himself is double – he is unique (singularité) and has a universal self.

His duty to himself as a consequence, on one hand, is to conserve himself physically and to raise himself to the level of his universal nature and to educate himself.

He wrote, to clarify, the human being is essentially a natural creation and as a result he acts arbitrarily and fortuitously as an unstable subjective being. He does not distinguish the essential from the unessential. Secondly, he

⁸⁸ Hegel G.W.F., 1809-1811, Arguments 20, *Propédeutique Philosophique* (Beginning Philosophy), Les Editions de Minuit, Collection Arguments, translated from German into French by Maurice Gandillac, Paris.

has a spiritual and reasonable essence. In this respect he is not naturally what he should be. An animal has no need for education because it is by nature what it should be.

Family Duty

The education one receives allows a certain behavior. The first relation with others is with the family. This relation is conditioned by the disposition of a moral attitude, love and trust.

Duties to the Nation

The natural group which constitutes the family is enlarged to include a nation within which the individuals have an autonomous field of action. But the individual has a duty to follow the law and he needs to conserve the citizen's spirit. The Nation produces a unified moral order as a moral community, education, and a universal way of thinking and behavior while recognizing each's spirituality.

Duties to others

These duties are legal obligations necessarily inseparable from the desire for justice. Also included is the obligation to treat others as equals not only as abstract persons but in each as individuals as well as to consider his happiness and unhappiness yours and to prove it by helping the other. The respect of law and observing the strict duties to others is the primary duty, the basis for all the others.

Thus, although classic human rights in the Declaration reflect an individualistic culture they indirectly serve the community in a vertical sense protecting them against the State and horizontally affecting their relations with their fellow citizens, who must respect these rights. They are like the two sides of the same coin.

The Impossible Universality of Human Rights⁸⁹

The author of the above article makes a distinction between "universalité", "universalisme" and "universalisation" in his article.

He notes that on account of the Western origin of Human Rights certain cultures are reticent about accepting them, in particular he cites Islamic culture. One could also probably add Asian countries.

Since in the West these rights are stated to apply to everyone regardless of race, religion, the place of residence or nationality, they have an intrinsic universal character in their conception.

They also have a certain dynamic nature i.e. universalism, an element, also intrinsic, which is part of them. It is for that reason that the principal draftsman, René Cassin, of the declaration insisted on the word "Universal". Thus it is more like a universalist political religion.

One must recognize the considerable progress in universalizing or internationalizing these human rights after World War II, especially in international agreements and texts which reflects the idea of citizens of the world.

However, certain countries like the U.S. and France are accused probably rightly of being selective in the application of these rights when their interests are affected.

But there is respectable opinion to the effect that in fact it is impossible that the first generation human rights can be applied everywhere because article 14 prohibits discrimination against those who are different. Another text, Article 1 of the two International Pacts of 1966, provides all people have the right to be themselves ("disposer d'eux-

⁸⁹ Pararas, Petros J., Former Vice President of the Greek Council of State and Emeritus Professor of the Democritus University of Thrace. January 2011, *L'Impossible Universalité des Droits de l'Homme*, Revue Trimestrielle des Droits de l'Homme; Bruylant, Bruxelles (Belgium).

mêmes") and freely determine their political rules ("statut") and freely assure their economic, social and cultural development.

In other words in our post-modern times we claim the right to be different and equal at the same time. If Human Rights do become more universal it would seem to lead to a more uniform culture, and reflect an intellectual European civilization profoundly influenced by Christianity i.e. for values that are not necessarily acceptable elsewhere. For example Saudi Arabia did not agree to Article 18 freedom to changing religion or the right to marry without restriction as to race, nationality or religion as provided in Article 16.

At the U.N., Iran declared that the Universal Declaration of Human Rights could not be applied by Muslims because it does not correspond to this country's system of values.

Islamic terrorists to some extent illustrate the refusal and non application of the Universal Rights Declaration. Other Universal Cultures draft conventions often emphasize their religion and other values rather than those of the West.

The treatment of women is a clear example where the values in the Charî'a are incompatible with those of the European Convention of Human Rights. It seems clear also that the rules in the Declaration of Human Rights cannot be imposed in Muslim countries ruled by Muslim religious law. However, this is not the only place the universality is "relative" since even in the West the death penalty and euthanasia in the opinion of many do not coincide with values embodied in the declaration of Human Rights.

Ethics in Asia

Henri Tsiang⁹⁰ notes that traditional values in Asia come from Taoism, Confucianism and Buddhism. Although

⁹⁰ Henri Tsiang. 2006. *Valeurs asiatiques –Mythes ou réalités*. Passages, 10 rue Clément, 75006 Paris, France.

not strictly speaking religions in the Western sense of the term, they also promote frugality, hard work, the importance of education, the respect of others and good conduct in society. These rules of conduct are not unlike those that have been recommended in some Western societies.

In Asia, Man is considered as totally integrated in nature like any other living organism or natural thing. In nature, there is no equality. In contrast, in the monotheistic cultures, Man is separated from nature by his superiority and elected by God to have dominion over all other living things. In addition, in the West, the concept of individual human rights has developed over many centuries which weakens the idea of absolute rule by an all-powerful sovereign. The individual's interest in the West has taken on an overwhelming importance compared to the Asiatic view that advancing individual interests can be considered egotistic, irresponsible and anti-social. Therefore, in the East the emphasis is to favor group action. Historically, the theory of a virtuous emperor who makes decisions in the public interest which are followed by an obedient population has been the pattern.

Confucian Self – K. H. Pohl

Professor K. H. Pohl has pointed out that "the Confucian self is relationally self defined through social institutions and relationships, characterized by interrelatedness among family, friends, communities, countries and the universe, and is marked by a sense of mutuality, responsibility, and obligations⁹¹." This way of looking at ethics resembles to a certain extent feminine views as distinguished from the western man's views of ethics as described above in the section entitled *Different Genders, Different Ethics*.

⁹¹ Pohl, K. H. 21-22 September, 2000. *The Confucian Tradition*. Report, Ethics for the 21st Century Expert Meeting. UNESCO Publishing. P. 15.

Thus, there are similarities between ethics in the East and in the West but there are also significant differences due to cultural differences in values.

Tu Weiming – Combine Western and Eastern Ethics

Tu Weiming suggests a way to broaden the Western enlightenment mentality when he wrote⁹²: "The modern West's dichotomous mode of thinking (spirit/matter, mind/body, physical/mental, sacred/profane, creator/creature, God/man, subject/object) is diametrically opposed to Chinese habits of the heart."

He explains that a radically different set of ethics or a new system of values different from those values growing out of the enlightenment is highly unlikely in the Western world.

However, Tu Weiming suggests trying to broaden the scope of Enlightenment values "by deepening its moral sensitivity [...] as a world view for the human community as a whole".

He underlines the "conspicuous absence of the idea of community" including the global community in Enlightenment ideals.

Although fraternity is mentioned as one of the important values of the French revolution "Freedom, Equality and Fraternity", it is not a guiding principle in modern ethical thought in the West.

The nature of Fraternity (brotherhood or sisterhood of men and women) is different from freedom and equality which are rights. Fraternity is an obligation and relates more to the idea of a good community rather than individual rights. See *Liberté, Egalité Fraternité*, in Wikipedia for the

⁹² Tu Weiming. 1998. *Family, Nation, and the World: The Global Ethic as a Modern Confucian Quest*. Carfax Publishing Ltd., Social Semiotics, Vol. 8, Nos 2/3. Tu Weiming was born in China, raised in Taiwan, educated at Harvard where he was a Professor. He has written many books including his book co-authored with Ikeda Daisaku, (2011), *New Horizons in Eastern Humanism: Buddhism, Confucianism and the Quest for Global Peace*.

origin and history of these ideas and the interpretation of these words.

He notes the modern ethics in the West tend to tolerate inequality and have faith in the self interest and “aggressive egoism”. This poisons a kinder global ethical system of global stewardship different from the enlightenment ideas.

Human Rights But Don't Forget Duties

There is much work to be done to increase the universality of the Universal Declaration of Human Rights to broaden and better embrace the views of ethics in all cultures and to reinforce the idea of duties to others and the community⁹³.

We have given examples in this part which illustrate that new ethical rules need to be developed when new needs arise i.e. when the environment urgently needs protection. Ethical rules in society change in time and are different in different cultures, genders and different kinds of people in each culture.

Crusaders Killed Muslims

Many of the Crusaders were Christians who followed the ethical teaching of Saint Bernard. However, in order to recover the Holy Land, which could open to them the gates to Heaven, they killed many Jews and Muslims. They did not consider their conduct unethical.

Muslim Terrorists Kill Christians

Some Muslim extremists today seem to adopt a similar course of conduct with their Holy War, the "Jihad" against Jews, Christians and secular governments in countries with Muslim populations. History teaches us that violence, war and terrorism do not necessarily have religion since they are practiced by religious believers as well as those without

⁹³ See Franck, Thomas M. Jan./Feb. 2001. *Are Human Rights Universal?* New York, Council on Foreign Relations, Foreign Affairs.

religion. Plundering others by the powerful has often seemed easier than acquiring wealth by working. Racial hatred, social discrimination and conflicts over territory are often a contributing factor to war and violence.

Ethics In-Groups and Out-Groups

One seems to find more ethical conduct practiced among in-groups, like families and members of the same community, where ethical conduct is taught and enforced, rather than toward outsiders and foreigners. Outsiders and foreigners are often hated because they do not have the same religion or culture and are sometimes seen as trying to impose their will on a community or compete for the same territory. However, one should also note that violence within families, and sometimes among former friends or lovers, is also often encountered in our societies. Some parents by their belief and actions do great harm to their children.

In practice, ethics are respected, ignored or changed, often depending upon who one is dealing with. To have a more ethical world, situations that cause conflict will need to be eliminated so that more consistent ethical rules can be applied to everyone. "Love your enemy", so one can even treat enemies ethically, doesn't seem to be working very well, so it is better not to have enemies.

The Origins, Nature, Definitions and Development of Ethics Probably have Many Sources

For the purpose of this analysis, the source or sources of ethics whether flowing from emotion, reason, human nature or something else is less important than discovering the right rules for each case. Some solutions can evolve with time. However, since many are a product of evolution, traditional ethics could in some case be more robust than new ones we might generate.

It is interesting to note that Aristotle's writing on ethics has not become outdated as most of his scientific writing

has due to remarkable progress in science. Does this mean that there has not been much improvement in human nature and most of his ethical principles remain solid?

As we have seen from the above discussion, there are many possible sources of ethics, evolution of the humans who have survived, growing knowledge of biology, religions, public opinion in the community and culture. So it is likely that many sources have contributed to ethical conduct in different individuals up to the present.

5. DOES CONDUCT CONSIDERED ETHICAL VARY DEPENDING UPON THE TIME AND CIRCUMSTANCES OR THE CULTURE, GENDER, NATURE, PHILOSOPHY AND OTHER CHARACTERISTICS OF THE PERSONS INVOLVED?

Environmental Ethics – A New Challenge

Beginning in the last half of the 20th Century, the human race has become aware that some of its economic activities on Earth are causing major threats to our environment, to our health and survival as well as to life on our planet.

Some scholars and businesses, but not all, have recognized their ethical duty to take action to lead society to sustainable social and economic goals where harmful economic activities are damaging to our environment.

One must recognize there is respectable and serious opinion that one aspect of the environment, i.e., global warming, is not occurring or is occurring at a non-dangerous rate. Opinion polls seem to confirm that few people in the world are worried about global warming.

This issue like much of the opinion worried about the environment seems to be a left or liberal point of view with less concern by conservatives, although top scholars are on

both sides of this issue. Vested interests also seem to play an important role on opinions about burning coal and producing energy through highly subsidized wind and solar suppliers.

The most recent report has been by a distinguished science writer Dr. Matt Ridley, whose subject was “Global Warming versus Global Governing” presented at the 2016 Annual Lecture at the Royal Society in London, sponsored and published by the Global Warming Policy Foundation. Previous annual lectures were as follows: Vaclav Klaus – The Climate Change Doctrine (2010), George Pell – One Christian Perspective on Climate Change (2011), Fritz Vahrenholt, Second Thoughts of an Environmentalist (2012), John Howard, One Religion is enough (2013), Owen Paterson, Keeping the Lights On (2014), Patrick Moore, Should we celebrate Carbon Dioxide? (2015).

See also, *infra*, page 167, the opposition to Agenda 21 and Economist Herman Daly’s view that with growth, sustainability is not possible.

According to the New York Times between 20 and 30 large companies including five major oil companies like Exxon Mobil, and other large companies like Walmart expect to “pay a price for carbon pollution in the future as a way to control global warming” and are “incorporating a price into their long term financial plans” in their budgets. This confirms that many important businesses foresee government action although many of these companies supported the Republican Party in which all but one presidential candidate either denied the scientific proof of the causes of climate change or opposed taking any action to alleviate climate change. As public opinion changes industry appears to conform to public opinion probably in

part for budgetary financial reasons and partly because they do not want to appear too stupid or unreasonable⁹⁴.

These new ethical duties not only concern the present population on Earth but, more importantly, future generations affected by our conduct. These are new ethical duties that have arisen as humans have begun to have serious effects on the Earth's ecological systems. Defining what these ethics are requires knowledge from many disciplines⁹⁵.

An effort to define sustainable development and possible action leading to it is presented later in this chapter.

Although many environmental laws and treaties have been enacted and signed much human conduct needs to be changed after there is a sufficient agreement on what and where. Since environmental conduct affects us globally and there is no world government to enact world laws and enforce such rules, proper conduct is undoubtedly a long way in the future unless the national states can agree on uniform or similar rules they enforce. However, progress has been made on a few specific matters i.e. ozone holes.

My introduction to sustainable development occurred when David Pines, a talented highly regarded physicist, invited me to a Santa Fe Institute (SFI) 1990 workshop on sustainable development attended by world class scientists, including several Nobel Prize winners, scholars, business and media executives, lawyers and others. George Cowan, a distinguished physical chemist and founder of the Santa Fe

⁹⁴ <http://www.nytimes.com/2013/12/05/business/energy-environment/1> New York Times, page A1 on December 5, 2013.

⁹⁵ What is worth protecting? Some claim that the part of nature that should be protected is only that which is useful to human beings. Others believe nature has a moral value *per se* and all forms of life should be respected.

Sustainability needs definition as well. What rights should future generations have? For a discussion of these questions through a consultation of the ethical and philosophical community which also deals with practical and theoretical issues in environmental ethics, see Ten Haven, Henk A. M. J. et al. 2006. *Environmental Ethics and International Policy*. Unesco Publishing.

Institute, wrote notes on sustainability in 1991 which was a report on this workshop and his own thinking, which is, in part, summarized below starting in the section entitled *Energy*.

Among those attending this SFI workshop was Professor Nazli Choucri, an MIT professor of Political Science who participated in the drafting of Agenda 21 which lists problems covered by the concept of sustainable development. Since the SFI workshop, she developed the Global System for Sustainable Development (GSSD) with a little help from me and more important contributions by other academics at MIT, her students and others discussed later in this book. She, along with George Cowan, have been important teachers for me in increasing my knowledge and ideas about how to reach sustainable development.

Before discussing this subject in the U.S. in more detail we will deal with some recent developments in France for a comparative example of how France has reacted to the challenge of sustainable developments.

The French Nomenclature of Environmental Loss and Environmental Damages⁹⁶

Since environmental law is relatively new, legal rules and procedures to enforce payment for those suffering from environmental losses are not yet well developed and are often vague and weak compared to other older areas of the law.

On November 16, 1982, the French Supreme Court recognized the right of an association of bird lovers to sue and recover damages from an association of hunters after an unknown member of the latter group killed a fishing buzzard ("balbuzard pêcheur") protected by environmental law.

⁹⁶ "La nomenclature des préjudices environnementaux est une proposition de grille de lecture commune du dommage environnemental."

As we will see later in this book government authorities in France have been very active in enacting measures designed to reach sustainability. This nomenclature is another example of French government and a private group's efforts to make significant progress.

In 2012 a working group of leading French lawyers, economists, judges and scholars prepared a nomenclature of Environmental Damages⁹⁷ designed to encourage courts to act and speed up payment of damages based on the principle that the "polluter pays", set forth in the law of February 2, 1995.

There was an amendment to the French Constitution adding this principle which is also in the Environmental Charter of 2004. The European Union has lent a helping hand to make such remedies effective. These principles are now embodied in the rules of Government administrations policing duties in the law of August 1, 2008, as well as in Article 1382 of French tort law in the French Civil Code.

Environmental damages pose practical problems of how to evaluate the damage caused to the environment. Diverse solutions have been applied by the courts to different questions like: who is entitled to damages? If there is more than one plaintiff how can one avoid an excessive doubling up of damages? What method is simple, not too artificial or unrelated to ecological considerations? To try to answer these and other questions the Working Group did interdisciplinary research, including a study of what risks might be subject to insurance. It also sent out a questionnaire to interested or expert parties and who suggested answers. The subject matter includes public property or common property like the air, water and land which no individual owns or controls. This book of about 450 pages attempts to clarify and classify problems of what

⁹⁷ Neyret, Laurent and Martin, Gilles and a Working Group. 2012. *Nomenclature des préjudices environnementaux*, L.G.D.J., Extenso Editions

environmental damages should be allowed and the conditions for getting a judgment and enforcing payment.

Reasons for the Nomenclature were set forth in the ten page *Exposé de Motifs* (Rationale) in this book by Laurent Neyret and Gilles Martin. This section of the book notes that the subject of damages in the Erika case of an oil spill were not only those suffered by the plaintiffs but also based on objective autonomous damages which arise "from all non negligible destructive action to the natural environment".

The Nomenclature applies a name to certain phenomena as well as provides common meaning on different definitions and norms for those concerned.

Former Prosecutor and distinguished scholar Dintilhac headed an earlier working group which produced a Nomenclature in 2005 relating to damage to life similar to the 2012 Nomenclature which deals with other environmental subjects. He wrote that the Nomenclature his group prepared is considered as an "open and evolving legal instrument" to make environmental damages more coherent, transparent and secure. As the Dintilhac report noted it is not a "rigid and intangible framework", so different types of damages can be included or not. An entity for observation ("Observatoire") was created to follow future developments and make recommendations.

The Nomenclature is designed to help prevent environmental damages as a warning to polluters that they will be creating liabilities for themselves, to facilitate securing damages and to facilitate punishment. The authors noted that the Constitutional Council ruled that parties have an obligation of vigilance to avoid environmental damages arising from their activities.

The studies mentioned above in France led to an article in *Le Monde* (17/09/2013)⁹⁸. *Le préjudice écologique*

⁹⁸ <http://www.lemonde.fr/planete/article/2013/09/17/le-prejudice-ecolog>.

bientôt dans le Code Civil ? (Ecological damage soon in the Civil Code?).

Another Working Group Named In Honor of Professor Jegouzo

A report of this group gives a definition of ecological damages as those resulting from an abnormal attack of elements and functioning of ecosystems as well as profits collected by person from the environment. ("*résulte d'une atteinte anormale aux éléments et aux fonctions des écosystèmes ainsi qu'aux bénéfices collectifs tirés par l'homme de l'environnement.*")

The group also recommends the creation of a High Level Environmental Authority to evaluate regulations and insure vigilance in preventing loss and reparation of damages to the environment.

Another subject covered is financial penalties. The damage caused by accident should be recovered. However, intentional pollution with the expectation of profit when to pollute is cheaper than respecting the regulation should be subject to civil fines.

A fund to repair environmental damage is planned. For individuals its amount cannot exceed two million Euros. But for companies it can go as high as 10% of the sales of the enterprise – a significant amount. This working group's objective is to punish violators and to convince companies to avoid pollution. Sums collected would go into the Reparation Fund.

Finally the report recommends opening up class actions relating to environment claims.

The Minister of Justice

Christiane Taubira complimented the working group for its posing of provocative and daring questions and has recommended reasonable solutions. The discussion, she said, will be of high quality in the legislative bodies thanks

to this good work. She took charge of the draft law which was scheduled to be ready at the end of 2013.

After noting these recent developments in France, we now will return to the discussion occurring at the Santa Fee Institute in 1990 to consider issues raised there relating to Sustainable Development and subsequent developments in the U.S.

Population and Fresh Water Shortage

During discussions in this workshop, one of the major concerns the group had was of uncontrolled continuing population growth especially in less developed countries. According to a U.N. study released in 2005, the growth in population could decline after reaching 9.1 billion in 2050. However, no one is sure what will actually happen with population growth: estimate, vary. This leveling off, if it actually occurs, is at least in part due to more education of women and the increasing use of birth control in less developed countries.

There has been a huge acceleration of population growth especially starting in the last century (2 billion in 1927, now about 7 billion) which accelerates human death and illness due to lack of clean water. "Nearly one billion people have no access to clean drinking water". The increase in population also causes more water to be used in agriculture. "More than two billion have no sanitation system". This situation leads to an estimated 2.2 million deaths per year and poverty, starvation and conflicts – a tragic moral and ethical problem, for which no one takes the responsibility. The author, Frérot of the quotes in this paragraph also quotes the Karamazov Brothers by Dostoevsky in the beginning of his book "Each of us is responsible for everything to everybody"⁹⁹.

⁹⁹ 5a See Antoine Frérot, 2009 Edition Autrement, Paris 2009 for the linkage between population and lack of clean water and water sanitation. *L'eau pour une culture de responsabilité: Toward a Culture of Responsibility*.

The problem is multifaced because water problems depend on geography, the shrinkage of water on earth due to abusive use and increasing use in agriculture so the problem is getting worse in many places. Other factors such as increasing urbanization often make solutions more complicated.

Energy

The importance of the rapidly accelerating growth in the use of energy and its effect on climate change was discussed especially in coal-fired electrical production. By 2050, it is now estimated our energy needs will at least double. George Cowan outlined the long term problems –the finding and developing renewable and non-exhaustible energy sources required to fuel our modern consumer way of life, which he thought could take up to three generations of research and development. The new U.S. technology producing more gas and oil (fracking) has now made the U.S. an important energy producer.

Human Behavior

George Cowan also noted the great difficulties in changing "deeply imbedded patterns of human behavior" where change is necessary to reach sustainability. He continued with the idea that "Presumably, the less mobile aspects of human behavior are determined by genes and the more mobile parts by nurture" and added that there is often much resistance to change in governmental and other institutions. Significant change in people's behavior generally occurs when a problem becomes urgent in times of war, financial or other crisis and/or when there is especially charismatic leadership in a community or nation.

Other Problems

His report lists other sustainability problems of poverty, migration, conflicts, pollution, deforestation, appropriate management of agriculture and the need for collective security.

Science and Technology

George Cowan characterized science and technology as being "the most mobile fields" because there has been more scientific and technical innovation in the 20th century than in all other centuries combined.

Business Action for Sustainability is Necessary

At this workshop, it became evident to me that if the business community did not take action to help solve sustainability problems, not much would happen. Such action could most easily come about by legislation and market forces if organized to make appropriate action profitable or mandatory. The business community, in partnership with government, has demonstrated it can get useful research done and attempt to invent ways to find technical fixes for sustainability problems in addition to social solutions. An increase in greater social consciousness, including better ethics in business and a heightened responsibility for the public welfare will be necessary. This is part of being a good citizen so necessary for a society to work well. Businesses are often our most powerful citizens and their actions cause significant social consequences for the benefit of society or they can cause severe ecological and social harm.

Complexity, Connections and Linkages

Since the 1990 workshop, with Nazli Choucri's encouragement and her supplying me with a number of important reading materials such as *Our Common Future*¹⁰⁰ and Al Gore's bestselling *Earth in Balance –Ecology and the Human Spirit*¹⁰¹, my understanding of this subject and its complexity was further advanced. After reading Al Gore's book, and due to my early experience as a trial lawyer, I

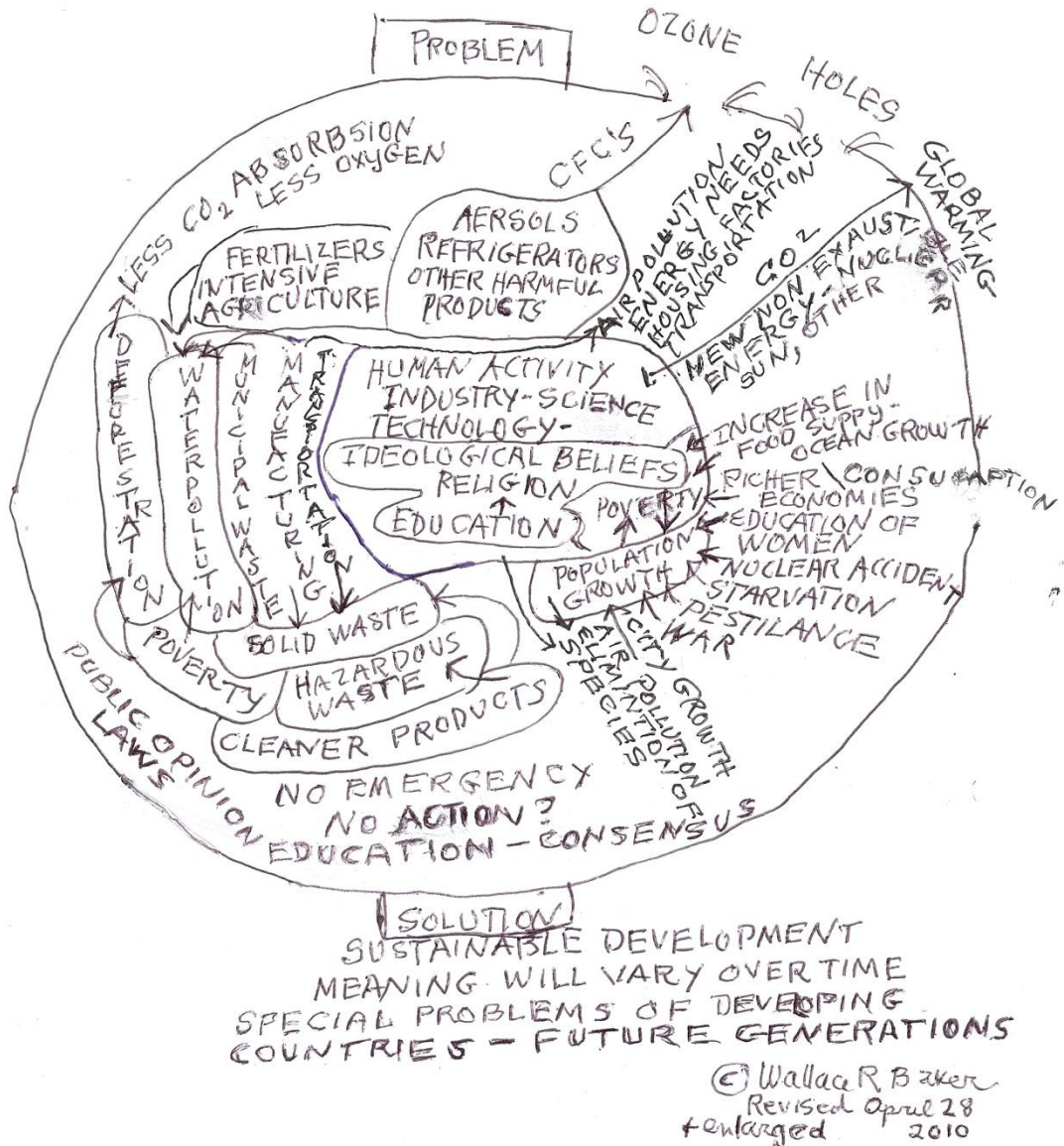
¹⁰⁰ World Commission on Environment and Development. 1987. *Our Common Future*. Oxford University Press, fourth reprint, 1990.

¹⁰¹ Gore, Al. 1992. *Earth in the Balance: Ecology and the Human Spirit*. A Plume Book, Penguin Group, 1993.

reached another conclusion: this subject was far too complicated for the average person to understand unless it was broken down into smaller and more comprehensible and digestible pieces and relationships within the system explained. It seemed obvious that we needed to start to educate our children and the average citizen to understand these problems since it will probably take more than one generation to understand them, to learn how to think differently and to change our ideas and culture and the way we act. So in order to simplify sustainable development enough to begin educating young people, I was inspired by the Chinese saying that a picture is worth a thousand words and so I tried to draw a simplified picture of sustainable development and its different elements.

Sketch of Sustainable Development

Figure 1



In this earliest sketch, my interest was particularly strong in highlighting the connection or link between different actions indicated by arrows. Note intensive agriculture pollutes ground water due to fertilizers. Increasing agricultural land by deforestation alleviates poverty but reduces the absorption of CO₂ by the trees and

is one of the causes of climate change. Pestilence limits population growth as does education which also affects ideological beliefs. Human activities, i.e., agriculture and urbanization, eliminate other species at an increasing rate.

Before one of her talks on sustainable development in France, I showed this sketch to Professor Choucri. She said she thought it was "interesting". She was inspired by it as she tried to develop a method to direct our attention in a way that involves our interaction and participation. With this germ of idea, she returned to MIT and began working on the key principles that could provide an underlying logic for addressing the elements in Figure 1. Her work would not be primarily directed to the man in the street or children but for policy-makers, international organizations, scholars, companies and other entities interested in gaining access to the latest detailed and usually complex reliable knowledge on specific problems of sustainable development. She was right that it was important to direct our attention this way in order to get the business sector, others and public opinion moving in the right direction. The education of children and ordinary people should happen in parallel. This effort would profit from the useful knowledge collected, created and disseminated by a knowledge system which she created, the GSSD. She enlisted the remarkable expertise available in the MIT faculty and the support of its able student body to help create this knowledge network. It took a number of years to design and define the concepts of the elements of the Global System for Sustainable Development (GSSD), to logically organize their relationships and create a useful knowledge network for sustainable development. An indirect method of securing a peer review of her accomplishment occurred when a U.S. patent was secured for the GSSD. This system has not been finished since other useful information needs to be added. In addition it needs to be dynamic and change in order to reflect new developments so it does not become out-of-date.

The work on the Global System for Sustainable Development continued with international cooperation of many people and institutions in order to incorporate websites of other reliable producers of knowledge and to collect, make available and encourage creation of new knowledge to add to the GSSD which will help us to reach sustainable development.

The 2007 Book published on Mapping Sustainability

Professor Choucri edited and wrote significant parts in a 2007 book: *Mapping Sustainability*¹⁰² which describes what she, her students, her colleagues at MIT and other providers of knowledge have accomplished since 1990.

The first part of the book is theoretical and analytical as well as methodological and computational. It is computational in that it explains how the GSSD rides on the information revolution with knowledge networking on the Internet using the power of computers to work on sustainability problems, which B.R. Allenby describes as "mutually reinforcing the dimensions of the human future".¹⁰³

¹⁰² This book, Nazli Choucri, Dinsha Mistree, Farnaz Haghseta, Toufic Mezher, Wallace R. Baker, Carlos I. Ortiz (eds.), *Mapping Sustainability: Knowledge E-Networking and the Value Chain*, Springer, AA Dordrecht. The Netherlands (hereafter referred to as "*Mapping*"), of about 500 pages, which is based upon twenty years of research by political science Professor Nazli Choucri at MIT, is volume 11 of the Alliance for Global Sustainability (AGS) Book Series. The AGS annual conference reports on research done in academia and elsewhere. The aim of the series is to provide timely accounts by authoritative scholars of the results of cutting edge research into barriers to sustainable development, and methodologies and tools to help governments, industry and civil society overcome such barriers. The level of presentation is for graduate students in natural, social and engineering sciences as well as policy and decision makers around the world in government, industry and civil society. The Alliance is presided by the President of the University of Tokyo, the Swiss Federal Institute of Technology, the Massachusetts Institute of Technology and Chalmers University of Technology. Its members are chosen from leaders in industry, academia, foundations and government and others from Japan, the U.S., Switzerland and Sweden.

¹⁰³ Allenby, B.R. 2001 Information Systems and Environment, National Academy of Engineering. Technology p. 48.

This book gives a description or inventory of the nature, definition and the construction of what is included in the GSSD and described as "ontology" by Professor Choucri, i.e., its "being".

The MIT Artificial Intelligence Laboratory was instrumental in drawing upon a novel set of computational tools for exploring a range of system design and implementation issues.

Sustainable Development Defined

Sustainable development is subject to different definitions by different people. It is also difficult and complex because it is not easy to find affordable solutions to many environmental problems and because the way to reach sustainability varies in different localities and depends on what problems occur and upon whether the focus is local, regional or global. In addition, the long term is often required for sustainable development problems to manifest themselves. The fact that most people, including leaders and politicians, are more concerned with immediate problems complicates any solution of long term problems. Immediate problems get attention – long term problems tend to be ignored until they become urgent, with the risk that with the passage of time it becomes too late to fix them.

In France, the government under President Sarkozy gave high priority to actively seeking solutions to unsustainability through legislation, taxation or other government action. It instituted committees suggesting 268 commitments to move toward sustainability; these subjects have now been submitted to its legislature¹⁰⁴. The Deputy Director in the ministry concerned with the environment spoke at a Sciences Po conference on "Can the Environment be the Object of Economic Regulation?" in the spring of 2009. He concluded that economic instruments like green

¹⁰⁴ See http://www.legrenelle-environnement.fr/IMG/pdf/GE_engagements.pdf, viewed 25 February 2009.

taxes, creating markets for emission permits, etc. can only do so much. Therefore there is also the necessity for direct "command and control" regulations to reach sustainable development¹⁰⁵.

On the other hand, the U.S. government has in the past been more passive, in part for political reasons, apparently believing that the free market system would provide technological solutions to these problems. In the U.S., both political parties and in particular the Republican Party had a preference to avoid government intervention to which many businesses are hostile on the theory that government interference in business through regulation increases costs of operation and stifles innovation.

Ronald Reagan thought that the government was the problem and not the answer. He was partially right because government regulation is often costly for businesses, inefficient and ineffective because it usually becomes out of date as the world changes. However, there is clearly an important role for government in providing public services and enforcing basic rules when it implements laws and regulations efficiently which protect the public interest.

It will be most interesting to see what President Obama can do that will last since he has announced there will be change and policies will be different. He recognizes the unsustainability of relying on foreign oil for energy. His success will depend on whether he can convince the legislature and the major companies, including oil companies, to cooperate with his policies despite the fact that their short term interests may not favor actions necessary to reach sustainability such as inventing cheap new renewable energy sources. President Obama's efforts have been opposed by the Republican majority in the House of Representatives so new legislation is difficult or

¹⁰⁵ Bureau, Dominique. 2009. *L'environnement peut-il faire l'objet de régulation économique ?* (Can the environment be the object of economic regulation ?) Private paper.

impossible. Therefore he has been forced to rely on regulations and policies of the Executive branch to try to reach his policy objectives to the extent possible.

Exxon has recently invested huge sums to increase its supply of liquefied gas in Qatar where the world's largest natural gas reserves are located. This investment is for profit and is also "green".

Recent technological developments sometimes referred to as the shale revolution and other technology advances have made the U.S. a leader in new technology for producing oil and gas in 2012. If this cheap energy continues to stimulate investments in steel and other industries in the U.S., it could reinforce the economic position of the United States significantly in enlarging energy available at reasonable prices. To the extent we do not need to wait for another generation of new technology this could be very good news for the U.S. citizens but less good news for Europe, Russia and Saudi Arabia.¹⁰⁶

In addition to new technology resulting in producing new gas and more oil the enormous possibilities of improving efficiency in using energy and/or conserving energy have been analyzed by the International Energy Agency which has published helpful studies for its twenty eight country members and others.¹⁰⁷

The most common definition of sustainable development is found in our *Common Future* on page 8

¹⁰⁶ Riley, Alan 20/3 geopolitiques and the Shale Revolution, International Herald Tribunes – Wednesday December 26, 2012.

According to Harald Schwager, a German Industrialist, member of the BASF executive board, as quoted on page 18 of the Financial Times of November 8, 2012 : "We Europeans are currently paying up to four or five times more for natural gas than the Americans".

¹⁰⁷ 25 Energy Efficiency Policy Recommendations 2011 Update.

The IEA estimates possible energy savings in buildings equal to the annual electricity consumption of the U.S. and Japan.

More efficient appliances, lighting, transport and industry could be very significant. Information on "Saving Energy in a Hurry Update 2011" Sara Bryan Pasquier, lead author and IEA Energy Policy Analyst.

where it is stated that humanity has the ability to make development sustainable – to ensure that it meets the needs of the present without compromising the ability of future generations to meet their own needs.

A somewhat expanded definition of sustainable development is given in Mapping on page 12 as: "the process of meeting the needs of current and future generations without undermining the resilience of life-supporting properties of nature and the integrity and security of social systems". This definition implies that the action of man has unfortunately begun and continues this process since many, if not most, serious observers note that evidence of this undermining has already occurred.

Nazli Choucri's vision: Mapping a Global System for Sustainable Development (GSSD) Distinguishing and Relating the Pieces to reach an Integrated Vision

What is the GSSD?¹⁰⁸

Figure 2 answers this question. It presents a brief summary of GSSD and its functions.

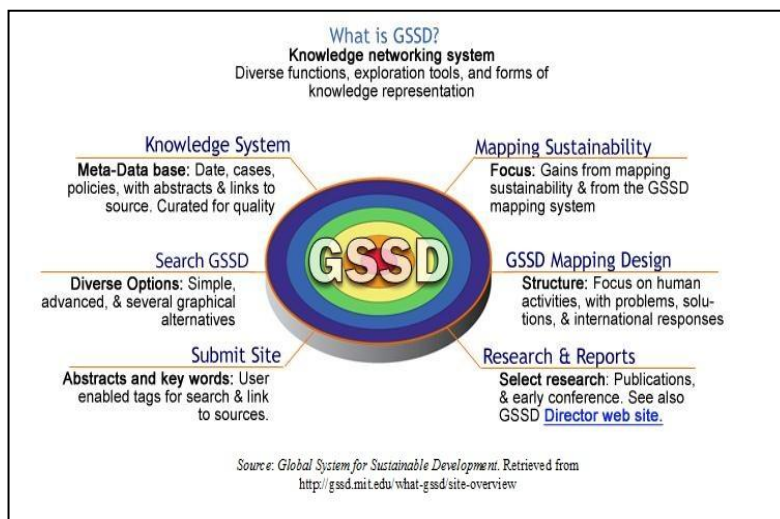


Figure 2 What is GSSD? Site Overview. (2012).

¹⁰⁸ Reproduced from GSSD.MIT.edu, with permission.

Another way to begin to understand the GSSD is by looking at the diagrams in Mapping Sustainable development. This is a form of visualization, a technique of representing situations and facts in a way that facilitates understanding and analysis. For a more detailed explanation of visualization, see Carlos I Ortiz's chapter "Visualization" on pages 231 to 261 of *Mapping*.

The remainder of this discussion only includes the knowledge structure devoted to “sustainable development”. It does not cover all the functions or features of GSSD.

The GSSD serves as a framework for organizing, in as inclusive a way as possible, the different elements in sustainable development and seeks to make explicit the connectivity logic of the system, how different pieces in the system are connected and dependent upon others. It is hoped that the connections between the different concepts and sub-concepts will be automatically integrated in the GSSD computer system as further progress is made, i.e., these relationships will be part of the system and be searchable electronically. Thus relationships not necessarily obvious will be delivered to researcher

More details about GSSD are presented later on. This knowledge architecture is based on current understandings. But it must also be open to new developments and new realities, such as the growing importance of the Internet and cyberspace. Thus in addition it needs to be dynamic and change in order to reflect new developments so it does not become out-of-date.

For the purposes of this discussion, it is important to differentiate among three features of GSSD:

(a) the knowledge framework that represents sustainable development (a more formal version of Figure 1);

(b) the knowledge base, which consists of abstracts of important materials; and

(c) the various functions available for a user to meet different types of needs.

The work on the Global System for Sustainable Development continued with international cooperation of many people and institutions in order to incorporate knowledge and direct users to websites of other reliable producers of knowledge and to collect, make available and encourage creation of new knowledge to add to the GSSD which will help us to reach sustainable development.

Figure 3 shows, step by step, the way in which a particular issue or topic is organized, with a further break down into cells, concepts and sub-concepts that are found in lists in Appendix A "Guide to Core Concepts" by topics subjects shown in each slice throughout the various fourteen domains (and on the GSSD website).

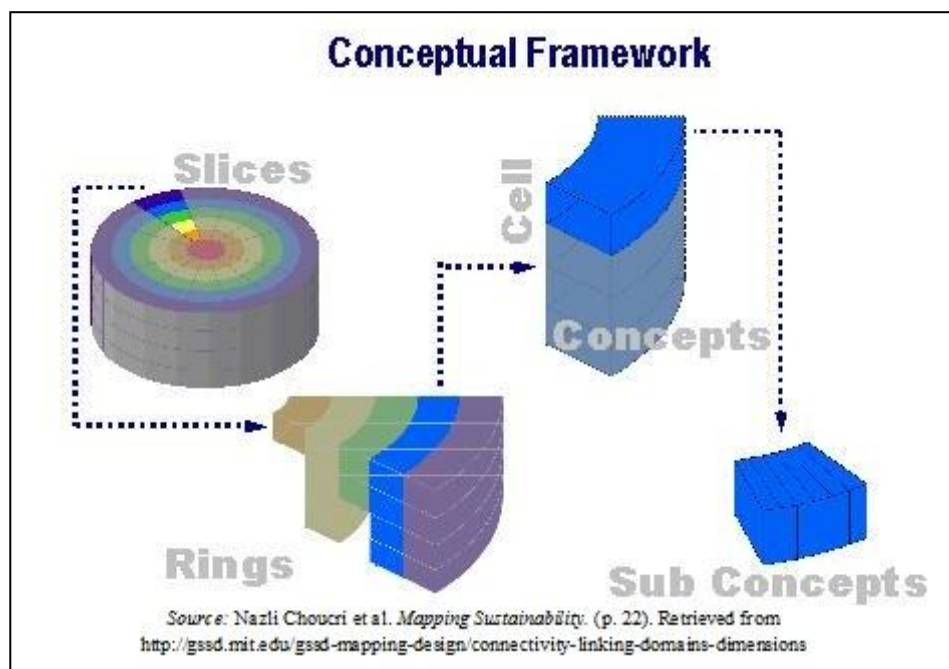


Figure 3 GSSD Mapping Design: Connectivity – Linking Domains & Dimensions. (2007).

The GSSD architecture is a system of organizing useful knowledge relating to human activities within each of

the fourteen topics or domains (slices), and each according to the types of problems that are tied to human activity, directly or indirectly, and solution strategies that follow (circles). This structure of logic – and its implementation in the GSSD architecture – provides known connections within each topic (i.e. actions and problems). However, it addresses in its architecture to the structure of connections linking different problems, which fall across different topics or domains (slices). These linkages, which are often controversial, need best to be accomplished by dynamic modeling supported by statistical analysis. This is to be accomplished by a researcher after drawing on information found in the domains he or she believes relevant, or so signaled by policy analysts, as well as through insights and new or existing evidence. If there are such reports, or results, then these would be available in the GSSD knowledge base. But the architecture of the system does not presume to provide such answers.

Example – Urbanization

Here is an example: Starting with a slice such as "Urbanization" – an important feature of population dynamics -- the GSSD continues to expand the contents and meaning of this issue with the circles beginning with human activities in the center through problems, and technical solutions, and social solutions. This completes two dimensions slices and circles. The larger circle, on international responses, is not devoted only to urbanization issues, but to all coordinated interactions surrounding the entire domain of sustainable development.

But the GSSD then goes into for more refined and different details in each slice, or topic. If one is considering the "Urbanization" slice, its sustainability problems in paragraph II, page 428, include "Poverty Expansion" which in turn is broken down into

"1. Poverty imported from other poor areas through immigration to cities" and

"2. Poverty endogenously created in the city", which in turn is broken down into further details, i.e.

"a. Business disinvestment/unemployment/underemployment",

"b. Natural growth of poor population" and

"c. Infrastructure breakdown, reduction of services to the poor".

Other sustainability problems listed are in "B. Social stress", "C. Urban pollution and natural resource shortages" and "D. Spatial dynamics", followed by further details of each

Thus the breakdown occurs in the form of a cell (concepts) where A. B. C. D. are still in one slice. Sub-concepts are segments of these subjects divided and preceded by Arabic numbers and small letters.

The same logic applies to all other slices, or types of human activities.

The advantage of this two dimensional representation – and the elaboration into more and more refined details is to facilitate analysis, visualization and understanding of a sort of complex inventory and relationships within each slice, and across all slices.

To the extent these inter domain linkages become recognized and accepted – even if only as systematic as hypotheses --, these linkages would be incorporated into the system in an appropriate fashion for its future development. (See for a few examples the paragraph following Figure 1 above).

Table 1 shows the different kinds of domains or topics covered by Mapping. The domains are the first framework upon which the GSSD is based and built.

Table 1
The Topics of GSSD

Demographic domain

- Population Dynamics
- Urbanization
- Migration and Dislocation
- Consumption patterns
- Unmet basic needs

Energy and natural resource domain

- Energy use and source
- Forests and land uses
- Water uses and sources
- Agricultural and rural activities

Technology-centered domain

- Trade and Finance
- Industry and Manufacturing
- Mobility and Transport

Domains of decisions and choices

- Conflict and War
- Governance and Institutions

Source: Nazli Choucri, et. al. *Mapping Sustainability*. p.16.

This Table unbundles the master variables noted earlier – population, resources, technology—into different topics or domains. The domain of "Decision and Choices" in Table 1 represents critical processes central to the viability of the social order at anytime and in any place if governance and institutions are fundamental features of social systems. If they are not effective, then the system will lose its resilience and viability. Conflict and war become highly probable. Thus, the dynamics of Governance are designed to be system supporting. By contrast, the dynamics of conflict and violence are system threatening. The overarching and

generic challenge is to enhance the system supports and avoid the sources of threat and instability,

Figure 4 below shows the fourteen topics or domains of human activities chosen to represent most of the area where sustainability problems and various solutions are salient. These are represented in the form of slices across all circles. Accordingly, they refer to the first principle noted above, that is, identifying the key types of human activities. These topics, as slices across all circles, are separated by dotted lines to emphasize the fact that the relationships of these domains are fluid, often overlapping or joined together to create sustainability challenges in various way, and over different time spans.

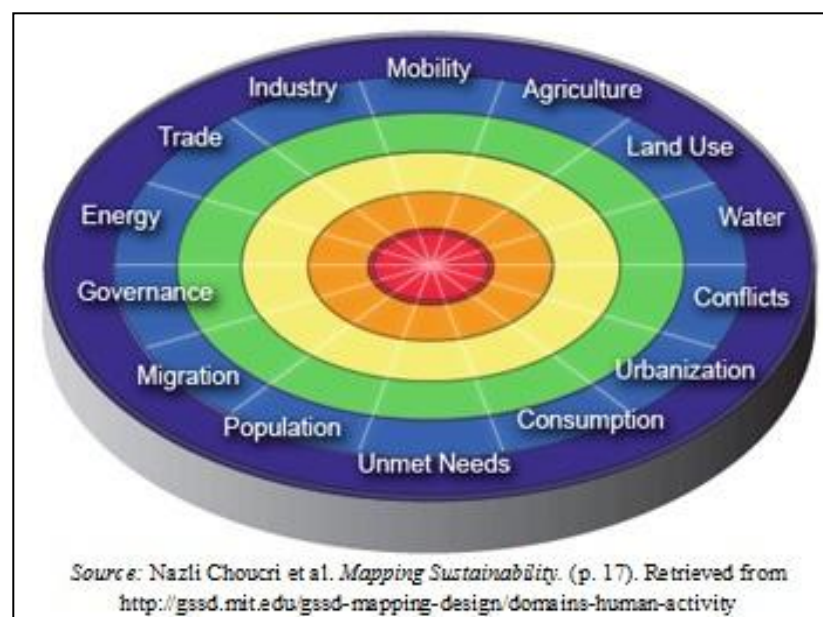


Figure 4 GSSD Mapping Design: Domains of Human Activity. (2007)

Next come the dimension of human activity, in Figure 5 below, which have circles intersect with the slices. They represent the second principle, namely the consequences of human activities. The center circle refers to fundamental and

generic human activities (in Figure 4 above). The next circle represents the problems created by these activities. Once these are identified described, then solutions are considered. First comes the circle of technical solutions, i.e., scientific answers. The next circle is devoted to social solutions, which include laws, regulations, social solution, ethics and other solutions human beings can contribute to reaching sustainability as distinguished from technical or scientific advances.

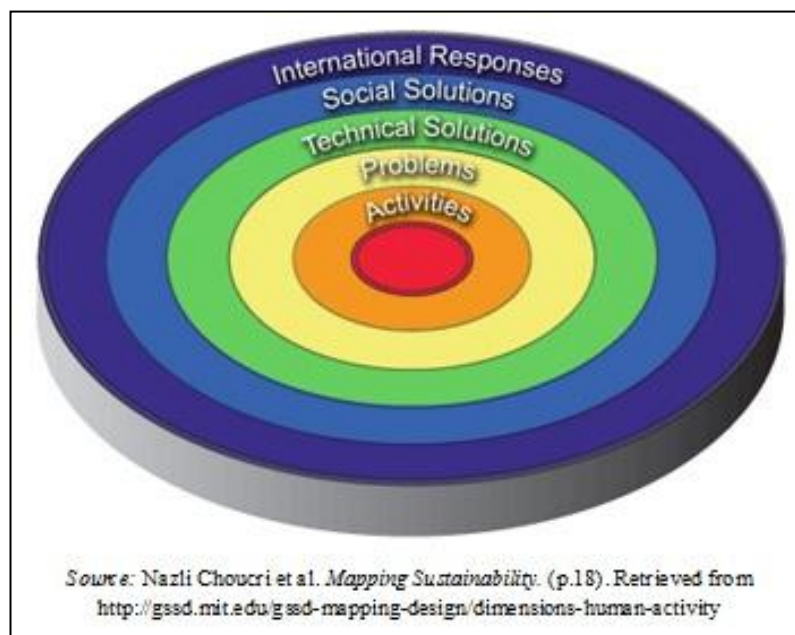


Figure 5 GSSD Mapping Design: Dimensions of Human Activity. (2007).

The separation into distinct circles is for conceptual and organizational purposes only. It is to provide some order in an otherwise complex area, with the understanding that this representation is situational and temporary. It does not reflect all relevant knowledge at all points in time. It does not imply that both types of solutions, technical and social, do not need to be applied to the same sustainability problems, which is often the case. On the contrary, in most cases, solutions require technical, financial, economic,

social and human solutions to address or even solve a problem.

Despite these caveats and qualifications, the distinction between technical and scientific solutions, on the one hand, and social, legal or regulatory solutions, on the other, is important. This is especially the case in the quest for sustainability, since innovations are required in all solution spaces to effectively reduce the damages on the natural environment due to human activities, as well as the derivative threats to the viability of the social order. In addition, given that today's solutions can create tomorrow's problems, the GSSD architecture can help address and even anticipate the conditions under which this might happen.

For an overview and a summarizing picture focusing on the substantive features of the knowledge system, see Figure 6, which shows the circles and subdivisions in the circles relating to each domain.

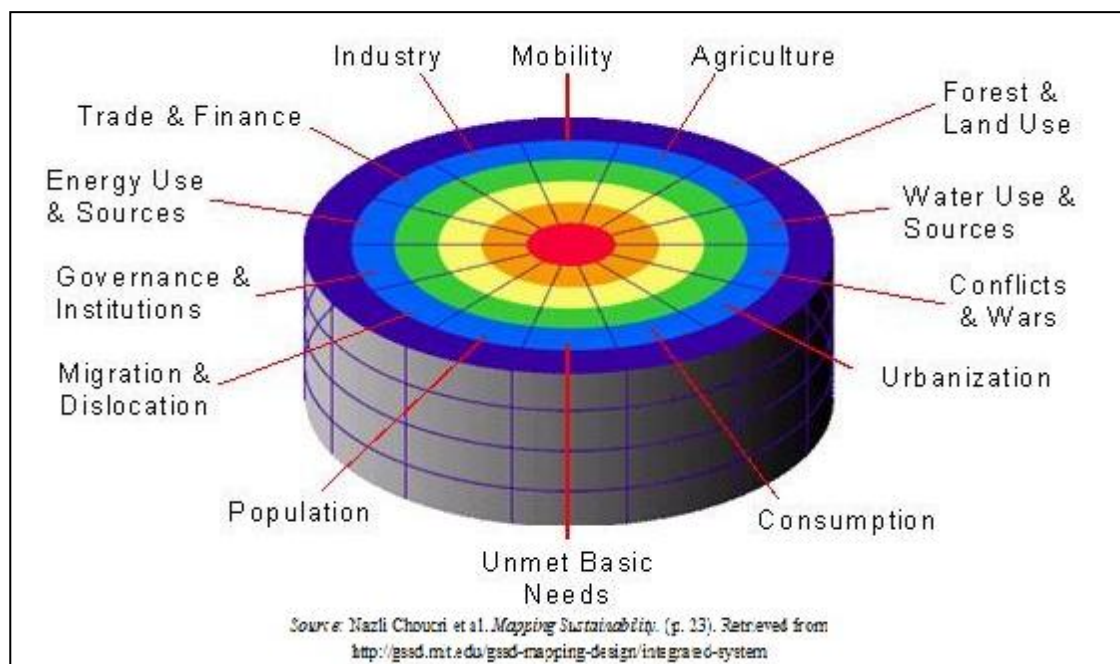


Figure 6 GSSD Mapping Design: Integrated System. (2007).

The outermost or largest circle shown in Figure 7 is devoted to international responses which generally consider

both Domains and Dimensions, but it is not organized in parallel fashion of slices (topics) that cut across circle (consequences, in terms of problems and solutions). Rather it is framed in all-inclusive terms focusing specifically on coordinated international action, such as international agreements, conferences, and other rubrics containing a mixture of many technical and social solutions but on an international level.



Figure 7 GSSD Mapping Design: Coordinated International Action. (2012)

Within this largest circle on the top is placed two major international initiatives, Agenda 21 and the Millennium Development Goals. (MDGs) Agenda 21 was released at the 1992 Earth Summit in Rio and the program was adopted by 178 countries. The program lists the (1) social and economic dimensions combating poverty, changing consumption, population concerns, integrating development and environmental concerns, (2) conservation

and management of resources, combating deforestation, correct agricultural practices, (3) strengthening the role of major groups -women, children, workers and (4) deals with means of implementation -financial resources, transfer environmentally sound technology, using science, international institutional arrangements, legal instructions and the spread of information. The MDGs consist of the international community current work plan toward sustainable development.

How Does GSSD Work As A Knowledge System?

Chapters 2, 3, 4 and 5 of Mapping go into the details of the first version of GSSD to show how it was organized to process the knowledge considered worthy of entering the system, the preparation of abstracts (see Figure 8 for a sample submit form) and the transition from one language to another. The current version is considerably more efficient in the management of inter-language representations.

What is GSSD?

Mapping Sustainability

GSSD Mapping Design

Knowledge System

Search GSSD

Submit Site

Research and Reports

Contact GSSD

Site Map

Submit Site

Title *

URL *

Abstract *

Author

Institution

Year

Input By *

Affiliation

Email *

Domains-Issue Area *

- Agriculture
- Conflicts & Wars
- Consumption
- Energy Use & Sources
- Forest & Land Use
- Governance & Institutions
- Industry
- Migration & Dislocation
- Mobility
- Population
- Trade & Finance
- Unmet Basic Needs
- Urbanization
- Water Use & Sources

Industry Focus

- Construction
- Extraction & Processing
- Manufacturing
- Chemical
- Energy
- Electronics
- Information & Telecommunication
- Internet & Cyberspace
- Transport
- Machinery & Equipment
- Timber Paper & Pulp
- Food & Agriculture
- Service Sector
- Legal & Financial
- Other Services

Dimensions-Problem/Solution *

- Activities & Conditions
- Sustainability Problems
- Scientific & Technical Solutions
- Social/Economic/Political & Regulatory Solutions
- International Responses and Global Accords

Datatype(s) *

- Agreements
- Bibliographies & Reports
- Case Studies
- Collections
- Events
- Indicators
- Models
- Policies
- Organizations
- Theory/Definition


Region(s) *

- Asia
- Europe
- Middle East
- Africa
- North America & Greenland
- South & Central America
- Oceania & Antarctica
- Global

Country

—CAPTCHA

This question is for testing whether you are a human visitor and to prevent automated spam submissions.



What code is in the image? *

Source: Global System for Sustainable Development. Retrieved from <http://gssd.mit.edu/node/add/site>

Figure 8 GSSD Submit Site. (2012).

Organization of Subjects By Abstracts – A Sample Abstract Form

Chapters 2, 3, 4 and 5 of *Mapping* go into the details how the GSSD is organized to process the knowledge considered worthy of entering the system, the preparation of abstracts (see Figure 9 for a sample abstract) and the transition from one language to another.

Figure 9

Abstract

DOE - Fossil Energy: Carbon Sequestration State of the Science Report

ABSTRACT DETAILS

Submission Type ♦ WWW

Title ♦ DOE - Fossil Energy: Carbon Sequestration State of the Science Report

URL ♦ http://fossil.energy.gov/news/techlines/99/tl_sqrpt.html

English Abstract ♦ Research by the Department of Energy on different techniques of carbon sequestration. Discusses the effectiveness of each approach, providing recommendations.

Country ♦ United States

Region(s) ♦ Continental North America

Slice(s) ♦ Consumption; Energy Use & Sources; Industry; Mobility

Ring(s) ♦ Scientific & Technical Solutions

Cell(s) ♦ Consumption:Scientific & Technical Solutions
Energy Use & Sources:Scientific & Technical Solutions
Industry:Scientific & Technical Solutions
Mobility:Scientific & Technical Solutions

Concept(s) ♦ Consumption:Waste Management and Minimization
Energy:Pollution Control
Industry:Best S & T Practices
Industry:Design for Environment

Datatype(s) ♦ Bibliographies & Reports

Date Entered ♦ 08/20/1999

Last Update ♦ 04/11/2001

INDUSTRY SPECIFIC REFERENCES

Industry ♦ Extraction & Processing; Manufacturing; Energy; Transport

Industry Slice(s) ♦ Scientific & Technical Solutions

Industry Ring(s) ♦ Scientific & Technical Solutions

Industry Cell(s) ♦ Extraction & Processing:Scientific & Technical Solutions

<http://gssd.mit.edu/GSSD/gssden.nsf/0fb7364ad009adfa8525663b00541065/54d53a6b06...> 2/25/2009

The first generation Global Workflow Strategy is found in Chapter 3 which includes selection and content provision, identifying content and coverage. This chapter also lists the type of materials which are included, i.e.,

agreements, bibliographies, reports, journals, case studies, definitions/theories, events, indicators/data, models and organizations. The multilingual workflow process is described in detail in the chapter in Figure 3.2, including non-English submissions and English submissions requiring a non English version.

Chapter 4 focuses on the types of cyber partnerships that constitute the GSSD among other subjects such as GSSD operational roles and functions. The various partners are also outlined, i.e., content partner, translation partner, mirror site partner, development collaborator and general support. This chapter also raises the necessity to transcend the dominance of English.

The GSSD Is The Result Of Extensive Cooperative International Effort.

Colleagues at MIT and other universities, undergraduate and graduate students, both inside and outside the United States, Lotus- IBM and other companies and organizations have worked with Professor Choucri, who masterminded Mapping, edited it and wrote substantial parts of it.

The development of the GSSD has served as a useful tool for educating students who have worked with the faculty to create and operate the GSSD on the web.

A network of different actors participates in this activity in their own self-interest to increase their knowledge and/or in the public interest by contributing their own knowledge. These actors are governments, universities, the United Nations, companies, non-governmental organizations and others. They are a consortium of prestigious and carefully chosen knowledge contributors through their own websites or parts of them which are chosen to become part of the GSSD. These entities are expected to update the information they provide on their website and, to the extent they do not maintain this

reliability and quality of their information or do not remain current, they are removed from the system.

The subject of sustainable development is especially attractive to many young people who seek to work in activities in the public interest rather than for private profit. These efforts also serve to help private enterprise become a part of a sustainable future. This is essential because if business does not actively participate in trying to reach sustainability it will not happen.

Thus, the efforts in creating and operating the GSSD serve several purposes, which include the education of undergraduate and graduate students who work on it. In addition it provides government policy makers with an effective tool to help them recommend solutions to politicians, allows industry to help solve its sustainability problems, and helps to educate the public which needs to understand and induce politicians to take appropriate action to move towards sustainability. This is essential to a properly functioning democracy.

Other Important Sustainability Subjects Analyzed in Mapping Sustainability

In Part TWO of this book are subjects such as:

- Information and Communication Technology in the Arab Region and creating an Arabic and Chinese GSSD,
- Strategies for Re-Engineering Global Knowledge E-Networks,
- The value of knowledge for extended commercial enterprises,
- GSSD Enterprise for Multinational Corporations,

Part THREE of this book includes:

- Visualization,

- Exploring E-Governance - Saliency, Trends and Challenges,
- Growing Clean - Property Rights, Economics Growth and the Environment,

(the elusive relationship between levels of economic growth and environmental outcomes concluding that neither economic growth nor property rights protection appears to lead to an improvement in environmental quality.)

- Globalization and International Trade - Utilizing insights from graph theory or the study of networks,
- Synergy for sustainability - Law, Science and Computability,
- Financial Risks and Climate Change examines how the banking system is beginning to take into account the risks associated with financing infrastructures in light of climate change and limitations of the production of CO₂,
- Global Agenda! VERSION 1.0 - Interactive Gaming and Simulation of World Politics,
- Basic vs. Complex logic in international relations – Taking Stock via Comparative Inquiry,
- Conclusion to Mapping of Sustainable Development.

Ethics of Sustainable Development

In the Dimensions (circles) just outside technical solutions appear social solutions, which include the social sciences, regulatory solutions, economics, politics, philosophy and ethics.

But more generally and more importantly, implicit in the underlying purpose of the GSSD is the assumption that all of this effort is to safeguard the best interest of our planet and the societies of the people living on it. The GSSD is a guide for companies who, in addition to earning profit, are given the knowledge on how they can be responsible civic-minded ethical citizens. They are responsible for avoiding harming our planet and its inhabitants. Up to now, we have exploited our natural surroundings, generally ignoring the harm done to the earth's systems and the damage to our citizens.

The World Commission on Ethics of Scientific Knowledge and Technology (COMEST) recently prepared a 25-page report to make explicit the ethical implications of problems of sustainable development, energy and other domains listed in the GSSD. It notes "ethics is thus not something added on top of other environmental issues, but rather a constitutive part of all of the reasonably justifiable responses to such challenges. Therefore, these issues cannot be dealt with adequately and properly if the ethical dimensions discussed in this report are not highlighted, well understood, and taken into account in decisions about responses. The purpose of this report was to make ethics a core and necessary element of any debate about environmental challenges."¹⁰⁹

The GSSD focuses on useful human-centered knowledge necessary to understand the various ways in which nature and society are harmed by the most normal human activities. The GSSD itself encourages ethical conduct by focusing not on profit generation based on monetary value, but on integrating and concentrating on knowledge as a critical currency. Competence is a part of ethics. The pursuit of profit is an honorable activity. It is necessary but not sufficient. One person should not pretend

¹⁰⁹ UNESCO Executive Board Document – No 182. EX./INF. 16, Paris, 2 September 2009.

to serve another if he or she is not drawing on the knowledge assets of a society and on its best and most competent uses.

This duality implies a new kind of ethics that lead to sustainable development. We need a different way of thinking about the world and our roles in it. The primary focus in the past was on rapid exploitation of the earth's resources, in the search for power and wealth, without taking into account depletion, degradation, and other negative effects.

In order to reach such an objective new ethics must lead the way to new laws and new regulations to supplement them. We have also recently seen much soft law - the use of instruments of persuasion, resort to principles and quest for norms, which often are the first step to national laws or international treaties. There could well be a chicken and egg dynamics here whereby new laws and regulations, shape new ethics which when internalized by humans, then create behavior designed to protect.

***Ethical Business Leaders, The South Mountain Company
– A Small Ethical Business***

The South Mountain Company is a small construction business cultivating workplace democracy. All the owners work in the company and decision making is by consensus reached by facilitation by a leader who listens and guides the group to produce accommodation. Consensus is produced by synthesizing the wisdom of all participants. A consensus means people give their consent. Discussion precedes a consensus as to an idea presented which is modified if necessary.

The owners in this business believe in mostly no growth or growth only at a snail's pace. The company has long term relations or connections which can increase its capacity with other small architecture firms and craft based

general contractors which are micro businesses with one to four people.

It aims to foster all bottom lines: profit, the environment, social values and other desirable objectives in the interest of its people and the community in which it operates.

Even though this company has a strong social and environmental mission significant earnings are possible due to efficiency and to a considerable number of wealthy clients who often prefer environmentally favorable buildings even if they cost more in the short term. Often higher prices can be recovered in the long run by saving energy costs. Nevertheless this company also serves others who need low cost housing which often attracts public financing by using the latest innovative and low cost technologies.

It is extremely loyal and caring to its community which is Martha's Vineyard, the beautiful island off the coast of Massachusetts.¹¹⁰

This company celebrates its humanity and works hard to create and maintain friendship and good relations with its workers, owners and clients.

Another goal stated by this company is that "it believes that our collective future depends on strong prosperous self-reliant local economies that carefully shepherd resources and promote social justice."

It is dedicated to the highest level of craftsmanship in its wood working, carpentry, metal and other works: the people love their work so it is of the highest quality.

¹¹⁰ The description is taken from John Abrams' book written in 2005 *The Company we Keep: Reinventing Small Business for People, Community and the Place*, forward by William Greider, Chelsea Green Publishing Company. Post Office Box 428, White River Junction CT 05011. *The following summary and quotes are taken from the contents of this book.*

The view of the owners is "squarely at odds with short term business thinking" but "it will continue for generations". They think like cathedral builders who often took fifty years to build a cathedral. For their workers who probably did not see their cathedrals finished they provided a certain kind of immortality in the church they created.

So what is different about this company? It's the values they hold. They are summarized in the title of John Abrams' book cited above – People, Community and the Place.

To this end it has adapted a new form of company available in Massachusetts – the Benefice Corporation described below.

There have been more and more businesses mostly small companies in the last few decades whose executives are ethical by conviction who believe that it is necessary for their companies to promote good environmental and other social goals and not only go for profit. Some have become employee owned. See for example Patagonia, a California company, a maker of outdoor clothing and gear.¹¹¹ However the majority of large U.S. businesses still go primarily for profit for executives and shareholders and not enough for ethical objectives in the public interest. Thus business continues to tend to destroy our environment and weaken our important social structures in our society while creating wealth.

Cases Where Companies Considered Doing Social Good – Dodge vs Ford

Henry Ford and his Ford Motor Company had huge accumulated profits of about \$60 million made by manufacturing the model A in 1903 and the model T Ford in 1909. The company led by Ford decided that no dividends should be paid by the company but all accumulated earnings

¹¹¹ See Patagonia Road Tests New-Sustainability Legal Status by John Tozzi Jan 4, 2012. <http://mail-google.com/u/o: PUI = 28ik = 040dic88178 view = pt8s>

should be reinvested in a huge new factory. His stated purpose was to do "as much good as we can, everywhere, for everybody concerned [...] and incidentally to make money"¹¹².

He later stated that the high profits were awful profits that "we don't seem to be able to keep profits down". In his autobiography he wrote: "So it has been my policy to force the price of the car down as fast as production would permit, and give the benefits to users and laborers with surprisingly enormous benefits to ourselves. [...] My ambition... is to employ still more men, to spread the benefits of this industrial system to the greatest possible number, to help them build up their lives and their homes. To do this we are putting the greatest share of our profits back in the business."¹¹³

He wanted to become even more successful so he could pay his workers higher wages so they could buy more cars and expand the U.S. economy.

It was his long-term idealism that led him to think in this way. Even though wealthy he lived simply and spent modestly. He was following his ideas of how a good ethical person should act. It was an idealism not unlike that of those who believe reaching sustainability and saving our environment have today i.e. the long-term best interest of everybody.

However Mr Ford's plans were ruined in part because of his minority shareholders John and Horace Dodge who had manufactured Ford vehicles for him in the past.

These minority shareholders sued him and his company in 1916 which lawsuit was finally decided in the Michigan Supreme Court at 204 Mich 459 (1919). "Their claim was that the decision was based on Henry Fords'

¹¹² Henderson, M. Todd 2007 John M. Olin Law & Economics Working Paper No 373 Electronic copy available at http://ssrn.com/abstract_id=1070284

¹¹³ Ford 1922, My Life and Work at page 162.

idiosyncratic preferences about doing social good for workers and customers as opposed to making the most money for shareholders."¹¹⁴

The Michigan Supreme Court ruled that the Ford Motor Company must declare a dividend on the principal that a "business corporation is organized and carried on primarily for the profit of its shareholders."

The Supreme Court of Michigan rejected the Dodge's request for an injunction to prevent the Ford Motor Company from building the huge River Rouge Ford plant that exists today on the theory of the business judgment rule that courts will refrain from second guessing whether a board of directors' decision is justified. Courts are not experienced business experts.

Hershey Foods Corporation

In another case, in 2002 the New York Times reported: "the charitable trust that was a majority shareholder and controls the Hershey Foods Corporation abandoned its auction late last night even though it was on the verge of accepting a \$12.5 billion cash-and-stock offer from the Wm. Wrigley Jr. Company, executives close to the negotiations said.

After a 10-hour board meeting in the Philadelphia suburb of Valley Forge, the trust said it has asked company executives to end their search for a buyer. Ten of the board's 17 members voted to halt the auction, a person close to the board said."

[...] "A person close to the trust's board said that the trustees had been overwhelmed by the outcry of protest from the community since the trust announced in July that it was considering selling its stake in Hershey Foods to diversify the trust's \$5.9 billion base of assets."

¹¹⁴ Id at page 1.

[...] "But Pennsylvania's attorney general, Mike Fisher, sought to block any sale in the Dauphin County Orphans Court, which oversees charitable trust activities, arguing that court approval was needed for any deal and contending that a sale could devastate the town, where about 6,200 people work for the company."

In this case the interest of the community took precedence over maximizing the return to the shareholders and diversifying the assets in the 5.9 billion bases of assets.¹¹⁵

These two cases illustrate different outcomes where the public interest was considered with different outcomes.

Legal Developments In The United States Encouraging Other Stakeholders Interests Which May Be Considered In Making Decisions In Addition To Shareholders Monetary Interests

In the U.S. in the 1970's state legislatures started to enact "Other Constituency Statutes" which typically provided that "in acting in the best interests of the corporation, the directors may take into account the interests of a variety of constituencies other than shareholders, including employees, the community in which the facilities of the corporation are located, customers, suppliers, creditors, the economy of the state and nation, societal considerations and the long-term as well as short-term monetary interests of the corporation including the possibility that these interests may be best served by the continued independence of the corporation" in case of a purchase of all the shares in a company.

¹¹⁵ <http://www.nytimes.com/2002/09/18/business/18HERS.html?todayshheadlines>.

These statutes¹¹⁶ generally allow directors to take other factors beside shareholder profit into account but didn't require them to do so.

The Benefit (B) Corporation

In April 2010 the state of Maryland became the first state in the U.S. to pass benefit corporation legislation. By January 2013 there were twelve states with B Corporation statutes.

This movement has also spread internationally.

"As of July 2013, there are 780 certified B Corporations across 60 industries in 27 countries, including Canada (78 companies), Australia, South Africa, and Afghanistan. The most active community outside of the United States is **Sistema B**. Since 2012, Sistema B has been the adaptation of the B Corps movement in Latin America, including in Argentina, Brazil, Chile and Colombia. As of August 2013, 74 companies have passed the assessment. This non-profit adapts proprietary certifications and evaluation metrics and modifies both to the context of each country. B Lab is also assists Sistema B in incorporating a benefit corporation distinction into local legal systems."¹¹⁷

Historically U.S. corporations' purpose is to make money for shareholders not for social, environmental improvement or improvement of the community.

More recently entrepreneurs like John Abrams (mentioned previously in the paragraph about The South Mountain Company) have wanted their business to include in its goals objectives that improve the world, their local communities and lead toward sustainable development and improving the environment.

¹¹⁶ See Hansen, Charles, 1991. Other Constituency Statutes: A Search for Perspective, *The Business Lawyer*: Vol 46, August 1991 pages 1356-1376 and the Minnesota Statute cited in footnote 3 of the above article.

¹¹⁷ B Corporation (certification) – Wikipedia, the free encyclopedia – [http://en.wikipedia.org/wiki/B_Corporation_\(certification\)](http://en.wikipedia.org/wiki/B_Corporation_(certification)), page 3.

Since these objectives do not fit into the purpose of a normal commercial company some shareholders expecting profit maximization could object and sue the directors for violating the corporate law, and for future to respect their fiduciary duties.

The Benefit Corporation framework "expands the duty of directors to also work for non financial stakeholders as well as the financial interests of shareholders. This gives directors and officers of mission driven businesses the legal protection to pursue an additional mission and consider additional stakeholders besides profit."¹¹⁸

Thus these B corporations must create a public benefit and shall have the right to name specific public benefit purposes. Directors have the duty to consider the effect of decisions on shareholders and the other stakeholders such as employees, suppliers, customers, communities, and the environment.

Directors shall also publish an annual Benefit Report describing what public interest they have fostered. Failure to pursue a public benefit can be the subject of legal action only if shareholders and directors.

There is also the possibility of securing a certificate from the B Lab, a U.S. non-profit organization that checks whether the B corporation "achieves a verified minimum score on an outline assessment for high social and environmental performance and a requirement that companies integrate their stakeholder commitments into the company governing documents."

In light of the above considerations in order to reach sustainable development the public needs to be more educated in how to act and actually act that way. Then the public must force its politicians to do what they are

¹¹⁸ This section is based upon material and where quoted from http://en.wikipedia.org/WIKI/Benefit_Corporation consulted 12/28/13.

supposed to do i.e. what the educated people in a democracy want.

The Force of NGO's

Another growing force inducing business to act more socially responsible is the recent importance, growth, influence, number and power of Non Government Organization's (NGO's) who give publicity to harmful or unethical business practices especially in less developed countries. This puts pressure on multinationals by “blaming and shaming” them.

Oxfam International, a confederation of 17 non-governmental independent organizations, was formed in 1995 now working in 95 countries. Their aim is to work together for greater impact on the international stage to reduce poverty and injustice.

Oxfam has been involved in actions relating to excessive working hours in China with Apple's principal subcontractor Foxconn¹¹⁹. Another Oxfam intervention occurred with regard to Michelin's plans to build a plant and industrial park destroying 456 hectares of a community forest in India¹²⁰. It has analyzed and wrote a critical report on IKEA on its social responsibility¹²¹. In Kenya Oxfam worked on a label on Unilever's tea products guaranteeing almost 200 environmental criteria.

Oxfam also measures how much poverty (“*empreinte pauvrete*”) multinationals cause in poor countries. This is an endeavor to analyze social and ecological impacts. It

¹¹⁹ Apple and the Fair Labor Association Enterprise\sustainable development Policy\Partnership NGO-Enterprise published 08-06-2012.
mhtml:file://C:\Documents and Settings\bbonnamour\Local Settings\Temporary Internet Files\Content.Ou... 25/11/2013

¹²⁰ Michelin in India: a new step in disputes with NGO's. mhtml:file://C:\Documents and Settings\bbonnamour\Local Settings\Temporary Internet Files\Content.Ou... 25/11/2013

¹²¹ Oxfam's campaign against Ikea. Mhtml:file://C:\Documents and Settings\bbonnamour\Local Settings\Temporary Internet Files\Contents.Ou... 25/11/2013

evaluated Coca Cola's social impact in Salvador and Zambia in order to develop new strategies.

As these examples illustrate non-governmental organizations have had significant impacts on companies causing ecological damage and irresponsible or unethical conduct through complaints, publicity and sometimes litigation.

In conclusion more legislation is needed to induce more companies and businesses to become B Corporations or work more in the public interest to reach sustainable development. Otherwise the profit motive will continue to dominate business activity and prevent enough practical effective action by the business community to help us to avoid environmental problems and fix existing ones. It is unfortunate but true that if the business community worldwide does not heavily participate in good faith we won't succeed in reaching sustainable development.

However, in practice it is highly unlikely that aroused citizens in a U.S. state could succeed in getting the B Corporation form forced on all businesses by legislation. The next best action might be to have the Federal and State governments allow partial tax exemptions to businesses willing to adapt the form of B Corporations to encourage adoption of this form.

For the remainder of the environmental problems State and Federal Government can enforce specific environment laws more effectively and enact new ones that become necessary under the supervision of the EPA on a case y case basis.

The time we will get to sustainable development, if ever, will depend on how fast our populations get educated to believe this effort is urgent, how fast it pushes their politicians to pass enforceable effective practical legislation to force all or enough members of the business community to pitch in and work hard on these problems.

Peoples' attitudes are usually very slow to change. Therefore new generations are usually necessary to facilitate significant changes. Many businesses still deny that there are existential dangers looming in the future like climate change that scientist foresee and other long term environmental problems. This is the usual reaction to the need to change especially where there are vested interests or costs connected to such changes that no one wants to pay. Even when evidence accumulates clearly indicating change is necessary, the next stage after denial is to argue there is inadequate proof to justify action. The coal and oil industries resist change. In addition we have a real problem in finding enough clean energy to drive our industrial system to produce wealth. For future generations, there is the potential problem of unlimited increasing population growth after the astounding recent growth which more than tripled to 7 billion since 1927. This growth hopefully will be slowed or stabilized by birth control and educating more women. There is also the very serious problem in many places of lack of clean water, sanitation and clean air. The business community may not be the only actor necessary to fix these problems but without it nothing significant or not enough can be done. But it will not be easy to convince the business community to not only work hard to earn profit but that sustainable development and saving a healthy environment is an urgent necessity. More governance by women would probably accelerate progress. This has worked for the Bonobo monkeys because their females cooperate to insure better governance than if only the males remain in charge. We surely can do as well as these monkeys.

Progress in Moving Toward Sustainable Development?

In 1987 the Brundtland Commission defined Sustainable Development as "development that meets the needs of the present without compromising the ability of future generations to meet their needs [...].

Education at all levels can help to move the concept beyond UN terminology and into practice but the educational community has yet to embrace the broader concept of sustainable development as it has incorporated environmental stewardship and other similar factors and the socio-political issues of equity, poverty, democracy and quality of life [...].

The question now facing the educational community is how can ESD (Education for Sustainable Development) be translated into practice so that it can be effective in transforming society to a more sustainable future?"¹²²

There has been an enormous amount of research, scholars writing, and conferences on Sustainable Development including the 1992 UN Rio de Janeiro Conference in Brazil followed by meetings in 1997, and the 2002 at Porto Alegre Brazil where cultural policies were added to Agenda 21 considerations and a last meeting 2012.

In the U.S., the U.S. Partnership for Education for Sustainable Development is working to foster Sustainable Development.¹²³

¹²² Venkataraman, Bhawawi 2010 published on line; Environment: Science and Policy for Sustainable Development Volume 51, Issued, 2009.

¹²³ See also Educators for Social Responsibility's Mission Statement "to make teaching social responsibility a core practice in education so young people develop the conviction and skills to shape a safe, sustainable, democratic and just world." ESR Annual Report 2012-2013. www.esrnational.org. This organization at 23 Garden Street Cambridge MA 02138 (617 492-1764) provides consultants to schools and teachers and is partially supported by numerous foundations and individuals. It had revenue and support 2012 – 2013 of \$2,173.018.

Opposition to Agenda 21

However, unlike in many places in the rest of the world there is substantial opposition in the U.S.. "The Republican National Committee has adopted a resolution opposing Agenda 21, and the Republican Party platform stated that "We strongly reject the UN Agenda 21 as erosive of American sovereignty." Several state and local governments have considered or passed motions and legislation opposing Agenda 21. Alabama became the first state to prohibit government participation in Agenda 21. Many other states, including Arizona, are drafting, and close to passing legislation to ban Agenda 21.

Activists, some of whom have been associated with the Tea Party movement by the New York Times and The Huffington Post, have said that Agenda 21 is a conspiracy by the United Nations to deprive individuals of property rights. Columnists in The Atlantic have linked opposition to Agenda 21 to the property rights movement in the United States. Glenn Beck co-wrote a dystopian novel on this subject.

The wealthy Koch brothers have spent over 65 million dollars financing organizations who are climate change deniers so politics and a conservative philosophy appear to deny the conclusions of a UN scientific consensus that according to a carefully constructed model there is a strong possibility that bad things are coming in the future.

A June 2012 poll of 1,200 United States voters by the American Planning Association found that 9% supported Agenda 21, 6% opposed it, and 85% thought they didn't have enough information to form an opinion."¹²⁴

In summary, an enormous amount of study and conferences have been held on this subject by international and national organizations at all levels. In addition much work has been done to educate the public since 1950. See

¹²⁴ http://en.wikipedia.org/wiki/Agenda_21

the UN Global Sustainable Development Report which was launched at the High Level Political Forum on Sustainable Development of 24 September 2013. However such efforts are slow to reach the average citizen. Another document was prepared for the International Institute for Sustainable Development, a Canadian organization “Measuring Progress Toward Sustainable Development Goals” by Lászió Pintér in 2013 which addresses how to track progress which requires targets, goals, and indicators, but this only works for one subject at a time. However many elements constitute sustainable development.

It is difficult to conclude now on how much progress has been made since there have also been respected scholars who believed there was no way our societies could be sustainable if companies continued on a business as usual growth agenda. If one considers the conservative Republicans in the U.S. it is obvious there is strong opposition as noted above.

With Growth --- No Sustainable Development - Economist Herman E. Daly

One former World Bank Economist, Herman E. Daly, believes that “not only is growth not sufficient for truly sustainable development, but is directly opposed to the goals that this doctrine generally responses.”¹²⁵

This review of about 3 pages is complex in explaining Daly’s book drawing on “a medley of theory and practice from economics, ecology, sociology, political science and physics in order to argue that ever-increasing growth is not only an undesirable and inefficient economic outcome but that it is also a physical impossibility that will lead human society and the planet to ruin (page 1).

¹²⁵ Beyond growth: The Economics of Sustainable Development (1997 Boston MA: Beacon Press). Written by: Herman Daly Reviewed by Trip O’Shea, December 2008, <http://mail.google.com/mail/u/0/?ui=2&ik=040dfc8817&view=pt&s>.

“Although his analysis goes on to include highly specific recommendations and critiques of everything from loan interest, monetary policy, family planning, the banking system, intellectual property laws, the WTO, and the religion, his core argument is that our current growth paradigm is operating within “zero-sum” constraints, and that if we continue as we have in the past we are doomed to hit a wall, and hit it hard. Therefore, policy makers and macro indicators should move to a new paradigm away from growth and towards balanced development that is truly sustainable.

Daly’s views were anticipated by Thomas Malthus’ *An Essay on the Principles of Population* (1798) and Paul Erlich and other studies. However, Daly’s background as a neo-classicist educated economist and his experience as Senior Economist for the World Bank working on sustainable development makes his opinions and research in a number of different disciplines an authority in the thinking on sustainable development.

International Energy Agency – Energy Efficiency

In order to make progress on sustainable development relating to climate change the world’s top energy international think tank, the International Energy Agency (IEA) is concerned that “climate change could pass a critical level if the world waits until 2020 for the planned comprehensive UN deal to cut emissions [...]. It urges stop-gap climate action –” described as “a sticking plaster [...] some short term measures” which are politically more likely to meet with success at present.

These include energy efficiency “the bed rock of the approach (49%) with recommended energy performance standards in all countries for lights, heating and appliances” which is “typically resisted by manufacturers wishing to continue profits from current models.” There should also be a big cut in the \$523 billion a year subsidy for dirty fossil

fuels “which should be welcomed by governments” to save money.

The IEA is pessimistic about current trends which indicate “the world is moving further away from its target of limiting global temperature rise to 2c¹²⁶”.

In the IEA’s 2014 World Energy Outlook Special Report executive summary “Map Energy – Climate The Redrawing” it notes: “The world is not on track to meet the target agreed to by governments to limit the long term rise of an average global temperature to 2 degrees Celsius.”

According to this report “we shall expect extreme weather events (such as storms, floods and heat waves to become more frequent and intense as well as increasing global temperatures and rising sea levels.” This report suggests temperatures will more likely be increased to 3.6 c and 5.3 c.

At present it seems unlikely enough energy use can be reduced to reach the 2 c limit which will cause real problems for millions of people. So with regard to climate change the goal of reaching Sustainable Development seems unlikely now.

Some initial government planning has been done to adjust to the consequences but not much. Low lying land will be underwater forcing significant population movements. Frigid areas like in northern Canada, Siberia etc may become suitable for agricultural use, and hot deserts and surrounding areas will become hotter and dryer with water shortages becoming even more critical. Hopefully this will happen slowly to facilitate serious adjustments problems.

The UN CIEC models provide guides as to possible scenarios which could limit temperature rises.

¹²⁶ See Harrabin, Roger BBC News Science and Environment.
<http://www.bbc.co.uk/news/science-environment-22845425>

However, models seriously prepared seldom reflect what happens in reality even though great care and top scientific knowledge and talent have worked on these models. As some wise man commented: “We can predict anything but the future.”

The History of U.S. Environmental Law

On the other hand if one reads the history of Environmental legislation by Richard Lazarus in his book "The Making of Environmental Law"¹²⁷ it is obvious that much U.S. legislation and regulation has been enacted in the 1970s when nearly 20 major environmental protection laws were passed. This continued in 1980s and 1990s in the U.S. at the Federal, State and local level. So if progress is measured by legislation and regulation one can conclude that there is much progress even though with varied enthusiasm for enforcing it... “in an on again off again” way. However, if one considers what needs to be done compared to what has been accomplished one could probably conclude we are not moving fast enough to reach sustainable development any time in the near or medium term future.

It is probably impossible in the absence of being able to definitively define and measure sustainable development in order to decide whether there has been progress. Never the less since there are plenty of unknowns in life many people believe it prudent to work toward sustainable development and try to solve environmental problems regardless of objections of vested business interests and the vagueness and difficulties in measuring progress. Action is usually justified even if based on probabilities of what seems reasonable and even if there are many important unknowns.

¹²⁷ Lazarus, Richard J, 2004, The Making of Environmental Law University of Chicago Press.

How Cyberspace and Cyberpolitics Facilitate Reaching Sustainable Development

In Professor Choucri's book *Cyberpolitics in International Relations*¹²⁸, the author discusses information and other technology in Cyberspace, claims that Sustainable Development and Cyberspace converge and meet and work together i.e., to create synergies for a better result than either of these bodies of knowledge can produce alone. However, she emphasizes that the key issue to understand is the difference between the Internet and Cyberspace.

She defines the Internet as:

- *“The people* – that is, the users and constituencies of cyber venues who participate in and shape the cyber-experience – who communicate, work with information, make decisions and carry out plans, and who themselves transform the nature of cyberspace by working with its component services and capabilities, and by making direct and indirect demands for the construction of new functionalities.
- *The information* – in its various forms and manifestations – that is stored, transmitted, and transformed in cyberspace.
- *The physical foundations* that support the logical elements, the fundamental physicality that enables the “virtual” manifestations of interactions.

Of course we recognize that the second, third and fourth layer are enabled if not operated by, people, but we differentiate here between those that are essentially users or “takers” who constitute the “demand” side, versus those that

¹²⁸ Choucri, Nazli, 2012, *Cyberspace in International Relations*, MIT Press.

are central to the layer functions that jointly enable the “supply” side.”¹²⁹

Professor Choucri notes that some of the organizing principles she defined in creating the Global System for Sustainable Development (GSSD) also are suitable for organizing knowledge in the field of Cyberspace. The relationship of these two disciplines is discussed in chapter 9 of this book entitled "Cyberspace and Sustainability: Convergence on the Global Agenda." She recalls that Cybernetics was a word used by Norbert Wiener at MIT on Control and Communication in Animal and Machine to describe the work he did. The word Cyberspace is generally attributed to William Gibson who used the term in his science fiction novel *Neuromancers* (1984).

Professor Choucri explains the nature of cyberspace as follows:

“Cyberspace as domain of interaction with the Internet at its core:

Cyberspace

Global Domain of Human Interaction

- Created through the interconnection of millions of computers by a **global network** such as the Internet.
- Built as a layered construct, where physical elements enable a logical framework of **interconnection**.
- Permits the processing, manipulation, exploitation, augmentation of information, and the interaction of **people** and information.

¹²⁹ Chapter 2 (drafted by David Clark), in Nazli Choucri and David Clark, *International Relations in the Cyber Age: The Co-Evolution Dilemma* (MIT Press, under review 2016), reproduced with permission.

For an engineer’s view from Schneider Electric for an industry definition of Cyberspace, see George Wren, MIT Cyberspace Seminar, MIT Spring 2015.

- Enabled by **institutional** intermediation and organization.
- Characterized by decentralization and interplay among these **actors, constituencies** and **interests**.¹³⁰

As an amalgam of interoperable networks, the Internet has become a critical part of the emerging global communication infrastructure. When the World Wide Web came along, it was described as "a killer application... that took the Internet from a relative handful of enthusiasts into the domain of serious, commercial, and governmental users."¹³¹ The information content layer is expanding at exponential rates. New information is being generated and transmitted, and more mechanisms are being created to facilitate content use and reuse. Such trends involve innovative organization and business practices, new state-based initiatives, new rules and regulations, and new institutional mechanism of management and regulation.

Over a relatively short period of time, what was initially constituted as a neutral domain of interaction created by technological innovations flowing mainly from the United States came to be influenced if not dominated by political contentions, both in the United States and elsewhere. The cyberspace is now a venue for competition among interests and interest groups, as well as an arena for conflicts and contentions surrounding the increasingly visible hand of government. We can no longer ignore the political salience of cyberspace: As one astute observer has noted, cyberspace is becoming "heavily contested,

¹³⁰ Choucri Nazli, Lectures on *International Relations Theory in the Cyber Age*, MIT, 2016. Based on Nazli Choucri and David Clark, *International Relations in the Cyber Age : The Co-Evolution Dilemma (MIT Press, Under Review 2016)* ; reproduced with permission.

¹³¹ Spinello (2202, 28) citing Barrett (1997).

colonized, and reshaped by governments, militaries, and private corporate and civic networks."¹³²

Subjects considered in chapter 9 "Cyberspace and Sustainability: Convergence on the Global Agenda" are:

The Logic for Synergy

Convergence on the Global Agenda

World Summit on the Information Society

Millenium Development Goals

Institutional Alignment for Cyber Management

This part considers which institutions do Development, Assistance, Policy Coordination, Standards, Laws and Regulations. See charts in this section organizing this subject matter.

Knowledge Imperatives for Cyberpolitics

Domain Ontology

Organizing the knowledge in master variables

Knowledge networking

Leveraging the power of networking

Multilingual Capability

The Future of Cyberpolitics

In describing four different possible cyber futures Professor Choucri makes one key assumption that "the traditional real systems of interactions, power, and influence will shape the contours of cyberspace in the future".

She relies on two aspects in her analysis relating to authority and decision, i.e., state sovereignty as distinguished from private authority. She also takes into account whether behavior is conflictual and violent rather than one of cooperation and working together. These

¹³² Professor Choucri writes "I am grateful to an anonymous reviewer for framing the issues as quoted."

concepts allow identifying possible future situations in cyber politics that can happen but these are possible models and not specific predictions.

Each model is based on different assumptions relating to international relations and different decisions made by sovereign states or private interests of each nation. Reality will undoubtedly not follow precisely these models and can well be a mixture of more than one.

The first model is high sovereign control which exists in Saudi Arabia, Myanmar, North Korea, and China. This model is referred to as the Garrison cyber system in a context usually associated with high levels of international conflict and violence.

The second model, cyber anarchy, is one with an absence of centralized control with high conflict: "a proverbial Hobbesian state of nature".

The third cyber future results "from international cooperation in a world dominated by non-state actors, agents, and entities." She calls this "global cyber commons" in which "civil society, local and global, would be the main supporter and constituencies of this model."

The fourth model is one managed by sovereign states characterized by a high degree of cooperation and collaboration. This model is referred to as cyber grand bargain.

As Professor Choucri convincingly writes, sustainability and cyberspace are converging on the global agenda.

Her view of sustainability as described in her Global System of Sustainable Development (GSSD) is in one way even more closely linked to cyberspace than merely converging on the global agenda because the GSSD is driven by the Internet. The Internet drives the GSSD as it is

connected to other reliable sites that provide important and updated information. It serves as its motor.

Eco-Carbone, an example of an Ethical Environmental Enterprise

Some companies not only generate profits but carry on new ethical conduct, i.e. "green" activities, which help alleviate global warming by reducing CO₂ and promote sustainable development. Eco-Carbone, a French company, is one which qualifies as an ethical company working for the general welfare and also earning money in this relatively new type of ethical action. This remarkable company has highly skilled experienced personnel, a president, who led Degremont, the world leader in water treatment and a vice-president, François Falloux, who is a trained agronomist with a longstanding experience in development work and carbon finance at the World Bank. Operations of this company include eco-carbon activities in France and Europe, managed by Daniel Kreiss. François Giraudy is manager for Africa with activities in the agro-industrial sector. Tan Wenkui is head of Chinese activities working with Chinese coal mines using methane technology. Lys Nguyen works in Vietnam in raising jatropha plant used in bio fuel oil production and Tony Horta is a trained agronomist who works in Brazil on jatropha biofuels projects. Its other employees have similar qualifications. This company carries its own research and development department to develop high-yielding jatropha varieties, provides technical assistance to farmer cooperatives, guarantees purchase of crops, invests in ownership of industrial facilities including jatropha grain crushing facilities and it produces and markets jatropha biofuels and castor bean. It also provides consulting, technical assistance, project development. Eco-Carbone specializes in carbon reduction projects and markets the resulting carbon assets in both Kyoto Protocol related projects and voluntary markets,

and participates in Clean Development Mechanisms (CDMs) and Joint Implementation (JI)¹³³.

New Fields for Ethics - Biomedicine

A new field for application of ethics has arisen. Due to recent and rapid scientific progress in biomedicine, bioethics has become a field of intensive inquiry which has even led to formulating acceptable bioethics norms, such as those relating to cloning and genetic selection and rules relating to use of embryos for scientific research. This is a new field, one which UNESCO has given high priority. France has underlined its importance by inserting this subject into its constitution¹³⁴.

In previous centuries, the slave trade was not generally considered unethical by most of the population but ethics have changed.

These examples demonstrate how new situations arise to which ethical principles are applied.

6. ARE ETHICS SUBJECT SPECIFIC?

Professions

Many professions have deontological rules, specially designed to fit their activity. Governments and associations for medical doctors, lawyers, accountants and architects make and enforce their special rules. Some have complained that while the American Bar Association (ABA) promulgates rules for lawyers in the United States, it also promotes the best interests of the profession. Therefore these rules may not always be only in the public interest.

¹³³ See <http://www.eco-carbone.com> (viewed 31 July 2010).

¹³⁴ UNESCO Brochure, 2nd ed. 2005. *Human Cloning. Ethical Issues*. It is stated, on page 11, that "The world community provided an answer when it declared human cloning contrary to human dignity in Article 11 of the Universal Declaration on Human Genome and Human Rights (1997)".

See also Byck, Christian. 26 March 2008. *La Constitution, loi suprême de la cité ou instrument du sacré de la bioéthique?* (The Constitution, supreme law in society or document to sacralize bioethics?). JPC/La Semaine Juridique, Edition générale, No. 13, page 3.

Corporate Codes of Ethics

Large corporations now often enact their own ethical codes which they expect their employees to follow. The OECD, in addition to preparing the *OECD Guidelines for Multinational Enterprises –Revision 2000*, has undertaken the study of 246 codes of conduct prepared by companies (Gordon and Miyake 1999) reflecting an important voluntary effort, or induced by public image considerations, by the business community which some critics claim is only for "window-dressing" rather than a bona fide effort to change conduct. However, some OECD officials believe this is a necessary, useful and an important first step; mandatory corporate codes and enforceable legal rules will follow. Employees who feel they are not treated properly have claimed violations of these rules, which tend to give the rules a practical effect and more credibility. Therefore companies should be careful in formulating these rules and be sure these rules are integrated into their top level strategy.

There are great differences in the way corporate codes of ethics are applied. Some treat them as a public relations effort while others incorporate ethics deeply into overall corporate strategy as a priority for top corporate executives.

L'éthique à l'épreuve des techniques (Ethics and Technology) examines some of the ethical problems of judges, engineers, businessmen, philosophers, bioethics, arms industry, genetics, medicine, organ transplanting, human cloning, therapeutic cloning, palliative medicine, hospitals and human embryos¹³⁵.

Different factual situations require ethical rules that are flexible enough or are designed to fit each type of situation.

There are ethical problems in all fields of endeavor which include: ethics and war, ethics and democracy, ethics

¹³⁵ Michaud, Jean (collection of authors under his direction). 2007. *L'éthique à l'épreuve des techniques*. Institute Fredrik R. Bull, L'Harmattan, Paris.

and law, ethics in medicine, ethics in science, ethics and religion, ethics and government, ethics and philosophy, and ethics and journalism.

7. HOW ARE ETHICS TRANSMITTED AND FORMALIZED?

Ethical rules are transmitted orally in families, by friends, schools, churches, cultural traditions and institutions, through sacred texts, church ceremonies, books on philosophy, religious and secular law and other ways.

Predominant Influence of Mothers

The most important time and place good character is formed is in early family life under the influence of top quality parents, especially the mother who usually concentrates on caring for and teaching her young children.

Mothers Solutions to Teaching Children Ethics

A very successful brilliant and wealthy top scientist and entrepreneur told me his mother taught him that cheating and being dishonest was stupid.

Since there is a little of the devil in most children being naughty and dishonest has its attractions to a certain number of kids, so it is probably better just to say: it is stupid.

Another outstanding mother who has raised a distinguished family taught her children that "families are for building the attitudes so necessary to building a better community. Families are for belonging to something bigger than just yourself."

Later a young person is strongly influenced by friends and contemporaries. Role models and mentors often play important parts in young persons' lives.

Declarations of Human Rights and other Documents

One also finds ethical principles stated in declarations and other documents. The Declaration of Human Rights was signed by members of the United Nations in 1948, based in

part on the Bill of Rights in the amendments to the United States Constitution, the French Rights of Man in the preamble to the French Constitution of 1958 and on the French Declaration of the Rights of Man in 1789.

Marie-Olympe de Gouges was guillotined in Paris on November 3, 1793. The fact that she was the author of the *Declaration of Rights of Women and Citizen*, or her writings favoring civil and political rights for women and the abolition of slavery, did not prevent her execution by the regime of Maximilien Robespierre which she attacked.¹³⁶

Many laws, constitutions and international treaties and other statements of principles (soft law) have ethical content.

Culture transmits Ethics

Mark Pagel, a leading researcher, sees in his new book *Wired for Culture*, reviewed in the Financial Times of March 3 and 4, 2012, page 15 and quotes taken from Clive Cookson's article, culture as "a second great system of inheritance to stand alongside our genes – a new way of transmitting information that allowed knowledge to be passed from person to person and from one generation to the next, short cutting the normal genetic route on inheritance".

To define culture, the author borrows a remark made many years ago by Lord Raglan "It is roughly everything we do and monkeys don't". His book shows "how genes and culture evolved hand-in-hand. Characteristics at the heart of human society such as altruism and diversity of skills are based on genetics but their evolution depended on the survival advantages of living in a collaborative culture".

Corporate Codes transmit Ethics

Even where legal rules and regulations apply to a company's business, unethical corporate executives often adhere only to the letter of the law, but violate the spirit or

¹³⁶ http://fr.wikipedia.org/wiki/Olympe_de_Gouges

reason for the rule or the law. This does not protect investors, employees or third parties. Ethics, honesty and transparency are necessary to insure shareholders and third parties are fairly informed about the financial situation of a company. Ethical action needs to be based on general principles as well as on specific detailed rules which can often be avoided by a subterfuge, thus vitiating the protection of the public.

Ethical rules are transmitted in many forms, all of which hopefully improve conduct. Repetition of these rules and practicing good conduct is often the best way to do it – by example. If good examples are followed there is no need for sanctions.

8. ARE SOME BUSINESSES UNETHICAL BY NATURE?

Excessive Love of Money is Unethical

If "the love of money is the root of all evil¹³⁷", then, since the primary objective of business is to make money, are all businesses unethical? Or does the love of money only become sinful if it is excessive and leads to improper conduct relating to others? In Annex II, see excerpts from a book with a description of the sin of avarice or greed prepared for Catholic clergymen in the 18th century. It is the unrestrained love of material riches, according to this text, that leads to wrong doing. Misleading others in order to enrich oneself is what often happened in the 2008 sub-prime mortgage scandal.

Big Money Big Hero in American Culture

In theory, the best business man is the one who makes the most money and thus should become the hero figure in

¹³⁷ "For the love of money is the root of all evil, and in their eagerness to get rich, some men wander away from the faith and pierced themselves in the heart with many a pang " in I Timothy VI, 10. *The Complete Bible, An American Translation*. The New Testament translated by Edgar J. Goodspeed. 1939. The University of Chicago Press.

business. Enron was listed by Fortunes as the most innovative company for a number of years. There lies the conflict inherent in business and ethics. Being primarily concerned with short term profit often leads to less ethical behavior if it pays in the short term.

Internet Crimes

New unethical conduct has crept into the use of the Internet through identity theft, which facilitates defrauding others, stealing bank account numbers and wrongful withdrawals. It appears that hackers who are part of an illicit business network sell this confidential data to legitimate business. New communication inventions lead to new businesses as well as illegal businesses. This can occur by hackers opening up the secrets in one's computer or securing private information from service providers or other third parties.

Moral Markets: The Critical Role of Values in the Economy¹³⁸

This 2008 book uses a multi-disciplinary analysis by more than twenty-five neuroscientists, social scientists, biologists, primatologists, anthropologists management professors, computation scientists and information business writers, philosophers, neuro economists and scholars specializing in law. The authors examine the question whether “modern economic life is driven by relentless competition and unbridled selfishness.”

Its conclusion is “that modern market exchange works only because most people most of the time act virtuously” [...] “competition and greed are certainly part of the economics but this book also “shows how the rules of market exchange have evolved to promote moral behavior and how exchange itself may make us the more virtuous.”

¹³⁸ This is the title of a book edited by Paul J. Zak, published in 2008 by Princeton University Press in the U.S. and U.K.

According to Matt Ridley, the author of “*The Origins of Virtues*” “Most people are fundamentally honest, trustworthy, and fair. Why? Because they have a capacity for empathy and trust that is just as innate as their capacity for selfishness. It evolved in order to enable people to capture social benefits through exchange. Markets not only need that instinct; they also nurture it. This simple and beautiful idea has been disinterred by the authors of this book from beneath the cynical sophistries of the twentieth century.”

Michael Shermer, publisher of *Skeptic*, columnist for *Scientific American*, and author of *The Mind of the Market* writes as follows: “Before he became famous as the father of free-market capitalism through *The Wealth of Nations*, Adam Smith wrote the *Theory of Moral Sentiments*, a long-forgotten and still little-known treatise about the role of values and virtues in economic and social life. At last, science has caught up with Smith, and now Paul Zak has gathered leading scholars and scientists in a definitive volume on why markets are moral. This paradigm-shifting book is required reading not only for economists, but for all behavioral scientists.”

The last three quoted passages are found on the back cover of this book.

A sample of chapter headings of the different authors in this interesting book are:

“Part I: The Stories Markets Tell, Free Enterprise, Sympathy and Virtue;

Part II: Non Human Origins of Values, The Case of Primate Cooperation;

Part III: The Evolution of Values and Society, Building Trust by Wasting Time;

Part IV: Values and the Law Taking Consciousness Seriously, Trustworthiness and Contract, The Vital Roles of Norms, Values, Mechanism Design and Fairness;

Part V: Values and the Economy, Values and Value: Moral Economics, Building a Market: From Personal to Impersonal Exchange, Corporate Honesty and Business Education: A Behavioral Model, What's Business For?"

The final chapter in this book written by Charles Hardy, a business writer concludes that capitalism may not be contaminated by a few rotten apples because the market "would eventually sort out the good from the bad."

Others are not so sure since markets depend on truth and trust. However truth is concealed and trust eroded when "the game becomes unreliable and no one will want to play. Markets will empty then and prices collapse as ordinary people will put their money into their houses maybe or under their beds. The great virtue of capitalism is that it provides a way for savings of society to be transformed into creation of wealth will have been eroded and we shall all be poorer. Either that or we shall have increasingly to rely on government for the creation of our wealth, something that they have always been conspicuously bad at doing."

Companies have often exaggerated their profits in recent scandals.

"Trust, too, is a fragile thing. Like a pane of glass, once shattered it can never be quite the same" [...] Too many it has recently seemed that corporate executives were no longer running their companies for the benefits of their shareholders and employees, but for their personal ambitious and financial gains.

"A Gallup poll early in 2002 found that only 18% of Americans thought that corporations looked after their shareholders a great deal and 90% felt that those running the corporations could not be trusted to look after the interest of their employees, 43%, in fact, believed that senior executives were only in it for themselves. In Britain in another poll the result was 95%.

Success for corporate executives is usually measured in shareholder value or share prices which can be manipulated or improved in many ways not always in the long term best interest of the company, i.e. for example cutting or postponing expenditures that are “geared to the future rather than to the present.” Under-valued stock options allow executives to steal from their companies and shareholders as stock options deliver an estimated 60% of executive remuneration. Executives are reported to earn more than four hundred times of their lowest paid worker... This “only fuels the latent distrust.”

A good business is a human community not just property or a profit making machine. The difference is subtle but very important to a capitalist system and its survival. One other way to describe this is as a balance or maintaining an equilibrium between the various elements in a business: management, shareholders, the community, the environment, sustainability and the benefit or advantage each derives in the business – a human community.

The next to the last chapter has been co-authored by Herbert Gintis who has a Phd in economics but whose interest is in human behavior “absent from the traditional economic model”. This is referred to as behavioral economics. Rakesh Khurana, his co-author is in the Department of Organizational Behavior at the Harvard Business School. This chapter has as its title “Corporate Honesty and Business Education: A Behavioral Model”.

The authors first note that neoclassical economics “employs an incorrect Homo Economics model of human behavior that treats managers as selfish maximizers of personal wealth and power”. Business misconduct in recent years may not have resulted from neoclassical economic theory “but business education is deeply complicit, because it has failed to provide a consistent and accurate alternative to the Homo Economics model” which ignores the “personal rewards and social responsibilities such as

honesty and integrity, for their own sake, instead of material gain associated with managing a modern enterprise.”

The addition of courses on business ethics “cannot compensate for the generality, incorrect and misleading characterization of human motivation.”

This book - *Moral Markets: The Critical Role of Values in the Economy* - is an outstanding study in part since it is counter intuitive since many think that markets tend to be destructive of values. See the paragraphs that follow for examples of this opinion.

Free Markets Corrupt?

Does the free market corrode character? Or is it the corrupt human nature that corrupts business and politics? This question has been debated in the John Templeton Foundation's study of big questions. The Foundation writes about itself: "The John Templeton Foundation serves as a philanthropic catalyst for research on what scientists and philosophers call the Big Questions. We support work at the world's top universities in such fields as theoretical physics, cosmology, evolutionary biology, cognitive science, and social science relating to love, forgiveness, creativity, purpose, and the nature and origin of religious belief. We encourage informed, open-minded dialogue between scientists and theologians as they apply themselves to the most profound issues in their particular disciplines. And we seek to stimulate new thinking about wealth creation in the developing world, character education in schools and universities, and programs for cultivating the talents of gifted children."

Do Free Markets Corrupt? Opinions Differ but Philosopher Michael Walzer Thinks They Do

Opinions on this question vary among the thirteen international trade experts, politicians, philosophers and

economists consulted by the John Templeton Foundation¹³⁹. Michael Walzer, a leading philosopher, writes that "Competition in the market puts people under great pressure to break the ordinary rules of decent conduct and then to produce good reasons for doing so. It is these rationalizations –the endless self-deception necessary to meet the bottom line and still feel okay about it– that corrode moral character. But this isn't in itself an argument against the free market. Think about the ways that democratic politics also corrodes moral character. Competition for political power puts people under great pressure –to shout lies at public meetings, to make promises they can't keep, to take money from shady characters, to compromise principles that shouldn't be compromised. All this has to be defended somehow, and moral character doesn't survive the defense –at least, it doesn't survive intact. But these obvious flaws don't constitute an argument against democracy."

Why Free Markets Make Fools of Us¹⁴⁰

Most economists have assumed in the past that humans are primarily rational, but recent behavioral studies cast doubt on this assumption and indicate large numbers of people that are often overconfident and often deal poorly with risk. They neglect the long term in favor of the short term (present bias). In addition, they hate losses more than they favor gains. Inequality has not been a priority for economists to study except for Piketty's recent book and a few others, even though it is now growing rapidly and becoming important for politicians on the left in the U.S.

¹³⁹ The John Templeton Foundation. Autumn 2008. *Does the Free Market Corrode Moral Character?* Online at <http://www.templeton.org/market> (viewed 30 Dec. 2008).

¹⁴⁰ This title is taken from Cass R. Sunstein's review of the book « Phishing for Phools : The Economics of Manipulation and Deception » by George A. Akerlof and Robert J. Shiller, Princeton University Press (2015). This section is a summary of some of the ideas in Sunstein's review in the October 25, 2015 New York Review of Literature.

Most economists put a high priority on consumer sovereignty on the theory that consumers know their own values and feel their needs. Conservatives believe the government has no right to intervene except where harm is done to third parties by consumer sovereignty.

In the past many scholars have dealt with this problem of Business Ethics in a free market – whether free markets corrupt ethics or not. The opinion of the two economists cited above now questions the conclusions of previous scholars in suggesting that free markets are dominated by unethical behavior of sellers and source suppliers in a so-called free market.

Thus different opinions are expressed. A leading philosopher Michael Walzer claimed free markets were corrupt. Amarta Sen in contrast to Milton Friedman writes that he believes that, although self interest provides effective motivation for business men to produce a well functioning economy, it needs public goods shared with the public. He believes a free market system needs a significant amount of ethics to function well.

In 2008, experts in many disciplines did research resulting in a 2008 book “Moral Markets”.¹⁴¹ The conclusion in this book is “that modern market exchange works only because most people most of the time act virtuously”. This conclusion implies that there are all kinds of different factual situations where facts vary, making the general situation in any market a complex set of variables that probably changes in different times.

Thus sellers and the service businesses knowingly take advantage of human psychology, weaknesses and defects to gain more profit. This is unethical and dishonest.

¹⁴¹ This book was edited by Paul J. Zak and published by the Princeton University Press.

They understand “our propensity to make choices in accordance to multiple cognitive and psychological biases”.¹⁴²

Another author blames the growing inequality on market power which is caused by political power.¹⁴³

God vs Mammon?

On the other hand, wealth is useful and necessary to perform God's work. But in the Sermon on the Mount it is stated that one cannot serve God and Mammon¹⁴⁴, which implies an "either or" situation –ethics or the pursuit of money. They are incompatible according to this aphorism. But see "Render unto Caesar what is Caesar's and unto God what is God's", Mark 12:17. This last quote, according to some, is the basis for secularism and the separation of religion from worldly materialistic activities but it does not necessarily lead to the conclusion that anything goes in business or government regardless of ethics.

Rich Churches

In this regard, it is interesting to note that some churches have accumulated immense fortunes. In the United States a number of large Evangelical and other churches are managed like commercial businesses.

¹⁴² See The London School of Economics and Political Science review at <http://blogs.lse.ac.uk/lsereviewofbooks/2015/11/13/book-review-phishing-for-phools-the-economics-of-manipulation-and-deception-by-george-a-akerlof-and-robert-j-shiller/>

¹⁴³ Reich, Robert B., *Saving Capitalism: For the Many, Not the Few*, Knopf Doubleday, September 29, 2015, reviewed by Paul Krugman in *The New York Book Review of Books* of December 17, 2015-January 13, 2016, pages 16 and 20.

¹⁴⁴ "No slave can belong to two masters, for he will either hate one and love the other, or stand by one and make light of the other. You cannot serve God and money." in Matthew, VI, 24. *The Complete Bible, An American Translation*. The New Testament translated by Edgar J. Goodspeed. 1939. The University of Chicago Press.

Can Business and Ethics Co-exist?

A U.S. author has written an article with the title: "Balancing Act –Can Business and Ethics Really Coexist?"¹⁴⁵ Ethics usually concerns relations of mutual concern in society between all individuals and the need to limit one's self-interest when it goes against the general interest. Thus in our competitive system there is an immediate tension between ethics and business. The ideal of being a good citizen often is limited or replaced by the ideal of becoming a winner in the race for wealth, power or election. See Amartya Sen's point of view on page **Error! Bookmark not defined.**

Adam Smith thought Selfish Businessmen were in the Public Interest

Commerce and industry can be an activity in the interest of all parties and society. If a company sells a useful product at a reasonable price, it renders a service to the buyer. At a macro level, commerce and industry generally raise the level of wealth and alleviate poverty, as Adam Smith noted, despite the fact that individual businesses pursue their own selfish interests, they do good by increasing the general wealth. Does this theory hold true only if competition keeps prices reasonable? Is it necessary that competing businesses are small or medium size rather than huge businesses with enormous market power so there is more of an oligarchy than a competitive market?

In private business, there is also an inherent risk of conflict between the seller or supplier of services and the client. To the extent the former abuses his power the client suffers. Human nature being what it is, selfishness is a most powerful motivation often prevailing over ethical conduct. Competition, where it exists, is supposed to moderate excessive pricing and control greed, but when all

¹⁴⁵ Goldman, Robin. 2002. *Balancing Act – Can Business and Ethics Really Coexist?* In the Magazine of Golden Gate University.

competitors abuse customers as seemed to happen in the run up to the 2008 financial crisis, there is a problem.

Adam Smith's theory was that all the selfish business people actually worked in the general interest but now it seems less likely that they are serving the general interest since the tremendous growth in numbers and funds going to lobbyists indicates each company is pursuing its own private interests. And there is no invisible hand to defend the public interest.

It also seems unlikely that the sum of the private interests equals or yields the general interest of society.

The most important reason for unethical conduct is to make more money when more money can be made by unethical business practices especially when competition is severe.

Institutional Corruption - Monied Special Interests, Lobbyists and Members of Congress

Lawrence Lessig in *Republic, Lost*¹⁴⁶ gives details on the ways that lobbyists in exchange for large fees secure more benefit for their monied special interests clients by helping congress enact laws (not easy), change laws, block proposed laws or secure subsidies for their clients or take other measures giving competitive advantages to special interests. This special interest money is often essential to elect or reelect members of Congress.

This system works because lobbyists have or develop more technical expertise in drafting legislation since the lobbyists are often experienced former members of Congress or their staff. Congressmen need to spend so much of their time seeking campaign contributions in order to get elected they have little time to work on legislation.

¹⁴⁶ Lessig, Lawrence 2011 *Republic, Lost* – How Money Corrupts Congress – and a Plan to Stop it. 12 Twelve, Hachette Book Group NY Boston.
Also see This week TED.com Saturday April 6 2013 – Lawrence Lessig: We the People and the Republic we must reclaim.

Companies pay high fees to lobbyists because they get their moneys' worth.

The author cites situations where the private interests and their lobbyists have succeeded in stopping proposed legislation which seems to be in the public interest but contrary to the special interest of the lobbyist's clients. Blocking legislation is easier than getting legislation voted.

This book describes possible strategies for correcting the situation by empowering the people who can't afford to pay lobbyists. Members of Congress should be open and influenced by average citizens. Each citizen is supposed to be equal and have one vote but money changes this. Money power needs to be reduced through finance campaign reform insuring that campaign contributions are more or less equal. For this reason lobbyists should be eliminated in order to stop this institutional corruption of Congress. The author believes one or more constitutional amendments will be necessary after a constitutional convention to propose the necessary changes in the constitution – a procedure never followed to date except for the original constitutional convention.

The book starts with the proposition that there is only one issue in this country "Campaign Finance Reform". Since this issue is obscure to most of us, the author writes to explain to the vast majority that doesn't understand and how it is related to lobbying and the role of money in our present political system which causes institutional corruption of Congress.

As the title implies our ideal democracy to the extent we had it is gone and we will not get it back except through a major popular movement of non partisan outraged citizens turning against the present system. This will mean an enormous amount of work by all citizens especially ordinary people who will need to be specially educated as to what action is necessary to save or reconstitute our republic so it is again a republic of responsible people interested in the

public interest rather than people pushing private interests because they have big money.

The author is aware that securing a constitutional amendment will be most difficult since many special interest groups will oppose it.

Unfortunately, the result of the 2016 election did not focus on this problem so it will most probably not be addressed in the near future. Money is power.

Money Owns Political Parties

Another author has done a remarkable analysis of politics and economic history to show how money interests own political parties. Rodolfo Lazo de la Vega¹⁴⁷ summarized his review of this book as follows:

"The central foundational principle of the capitalist nation-state is that it is a reflection of its economic constituencies".

This author's theory is in a capitalist state those elites who own the means of production form political parties who are investors who join together to chose candidates who reflect their values and who use politics to design and manage a political economic model. The author claims that where both political parties have an interest in the same objectives, important issues of public interest do not get on the same agenda.

He claims the "growth, development and fall of major industries correspond to the growth development and fate of their political parties".

He compares the situations draw from history of Federalist vs Jeffersonian, Jacksonian, Civil War system, the 1896 system and the New Deal.

¹⁴⁷ This review is from: Golden Rule: The Investment Theory of Party Competition and the Logic of Money-Driven Political Systems (American Politics and Political Economy Series) (Paperback)

Business needs Ethics – Most of the Time

The business community probably would be less efficient, unpredictable or chaotic if it were completely immoral. Businessmen usually recognize the moral value of promise-keeping (or the self interest?) because it facilitates planning ahead, making contracts and commercial activity which increases wealth by encouraging cooperation. However, those who study law and economics point out that, in some situations, it may be better, economically and practically, and smarter to refuse to keep one's promises, renounce the contract and pay damages. In such case self interest has changed and the morality, if any, of keeping a promise tends to dissipate.

Forget Ethics and Make a Killing

Some individuals and businesses will be tempted to act unethically, particularly in the short run, where there is a one-shot opportunity, to "make a killing." In such case, the unethical individual or company profits while other individuals, companies, societies or future generations may lose. In such an instance, short-term private interests are favored over long-term public interests or over competitors if it is a zero sum game. Greed and the lack of ethics in business can help to undermine the free enterprise system, leading to manias, crises and crashes in one country or internationally. See Kindleberger cited on page 15. Unlimited and unfair competition, dishonesty and violence can poison the environment which makes doing business more difficult since in such case the emphasis shifts from producing wealth to safeguarding what one has. Efforts to increase production are replaced by efforts to protect assets.

Jeffrey Skilling – A Top Business School Student goes to Jail

The former president of Enron, Jeffrey Skilling, when he was a top student at the Harvard Business School, was

questioned by his professor what "[he] would do if [his] company were producing a product that might cause harm, or even death, to customers that used it". According to his professor [...]. Jeffrey Skilling replied "I'd keep making and selling the product. My job as a business man is to be a profit-center and to maximize return to shareholders. It is the government's job to step in if a product is dangerous" For the courts this principle was insufficient to keep Jeffrey Skilling out of jail. For the story of the Enron debacle, see the Fusaro Miller book¹⁴⁸.

Tobacco Company Lies Taking Advantage of a Killing Addiction

In 1950 two doctors in the U.K. had proved the link between smoking and lung cancer, heart disease and many other diseases. But the publication of their paper was greeted with "apathy, disbelief and scientific condemnation and irritated the U.K. government which got 14% of its revenue from taxes on tobacco. Over the years Dr. Doll's and Dr. Hill¹⁴⁹'s studies proved smoking kills as Ian Macleod told a press conference in 1954. In fact, half of the smokers died. "Given the decline of smoking in western countries he (Dr. Doll) must have saved millions of lives. Even so, cigarettes killed about 100 million people in the last century. This century says Keating given the world wide spread of smoking, they could kill nearer to one billion."

According to Pfizer's advertisement for Chanfrax, a product to help people stop smoking, "smoking is the leading cause of preventable disease and premature death in the United States with more than 348,000 deaths annually

¹⁴⁸ Fusaro, Peter and Miller, Ross M. 2002. *What Went Wrong at ENRON. Everyone's Guide to the Largest Bankruptcy in U.S. History*. John Wiley & Sons, Inc., Hoboken, New Jersey.

¹⁴⁹ The above quotes are taken from an article by Simon Kuper "The Man Who Kicked Our Butts" Life and Arts page 2, Financial Times Weekend, October 27/28 2012, drawn from a recent biography *Smoking Kills: The revolutionary life of Sir Richard Doll*, by Conrad Keating, Signal Books, Oxford, U.K. 2012.

attributable to smoking."¹⁵⁰ There has been proof that smoking causes cancer for many smokers. There are about 5 million killed each year in the world¹⁵¹. These facts show that, in such case, profit wins over ethics. The pressure groups working in favor of the tobacco industry are powerful. A recent study at the Harvard School of Public Health indicates that tobacco companies have increased nicotine by 11% in their products over a seven year period¹⁵². This tends to reinforce the addictive qualities of this already highly addictive drug. The moral and ethical issue is complicated by the argument that everyone is free not to smoke. However, advertisements for cigarettes did not usually warn how lethal it is when it becomes a habit for many people. Young people are particularly vulnerable since they see many movies in which actors smoke – this is a form of insidious advertising by tobacco companies so young people think it is smart and "cool". In France, such a practice was prohibited in 1991 by law.

Unethical Business Methods – Archer Daniels Midlands

There are also examples of companies whose products are not directly harmful to people but whose business methods are illegal and unethical because it forces customers to pay higher prices than if the market for them was competitive. A leading example in 1996 was revealed by a whistle blower who worked undercover for the FBI. His company and several top executives, including himself, were imprisoned for price fixing on an international scale and the company was fined 100 million dollars. This company was Archer Daniels Midlands, a 13-billion dollar grain company which produced Lysine citric acid, high fructose corn syrup, food and animal feed supplements used

¹⁵⁰ The New York Times. 29 May 2008. Page A9.

¹⁵¹ Fédération française de cardiologie. No date. *Tabac : laisser votre cœur respirer*. In brochure "Repères", p. 1.

¹⁵² Harvard School of Public Health Press Release, <http://www.hsph.harvard.edu/press/releases/press01182007.html> (viewed 26 March 2007).

in thousands of products. It was the largest company in its field¹⁵³.

Pfizer's Health Care Fraud

In a health care fraud case in 2009 relating to the pain killer Bextra, now withdrawn from the market, and other products, Pfizer, a major pharmaceutical company, settled for \$2.3 billion in what was the fourth settlement over illegal marketing activities since 2002¹⁵⁴.

Siemens Bribes

A number of Siemens subsidiaries were also found guilty of bribing government officials in some Latin American countries. Such conduct violated the United States Law on Foreign Corrupt Practices which resulted in huge fines.

Crisis in French Business Ethics – A French View

Octave G linier became disillusioned with business ethics in France in the 1990's which he thought was getting worse. In addition he wrote that the public considered business a somewhat corrupt activity. After consulting twenty five leading French business and ten international groups like IBM and Procter & Gamble to find out what was going on in companies in fact, he wrote a book on business ethics.¹⁵⁵

¹⁵³ Eichenwald, Kurt. 15 January 1997. *Archer Daniels Informer Admits Recent Deception*. The New York Times.

15 October 1996. *ADM: Who's Next?* Online News Hour, transcript of a discussion between Charlayne Hunter-Gault, interviewing host, Joel Klein, Assistant Attorney General, Nancy Millman, journalist with the Chicago Tribune, and Harvey Goldschmid, of Columbia Law School. See http://www.pbs.org/newshour/bb/business/october96/adm_10-15.html (last viewed 19 Oct. 2009).

¹⁵⁴ Rubin, Rita. 3 September 2009. *Pfizer Fined \$2.3B for Illegal Marketing*. USA Today, Money Section B.

Harris, Gardiner. 2 September 2009. *Pfizer Pays \$2.3 Billion to Settle Marketing Case*. The New York Times.

¹⁵⁵ G linier, Octave. 1991. *L'Ethique des affaires. Halte   la d rive !* (Business Ethics. Stop the Growing Lack of Ethics!). Editions du Seuil, Paris.

He believed and wrote in his book that long term strategy and long term profit was the right answer. He did not deny that ethics could cost money in the short term but argued that long term growth and profit depended on an intelligent business strategy that included high ethical values. He underlines the central role of "confiance" (trust) because without it one can perhaps make money in the short term but not over the medium or long term. The added value for a business arising from trust and its clients and the public confidence is an important element in producing profit in the medium and long term.

Mr. G linier's ideas seem logical and solid in an economy that is not moving too fast or is too subject to short term goals set by the financial world and where there are rapid changes in management. But one is faced with the question as to whether or not in our present business climate G linier's old fashioned virtues can still be a successful business strategy under present business conditions.

Mr. G linier wrote a section in his book, in which he analyses the background and reasons for the crisis in business ethics in France, in which he briefly covers his definition of ethics which he writes ethics is the "face objective de la morale, l' thique n'est pas autre chose qu'une r flexion sur la conduite responsable de sa vie dans le sens qu'on a choisi; et l' thique des affaires n'est qu'un cas complexe de cette d marche".

A translation of this is: ethics is "the objective face of morality, ethics is not anything else but thinking about responsible conduct of one's life that one has chosen; and business ethics is only a complex case in this effort".

Then he quotes Bernard de la Rochefoucauld who describes Aristotle's view as follows:

Octave Gelinier was a civil engineer, a product of the elite Ecole des Mines. He secured degrees in physics, chemistry, biology, economics and law.

"Pour Aristote, l'éthique est fondée sur la finalité de l'action humaine.

Elle permet le choix en fonction d'un but qui est mon bien ; car je suis capable d'opérations volontaires en vue du Bonheur. C'est l'éthique de la responsabilité, qui implique le respect des autres et la coopération... De là naît la notion de bien commun.

L'éthique de la responsabilité, avec la finalité du bien commun, est à la base du management des entreprises modernes." (Revue de l'Institut La Boétie. Novembre 1989)."

A translation of this is:

"For Aristotle, ethics is based on the purpose of human action. It permits the choice as a function of the result which is good because one is free to choose what results in happiness. It's the ethics of responsibility which implies respecting others and cooperation. From this comes the common good. Responsible ethics with the objective of the common good is the basis of modern business."

The author completes his definition by quoting the Petit Larousse dictionary:

"Ethique : doctrine du Bonheur des hommes et des moyens d'accès à cette fin. Ensemble particulier de règles de conduite (déontologie)."

"Ethics: the doctrine of happiness of men and the means of access to this objective. Ethics are the special rules of conduct (deontology)."

He formulates this equation: ethics = performance + deontology and explains it's the art of being successful in the long term which supposes a part of the good for the ethical person but only if he respects others.

Mr. Gélinier then presents how ethics change with time. They are different in the tribes and ancient cities, in different religions and for philosophers. Then there are

ethics of universal reason the enlightenment (Locke and Hume) which replaced tradition by reason and Kant contributed his idea of a categorical imperative of universal value. He also noted the utilitarian's and Rawls theory of justice. He then goes on to describe the break up of personal and civic ethics in France and Dr. Spock's advice to relax discipline at home and in school. Next he moves on to ethics of merchants and capitalists in the middle ages and bourgeois ethics, and puritan sects which Calvin converted to a religion of accomplishment, rejecting laziness, rest, luxury, refusing to accept privileges from the State. With this ethic, he writes, they couldn't fail. He also notes that liberalism can be either legitimate rationalism or savage capitalism, mentioning Adam Smith and a social economic system with the rough edges of capitalism smoothed out by regulation, and finally our present mixed system.

He also passes in review ethics and law, personal interest and power. He writes law is rigid and is often the law of the strongest. Some believe that ethics and personal interest never go together. Those who exercise power to make decisions and act often abuse their power.

He notes elements that caused the breakup of traditional ethics in France i.e. by globalization (internationalizing business), invasion of the American Ethics and the Way of Life centered on work, Japanese efficiency in making better products, deregulation, privatization, and the arrival of new subjects for ethics i.e., environment, racial discrimination and animal rights.

To shield and protect a business now ethics officers are appointed and Codes of ethics are adopted. According to him, political life lacks ethics since there is less separation between politicians and government administrations and funding of political parties in a legitimate way has not been worked out.

Government is now more decentralized in France, so the larger quantity of civil servants is necessarily of lower

quality. In addition, there are big changes in French government structures which sow confusion.

Mr. G linier is not the only one who believes ethical conduct of business has gotten worse. More recently in his New York Times column of 11 September 2010, Thomas Friedman sees the same deterioration happening in the U.S. and he notes in a Newsweek list of 100 best countries in the world the U.S. ranks number 11. He writes "we had a values breakdown – a national epidemic of get rich-quickism and something – for-nothingism. [...] Right now the Hindus (in India) and Confucians (in China) have more Protestant Ethics than we do and as long as that is the case we will be number 11."¹⁵⁶

Security Fraud – Insider Trading

In addition to these above types of unethical conduct, there are unethical violations of security laws such as insider's trading where corporate insiders use inside information unavailable to the public to profit from a rise or lowering in the stock prices when the inside information becomes public.

Competent prosecutors in New York and in other cities periodically get jail sentences against violators. Time Magazine of February 13, 2012, pages 14-19 tell the latest chapter in this story as follows:

Rudolph W. Giuliani in the 1980's, in the junk bond and crash of 1987 put Michael Milken, Ivan Boesky and Robert Freeman of Goldman Sachs in jail. In 2000 there was another wave of prosecutors when Enron CEO Jeff Skilling

¹⁵⁶ In a private e-mail Fil Juntereal wrote(June 2010) "There is something that Friedman wrote that makes me recall why we had a pretty wholesome Philippine society during the previous Commonwealth period. Parents of my generation learned from their American teachers what the Protestant work ethic was all about and applied it diligently to their occupation and family life. Somehow, that "ethic" evaporated after the war." Chaos and cruelty of World War II in the Philippines was apparently destructive of ethical values there too.

went to jail. Now Preet Bharara is sending inside trader violators to prison – Raj Rajaratnam for 11 years and Rajat Gupta, the most prestigious ex McKinsey head was recently convicted. In June 2012 can one conclude where financial business is concerned temptation to cheat periodically becomes too great? Or is there a general feeling that everybody is doing it? If the traders in the world are unethical they infect and corrupt societies and people lose confidence in their leaders, corporations and governments. This seems to happen in a free enterprise society and it happened in the Russian communist system which was probably worse. Therefore, perhaps one can conclude the worst corrupters are human beings and not the economic system in place.

When there is this kind of conduct, the confidence in financial markets then evaporates resulting in economic crises. The dark side of human nature comes out.

Slave Trade and Wars

The slave trade is now considered unethical business in most cultures. However, prior to the 19th century it was widely practiced when prisoners of war taken in African or other wars became slaves. War was profitable for the victorious chief of a tribe, king or head of a nation-state because it added territory, riches, prestige and people to his or her patrimony. Bad ethics of leaders who mobilized weapons and armies have caused enormous damage: an estimated 40 to 60 million people were killed in the last century. War, except in self defense, is generally considered a criminal activity and an unethical "business." With the recent increase in terrorism, preemptive war has become more acceptable to some who think it is the only practical way to preclude mass destruction by terrorists or a rogue state which could strike without warning. Although the former large scale commercial trade of slaves with Africa is finished, many, usually women, are held in human bondage as servants and prostitutes in many parts of the world.

The list of businesses which are by nature considered unethical under national laws also include: (i) trade in the production and sale of illegal drugs, (ii) businesses, even if legitimate, if operated by organized criminals who use criminal methods, (iii) organizing prostitution in some societies is considered unethical but usually tolerated.

Other businesses which recently have been considered unethical include those where labor standards in manufacturing operations outside the continental United States resemble slave conditions.

But is child labor always bad if it alleviates poverty and starvation?

Some also include the arms and the tobacco industry. The gradations in ethical standards depend on the culture of the community concerned and scientific knowledge relating to effects of products on people and the environment. The manufacture of asbestos has recently led to consideration of criminal action against a leading industrialist¹⁵⁷. As globalization (rapid and increased communication, and trade and commerce) speeds up, clashes of ethical standards and cultures increase and could be a factor in increasing terrorism. A certain homogenization or uniformity of basic ethical principles in our increasingly global community might reduce conflicts, violence and terrorism. More tolerance and cooperation among religions would be very important.

Most businesses, especially those whose shares are offered to the public, are subject to enormous short-term pressure to meet their earnings targets. Failure to do so means their shareholders will sell and stock prices fall, adversely affecting the company, its executives with stock

¹⁵⁷ Bank, David. 9 Dec. 2002. *Swiss Business Titan, Environmental Activist Faces his Family's Past*. The Wall Street Journal. Very slow recognition of the dangers of exposure to asbestos by workers has led to astronomical claims against manufacturers and installers of asbestos products. As a result of this environmental and health hazards, there were many bankruptcies and the industry is now nearly dead. Profits spoke louder than ethics for many years.

options and other shareholders. Recently this problem has led many companies to be less honest and to include more creative accounting in their books so that forecasted earnings appeared to have been reached. However, once the accounting irregularities are discovered, stock prices drop dramatically.

Micro Lending

Micro lending is a business which has a high ethical content because it has a more obvious social function: financing usually the poor women who are often more reliable than men and it has helped to alleviate poverty. Small loans are usually made to a group which tends to encourage repayment probably through peer pressure (solidarity lending methodology).

Grameen Bank

This possibility of social business to pursue specific social goals, not only to earn profit, has been suggested by Muhammad Yunus in his books *Banker to the Poor, Micro Lending and the battle against poverty* and *Creating a World Without Poverty –Social Business and the Future Capitalism*¹⁵⁸. These books are based upon his experience with the Grameen Bank.

Although nature seldom if ever produces equal human beings, most of us feel there is something wrong about great extremes of wealth and poverty. Muhammad Yunus lent \$27.66 to forty-two people before he started his microlending business and saw this helped them break the cycle of poverty for good.

According to his first book, the Grameen Bank he founded has provided small loans totaling six billion dollars to seven million families. According to *Bankers to the Poor*

¹⁵⁸ Yunus, Muhammad. 1999, *Banker to the Poor, Micro Lending and the battle against poverty* and 2007, *Creating a World Without Poverty –Social Business and the Future Capitalism*. Public Affairs, Perseus Books Group.

there are more than 250 institutions operating in nearly 100 countries with micro-credit programs.

The Nobel Prize award in 2006 to him and his Grameen Bank undoubtedly increased his pride in his achievements.

Micro Lender Critics

Critics wrote an article in the Asia News on June 3, 2012, claiming that micro credit is driving people to suicide in India. Excerpts from his publication include such comments as "micro financing has turned into a system of brutal exploitation where agents push debtors to take their own lives in order collect insurance money to pay off their debts. In six weeks, 45 confirmed cases of suicide have been attributed to this reason".

The article continues by alleging the system is cruel "worse than Nazism [...], based on the sole criteria of profit" with no interest in improving social conditions".

Because micro loans are easy to get, they are often used for consumption expenditures, weddings, parties, medical expenses, to repay previous loans and other expenses but not business investments, where "muscle men" from "upper-castes" Hindus started working for collection commissions up to 20% pushing some borrowers into a vicious cycle of debts and pushing them over the edge to suicide.

So whether micro loans are good or bad depends on the context, who manages the business, their honesty, and whether or not they represent social reforms rather than just profit at any price.

Other critics say micro credit lenders "need to prove they are more successful than welfare style programs lifting people permanently out of poverty. Like any other development strategy micro-lending ... is a complicated endeavor that requires localized understanding the particular

economic, cultural and social factors affecting entrepreneurial success".¹⁵⁹

Another study reaches the conclusion that micro lending is more beneficial to borrowers living above the poverty line than those living below it.¹⁶⁰

On November 13, 2005, the Boston Globe published an article, *The Pitfalls of micro-lending*, by Rashmi Dyal-Chand, indicating that Tufts University received \$100 million dollars to fund micro lending initiatives. Jude Fernando and Philip Nichols "have acknowledged, even the most successful microfinance programs are unable to sustain themselves without additional aid".

This article also points out that micro lending rarely attains self sufficiency and micro lender Accion International has shown that those programs that work best "generally invest enormous resources in training and support services".

There is a very upbeat enthusiastic practical book published in 2004 about how to do micro credit the right way encouraging business people to get involved to get rid of poverty. It is written by a business man and philanthropist Phil Smith and Eric Thurman, a leading expert in international philanthropy. The title of this book is *A Billion Bootstraps* published by McGraw Hill, NY NY.

BRAC – A remarkable micro lender and development NGO

There is a most remarkable but less well know micro lender than the Grameen Bank, a group referred to as BRAC that started four years earlier in 1972 by another Bangladeshi, Sir Fazle Hazan Abed knighted by Queen Elizabeth in 2010. BRAC's full name was the "Bangladesh

¹⁵⁹ *The Pitfalls of Micro lending*

(http://www.boston.com/news/globe/editortial_opinion/oped/articles/2005/11/13/the_pitfalls_of_microlending)

¹⁶⁰ *Micro finance misses the Mark*

(http://www.ssireview.org/articles/entry/microfinance_misses_the_mark)

Rural Advancement Committee", a small relief and rehabilitation project which helped returning war refugees by building fourteen thousands homes and several hundred boats for fishermen in 9 months. After 1972 it turned toward long term development needs and "empowerment of the poor and landless, particularly women and children". In 1974 it started its micro lending program.

It entered into the printing business and a retail handcrafts operation to keep financing its development activities. It educated 12 million mothers in home health care and child infant mortality dropped from 285 to 75 per thousand. In 1986, BRAC began four other major activities: institution building in education and training, credit operations and income and employment generation. In 2002 it launched a program for the ultra-poor i.e. those too poor to get micro finance. The same year BRAC brought relief and rehabilitation programs into Afghanistan.

By June of 2008 BRAC established schools enrolling nearly 3 million children, of which 65% were girls, and 964 libraries. It provides health care services which reaches 31 million people.

Social development is another of BRAC's objectives to avoid exploitation of women. It attempted to eradicate dowry, rape, acid throwing, polygamy, violence and oral divorce, which are common in rural Bangladesh.

It is working to expand computer use all over Bangladesh in e-huts.

BRAC is active abroad not only in Afghanistan, but also in Sri Lanka, Pakistan, Tanzania, Uganda, Southern Soudan, Liberia, Sierra Leone, Haiti.

BRAC has 4 million borrowers. It is remarkable because its businesses have profits that finance about 80% of the financial needs of its development projects.

It has revenue of more than two times the Grameen Bank i.e. more than \$480 million; this allows the remarkable number of activities described above.¹⁶¹

Ashoka

Another organization, Ashoka, encourages social entrepreneurs (changemakers) in the areas of civic engagement, economic development, environment, health, human rights and learning/education. Since 1981, Ashoka has identified more than 2000 social entrepreneurs and financed them for three years so they can accelerate the changes they have initiated in the world. Although the priority of Ashoka is social progress, not profit making, its activities can inspire for profit enterprises and provide ideas which result in cooperation. Victoria Hale, a pharmaceutical and biotechnology scientists who worked with the Food and Drug Administration, created the first not-for-profit pharmaceutical company, One World Health, in the United States. Her company took promising new medicines abandoned or not developed by the for-profit companies to their full market potential to cure neglected infectious diseases at a fraction of the usual cost. Her company builds innovative partnerships with big pharmaceutical companies¹⁶².

These "change makers" encourage civic engagement, economic development, improving the environment and public health. Such social innovators are Ashoka Fellows who work in the area of human rights, learning and education. For a report on this work, see *Ashoka 2006 Summary of Results, an overview of Ashoka's work and*

¹⁶¹ For more details see BRAC (NGO) from Wikipedia, the free encyclopedia and BRAC in Business. Fazle Hasan Abed has built one of the world's most commercially-minded and successful NGOs. Feb. 18, 2010, The Economist available in Google under the title *Face Value: BRAC in business*

¹⁶² Victoria Hale was elected to the Ashoka Fellowship in 2006. See her profile on <http://www.ashoka.org/fellow/3915> (viewed 11 December 2008). Also see selections from Leading Social Entrepreneur Ashoka Innovations for the public (2010) with preface *Your role in launching on Everyone a Changemaker World* by Bill Drayton.

achievements from 2006 at http://www.ashoka.org/files/2006_Summary_of_Results.pdf (viewed 11 December 2008).

The for-profit sector, unions and governments need to change to survive. Some of Ashoka's accomplishments are an example for the for-profit sector in making the important changes it needs to make it more ethical, sustainable and to help it survive.

Because change is always possible and humans can improve, there is hope for the future if there is change for the good and the people are able to find leaders who will lead them toward improvement rather than in wrong directions as they have so often done in the past. This is another way to say change is necessary in human nature.

Private Public Partnerships – UNESCO–L'Oréal

A number of for profit corporations have successfully entered into agreements with public entities to advance the public interest to combine private interest and public interest. L'Oréal, the world's leading cosmetic company, works with UNESCO, encouraging young talented women scientists by awarding scholarships. While advancing UNESCO's interests in education and improving women's place in society, it also serves its own interests by improving its image, promoting its products indirectly and developing outstanding young scientists for possible recruitment¹⁶³.

Compare Sports to Business

It is interesting to compare sporting events and businesses because the competitive spirit and rapid action are important to both activities. Beating competitors in sporting events is the primary goal but winners make losers

¹⁶³ For a study of examples, possibilities and problems of public-private partnerships, see Baker, Wallace, *Private Sector Partnerships*, 2003, UNESCO, http://portal.unesco.org/es/file_download.php/75569611041450d701df5adbb949aca6Baker+Report.pdf (viewed 26 March 2007)

unhappy. Competition in this respect does not seem to be "ethical" by defeating an opponent. Ethics in sports are respected by competitors to the extent they limit their chances of winning by not cheating or violating the rules of fair competition or taking illegal drugs to enhance performance. Sports have often been corrupted by gambling and big money which puts enormous pressure on athletes to win at any price or reach the result gamblers prefer.

Government Corruption Stifles Business

Business investments in a country which is unethical, corrupt, undemocratic with a centrally controlled government will tend to make all businesses done in that country unethical and corrupt. The United States is one country that has punished its businesses for participating in corrupt practices abroad. This problem is a major reason for lack of development and poverty in many less developed countries. Corruption weakens economic performance. The World Bank has recently announced a broad strategy to try and stop such practices.

Korten's Corporations Ruling the World

In his chapter 20 "Agenda for Change", David C. Korten, in *When Corporations Rule the World* first published in 1995, cites Herman Daly and John Cole Jr. to the effect that "[a] political community cannot be healthy if it cannot exercise a significant measure of control over its economic life." Korten continues this theme by writing "few rights are more fundamental than the right of people to create caring sustainable communities and to control their own resources, economies and means of livelihood" and to choose their own cultural values. A globalized economy of large corporations, according to him, denies these rights. People, not corporations who have acquired in the United States constitutional rights, should make these most important choices. Korten then goes on to explain how the people should reclaim their political and economic spaces.

The next Part VI of this book entitled "From Corporate Rule to Civil Society" starts with a chapter entitled "Making Money Growing Power". If Korten is right that democracy is diminished by the operations of short term profit objectives of large global corporations and this activity is not balanced by benefits to the people, the system of replacing people's power and wealth by large corporations power and wealth is negative and not ethical. But this trend is very difficult to reverse¹⁶⁴.

Bakan Thinks Corporations are Evil

The recent book, *The Corporation –The Pathological Pursuit of Profit and Power* by Joel Bakan¹⁶⁵, has been reviewed by Alan Dershowitz who writes that Bakan shows the corporation to be a "monster that can swallow civilizations –greedy, exploitive, and unstoppable." Bakan begins by explaining it is an institution that operates in its own self interest regardless of "the often harmful consequences [...] to others", "a pathological institution, a dangerous possessor of great power it wields over people and societies.

Bakan describes how General Motors used a cost-benefit calculation that favored company profits over human lives by building a car with a gas tank behind the rear axle rather than in front of it. He implies that the company had knowledge that this structure would result in more explosions occurring in accidents costing more human lives than if the tank had been installed in front of the rear axle at greater cost to General Motors.

¹⁶⁴ Korten, David C. 2001 (second edition). *When Corporations Rule the World*. Kumarian Press Inc., Bloomfield, Connecticut, and Berrett Koehler Publishers Inc., San Francisco, California.

¹⁶⁵ Bakan, Joel. 2004. *The Corporation –The Pathological Pursuit of Profit and Power*. Free Press, A Division of Simon & Schuster Ines, 1230 Avenue of the Americas, New York, NY 10020, USA. Joel Bakan was a former Rhodes Scholar, now a Professor of Law at the University of British Columbia and co-creator of the film *The Corporation*.

Bakan notes that corporations increasingly dictate to their supposed overseers in governments as the world's dominant economic institutions and they have occupied "central domains of society embedded within the public sphere." In short, they govern our lives. They decide what we eat, what we see, what we wear, where we work and what we do. "We are inescapably surrounded by their culture, iconography and ideology. Like the Church and the monarch in other times, they posture as infallible and omnipotent, glorifying themselves in imposing buildings and elaborate displays. Its dramatic rise to dominance is one of the remarkable events of modern history [...]." Their doctrine to justify this domination is let the free market decide all economic and societal questions and they do what they can to influence what the market decides regardless of the social consequences in many cases.

It is worth noting that almost no corporation is democratic but usually has a chief executive with almost unlimited powers often given to the chief executive by his board of directors which he chooses. He is, in many large companies, paid like a king.

In his Chapter 6 about remedies for curbing the dominant institution, he reminds the reader that the great empires, the Church, the monarchy, the Communist Party of Eastern Europe were all overthrown, diminished or absorbed into new order. He doubts if the corporation will be the first dominant institution to defy history, especially since we now see that it cannot solve, but sometimes worsens, the world's problems of poverty, war, environmental destruction and ill health and stability of financial markets.

He doubts that voluntary corporate social responsibility will provide the necessary control over corporate activity through a market mechanism, i.e. consumers will choose to buy a "good" company's products if everything else is equal. But many consumers will often buy the least expensive

product even if the company is not considered "good" socially. Wal-Mart, the largest retailer and a very successful company, is well known for paying low wages and minimum social benefits in order to keep its prices low, which is an advantage for the poor.

The author notes that "corporations cannot exist without the State nor can markets." They are a creation of the government and the corporation must be "measured against the standard applicable to all government policies: does it serve the public interest?" Governments do have the power to discipline wayward corporations if public opinion becomes irresistible. An example is what the government did to Enron.

In the United States, since a corporation is a creature of the State in which it has been incorporated, its charter can be revoked –a death sentence which seldom happens, except for non-payment of its State's taxes. Execution of such a death sentence is highly theoretical in case of a big company with its creditors, employees and other third parties who depend upon it.

Since abolishing the corporation is unrealistic, the author believes the only way to change the corporation into a non-psychopathic entity is to improve the regulatory system, strengthen political democracy, create a robust public sphere and change international neoliberalism into a system where human values have priority over profit.

After the author's vivid description of how bad corporations can act, his conclusions, although probably well founded, do not leave the reader with much hope that the situation will change soon in absence of an economic or other disaster sufficient to mobilize public opinion, the voters, legislators and the governments to enact effective regulation of business.

Inside Job

A 2010 documentary, *Inside Job*, directed by Charles Ferguson, a former teacher at MIT, reports on the unethical if not criminal activity and practices of the financial, banking and other sectors in the United States and elsewhere.

It reached a climax in 2008 with the bankruptcy of Lehman Brothers triggering the worst depression since 1929. The title of this film reflects Ferguson's belief that the financial community including banks could and did become thieves and stole their depositors' and clients' money and caused incredible losses of jobs and assets facilitated by deregulation which was part of an ideology of most of the business community, i.e. the ideology that business could regulate itself and be more efficient was prevalent in leaders like Alan Greenspan and most others.

Mr. Ferguson's thesis is that the financial sector went wild and that Wall Street culture was excessively addicted to speculation, like its people were often addicted to cocaine and prostitution. One madam, a manager of a large ring of prostitutes stated that she had 10 000 clients in New York, from major banks and financial institutions who paid for these activities with their corporate funds as business expenses. A psychiatrist noted that concentration on money lighted up the same part of the brain on brain scans as drug consumption. Money was also addictive.

A particularly troubling aspect of the situation portrayed in the film was the process of deregulation started 30 years ago with the Reagan administration, who thought government was the problem and not the solution. This ideology continued through the presidencies of Clinton and Bush. The financial sector enlisted leading academics and economists from Columbia and Harvard paying them big fees to give academic and intellectual credibility to this ideology that the economy does better with self-regulation,

not government regulation. The astounding amount of money spent in lobbying influenced congress, politicians and the public before the crash. The film showed the U.S. government was captured by Goldman Sachs' former employees who occupied top positions in the government and elsewhere.

Financial executives before the crash earned huge remuneration like Mr. Fuld the President of Lehman Brothers who made 75 million dollars a year.

The film also explains why the reform efforts have been minimal. The financial sector appears to prefer lucrative unethical conduct despite its disastrous effects on the economy, the people and even on their own companies.

President Barack Obama terminated his top financial economist who participated in the deregulation which helped precipitate the disaster. The financial community has fought tooth and nail against reforms and more regulation by expending billions of dollars on lobbying. As a result many of reforms have been weakened or not enacted into law.

If there is to be improvement, some will need to come from the reforms put in place, but over the long term, clients, banks and the financial industry will need to be more careful to protect their own long term interests. But as in the past, if and when things get back to normal, future generations will probably forget any lessons learned and another different kind of financial abuses will creep into business and cause a new financial crisis.

The message of the film is doubly impressive because it begins with Iceland's sad story in going from happy prosperous economy to pauperization of its banks and economy. A few large fortunes were made on borrowed money for a while, then unemployment and economic disaster came quickly. The business community sowed the seeds of its own destruction in excessively spending

borrowed money i.e. other people's money, providing some short term wealth but jeopardizing business stability. In Iceland the Prime Minister was subjected to criminal prosecution for his responsibility in not preventing the economic crisis. In the U.S. apparently no politician was held responsible for creating a dangerous situation. However some litigation has started for failure to meet underwriting standards when packaging home loans (see p. 259 Prosecuting Politicians and Underwriters, etc...).

In 2013 and 2014 settlements for fraud with Bank of America, J.P. Morgan Chase and City Bank totaled \$63.65 billion for selling toxic mortgages.

See rt.com/business/181724-bank_of_america-17-billion (consulted September 2, 2014).

In order to evaluate the merits of this film one needs to remember that it is a film made to make money and to do so it helps to have a good story with some villains. Although classified as a documentary this doesn't mean it is all true since opinions in it are expressed throughout. Nevertheless, it is clearly a gripping story of recent history and a tragedy of ideology, and greed resulting in great material damage and human suffering. Inside Job allocates blame clearly on Wall Street and its culture.

Some observers believe what happened is a natural consequence of the free enterprise system and the rapid invention of new financial products having unforeseen consequences. But there is little agreement as to how to fix the system except to avoid all excesses and be more reasonable and be less greedy for money and more focused on building strong businesses over the long term that run less risk for more modest profits.

Mr. Fuld, the chief executive of Lehman Brothers had many jet airplanes and helicopters. He had the nickname of Gorilla because of his competitiveness, belligerence and unrepentance. Mr. Fuld between 1993 – 2007 was paid ½

billion dollars in remuneration. His company lost billions by excessive leveraging borrowing and selling risky products.

There are of course different stories and analyses of what the causes of the financial crisis were by both Republicans and Democrats, greedy people in the financial community, borrowers, speculators, academics who for better fees confirmed the ideology in question. Regulators remained passive and government encouraged conduct that led to disaster. There were a few economists, writers and others who warned of the approaching disaster but these warnings were ignored by regulators, businessmen and the public.

Kazakh view of Wall Street

In January 2010, a high Kazakh official was reported to have said in a Wikileaks reported communication: "The capitalism – you call it market economy – means lots of money. If executives of Goldman Sachs can earn 50 million dollars a year and then manage the U.S. economy in Washington, what is the difference with what we do, they ask¹⁶⁶.

Chicago Economics Professor Raghuran Rajan's Views

Raghuram Rajan, a professor at the University of Chicago Business School and former Chief Economist at the International Monetary Fund wrote "We are all to blame for the crash (...) the circle of blame goes wider than greedy bankers and negligent regulators (...) it includes you and me and the politicians we elected (...) almost all culprits acted in good faith (...) and even rationally given the circumstances. If this were not the case, avoiding the next crisis would be much easier. We could thump the villains and move on. If only it were so simple".

¹⁶⁶ Le monde.fr lettre titres (version HTML) on behalf of Le Monde.fr info-html@listes.lemonde.fr: *Dictators and Mafias in Central Asia*, 12/12/10. The diplomatic "memos" of Department of State preparing a vitriolic (sulfuric acid) report on former soviet republics.

Some at the University of Chicago have asked how much the widely shared free enterprise views like those of Milton Freedman of the University of Chicago were a contributing cause to the crisis.

The comment of Clive Cook in a review¹⁶⁷ of Mr. Rajan's book from which the above quotes are taken, was that he was one of the few who sounded the alarm before 2007.

Risk in Bankers Blind Faith in Wishful Thinking – Gillian Tett¹⁶⁸

Gillian Tett is an experienced Financial Times journalist who has carefully studied the 2007-2008 financial crisis including subprime mortgages issued in the run-up to this crisis.

She asked herself were the people drafting these mortgages “completely delusional”? Or just cynical and greedy? Or did they believe the sales pitches they were delivering to these customers?

In her research she saw a study by three U.S. economists from Princeton and Michigan. The conclusion of this study was that those bankers doing the securitization actually believed “their own hype (...), bought large quantities of housing stock at the worst possible moment (...) and failed to sell in time to avoid large losses.”

Gillian Tett concludes that they were not “crazy or evil (...) but plagued by tunnel vision or group think”.

This research cast doubt on the idea that risky behavior can be curbed by “demanding that bankers have “skin in the game”, i.e., be sure they invest in the products they are selling.

¹⁶⁷ Financial Times, June 2010, 2010, page 10

¹⁶⁸ Quotations in this section are from Tett, Gillian 2013, *The Blind Faith in Wishful Thinking* Financial Times March 23/24 2013 p. 6.

In addition, there is nothing rational about the approach of such bankers but they have “cognitive biases”.

Such behavior bears some similarities with behavior of cows when being herded and especially with stories of lemmings, a type of rodent in northern regions of Europe who are alleged to follow their leader (or public opinion) to their death by running off cliffs or swimming too long and drowning in too large bodies of water from exhaustion. In fact sometimes due to eccentric reproduction cycles there are mass migrations of lemmings when populations increase excessively.

However, this reminds us once again that humans are animals with many of the same characteristics and animal instincts that help explain with hindsight "unreasonable" human behavior.

Does SAC, The Most Profitable Hedge Fund, rely on Insider Trades to Deliver Huge Profits?¹⁶⁹

Mr. Michael Steinberg in March 2013 become the eighth employee arrested working for SAC, the 15 billion dollar hedge fund – headed by Steven Cohen, with offices in Stamford Connecticut "with over a 1000 staff and 150 separate investment teams". SAC settled other insider trader claims' in March of 2013. Some investors "indicated they would withdraw \$1.7 billion from the firm". Civil charges were also brought by the SEC which implicated another portfolio manager Gabriel Plotkin. Mr. Cohen the boss has had publicity recently relating to his purchase of a 155 million dollar Picasso painting. In 2012 two other portfolio managers in the firm were tried. They identified Mr. Steinberg as an unidentified co-conspirator. An investigation into this company's activities was in its sixth year probably because its investment record is "considered

¹⁶⁹ This paragraph is based on "SAC veteran to face criminal charges – Returns Keep Prosecutors Circling – News Analysis – After Eight Arrests Dan McCrum and Kara Scannell ask: What kind of a company is SAC? Quotes are from this article "Financial Times Weekend March 30-31 pages 1 and 9.

by some to be too good to be true". SAC has earned 25 percent more on the average (each year) since 1996 after fees according to investors. This is "even all the more remarkable because SAC's fees are unusually large". SAC fees are 3% for the annual management fee compared to the usual 1.6% and 50% of investment profits compared to the usual 18%. "This performance is routinely ascribed to Mr. Cohen's particular genius as the greatest trader of his generation."

Sheelah Kolhatkar in "The Dangling Man – On the trail of SAC Capital's Steven Cohen" in Bloomberg Business Week notes that "hedge fund traders used expert net works to connect them with employees at companies who could provide insight about their industries for fees that might run into from thousands to hundreds of thousands of dollars" quoting Richard Choo-Beng Lee a former hedge fund manager now cooperating law enforcement authorities.

Mr. Cohen's lawyer argues although he has not been charged by authorities with any wrong doing he "is caught in the cross fire of aggressive investigations of others" and SAC says he "is a man of integrity".

Mr. Cohen has a close knit group of four sector heads "trusted with the most buying power" of about 1.5 billion of buying power each. He is the boss.

As a result of so many of his employees convictions for insider trading his company has been brought to a standstill and invests only his own money which is still in the billions of dollars.

This reminds one of Mr. Madoff's reputations to always have high returns for his investors. But in his case there was no serious investigation by the SEC or other authorities or prosecutors who should have investigated his "genius".

Cassidy's Article – What Good is Wall Street?

John Cassidy¹⁷⁰ in the New Yorker notes that the financial industry has since the 1980's moved away from traditional banking activities more closely linked to the real economy accepting cash and savings for deposit and relending to individuals and businesses, and helping finance business through raising capital from public subscription of shares (IPOs). Banks have helped companies grow big by lending to them after initial investments financed by angels and venture capitalists.

The traditional banking business is now a much smaller portion of their revenues and profit. They are buying and selling stocks and bonds (securities trading) with their own capital, depositors' money or borrowed money.

According to Cassidy, for example this activity accounted for 36% of Morgan Stanley's revenues in New York and a much higher percentage of its profits. Between July and September 2010, Goldman Sachs trading activity was 63% of its revenue, and corporate finance just 13%. The Citibank also has very substantial revenue and large profits from trading activities. This seems to have worked out well for most financial institutions except where "rogue" traders take on too large risks (bets) and lose huge sums sometimes destroying their bank, as was the case with Barings on 1995. More recently the Société Générale made a huge loss in France through a rogue trader who received a long prison sentence, later reduced. The top executives remained wealthy.

Trading activity is unrelated to the real economy. It is making bets on the market. How can so much revenue and profit come from this activity? Can it be because of the expertise or inside knowledge of these investors? Goldman Sachs sold securities to clients after helping another client to

¹⁷⁰ Cassidy John, 2010, November 29, *What good is Wall Street ?*, The New Yorker, NY NY page 49-57.

develop a system to profit from a fall in the price of the same investment.

Lehman Brothers bankruptcy triggered a worldwide recession. J.P. Morgan disclosed a six billion dollar loss in the spring of 2012.

Trading by financial institutions and other high risks but often lucrative investments (subprime mortgages) threaten financial stability of investment banks and other financial institutions and the entire financial system.

Lord Adair Turner, the chairman of the UK's top financial watchdog has characterized much of what happens on Wall Street as a "Socially useless activity".

Since 1980 the number of people employed in the U.S. in finance broadly defined has shot up from 5 million to more than 7.5 million. It has gone down significantly after the 2007-2008 crises.

After the carnage, they were receiving huge bonuses again because the financial businesses could afford it despite the fact they were not lending as much as the U.S. government wished to finance the real economy, which restrains economic growth. The employees who lost jobs, savings, houses and retirement pay and the tax payers were and are stuck with the costs.

The resulting losses are unequally and unethically ultimately borne by those who lose jobs and houses, other assets and by the tax payers. Wealthy financiers usually survive such crisis comfortably but often unethically.

Greed, Mistakes and Ignorance of Wealthy Financiers and Politicians

We have seen in the previous sections that the history, nature and purpose of the corporation is to go for the money and is not designed to reach social objectives for the benefit of society although by providing jobs, money to employees and suppliers business also works in the public interest.

However, things go wrong where business leaders' primary or overriding objective is to increase their personal wealth and the policies they follow lead to financial crisis like in 2007.

The story of Sanford I Weill, the former chairman of Citigroup is perhaps the best example of someone who made himself an enormous fortune at the expense of financial and job losses of thousands of other people after he had opportunely retired with his fortune. His timing was perfect. His policy of acquisitions to build a huge conglomerate financial behemoth which included a large insurance company allowed him to pay himself very large salaries and secure other financial advantages. This happened because it was possible for him to argue his policies were good for the business of the bank he directed – it grew very large. But was his primary motivation that of a pirate capturing personal wealth or did he really believe what he did was in the interest of his employees, shareholders, stakeholders and society as a whole? Citibank during this run up in size violated U.S. law by acquiring an insurance company and Jack Grubman, an employee, had a serious conflict of interest scandal. After accumulating a fortune and after the crash he now admits that giant banks should be broken up – it was all a big mistake¹⁷¹.

In Mr Ferguson's view as argued in his documentary Inside Job, Mr Weill and much of Wall Street activity preceding and during the crisis should have been considered criminal activity resulting in prison for those responsible.

But his former employee James Dimon who became head of JP Morgan Chase, who is still in place even though his bank had a multibillion dollar loss is sticking to Mr. Weill "mistaken policies" and still earning very substantial remuneration although he recently reduced it

¹⁷¹ Eisinger, Jesse, August 2 2012, As Banking Titans Reflect on Errors, Few Pay Any Price. Citigroup served as a harbinger of banking rot to come, page 5B The New York Time Business Thursday August 2, 2012.

voluntarily in light of heavy criticism. This bank continued to grow taking over other financial institutions in financial trouble during the crisis with the help of the U.S. government which had the effect of further concentrating and increasing the size of the financial sector excessively. The large financial institutions like JP Morgan Chase, Goldman Sachs and other similar financial power houses to great extent own the United States and its people. See Lawrence Lessig's description of institutional corruption in "Republic, Lost" supra.

There were political policy mistakes which also contributed to causing a crisis. During the Clinton administration policies were put in place to facilitate relatively poor peoples' ability to purchase a home. This government policy to help the poor encouraged giving subprime mortgages to people who were not credit worthy. When easy credit stopped their mortgages without fixed interest rates had interest rates which skyrocketed. Their mortgages became unaffordable and large numbers of foreclosures resulted in making the crisis even worse i.e., negative leveraging.

As Raghuram Rajan, wrote above, there is plenty of blame for many others including the borrowers who were not credit worthy for accepting risky loans. But probably more blame should be placed on those pushing the mortgages on non credit worthy borrowers since they were credit professionals and knew or should have known these mortgages were risky. But they were motivated to push these mortgages because they were paid to do so and when they were packaged and resold the mortgage lender retained no risk of nonpayment. They received the "cooperation" of the credit rating agencies who gave these securities top ratings. They also were not held responsible for this improper conduct apparently on the theory it is only their "opinion". There was an obvious conflict of interest: they were paid by those packaging the securities and in a way

acted fraudulently towards those relying on the ratings which with hind sight seems incredible. However many ratings were based on a mathematical theory at the time accepted by many especially those who profited immensely from this activity.

More recently there was fraudulent or unethical conduct by Barclays relating to the LIBOR interest rate scandal, HSBC's involvement in money laundering and other bad news.

Professor Gar Alpervitz thinks that due to the size of the five biggest banks with combined assets equal to more than half of the nation's economy there is no way to regulate them; they are too big and breaking them up would not last so the best practical solution is to nationalize them. In his article he notes that bigness and competition could be mutually exclusive and quoting a Chicago School economist, Henry C. Simon's view expressed in 1934 "the corporation is simply running away with our economic (and political system [...] Every industry should be either effectively competitive or socialized [...] The state should face the necessity of actually taking over, owning, and managing directly industries in which it is impossible to maintain effectively competitive conditions". Nationalization unfortunately also carries with it the risk of incompetent or dishonest government employed executives. So one may reach the conclusion that nothing works.

For the moment the U.S. is still trying to reform and regulate the financial sector, so if nationalization is the right answer it will need to wait until public opinion and politicians support such action which might only occur after another more serious financial meltdown¹⁷².

¹⁷² Alpervitz, Gar, July 22 2012, Wall Street Is Too Big to Regulate Op. Ed Contributor – The New York Times. See also Allison, Herbert M. May 17, 2011 The Megabank Mess who claims that investing in Mega Banks could be riskier – not less because they are addicted to risk and have "deep seated conflicts of interest", A Kindle Single.

One is tempted to comment that when a community gets in the grips of speculation many actors are mobilized to play their respective roles and no one wants to be the first to break the fever and send the economy into a crisis. As Mr. Prince of Citibank commented that until the music stops everybody keeps dancing (and speculating) so as not to fall behind the others in earning money.

Thus there seems to be a fatal flaw in the liberal free enterprise system which has brought us great wealth but with periodic booms and busts. So far we have not discovered a better system in our imperfect world where greed nearly always overpowers ethics at some point as a stronger motivation most in human beings.

The Business of War – Is it ever Ethical? Preventive War?

At the macro level states, empires and nation states have for most of history acted like criminals and sought richness by conquest which has been a successful business strategy for the most powerful states when they are winners and tragedies in almost all cases. Some rulers even if successful for a period have problems when their empires became too big to handle or their rulers excessive ambitions or incompetence led to defeat. Examples are Alexander the Great, Napoleon and Hitler. Here ethics did not exist because attacking and killing others to gain wealth and land is against the most universal of all ethics principles – do unto others as you would have them do with you and "Thou shalt not kill".

Self-defense is considered a legitimate reason for killing but this becomes difficult when one strikes first on the theory that the enemy will strike later when ready.

A most sensitive question on this issue, which recently arose in the United States relating to its attack on Iraq, is whether preventive war is ethical and under what circumstances. Should it have required a declaration of war by the U.S. Congress, a democratically elected body, or

does the president of the nation have a discretionary unilateral right to make this decision¹⁷³.

President Bush's attack on Iraq was based on mistaken judgment as to Iraq's nuclear and weapons of mass destruction capability and upon the assumption that even if true a preventive war was the right answer. But in the case of Hitler, failure to guess right as to his intentions was nearly fatal to the allies who should have prepared and tried to stop Hitler earlier.¹⁷⁴

Israel faces a similar difficult problem with the development of nuclear weapon by Iran who announced its intention to remove Israel from the map. Général Henri Paris, a distinguished military counselor of French Ministers of Defense, geostrategist, author of books on war, and former commander of the 2nd Armored Division, has concluded from his knowledge of the history of warfare that there is no stopping the proliferation of new weapons. If this truth is taken into account it may be prudent to plan for a balancing of nuclear weapons by the countries securing nuclear weapons, which is probably a better solution than provoking a preventive war.

Most countries except Costa Rica maintain armed forces.

The armed forces are an ethical institution to be encouraged for the purpose of defending each country from an unprovoked attack by an aggressor. Violation of one of the Ten Commandments by organized killing by such armed forces for self-defense can nevertheless be ethical, under those circumstances even if killing others is per se unethical. It is enforcing justice and as we have seen enforcing justice is an ethical activity. It is unfortunately the imperfections in

¹⁷³ Montagnes, Mercedes; Bateman, Kristin. March 22, 2007. *Barron, Feldman Debate War Powers*. The Harvard Record, Vol. 124, No. 9.

¹⁷⁴ Christopher, Paul. 1994. *The Ethics of War & Peace: An Introduction to Legal Moral Issues*. 2nd Edition, Prentice Hall, New Jersey.

See also Général Henri Paris. 2010. *Ces Guerres qui viennent* ("The wars that are coming"), Le Fantascopie Editions, Paris, and his previous books on war.

humanity that lead us into situations where killing is necessary.

A military person also should be ready to sacrifice her or his life in the profession which has high ethical values. Therefore military ethic is special if not unique – it deals with killing or being killed.

The French Minister of Defense in a publication about ethics in the French Navy growing out of a conference on Naval Military Ethics raises various important questions present in this subject for those entering a profession involving reciprocal killings.

The armed forces usually include in their numbers different religious leaders representing the different religions.

Although high technology and sophisticated weapons often means killing occurs at great distances the moral and ethical questions remain present.

In the introduction to this volume a well known philosopher Michel Serres answers questions including one about the difference between ethics and morality. He explains morality comes from the Latin language while ethics is of Greek origin and although meanings were identical long ago ethics has acquired a meaning more associated with deontology of different types of activities¹⁷⁵.

The Business of War turned out to be expensive for the Nazis responsible for the war. The Nuremberg trials held between 20 November 1945 and October 1949 condemned many Nazi leaders to death by hanging. Numbers of others committed suicide before they were executed.

In this case the lack of ethics was enforced ex post-facto which some claimed made these trials illegal. In normal criminal procedure a law which exists must be

¹⁷⁵ Bulletin d'Etudes de la Marine (Study Bulletin of the Navy) n° 43, September 2008, l'Ethique du Marin Militaire (Ethics of the Military Navy), page 1-150 with different articles written by officers and others in the French Navy.

violated to support prosecution of a crime from a legal point of view. To define a crime after it has been committed is not considered legal and can be arbitrary. It can also be considered unethical. Here the terrible enormity of the conduct of killing million of Jews and enemy soldiers was too much. In most countries murder is a criminal act. However in Germany at the time it was considered permissible by the Government and a positive government policy. In addition this aggressive and criminal war caused by the Nazis and Japanese killed a total of an estimated forty million persons. Therefore, the allies were convinced that it would be wrong not to punish the wrong doers.

The History of the Human Slavery Business

One of the major sources of slavery arose from winning the control and power over prisoners of wars in the many wars which have occurred throughout human history.

Although it is probably true that hunter gathers had no slaves, but after humans started living in larger communities with sizeable economic activities creating wealth the business of slavery started and existed throughout antiquity and up to recent times. It was not illegal and was a widespread respected institution. Even today there are millions of humans who are slaves for illegal sexual or economic exploitation even though in most developed countries it is a criminal offense.

The essence of slavery is treating other people like property sometimes purchasing them and selling them. They have no rights or liberty. The Nazis in World War II had Russian slave workers.

As of November 2003, 104 nations had ratified the International Covenant on Civil and Political Rights approved by the United Nations General Assembly based upon Article 4 of the Universal Declaration of Human Rights. Slavery is one of the best examples of how ethics

have changed over time since it was considered legal and ethical for most of the history of the human race¹⁷⁶.

The Piracy Business

It is interesting to note that a leading business magazine recently featured an article about Piracy in the Gulf of Aden with the comment "Piracy is a crime, but it is above all a business". This article analyzed the business aspects of this activity which often includes kidnapping, torture, extortion and killing people. This is already a criminal activity in most developed countries. However, in Somali there is no efficient central government and local autonomous states often tolerate it and share the significant profit often made. The following information is provided in this article.

In 2010, a peak year, there were 321 attempted hijackings with about 1 out of 4 successful ones.

There is also a business selling security services to ship owners to protect their ships. Insurance companies insure the risk since only about 19% of total shipping traffic is impacted. The attacking team usually takes 30% with a special bonus for the first one to board the ship, a team on shore who hold the hostages and takes the ship get 10%. Another 10% is divided among local community and politicians, 20% percent goes to smaller investors and 30% to the "big boss" money people. The highest ransom received was 13.5 million paid for the Irene SL which had a cargo of \$200 million of crude oil. However, 2 or 3 million is a standard. Small pleasure craft are worth about \$500,000.

However, there is estimated \$300,000 costs involved to get into and continue in the business and to be a serious pirate. The business is dangerous. On January 15, 2011,

¹⁷⁶ This section of this book is drawn from general knowledge and encyclopedias like en.wikipedia.org/wiki/History_of_slavery#Cite_note_Britannica_1-1. For further research see David P. Forsythe ed (2009) *Encyclopedia of human-rights* Oxford University Press page 494-502 + Finley, Moses ed *Slavery in Classical Antiquity* (1960) Heffer.

South Korean special forces killed eight pirates who had taken over Samho Jewelry, a chemical tanker, and rescued all 21 hostages¹⁷⁷.

Another recent article¹⁷⁸ reviews two books which gave the impression that facts about Somali pirates are based mostly on oral statements which may be quite unreliable. This article is interesting because the author was invited to lunch with Abshir Bojah, a pirate chief in Puntland and where he is a celebrity. Stopping piracy will probably be possible only when the standard of income rises sufficiently in a country, and an effective central and local government is established and the other nations stop paying pirates. Israel and Russia have this policy.

Courageous Lawyer Fights for Victims of Wrong Committed by Multinationals in Court and Through Law Reform

A well known French lawyer, William Bourdon, wrote a book in 2010 *Face aux crimes du marché - Quelles armes juridiques pour les citoyens ? [Crimes of the market – What Remedies for Citizens?]*¹⁷⁹. This book describes cases tried or settled and the difficulties of victims of criminal misconduct of multinational corporations have in recovering damages for human rights violations and environmental disasters damaging them. One reason for this difficulty is the parent company is generally not legally responsible for actions of its subsidiaries who are separate legal entities.

Mr. Bourdon is not an ordinary lawyer or citizen but one imbued with great ethical conviction. He works to right wrongs for many clients unable to pay him. He established

¹⁷⁷ See *Dog Millionaires*, Bloomberg Business Week, May 16-May 22, 2011, pages 64-71, from which the text in this article is summarized

¹⁷⁸ « The pirates are winning », the New York Review of Books, October 14-27, 2010, Gettleman Jeffrey reviews two books : *Somalia : the new Barbary ? Piracy and Islam in he Horn of Africa*, Martin N. Murphy, Columbia University press [...]

¹⁷⁹ Bourdon, William. 2010. *Face aux crimes du marché - Quelles armes juridiques pour les citoyens ?* Editions La Découverte.

Sherpa, a not-for-profit association with pro bono volunteers to help him reach his objectives. Sherpa has expert knowledge and specializes in promoting forests and helping to slow climate change, analyzing environmental problems caused by mining, lack of access to clean water and agro-food, financial crimes, and research and development to provide effective legal actions.

This association not only attacks wrong-doing by multinationals but negotiates practical solutions to alleviate future problems. It is not just anti-multinationals but cooperates with them to find the best solutions. However, in his book, there is a Chapter entitled "Financial criminality, a congenital sickness of capitalism" which for most U.S. readers probably appears too socialistic and anti-capitalistic especially those on the political right since in the U.S. freedom of individuals and a free market are widely thought to be fundamental values that should not be subject to much regulation.

This association is primarily financed by private charitable gifts from foundations.

The Sherpa and Mr. Bourdon have been active in some high profile litigation such as Agent Orange use in Vietnam, defense of French Guantanamo's prisoners, the Pinochet case, and defense of genocide victims in Rwanda, Total's role in human rights violations in Burma and the negotiated settlement benefiting the victims.

The book is especially interesting because of the thirty-nine propositions or practical suggestions given for improvements in French law and practice.

William Bourdon would expand French court jurisdiction to accept jurisdiction over crimes and misdeeds in other countries by French corporations and their subsidiaries somewhat like what has happened in some Alien Tort Claims law litigation in the United State. This

law was reviewed by the U.S. Supreme Court (see *Kiobel vs Royal Dutch Petroleum Co.*) and has been limited.

In answer to the question "Are some businesses unethical by nature?", one is led to believe by the discussion in this book and experience that ethical ideas are mixed into business activities in various ways. However, the drive for profit or greed often, if not usually, overpowers ethics. When this occurs it is to the detriment of its customers and the public interest. In addition to this difficulty, the history of corporations is one of periodic scandals. The nature of the corporate structure is designed and built to maximize profit not to produce ethical behavior. When and whether the public interest, however that is defined, through public pressure, active associations, non-governmental organizations, new and more effective laws and government regulation, will effectively curb corporate abuses is an open question.

William Bourdon's idea of new national legislation to make multinationals more directly responsible and liable could also be an example for the U.S. should its citizens reach a level of public opinion to motivate its legislators to update the 18th Century Alien Tort Claims act and make it effective.

In France on December 13, 2012 there was an important conference in the *Assemblée Nationale* under the title *Devoirs des Etats, Responsabilité des Multinationales* (Duties of the Nations and Responsibility of Multinationales), organized by NGO's "*Collectif Ethique Sur Etiquette* and *Forum Citoyen Pour La Responsabilité Sociale des Entreprises*" which also included a number of leading politicians members of the French Assembly National, who were interested in these questions to work and promote new legislation.

The United Nations, OECD, and the European Union in the last two years have formulated norms relating to Human Rights going in the same direction but are limited

and do not provide practical remedies for abuses. One objective of this conference was to align French legislation on new international norms and texts. The conference was attended by civil society actors, law professors, activists, and others interested in promoting reforms.

The organizers distributed a one page (front and back) practical Summary of proposed Measures "Multinationals, Human and Environmental Rights: 4 Important Measures to Prevent Violations."

(i) The first one is one proposed in Mr. Bourdon's book as a priority "Responsibility of Parent Company for Activities of its Subsidiaries and its chain of suppliers in France and Abroad." This changes two legal principals and situations (1) where each company is independent and autonomous of other related companies in the same group and (2) shareholders in companies have limited liability. These two principals usually prevent effective remedies for victims of abuses and prevents lawsuits in the country of the parent country because of the legal separation of these entities and/or their suppliers or subcontractors when the parent company exercises some control over those other entities (whether contractual, through owning shares or other evidence of indirect or direct control in fact). This occurs through recognizing an obligation of care (*vigilance*) on the part of the parent company relating to the other entities under its effective control.

The immediate action provided is for a group of parliamentarians interested in parent company responsibility for corporate responsibility to be formed on the initiative of the two associations organizing this conference for the purpose of holding hearings and drafting propositions to put in place the obligation of due care (*vigilance*) for parent companies as well as the 4 measures outlined in this document.

(ii) The second important measure to work on is to eliminate obstacles to access to court action by victims of

injustice to introduce class actions into French Justice to apply to more than consumer protection law. It should be expanded to include all civil cases to all individuals and legal entities whether French or foreign residing in France or abroad to join together as plaintiffs against a French enterprise when the activities of such enterprise are the only facts causing the actual and personnel damages to such person. This should provide for recovery of all damages in accordance with the principals of tort law, i.e. personal injury damage and intangible damage (moral damages) allowed based upon the case law in the Erika case where ecological damage was compensated.

Other immediate action should be studied and consultation with all civil society actors concerned by those interested in broadening the French class action procedure in French law especially those interested in increasing court access to victims of wrongful action by multinationals.

(iii) The third action that needs to be taken is to insure that the French national government sets appropriate standards that will be an example where it conditions investments or participates in the financing itself or guaranties investments. These must satisfy social, societal and environmental requirements.

This applies to government investment insurance by entities such as COFACE and AFD who should not support or guarantee projects endangering human or environmental rights. This means that such clients should be required to follow reasonable due diligence procedures relating to the potential impact of such activities.

Other immediate action to be taken is to organize debates in Parliament on the report sent to the European Parliament by the Ministry of Foreign Commerce on the COFACE and NATIX is on activities they manage for the Nation.

(iv) The fourth important measure to be taken is to guarantee the transparency and access to information on activities of enterprise and their impacts in the field of human and environmental rights and tax paying. At present, even though strengthened by the law of 12 July 2010 (Grenelle II) reporting is still unsatisfactory and it should cover larger geographical areas and French subsidiaries.

More immediate action in France is required to reinstate Article 225 of the Grenelle law II in its version of 12 July 2010 to avoid any further limitation. It is important to give the chance to employer representative organizations and civil society representatives to give their opinions on matters other than financial matters in annual reports and requirements for reporting by subsidiaries.

With regard to Europe, France should continue its active role in the adoption of the European directive in reporting on non financial matters presently being drafted by the European Union.

Jean-Jacques Prompsy goes to Jail – Business and Ethics were incompatible.

One author, who was an executive in a large well-known French company, spent time in jail. His company had contracts with a municipality for supplying water and was involved in a service contract which was a cover for considerable financing of a political party. He notes (i) that illegal market sharing or price fixing were common (*ententes*) among companies, (ii) that corruption payment to officials in foreign governments is necessary to secure contracts in some markets and (iii) industrial espionage is practiced by some states especially by intelligence services of the United States.

This example is cited to emphasize that even in the same country there are conflicts as to what has been

common in business and ethics. In such a situation, reality is one thing and ethics another¹⁸⁰.

Grielen's Predatory Businesses

Alain Grielen, a former French chief executive of a company, who worked for an association of businesses, believes that a quote he attributes to Abraham Lincoln describes the present day situation:

"The financial powers make the nation its prey in peace time and conspires against it in times of adversity. They are more despotic than a monarchy, more indolent than the aristocracy and more egoist than the bureaucracy. The financial groups have become all-powerful. What follows is an era of corruption of high offices. The financial powers seek to prolong their reign in using the prejudices of the people, which they have contributed to create and maintain, until fortunes are concentrated in a small number of hands [...] and the Republic will be destroyed."

The author adds that in the position he had, Lincoln was destined to pay with his life for writing such statements. The author also sees companies as predators, squeezing labor costs down and destroying democracy by controlling politics, the government and the media, so citizens are powerless. Since democratic values contribute to our ethical culture, this powerful ultra free enterprise system is leading our capitalistic democracy to ruin¹⁸¹.

¹⁸⁰ Prompsy, Jean-Jacques. 2007. *Traité des corruptions ou pratiques incorrectes des entreprises*. L'Harmattan. Paris. His book discusses the dilemma faced by an executive where the law, custom (*mœurs*) and morality have distinct meanings, depending on his job and responsibilities, and which vary depending on the time and place, and which might have been unofficially tolerated at some point in the past but then later condemned and punished.

¹⁸¹ Grielen, Alain. 2006. *Menace sur l'humanité à l'ère des prédateurs*. L'Harmattan, Paris. Pp. 23; 59-60.

See also Robert Reich's interview in www.lesechos.fr of 28 January 2008, *L'Europe va devenir super capitaliste*: <http://www.lesechos.fr/info/inter/300235688.htm> (viewed 18.2.2008).

Elizabeth Warren exposes Credit Racket and the creation of the Financial Products Safety Commission¹⁸²

Recent unregulated abuses in credit card credit and mortgage lending in the 3 billion U.S. dollar annual financial services industry have Americans drowning in credit. In 2006, a then record 1.3 million families received foreclosure notices followed by 2.2 million families who were in foreclosure in 2007. That is 89 billion out of the pocket of ordinary middle-class families into bank employees and collection agencies payrolls. This situation has precipitated what some fear to be a worldwide recession due to the lack of credit worthiness of debtors; so now there is no trust, causing a shortage of credit.

The author poses the question: why is the purchase of a toaster so much safer than when a consumer signs a mortgage for credit or a credit card? The answer is that the price of the toaster can't change after purchase. Mortgages and credit cards can have the price increased after being signed by the purchaser at the discretion of the other party. This system seems like an illegal contract with only one party able to change the terms of a contract.

Why are these transactions so different? The answer to this question is regulation. Debt has become much riskier and creditors, mostly bankers, abuse consumers.

Financial products should enjoy the same protection for consumers as for tangible consumer goods, which are regulated by the Consumer Product Safety Commission, an independent agency founded in 1972.

The average Americans have acquired too much debt and many are unable to repay it. This could be for the reason that low and middle income families in the last 30 years have not seen income growing as fast as the wealthy

¹⁸² See Warren, Elizabeth. May-June 2008. *Making Credit Safer. The Case for Regulation*. Harvard Magazine.

class. With prices rising, increased debt has therefore become the reaction of such families to maintain their standard of living.

Those businesses granting credit have increased fees and developed small print in much longer contracts that consumers can't read and understand, and that are highly unfavorable to consumers.

There have been state regulations limiting interest rates, rules against usury, in the past but these have been eliminated with the help of the Supreme Court.

The unfairness of this situation is aggravated by enormous lobbying expenditures made by banks and the credit industry. Consumers have little or no lobbying effort on their behalf.

This situation has been improved by the establishment of the Financial Products Safety Commission, an independent agency to review new products for safety to eliminate hidden snares for consumers and hopefully avoid another serious financial crisis in the US like that occurring in 2007-2008.

Robert Reich – Competitive Pressures on Ethics

Robert Reich, the former Secretary of Labor in the Clinton administration and professor of public policy, has written about the intensification of the competitive struggle between companies in the United States in recent decades and the huge increase in lobbyists and money spent influencing the U.S. government to take actions favoring private corporate interests. He attributes this intensification of competition to progress in science and technology leading to easier communication and transportation, and to the deregulation of industry. As a result, the relative power of individuals as citizens has been greatly reduced while there has been very substantial growth in the U.S. economy. He notes that there are now oligarchies of industrial groups, usually not large numbers of small competitors, and

deregulation has liberated business from bureaucratic rules so it is efficient. Observers on the left claim that corporate leaders have become greedier, but greed is not a new phenomenon. Thus, he claims the U.S. is concentrating too much on economic efficiency and not enough on social, human and ethical values of citizens. As a result, the author sees a growing conflict between corporations and their investors against the citizens. Investors and consumers are winning but salaried employees are losing and citizen's power to participate meaningfully in government is reduced. There is less investment in the public good. He thinks China has a remarkable capitalistic economy in an authoritarian state. Since our democracy seems to be weakening, the author is concerned about the U.S. becoming more like China¹⁸³.

Some would say, to paraphrase Churchill, that the free enterprise system is the worst of all the economic systems, except for all the others.

But in order to make the immense and highly technical investments needed to develop new technologies in some industries like the production of atomic energy, the weakening of democracy as described above may be accelerated even further if a large centralized power like China is the only model that can possibly succeed in making such large long term (fifty or so years in advance) investments. The democratic free enterprise model may not have what it will take to get consensus necessary to make such colossal investments. Even now, the large competitors in the oil and other industries are working together to do the necessary fundamental research and development followed by a competitive phase where each partner takes its development know-how and competes. One major French power company has invested in China because it anticipates

¹⁸³ Reich, Robert B. 2007. *Supercapitalism: The Transformation of Business, Democracy and Everyday Life*. Alfred Knopf, New York.

China may replace France as the leading producer of nuclear power¹⁸⁴.

Professor Reich also points out that the U.S. public has less and less faith in its government and now believes it is run by "a few big interests".

Robert H. Frank – When Liberty and Competition Do Not Produce the Common Good

Robert H. Frank in his book *The Darwin Economy*¹⁸⁵ writes that Darwin had better insights into economic problems than Adam Smith suggesting that Smith's idea that the result of all selfish interests was the common good – the invisible hand at work "was almost an exception to the general rule of competition." Darwin thought that "individual and group interests often diverge sharply". It seems unlikely to the author of this book to think that the sum of the competing private interests and those who win their private competitive wars will together constitute the general interest or the common good for the community. Ferocious dinosaurs (large companies) gobbling up smaller animals and sharks eating other fish do not appear to lead to the common good. But that is competition and survival of the fittest.

The recent experience in the banking and financial sector where competition resulted in larger and larger enterprises eating smaller weaker ones securing ever more pay for top executives and the huge increase in the relative size and power of the financial sector seems to have ushered in the worst financial crisis since 1929 – certainly not in the common good.

¹⁸⁴ These questions and considerations were raised by executives of Total, the French Atomic Energy Administration, EDF and a power executive of BP in a seminar "Cooperation and Industrial Competition (Energy and Transportation)" held on February 19, 2008 at the French Senate and sponsored by the association ADAPES.

¹⁸⁵ Frank Robert H. 2011 *The Darwin Economy Liberty, Competition and the Common Good* Princeton University Press Princeton NJ.

Professor Frank's solution is to tax harmful behavior not to prohibit it. Those that can afford the tax will finance the government but the harmful activity by others less wealthy will be discouraged by taxation.

9. DOES ETHICAL CONDUCT PAY?

This question is difficult to answer because it is not easy to prove one way or the other since unethical conduct is usually hidden. However, in major business enterprises there are few open advocates for unethical dealing because it adversely affects the business's reputation, weakens employee morale and can create large potential risks for the business if the activity is not only unethical but illegal.

There have been many examples in the press where unethical conduct has been extremely costly to countries, companies and many individuals. Recent events in the U.S. relating to Enron and World Com are examples where the real financial condition of the business was not apparent to investors because of lack of transparency and questionable accounting practices which resulted in overstating earnings.

This situation with Enron in the U.S. arose recently after development of new trading markets with high risks. Significant speculation in a more competitive stock market with vanishing margins in some companies pushed business executives into unrealistic and dishonest accounting to maintain earnings, which, when discovered, provoked a steep downturn in the market for its stock and substantial losses for shareholders, including numerous pension funds. For workers, their jobs disappeared. In contrast, many top executives made millions of dollars selling shares based on insider knowledge before the fall. Some criminal indictments and jail sentences have been secured and law suits alleging illegal or insider trading, fraud and other legal theories have been filed and settled for large sums. Even so, unethical conduct may still have been profitable for some corporate executives as it appears to have been for

"Chainsaw" Dunlop who misled shareholders and the public when he was an executive in the Sunbeam Company and several other companies he managed. However a company which purchased Sunbeam in good faith recently recovered a judgment for 1.45 billion dollars from an investment bank which helped arrange the sale, based on its negligence in failing to inform the purchaser of its much reduced value.

Another situation occurred in 2000 in the Philippines, resulting in the attempted impeachment of President Estrada for unethical conduct and his subsequent forced resignation. This type of behavior undermined confidence and adversely affected the Philippine stock market when insider trading was suspected.

Illegal bribes win contracts which should be awarded following fair competitive principles. Such illegal conduct costs consumers more since the cost of illegal payments is passed on to them through higher prices. The U.S. Foreign Corrupt Practice Act criminalizes such activity for U.S. corporations.

Other examples of costs incurred by unethical conduct in France are recounted in a book entitled *Le coût de la non-éthique* (The cost of being unethical), Cercle Ethique des Affaires, October 1996, i.e. the hugely costly Crédit Lyonnais scandal which cost French taxpayers billions of French francs and which almost destroyed what was a leading international bank in the early 1900's. However, it should be noted that this was a government-owned bank, not a private enterprise.

Finding examples of where unethical conduct has profited immoral businessmen is much more difficult to locate or measure because, where successful, the situation is usually kept secret unless a scandal destroys secrecy.

Perhaps one exception is the business activities of the Italian mafia which has a long history and prospered in Italy and spread in the United States over a period of many years.

In these cases, bad ethics seems to have been profitable, although sometimes highly risky for its practitioners. Unfortunately such illegal businesses are widespread in many countries and sometimes move into legitimate businesses with their illegal methods, which make them even more difficult to suppress.

Warren Buffet – Honest Business is Fun

Warren Buffett, a leading American billionaire businessman, declined to make the judgment that crime does not pay in business dealings. He said "I won't say crime doesn't pay. But crime is not necessary and is not as much fun"¹⁸⁶.

Unfortunately, there is, in both developed and less developed countries, corruption and unethical conduct which leads to the conclusion that our societies are still insufficiently ethically developed and law enforcement too weak, so crime and unethical conduct unfortunately often seems to reward the individual wrongdoer. Less developed countries and former communist states are often in worse shape. Ethics, development and democracy are hopefully improving and are refined over the long run although there are periods of back-sliding as well, in particular when there is a boom followed by a crash in the stock market - which is up to now a periodically recurring situation in a free enterprise economy.

One attorney active in business has estimated that in his community one-third of the businesses have activities or operating procedures that are not up to ethical standards.

¹⁸⁶ Harvard Law Record. Apr. 10, 1998. *Buffett's Quotations*. Page 5.

Amartya Sen¹⁸⁷: Do Ethics Make Economic Sense?

The following ideas were expressed by Amartya Sen, a Nobel Prize-winning economist. In contrast to Milton Friedman (another Noble Prize winner), Sen has a different view on the role of profit seeking by corporations in modern economies. The different opinions of these two notable economists are rooted, to a considerable degree, in contrasting views of ethics.

Sen begins by questioning the source of the idea that business has no need for ethics. Sen points out that in both eastern and western thought ethics has been seen as integral to business transactions. Sen traces the idea that there is no connection between ethics and business to a misinterpretation of a famous passage by Adam Smith which reads as follows:

“It is not from the benevolence of the butcher, the brewer, or the baker that we expect our dinner, but from their regard to their own interest. We address ourselves, not to their humanity, but to their self-love”. See Smith, Adam, *An Inquiry into the Nature and Causes of the Wealth of Nations*.

This widely quoted passage has been interpreted as showing that markets can function solely on the basis of self-interest. Concern about others is unnecessary. Hence, ethics is simply not needed in business.

Sen argues that this reading of the passage misinterprets what Smith thought about ethics and business. He makes three important points to show the limits of pure self-interest in the market.

1. While self-interest provides effective motivation for the butcher, brewer, and baker to produce goods, a

¹⁸⁷ “Does Business Ethics Make Economic Sense ?” by Amartya Sen, *Business Ethics Quarterly* 3, no. 1 (1993): 45-54. Also see Bunting, Madeleine, *Global Development* www.theguardian.com/world/2013/jan/16/Amartya-Sen-india-dirty-fighter.

market also needs trust and confidence to function efficiently. For example, how much bread would a consumer buy if there was a suspicion that the baker substituted rat poison for flour because it was cheaper? [...]

2. Well –functioning economies need public as well as private goods. Public goods are essentially goods that are shared as opposed to private goods which are not shared. To a considerable extent, it is other-centered considerations that drive the production of public goods, rather than personal gain.

Sen offers some examples: one example of a public good is an epidemic-free environment. Since public goods are essentially shared, there is a significant free-rider problem. Air pollution is an example of a public bad.

3. In the distribution of goods, there are important non-self-interested motivators. People care very much if they don't receive their fair share of credit; they may well be outraged if they are unfairly blamed. Furthermore, many people are motivated by a desire to do good for others, say by contributing time or money to help flood or earthquake victims.

Finally, Sen says that there are two ways one can connect business and ethics. One is in a purely instrumental sense; the free market system needs a significant amount of ethics to function [...]. The other is out of intrinsic concern for such ethical values as fairness, the well-being of others, and a personal sense of integrity.

Sen has also written that economic growth without investment on human development is unsustainable and unethical. His work has contributed to the UN Human Development Index.

Armand Hammer - A Successful Unethical and Criminal Businessman

In John Richardson's book, *Sacred Monsters Sacred Masters*, published by Random House in 2001, he has rewritten a series of essays he previously wrote mostly about painters and collectors of art he has known personally "either because their genius, quiriness or villainy intrigued me [...]". In pages 268-288 he describes Armand Hammer, a businessman villain who was extremely successful in business, often on TV as a business leader, flew around in a luxurious jet and had a reputation as a genius philanthropist.

Richardson worked for Hammer's company, M. Knoedler & Co, an illustrious firm of international art dealers.

In his essay he writes "at first I was fascinated by Hammer, watching him fabricate something out of nothing. The boasts, the lies, the corners he cut!

I was also fascinated by Hammer's ability to persuade a great many people who should have known better. Deng Xiao Ping, [...] Edward Heath, Menahem Begin, [...] Leonid Brezhnev, John D. Rockefeller and Henry Kissinger [...] Hammer would have you believe he was one of the most farsighted entrepreneurs of his day who had built Occidental Petroleum [...] from nothing into a \$21 billion company, that he had brought off the deals of the century [...] with the Soviet Union and China [...] and he was the last great collector. This was virtually all a sham contrived out of smoke and mirrors and bullshit".

According to Richardson it was not until twenty years later after a brilliant investigative book by Edward J. Epstein who taught at MIT and other top schools: *Dossier: The Secret History of Armand Hammer*¹⁸⁸, did he appreciate

¹⁸⁸ For a summary of *Dossier: The Secret History of Armand Hammer* by Edward Joy Epstein see <http://www.freerepublic.com/forums/2661957.htm>
Gore Family Ties by John Ervin. Find articles/News/Insight on the news, May 22, 2000.

the extent of Mr. Hammer's dishonesty. Epstein was an accomplished political scientist who explained how Hammer bought politicians like Al Gore Sr. and Jr. and how they were in his pocket – sort of business associates who received stock in Hammer's company Occidental Petroleum, the 4th largest in the United States. Hammer's father Julius (probably a spy for Russia) taught his son how to be a communist and a capitalist expert in all the dirty tricks. President Bush pardoned him for his conviction for making illegal contributions to Richard Nixon's election campaign. So he "bought" both Democratic and Republican politicians.¹⁸⁹

So if one considers the case of Arnaud Hammer, one could conclude dishonest, criminal, unethical businessmen sometimes are extremely successful in business and still maintain good public reputations probably due to their charitable activities. What percentage of successful businessmen are dishonest? Half?

Clement's Unethical Blue Chips

Ronald W. Clement in his article *Just How Unethical is American Business?*¹⁹⁰ concludes that as of 1999, forty corporations in the Fortune 100 had reports in the press relating to accounting, securities or consumer fraud, discriminatory practices, undisclosed executive pay, questionable practices or patent infringement. The author lists the names of companies having the most unacceptable behavior as follows: Philip Morris (Altria), Lorillard (Loews), Merck, Ford Motors, MCI, WorldCom, Enron,

¹⁸⁹ The author is grateful to Gail Messiqua for referring him to John Richardson's book which initiated his research on Armand Hammer. Hammer has been the subject of five more favorable biographies: in 1975 (Considine, authorized biography), 1985 (Bryson, coffee table book), Weinberg, 1989, Blumay 1992, and Epstein, 1996 – and two autobiographies (1932 and a best seller in 1987).

¹⁹⁰ Clement, Ronald W. 2006. *Just How Unethical is American Business*. In "Business Horizons", No. 49, pp. 313-327. HBS Publishing.

Citigroup, J.P. Morgan Chase, Bank of America, Time Warner, Boeing, Exxon Mobil, Prudential, Microsoft.

Game Theory

Experiments in game theory on computers indicate that the tit-for-tat program wins when it uses cooperation for the first move and then plays whatever the other player chooses on the previous move. Its success was due to its being nice (not the first to defect), "provocable" (responding to the other player's decision with a defection), forgiving (punishing and then cooperating after a defection) and clear (easy for the other player to understand). Increasing the number of players tends to make cooperation more difficult¹⁹¹. Does this mean cooperation and ethical conduct in larger groups is more difficult and less likely? That is the conclusion of economist Mancur Olson who notes that in small groups one who contributes to the common good at his own expense shares more than he would if his contribution were made to a very large community, perhaps a more "ethical" act because his share of the common good is negligible (Mancur Olson, p. 71).

In conclusion, unethical conduct may pay for some individuals, companies and governments in some circumstances and especially in the short term, where the gain is very high compared to the risk and "cost" of being punished by the business community or the government, or when the unethical conduct remains a secret. But generalized ethical conduct in society makes the society work better, which directly or indirectly benefits the individual.

Sometimes Ethics Pays. Sometimes Crime Pays

The answer to the question "does crime pay" asked above depends upon the context. The examples given in the

¹⁹¹ Axelrod, Robert and Dion, Douglas. December 1988. *Further Evolution of Cooperation*. Science, Vol. 242, pp. 1385-1390.
<http://poverty2.forumone.com/library/view/7043> (viewed 26 March 2007).

paragraphs above show how varied and nuanced the answer can be.

10. CAN ETHICS BE ENFORCED? RELATION BETWEEN ETHICS (MORALITY), LAW AND JUSTICE

Minimum ethics tend to be enforced by law where the law is effectively enforced. Some individuals are selfish, envious, greedy, avaricious, violent and not always intelligent, so civilized societies need minimum rules of conduct enforced in practice by some authority. This authority is usually the State, the usual provider of justice through application of legal procedures. Some state power is practically non-existent like in Somali where powerful leaders enforce their rules more effectively.

Justice can be harsh and severe like in the Old Testament. Or it can be more merciful and human. In either case it is closely related to ethics. This is obvious after one reads the leading books on Justice: “Justice in Robes” by Ronald Dworkin (2006), Justice What’s the Right Thing to Do? Mitchel J. Sandel (2009) and “The Idea of Justice by Amartya Sen (2009). Ethics and Justice are adjacent concepts. Justice perhaps has a more public side than ethics and often implies enforcement in court. Aristotle wrote about justice and ethics. His justice is closely tied to citizenship and the good life¹⁹². A company's reputation depends in part upon how it applies social justice in dealing with employees and other third parties.

A leading scholar has written that the concept of justice arose in ancient Greece¹⁹³ when there were conflicts and disputes between the noblemen and the common people when the latter's economic position improved.

¹⁹² Sandel, Mitchel J. 2006, Justice.

¹⁹³ Jaeger, Werner. 1979. *Paideia: The Ideal of Greek Culture*. Oxford University Press, pp. 102-104.

In reaching justice, developed societies have usually relied on written rules. In civil law countries, the law is more often found in written codes. In common law countries, written court decisions have played a more significant role. Written rules are better than unwritten rules because they serve as a better guide for the judge or the authority making the decision and make arbitrary decisions more difficult to render. A written law tends to apply more naturally to all humans in society, wealthy and poor. Written rules also help the parties in society to know in advance what is lawful conduct. They can therefore better avoid unlawful conduct. But it should be noted that rigid application of laws, especially if out-dated, can lead to inequitable results. There must be some flexibility in interpretation of law to fit new situations.

Justice can be defined as equality before the law. This means an unbiased judge and a procedure designed to evoke the truth. Each party should be given an equal chance to prove its case is just.

Alternative dispute resolution often provides a more equitable way to find a solution to disputes by taking each parties interests and special situation more into account than is possible in a court proceeding where a judgment is rendered by a judge.

Leibnitz's idea of universal justice was charity or disinterested love, which he defined as finding pleasure in the happiness of others¹⁹⁴.

***Definition of Law – Complexity Herbert A. Simon,
Melanie Mitchell***

For the author the definition of law is as an artificial complex adoptive system converting chaos to order based in part upon the research and writing of Herbert A. Simon¹⁹⁵,

¹⁹⁴ Sullerat, Vincent. Jan. 2003. *Réflexions sur l'éthique*. Magazine Littéraire, n° 416, pp. 56-57.

¹⁹⁵ Simon, Herbert A., 1994; *The Science of the Artificial*. MIT Press, Cambridge MA.

probably the most brilliant political scientist of the last century, also proficient in mathematics, artificial intelligence, sociology, psychology and economics.

He used the word "artificial" as meaning not found in nature. Citing the dictionary definition he used "as produced by art rather than by nature". Artificial systems are designed by man. He also wrote that an artificial system is "inextricably interwoven with complexity (page XI in the Preface of the book cited).

Complexity, although never really well defined, generally has several characteristics according to Melanie Mitchell of the Santa Fe Institute. The system is dynamic, it changes over time, it adapts and sometimes has feedback. She also notes that when she refers to complexity, she assumes there is information or data involved and computers.¹⁹⁶

She notes that complexity is best explained by distinguishing it from reductionism. Reductionist thinking is based on the idea that study of each part of a situation will lead to the understanding of the whole. However, this way of thinking does not work when applied to explaining complex systems such as: how swarms of ants accomplish their tasks: brains, immune systems, economics, the World Wide Web (WWW) and stock markets. One cannot explain how the whole system works even though one understands each of its parts.

Many lawyers, judges, legal philosophers and scholars think of law as being a subject partially or wholly separate from ethics but with some relationship to ethics. Those who believe law is separate from ethics, a separate body of knowledge which should not be confused with morality or ethics, are generally described as "positivists" and belong to the positivist school of law. Positivists insist on distinguishing "the law that is from law that ought to be".

¹⁹⁶ Mitchell, Melanie. 2009. *Complexity: A Guided Tour*, Oxford University Press.

If one thinks of the criminal law punishing murder, this law seems to have very high ethical content going far back to one of the Ten Commandments. A law requiring a stamp tax on certain documents or an income tax seems to have less ethical content but other objectives regulating conduct or raising revenue.

The question of the relation of law and ethics if any was analyzed by two remarkable legal scholars. The first was H. L.A. Hart, a professor at Oxford who wrote in a famous article in the Harvard Law Review Vol. 71, number 4, February 1958, page 593, entitled "Positivism and the Separation of law and morals".

Professor Lon L. Fuller discusses Professor Hart article in "Positivism and Fidelity to Law – a reply to Professor Harts" in the Harvard Law Review beginning immediately after Professor Hart's article at page 630. The article "rephrases the question of law and morals in terms of order and good order". The following pages summarize parts of these famous articles.

There is a moral aspect to being faithful to the law because this tends to avoid arbitrary unreasonable personal decisions of a judge who does not follow the law. Consistency in the rules of law is part of law and order which is generally believed to be good for society because lawyers can better predict future decisions of the courts. However, if following precedent is too slavish with the passage of time, this can stray farther away from what appears morally correct, especially if public opinion has changed. In such cases, Courts often ignore precedents or go to great lengths to distinguish the facts from prior precedent to reach a better decision.

Normally law respects a promise to perform a contract and awards damages for a failure to perform. Failure to perform, especially if willful, is generally considered unethical. But sometimes a good businessman is justified in unilaterally terminating a contract if he prefers to pay

damages. Although this appears less unethical than respecting the original contract to the extent damages give the equivalent to what he contracted to receive, the result is less inequitable.

Professor Hart points out in cases where facts differ from the core decisions of settled case law or statutory language, the judge is forced to interpret or legislate but can't merely deduce through reasoning a result consistent with the law as it is. In this case the judge draws on what is socially useful or even fundamentally humanitarian principles or what is moral. So in such case the law that is opens up to be the law that ought to be.

The most extreme situations occurred in Nazi Germany where Nazi laws were evil. A positivist judge held in one case that a court should ignore an evil law, an extremely anti-positivist point of view.

According to Austin, law is the command of the highest legislative power or the sovereign. Gray wrote that law consists in the rules laid down by the judges. Professor Hart wrote that it is "certain fundamental accepted rules specifying the essential lawmaking procedures".

Professor Fuller does not believe that law is really separate to what law ought to be. When he comments on the fundamentally accepted rules mentioned by Professor Hart, these rules derive their efficacy from a general acceptance which in turn rests ultimately on a perception that they are right and necessary. They can hardly be said to be law in the sense of an authoritative pronouncement since their function is to state when a pronouncement is authoritative... Here again we must confess there is something that can be called a "merger" of law and morality and to which the term "intersection" is scarcely appropriate.

The Morality of Law

The Morality of Law written by law professor Lon L. Fuller in 1946 and revised in 1949 follows the two

famous articles written by him and Professor Hart in 1958¹⁹⁷.

Morality of Duty and Aspiration

The first chapter in this book is entitled the Two Moralities and quotes Webster's New International Dictionary's definition of sin "1. To depart voluntarily from the path of duty prescribed by God to man." His distinction is between the Morality of Duty and Aspiration. For professor Fuller the Morality of Aspiration is exemplified in Greek Philosophy as the "Morality of the Good Life, is excellence of the fullest realization of human powers". For Fuller the morality of aspiration "starts at the top of human achievement, the morality of duty starts at the bottom". He cites the Old Testament and the Ten Commandments – the thou shalt not rules as the morality of duty as the bottom – the minimum.

He then cites Adam Smith as follows:

"In his *Theory of Moral Sentiments*, Adam Smith employs a figure that is useful in drawing a distinction between the two moralities I am here describing.¹⁹⁸ The morality of duty "may be compared to the rules of grammar"; the morality aspiration "to the rules which critics lay down for the attainment of what is sublime and elegant in composition." The rules of grammar prescribe what is requisite to preserve language as an instrument of communication, just as the rules of a morality of duty prescribe what is necessary for social living. Like the principles of a morality of aspiration, the principles of good writing, "are loose, vague, and indeterminate, and present us rather with a general idea of the perfection we ought to aim

¹⁹⁷ Fuller, Lon L. (revised 1949) *The Morality of the Law*, Yale University Press, Book Crafters Inc., Fredericksburg, Virginia

¹⁹⁸ *The Theory of Moral Sentiments*, 1, 422. The distinction taken by Smith is not between a morality of duty and a morality of aspiration, but between justice and "the other virtues." There is plainly, however, a close affinity between the notion of justice and that of moral duty, though the duty of dealing justly with others probably covers a narrower area than that embraced by moral duties generally.

at, than afford us any certain and infallible directions of acquiring it.”

Professor Fuller sets forth in his book a moral scale that he compares to a yard stick. At the bottom it begins with the basic virtues that are necessary for harmonious social living. At the top of his imaginary yardstick, he places the “highest reaches of human aspiration”. Part way up the scale there is a marker which indicates where duties stop and the higher reaches of excellence begin.

There is no agreement where this marker should be placed. He concludes that to know what actions are evil, one needs to know what is very good and every action must be judged in accordance with how well it contributes to a perfect life.

The remainder of this book has chapters with titles such as “The Morality that Makes Law Possible”, “The Concept of Law” and “The Substantive Aims of the Law” which includes a section on “Legality and Justice” in which the author writes: “One deep affinity between legality and justice has often been remarked and is in fact explicitly recognized by Hart himself (p. 202). This lies in a quality shared by both, namely, that they act by known rule. The internal morality of the law demands that there be rules, that they be made known, and that they be observed in practice by those charged with their administration.”

So the fact that good legal rules exist is a contribution of law that provides ethics and morality by the fact that clear rules exist.

Enforcement of Ethics – Public Opinion, Boycotts, Lawsuits, Ethical Funds, Peer Pressure

Public opinion through boycotts or unfavorable publicity in the press can bring pressure on those in violation of ethical principles as well.

Greenpeace, a non-governmental organization, objected when Shell planned to sink its petroleum drilling

platform into the Baltic Sea. Threats of boycotts of Shell products by the public convinced the company to dispose of the old rig in another more expensive way, which it claimed was more harmful to the environment since the rig contained a minimum amount of petroleum products. A dialogue with Greenpeace at an earlier stage might have avoided this environmental conflict.

Investors in ethical funds have begun to apply pressure by withholding investment in companies in businesses considered unethical like tobacco and the arms industry, often through government-owned companies, and by imposing other ethical criteria on investment companies.

Peer pressure by other companies also induces companies to be more ethical even though it is to a certain extent "window-dressing". Competitive pressures motivate companies to keep up with their peers in term of human relations and environmental conduct.

Lawsuits are another effective means of enforcing higher ethical conduct of many multinationals and governments.

One leading oil company which also manufactures chemicals, with activities in exploration and production, refining and marketing, has taken a step to enforce the ethics set forth in its corporate code of conduct by providing for referral of ethical dilemmas to an Ethics Committee and ethics seminars for managers and a review of ethical performance by an unrelated company with United Kingdom accreditation¹⁹⁹.

We have noted above that leaders can by their power enforce ethics and punish violations. Equally or more important is the role of leaders who set an example and encourage and induce ethical conduct in their subordinates.

¹⁹⁹ Total. 2004. *Corporate Social Responsibility Report Showing our Energies, Ethics and Governance*.

Business Risks

Failure to act ethically can increase business risks which sometimes is costly (consider the cost of the recent hacking scandal in the UK in the Murdoch group). Reinforcing punishment in appropriate cases and more investment in effective policing personnel can help.

More Transparency

With the recent growth and efficiency of information and communication technology and effective regulation there is often more transparency, so hiding unethical conduct has become more difficult.

However, experience also indicates where there is intentional and intelligent fraudulent conduct, other executives in the organizations and auditors and regulators rarely find it, so the public is misled by assuming audits catch fraudulent criminals in most cases.

Prosecuting Politicians and Underwriters Packaging Subprime Loans

According to the 6 March 2012 issue of the Financial Times at page 2, the government of Iceland has filed a criminal case against its former prime minister who was in power during the time of the banking boom, when banks in that country expanded ten times before three of the largest banks failed and precipitated the horrible economic crises there. He is charged with gross negligence for lack of oversight of banks.

Bear Stearns now a J.P. Morgan subsidiary has been sued by the New York Attorney General relating to mortgage – backed securities "alleging the bank [...] did not meet underwriting standards promised to investors [...] resulting in 20 bn in losses". (See page 10, Financial Times 6/7 October, 2013).

Intelligence Agencies Enforcement

Another factor cited by foreign competitors of the U.S. businesses is the involvement of U.S. intelligence agencies in helping U.S. business by discovering and publicizing offers of illegal payoffs by their foreign competitors in other countries and learning what contract terms competitors are offering. After the end of the cold war it has been alleged that U.S. intelligence turned their skills to this new activity²⁰⁰. This is an additional weapon in enforcing honesty of other non-U.S. businesses and governments' employees or customers. However, one can also question the ethics of this activity as unfair competition by U.S. companies, to the extent they have better and deeper information from U.S. spies on the terms offered by foreign competitors. U.S. companies which make corrupt payments to foreign governments officials violate U.S. law. This may not be the case with non-U.S. competitors. Other countries' intelligence agencies have also been involved on sales of important companies outside the U.S. Such activity, if both competitors have their intelligence agencies cooperating with them, may level the playing field and tend to prevent contracts negotiated with illegal payments.

11. HOW CAN RESEARCH AND EDUCATION IMPROVE BUSINESS ETHICS?

An initial problem in answering this question is the great variety of different types of people problems and subject matters involved in a study of ethics. However, as there are many different ethical problems, research can help in many different ways. This section will give a number of examples of useful work preparatory to research and examples of useful research. We will then discuss a number of ways in which more research could help.

First of all, since the ethical questions arise in a myriad of different contexts, a technical or professional knowledge

²⁰⁰ See Jean-Jacques Prompsy goes to Jail page 249.

of the fields in which the questions arise is of first importance. Being competent or securing competence in the field in question is the first ethical imperative. Once there is clear knowledge relating to the context and the facts, one has a better chance of finding the best solution to an ethical problem. More often than not, there may be no ethically perfect solution but only one that seems less unsatisfactory than the others.

In order to better understand the context of an ethical problem, it is useful not only to engage in desirable participation of those who specialize in the particular context, but also to call on others in related fields for a different perspective on the problem, especially where disciplines concern a foreign language or a different culture. A cross- or trans-disciplinary methodology can help to reduce the possibility of error. History can also be important in understanding the context. The intellectual and cultural frameworks in which ethical problems arise vary from country to country, so they are viewed differently. So this aspect needs to be carefully studied.

University Centers for Ethics – Remarkable Progress in Ethics Teaching, Knowledge and Learning

Edmond J. Safra Center for Ethics

If one searches for the ethics centers in U.S. universities one is surprised by the great number of them. Some of them have been in existence for a number of decades. They each seem to have one or more subjects they research or on which they offer programs. Some offer on line courses of study like the Markkula Center in the Jesuit University in Silicon Valley's Santa Clara University.

At the University of Indiana, there is the Poynter Center which has carried on more than 42 years of ethics research and education. In Massachusetts Bentley University has a well know program in managing ethics in Organizations, a pioneer in Business Ethics since 1976. In

the South there is an Emery Center for Ethics, Duquesne has one in Pittsburg. There is also Stanford in California, Fordham in New York, the Olsson Center at the University of Virginia, the Kenan Institute for Ethics at Duke University. There is also the Centers for bioethics at Columbia in New York and a center for Health Ethics at the University of Missouri. Many other universities which include Cornell and the University of Chicago have programs and scholars working on different ethical problems.

An interesting, influential and broad based example of a Center for Ethics is one of the many sponsored by the Edmond J. Safra Foundation Center for Ethics at Harvard.

Derek Bok, the President of Harvard, in 1976, wrote an article calling for a systematic study of ethics in professional schools. President Bok noticed from the many business scandals that there was a dangerous lack in ethics teaching. He was prescient in anticipating the future and foresaw when a top Harvard Business School student received a long prison sentence resulting from the Enron debacle where Jeffrey Skilling served as President. Jeffrey was very smart perhaps too smart but did not understand the ethical responsibility business leaders have.

President Derek Bok at Harvard in 1986 appointed a distinguished political scientist as The Whitehead Professor Dennis F. Thompson. In order to bring Philosophy (Ethics) and Business together at Harvard so more ethical business could become practiced or as Aristotle said such conduct should become a habit. Professor Thompson had chaired the politics department at Princeton, was an eminent scholar and had a strong interest in ethics education. The mission statement his ethics center asserted was: “Widespread ethical lapses of leaders in government, business and other professions prompt demands for more and better moral education.”

Professor Thompson, although modest admitted that this center was the first major interdisciplinary ethics program at any university and the first program to integrate into all professional disciplines “and the first interfaculty initiative.” Much has changed since the beginning – the Medical School, Law School, Kennedy School (education for government servants) and the Harvard Business School have full fledged ethics programs. Ethics themed courses for undergraduates have been created.

The activities of this center have trained hundreds of Fellows who return to their respective institutions and spread the ethics virus – a good one functioning like a religion to institutions in many countries. In addition the center’s alumni have spawned ethics education programs nationwide at such places as Duke, Princeton, University of Toronto and the National Institute of Health.

The above historical sketch of the development of the Harvard Center for Ethics and the Professions now known as the Edmond J. Safra Center For Ethics after generous funding by Lilly Safra, his widow is drawn from an article in the Harvard magazine of May – June 2007.

In 2010, Lawrence Lessig became the Director of the Center and is continuing to be focused on Institutional Corruption, the subject of his book “*Republic Lost – How Money Corrupts Congress And a Plan to Stop It.*”

Accepted working papers of about forty pages prepared by the fellows can be found on the Social Science Research Network on various aspects of ethics and Institutional Corruption.

One of the reasons for the great importance and beauty of this center results from its practical approaches to ethics. The Fellows at Safra choose specific ethical problems or situations where there is clear injustice to be diagnosed and to explore and research these situations and try to find ways to avoid the ethical problems or correct the injustices. This

approach conforms to that suggested by Amartya Sen in the Preface (page XVI) to *The Idea of Justice* (2009). It proposed avoiding a theoretical study of what a perfectly just or ethical society should be, approach which many scholars like John Rawls in his classic book "*A Theory of Justice*" took based on a "hypothetical social contract". He assumes "an original position of equality". From this²⁰¹ two principles he argues would emerge from such a social contract 1) Equal basic liberties and 2) Social and Economic Equality where inequalities work to the advantage of the least well off.

Another great strength of the program of the Safra Center is that the Fellows return to their activities they came from before becoming a Fellow or accept new positions which very often continue the work they did at the Safra Center. Thus there is a proliferation, expansion, and continuation of this ethical work which benefits society and hopefully will spread to new recruits.

Although the activity and educational accomplishments of the Safra Center are impressive the forces opposing real changes are also powerful and will be difficult to overcome.

The Ruffin Series in Business Ethics Oxford University Press

In 1989 Thomas Donaldson wrote *The Ethics of International Business* on the "moral nature of international business" (see forward) and includes chapters entitled "Fundamental Rights and Multinational Duties", chapter 5, "Ethics and Risk: the lessons of Bhopal". Other books in this series include *The State of the Art* (edited by R. Edward Freeman, 1991), with contributions of many psychologists, doctors, business school teachers, economists, philosophers, ethicists and others. These articles have titles such as "Business Ethics as an Academic Discipline", "Ethics as Character Development: Reflections on Objective Ethics

²⁰¹ Sandel, Mitchel J. 2009 *Justice What's the Right Thing to Do?* pages 150-156.

Education", "and Ethical Imperatives and Corporate Leadership".

The purpose of this series is to publish the best thinking about the role of ethics in business from authors expert in different disciplines,

This series illustrates the growing consensus that the present tendency to focus almost exclusively on profit alone devalues the other necessary values for a good society or community which makes it difficult for it to function well. It also reflects the conviction that top quality transdisciplinary research should be helpful in fixing our unsatisfactory situation.

Harvard Business School's Ethics Teaching

Some have found that teaching a theoretical and philosophical course in ethics in a business school is not fact sensitive or appropriate, interesting or useful. In addition business school professors are not usually educated in or trained to teach ethics; their knowledge is in expertise in business. However, a few have studied and taught philosophy which can include moral philosophy and ethics.

The Harvard Business School used in the past a famous 1928 Court of Appeals legal decision written by Judge Cardozo, *Meinhard vs. Salmon*, to illustrate how some business decisions must be strictly ethical in cases where there is a fiduciary duty as there is between joint-venturers, partners or when one is acting as a trustee. However, the course is not called ethics but "Leadership and Corporate Accountability", terms used in business rather than in the study of ethics. It also should be noted that relationships in business dealings are not usually fiduciary relationships so this case is not representative of usual business dealings. "Caveat Emptor" or buyer beware, "arms length", the rougher freer description of morals in the market place are more representative of usual business dealings. Among the team teaching this course is Lynn Paine who helped design

the course. She has a PhD. from Oxford in moral philosophy and an LLB in law²⁰².

In addition to new studies in behavioral economics, business schools and other organizations have for a number of years experimented and studied how to teach and research ethical problems²⁰³. In the preface of a 1993 book, it is stated "[...] leadership, ethics, and corporate responsibility remain peripheral concerns at many if not most schools." The author goes on to suggest that "knowledge and skills training in business schools are not enough because if ethics, corporate responsibility and the right values are not present in our business leaders, major problems are likely in our communities. This is still a major problem. Ethics may be a subject best learned early in family life" –a condition of the heart perhaps more than of the brain.

This situation, coupled with a U.S. government policy to encourage home ownership in the U.S. by unrealistic and unjustified granting of credit, led to a lethal situation in the U.S. housing market and a massive crisis.

Behavioral Ethics at the Harvard Business School

A review in July 2012 of Ethics at Harvard Business School on the Internet reveals research work on Behavioral Ethics not dissimilar to Behavioral Economics mentioned earlier in this book on page 91 by scholars at the Santa Fe Institute.

²⁰² Rosenberg, John S. Sept-Oct. 2006. *An Education in Ethics - Teaching business student life lesson in leadership*. Harvard Magazine.

<http://harvardmagazine.com/2006/09/an-education-in-ethics.html> (viewed 18.2.2008). This article outlines the steps over more than ten years it took with the cooperation of a number of interested professors for this course to take form. The course involves primarily case studies and discussion including knowledge from other disciplines.

²⁰³ See Piper, Thomas R.; Gentile, Mary C.; Daloz Parks, Sharon. March 1993. *Can Ethics Be Taught?: Perspectives, Challenges, and Approaches at the Harvard Business School*. Harvard Business School Press.

Professors Max H. Bazerman and Francesca Gino have produced an interesting working paper *Behavioral Ethics: Toward a Deeper Understanding of Moral Judgment and Dishonesty* dated January 3, 2012. The abstract of this paper describes a behavioral approach which is not so much focused on morals or normative rules but what actually happens when humans face ethical problems.

“By focusing on a descriptive rather than a normative approach to ethics, behavioral ethics is better suited than traditional approaches to address the increasing demand from society for a deeper understanding of what causes even good people to cross ethical boundaries.”

This document has an impressive bibliography.

The working paper gives a history of the teaching pre-behavioral business ethics which didn't seem to work and how behavioral ethics emerged. Other chapters are on the following subjects:

Intentional Dishonesty: Predictable but Surprising Unethical Behavior, Moral Credentials, Moral resentment and Moral Hypocrisy, Unintentional Dishonesty: The Case of Bounded Ethicality (blindness to your own prejudices and ignoring ethical issues implicitly), Improving Ethics by using a Behavioral Ethics Perspective which considers human reactions to various ethical situations.

Marie-Anne Frison-Roche's Research on Regulation

Marie-Anne Frison-Roche, a professor of law who taught at one of France's elite schools, Science Po., has since 2001 occupied the professorship devoted to the study of government regulation of business (*Chaire de la régulation*).

She noted in a recent interview that human nature was not taken into account because the regulatory system or lack thereof encouraged the temptation to grant subprime mortgages to those without sufficient means to pay if circumstances changed. Doing it earned an immediate

commission. The incentive to increase the sale of more mortgages overpowered the duty of prudence, for which no remuneration is received, on the part of the issuers of the mortgages. In this case, the incentives in the system encouraged unethical conduct. In the conflict of interest between the issuers' short term profit-making and the borrowers' longer term deferred interest, it was usually resolved in favor of lenders which led to an excessive number of defaults. This underlines the importance of having appropriate preexisting regulations requiring more protection for the consumer with clear sanctions for issuers of excessively risky mortgages.

Marie-Anne Frison-Roche's organization of forums, with experienced experts and professionals in the type of regulation under study, and her research is a good example of how higher education can help business ethics through developing reasonable regulation of business insuring that economic incentives reward ethical conduct and not the reverse²⁰⁴.

UNESCO's Global Ethics Observatory

Two organizations, among others, have facilitated research on ethics.

On 15 December 2005, UNESCO launched a new Global Ethics Observatory –a database to put resources on ethics within every one's reach in order to facilitate research. The observatory lists 700 experts in ethics, about 160 ethics institutions, about 108 ethics teaching programs. A database in ethics related to legislation and guide lines was to be prepared.

Loyola's Listing of Web Sites on Ethics

Loyola Marymount University in Los Angeles also has on its website links to over 100 associations, centers for

²⁰⁴ Interview of Marie-Anne Frison-Roche by Oliva Dufour in the article *Crise Financière : faut-il créer un régulateur mondial ?*, published 7 October 2008 in *Petites Affiches* No.201, p. 6.

ethics, universities, religious organizations, programs and other information on ethics²⁰⁵.

Institute for Business Ethics, Consultants on Ethics, Courses in Universities like Bentley for Businessmen on Sustainable Development

The Institute of Business Ethics "was established in 1986 to encourage high standards of business behavior based on ethical values. Its personnel assists in the development, implementation and embedding of effective and relevant ethics and corporate responsibility policies and programs".

It offers practical and confidential advice and training on ethical issues, policy, implementation, support systems and codes of ethics. "It also undertakes research, publishes practical reports to help identify solutions to business dilemmas and provide a neutral forum for debating current issues. It also supports educators in business in the delivery of business ethics in the curriculum and offers medias and others informed opinion on current issues."²⁰⁶

There are many other publications that do research and distribute knowledge on business ethics such as Ethikos Editor. Many universities have scholars who work in business ethics. There are over 300 institutions of higher learning listed in the Princeton Review's Green Guide based upon academic offerings, campus infrastructure, activities and carrier preparation. It also reports on each school's most impressive environmental and sustainability initiatives. Bentley University in Waltham, Massachusetts, is one of the most well known and has educated executives working in companies who are dedicated to sustainability, ethics, and corporate social responsibility.

²⁰⁵ See the website of the Center for Ethics and Business at Loyola Marymount University in Los Angeles for a list of ethics links of several pages of organizations teaching or researching business ethics in the U.S. (<http://www.lmv.edu/page21800.aspx> (viewed 26 March 2007)).

²⁰⁶ <http://www.ibe.org.uk>

So these forces in society are powerful and probably increasing in number and hopefully educating citizens on how to reach sustainability. Unfortunately there are also powerful industries working against sustainability and investing large sums of money in such efforts. For an eye opening example consider the description of Exxon Mobile fighting against preventing global warming by denying it was happening, even though the great majority of the scientific community found evidence it was happening.²⁰⁷

Business Schools Case Books and Courses on Ethics

More professional and business schools are incorporating courses on corporate responsibility and ethics courses in their curriculum. Professors Goodpaster, Nash and de Betingies have prepared a case book, *Business Ethics –Policies and Persons*, which is now in its fourth edition²⁰⁸. But the problem of teaching business ethics in business schools remains difficult because professors in business schools know how to teach subjects relating to business but few, if any, have studied or know how to teach ethics. Progress will hopefully be made in this regard if more business leaders receive jail sentences for ethical lapses and there is more incentive for ethical leadership

In this part, we have noted the pressure of public opinion has resulted in direct and indirect pressure on

²⁰⁷ See review by Bill McKibbin, *The Ultimate Corporation*, in the New York Review of Books, June 7, 2012, of Steve Coll's new book *Private Empire: ExxonMobil and American Power*, 2012, Penguin.

²⁰⁸ Goodpaster, Nash and de Betingies. 2006. *Business Ethics –Policies and Persons*. McGraw-Hill Companies Inc. N.Y. This case book is divided into four parts: (1) personal values; (2) corporate values looking inward (a) governance issues (b) employee issues; (3) corporate values: looking outward; and (4) corporate values: international business.

Bentley College in Massachusetts, for more than thirty years a leader in business ethics, also organizes conferences for corporate executives with the cooperation of the Ethics Officer Association (association with more than 400 members from many of the largest corporations in the U.S.).

businesses as well as governments to force them to conform to ethical values.

Hazel Henderson: Author, Futurist Power of Business Enthusiastic Promoter of Ethics and Sustainable Development in Books, Articles and Television, and a Women's Advocate

Hazel Henderson, a housewife originally from England, has been an energetic and dynamic worker on the above matters for over forty years. Her new evolutionary approach to economics is broader than trained economists, so it includes human qualities and values. She is interested in unexplored areas in standard economics and the "blind spots" of conventional economics (Wikipedia). She is a worldwide syndicated columnist and consultant on Equitable Ecologically Sustainable Human Development and Socially Responsible Business and Investment.

Aside from her work as a producer of Public Television programs, she has produced a remarkable number of books, articles published in more than 250 journals such as the Harvard Business Review, the New York Times and prestigious foreign publications. A few titles of her extensive list of books include: *Ethical Markets: Growing the Green Economy, Building a Win Win World, Beyond Globalization, Planetary Citizenship* with Darsaku Ikeda.

She is the founder of Ethical Markets Media LLC and creator and co-executive producer of its TV series. She is co-creator of the Calvert-Henderson Quality of Life Indicators and a board member of the Calvert Social Investment Fund.

She also has created, stimulated and encouraged networks of like minded people internationally and especially in the United States and Brazil.

She has also launched the Green Transition Scoreboard® to measure progress. An extract of the report

for 2014 reads as follows: “The 2014 Green Transition Scoreboard finds, with \$5.3 trillion in private investments and commitments since 2007, the green economy is on track to reach \$10 trillion in investments by 2020 to effectively scale innovations and reduce costs in green technologies. The report *Plenty of Water!* Covers the many water investment opportunities available as global policy makers, businesses and civic society realize water is critical to environmental, social and human capital, and must be integrated into financial markets rather than overlooked as an externality”.

Wired UK nominated her recently as one of the "People most Likely to Change the World".²⁰⁹

A recent view of Hazel Henderson's ideas on economics and how governments deal in the wrong way can be found in her article *Sovereign Governments vs Lords of Finance*. This article was sent to 200 newspapers in the spring of 2010.

Its first paragraph reads: "The world has reached a new stage. If governments don't get together and face down the bankers who operate the global casino, the dominos will start falling one by one. [...] Brooksley Born who headed the U.S. Commodity Future Trading Commission warned the U.S. Congress in 1998 that derivatives would blow up the financial system. J.P. Morgan's recent two or more billion dollars loss is evidence of the danger."

Banks who make big bets like those made in casinos will inevitably have large losses affecting directly or indirectly their depositors. Some remedy must be found to limit this activity (Volcker rule), break up the banks that are too big to fail, or find some other system that is practical that works. So banks cannot use depositors' money to take excessive risks.

²⁰⁹ For more detailed information see her website Hazel Henderson and Wikipedia description of her work.

Promoting Entrepreneurship and Ethics in France

Sophie de Menton, a successful French entrepreneur, is a business leader who has organized three important conferences entitled *Ethic First Forum* over the recent years.

The movement she leads was an initiative of chief executives of primarily small and medium size companies but with some big ones like Unilever participating. The purpose is to encourage the spirit of entrepreneurship with good business ethics and to improve the legal and economic situation of these businesses.

Young French people need to start with more new enterprises and realize that working in a business can lead to an exciting prestigious and worthwhile career. French elites have often favored employment in government service as being more secure and desirable while employment in business was often looked down upon as being a less respectable occupation. Perhaps partly as a result of this attitude exports from French small and medium sized businesses are much less than their German counterparts, causing a serious balance of payments problem.

The Ethic First Forums have substantial representation in enterprises specializing in communications, consulting and business strategies with a large component of business ethics. This organization makes an effort to influence the government to make more realistic decisions for businesses and participates in radio programs promoting business activities.²¹⁰

Ressler's Spiritual Capitalism

Factual and inspirational research closely linked to Christian principles has also come out of a Wall Street firm.

²¹⁰ For more details, see www.ethics.fr for its activities and news.

The website "Spiritual Capitalism" provides the following information on their activities.

Peter Ressler and Monika Mitchell Ressler transformed their company and their lives after 9/11 by embracing the purpose and passion they learned from New York firefighters.

Their credo became "one for all" after 9/11 based on the examples of the New York City Firefighters' heroic actions in this terrorist attack. Their purpose was to change corporate culture from profit only, to a deeper meaning for work. They lectured on 'the Human Side of Business' and 'Capitalism with a Conscience', in their book *Spiritual Capitalism: What the FDNY taught Wall Street about Money*²¹¹.

This book has anonymous factual examples based on the personal experience of the authors of good and evil behaviors emphasizing what was wrong in Wall Street. These examples strike an interesting and realistic note in a highly inspirational book. The authors are honest in describing a big part of Wall Street as "a bottom line culture" where "cash is king" and it is "everyman for himself" in "a dog-eat-dog" world governed by vicious and unprincipled competition indifferent to human suffering in an outdated Darwinian theory of survival of the fittest. They expose that "for years ruthless or indifferent behavior has been acceptable" and "the key is to strike a balance between our frenzied pursuit of profit and our moral conscience".

They write that good business is characterized as the "spiritual" side of capitalism where "spiritual" requires no further explanation for those with a strong religious faith. For others it is "connected to your higher self [...], your sense of justice, compassion and ethical consciousness". "We, in business, have a spiritual obligation to value

²¹¹ Ressler, Peter and Monika Mitchell. 2005. *Spiritual Capitalism: What the FDNY Taught Wall Street About Money*. Chilmark Books, New York, USA.

community [...], not only unlimited freedom to go for profit in an unregulated society". In their summary at the end of the book, the authors write that "[w]hat the FDNY taught us as practicing capitalists is that what is missing from business is our basic humanity.

The authors note that those with religion understand the meaning of the word spiritual. For others, the spiritual means an obligation to your community values and not the unlimited objective to go after profit in a society with no social values. In their summary at the end of their book, they mention a number of essential principles:

1. Business needs love. Pursuit of money is meaningless.
2. The pursuit of money for good or evil. One needs thoughtfulness, not indifference, exploitation or cruelty to others.
3. Ego can be destructive so we need to find ways to make money without causing suffering for others.
4. Giving is the path to receiving.
5. Feel the spiritual essence in work and understand the complex intelligence to do it well when we should "discover our sacred responsibility to serve others".
6. Employer and employee should develop a spiritual relationship – a union which is mutually beneficial based on honor and trust – a partnership.
7. The last principle is that the "every man for himself" view of business creates an illusion of separateness that can jeopardize our entire economic system. The essential spiritual purpose of business is to serve the community that supports it."

Adam Smith – Moral Philosopher

One should remember Adam Smith who held a chair at Glasgow in moral philosophy. He was not only a philosopher but also a psychologist, historian and sociologist, whose first book *The Theory of Moral Sentiments* (1759) was an inquiry of how man, a creature of self interest, can form moral judgments in which self interest seems to be held in moral abeyance or transmitted to a higher plane. For Smith, it was in our ability to put ourselves in the place of a third person or impartial observer – a feeling of empathy for others or the general public interest. It is important to note that Adam Smith specialty was more transcendent than just economics. Moral philosophy covered natural theology, ethics, jurisprudence and political economy and thus ranged all the way from man's impulses toward order and harmony to the much less orderly and grimmer business of gouging out a living for himself.

Smith drew on many fields and had discussions with top intellects in Scotland, England, France, including Voltaire and Benjamin Franklin, during the long period he was writing the *Wealth of Nations* – a truly international scholar.

His remarkable book *Wealth of Nations* written over twelve years and published in 1776, was revolutionary because it explained that the self interest of businesses constrained by competition produced goods that all the people of society consumed although not in equal amounts in a Society of Natural Liberty. He taught that selfishness is only half the picture supposedly corrected by competition and that society was constantly improving.

However, in light of what recently happened in the present financial crisis, the market may have too many large companies granting credit who all seemed to abuse consumers. Competition did not protect the consumer.

Putnam's Research – Social Capital and Trust.

Another field of knowledge which has made an important contribution is political science. Robert D. Putnam and a skilled team of U.S. and Italian professors and researchers completed a comprehensive study of the new Italian regional governments which took more than twenty years to construct. It analyzes results in different regions and tries to determine why some of the new regional governments work markedly better than others²¹². Some of the reasons are listed below. Although ethics are not mentioned in his characterization of what works best, they are important in fostering trust between individuals which he cites as an important ingredient in societies that work well²¹³. The difference is that this 'social capital' calls attention to the fact that civic virtue is most powerful when embedded in a dense network of reciprocal social relations. A society of many virtuous but isolated individuals is not necessarily rich in social capital²¹⁴.

Mark K. Smith, who interviewed Mr. Putnam in 2001, wrote on this point of "social capital" that "[I]n other words, interaction enables people to build communities, to commit themselves to each other, and to knit the social fabric. A sense of belonging and the concrete experience of social networks (and the relationships of trust and tolerance that can be involved) can, it is argued, bring great benefits to people²¹⁵."

²¹² Putnam, Robert D. 1993. *Making Democracy Work – Civic Traditions in Modern Italy*. Princeton University Press, Princeton, NJ, USA.

²¹³ He has added more substance to the concept of social capital which he defined on page 167 as follows: "Whereas physical capital refers to physical objects and human capital refers to the properties of individuals, social capital refers to connections among individuals –social networks and the norms of reciprocity and trustworthiness that arise from them. In that sense social capital is closely related to what some have called 'civic virtue.'"

²¹⁴ Smith, Mark K. 2001. *Robert Putnam*. The encyclopaedia of informal education, <http://www.infed.org/thinkers/putnam.htm> (viewed 7 Jan. 2007).

²¹⁵ *Ibid.* supra.

Robert Putnam's research supports the fact that for a society to have top performance by building extensive social capital, ethics is an essential ingredient in building networks of trust, tolerance, cooperation and civic virtue. His conclusions have broad implications and applications, and apply to business institutions and societies as a whole. The examination of regional governments over a long term is a wonderful example of the kinds of research that research universities with the support of governments, foundations and the private sector can accomplish. The observations on continuity and change in his study represent advanced methodology in political science."

Robert Putnam's writings on social capital have been noted in business as well as in political science, sociology, economics and other fields. On March 10, 2010, Mark Catchlove of Herman Miller U.K. noted Putnam's contribution in a conference to a business audience given in Paris and entitled "Social Capital in the Work Place", quoting that "there are two main types of social capital: "bonding" – positive interactions between similar types of people, e.g. family, or "bridging" – positive interactions between different groups of people, i.e. different generations or ethnic groups.

As we have seen in the course of this book there are many elements that affect ethical conduct such as early education in the family, primary through higher education, religion, philosophy and personal characteristics such as ambition, virtue, greed, vanity, envy and trust.

Language and Ethics - Bakhtin

A recent thesis focuses on the inability of welfare workers to reach child protection goals with the children's parents or parent. A course of study was developed between the welfare workers and parents to study how group learning could work.

This study has added another important approach to the study of ethics, i.e. the way we talk to one-another – the content, form and mannerism of our conduct. This can affect the way we work together or fail to cooperate, where cooperation is important. Lack of ethics between persons generally means lack of communication, cooperation and efficiency, less satisfaction and lower production of private or public services or goals.

Bakhtin, a Russian Literary Theorist and Philosopher

A recent research project which adds this perspective which can make an important contribution to improvement of ethics is a thesis²¹⁶,

This research indicates that dialogue, different voices (polyphony) and laughter and humor can help in building understanding between hostile or contentious groups and individuals speaking different words with little mutual communication, comprehension and cooperation possible between them.

A number of scholars have attempted to explain some of Bakhtin's theories as follows:

"We may detect a deep, organic connection between Bakhtin's approach to ethics and his theories of language. Just as utterances are unrepeatable, so actions can be performed only once by a given person. Neither speech nor ethical action can ever be merely an instantiation of rules.

If ethics were an object of knowledge, then philosophy would be the best moral education. But ethics is not a matter of knowledge, but of wisdom. And wisdom, Bakhtin believed, is not systematizable (Emerson and Morson, 1990, p. 171).

K. Weick wrote in *Making Sense of the Organization* (London, John Wiley, Blackwell Publishers) that "Wisdom

²¹⁶ *A Bakhtinian Perspective on Collective Learning, an approach based on Dialogue, Polyphony and Carnavalesque* by Annette Pas, March 2010, University of Lancaster, England, a private paper.

is a quality of thought that is animated by a dialectic in which the more one knows, the more one reduces the extent of what one does not know".

Throughout his life, Bakhtin opposed the idea that moral and ethical decisions made according to rigid principles and systems, outside of what the terms the "once occurrent" event in "Towards Philosophy of the Act". (Nollan, 2003, pXVIII)

The thesis continues as follows (see pages 324 and 325 of the above thesis):

"Here, one could say that wise ethical acts are helped by improvisation, and that learning to be ethical could imply learning to improvise, as the parents did in the course, considering every scenario in the exercises anew, using a humble surplus²¹⁷ over the families in the imaginary scenarios, allowing to be surprises moment-to-moment as the other shows different sides of himself. The 'it depends' utterance that the group used in the speech genre to discuss the exercises, could be seen as an utterance that crystallized this attitude of wisdom, as well as the ethical desire to abandon rigid and systemizing principles. The role of the facilitator seemed to imply that she helped the group to build this new faith in improvising.

Polinghorne (1992) has suggested that while the discipline of academic psychology focuses on discovering general laws of human behavior, practitioners have usually developed their capabilities of being good therapists by learning from their practical and pragmatic actions in consultations. In this sense, they don't develop a clear epistemological account of indubitable truth of knowledge statements but a body of knowledge that is unsystematic, context-dependent, fragmented, and tested by its pragmatic

²¹⁷ "Humble Surplus" for a writer means not describing characters so they are limited to good or bad etc, like Tolstoi did, but leaving their characters more open to express their human dignity in many ways, like Dostoïevsky drew his characters. In this way, he was humble.

usefulness. Such a pragmatic perspective to practice reminds very much of Bakhtin's theory of language and his perspective on ethics. The pragmatic perspective seems also very relevant to the approaches used by the course facilitator, and how the course was founded."

This research suggests that learning how to talk to each other and appropriate dialogue can reduce or eliminate judgmental opinion in order to open minds. This helps to avoid conflicts and leads to more ethical conduct through better understanding and cooperation.

Collective learning within and outside organizations equipped to foster such a dialogue is another tool which should be embraced in improving ethics cooperation and trust.

Discussion groups (group learning) exist within different organizations such as governments and individuals, within companies in their ethical programs. Many have incorporated conclusions reached into their strategic plans (for some impressive codes of ethics, see Google, L'Oréal, Johnson and Johnson). L'Oréal has employees in each country who discuss the ethics codes and adjust them to fit their culture. The discussion of the ethics officer or other representative of management with employees or other members of the group is a very useful idea. The code in this way is not only the company's code but that of the employees.

The author of this thesis later wrote to summarize her thoughts:

"Ethical analysis benefits from being viewed within a specific context. One could look at every action in its own situatedness. General rules often make for poor practice and poor understanding. And situatedness would include considerations of politics, economics, culture, religion, values, the division of labour between actors involved, the technologies that are being used, and language, ... So that

every action is quite a unique event and in order to appreciate its ethical component would be a unique event too.

About good and bad: they have been classified very differently in different cultures, times, places and contexts. One of the easiest ways to learn to be good is to be surrounded by good people who do good things. When put into a situation that is filled with poverty, crime, abuse, people are much easier turned into criminals than in other situations."

When you ask how did I become a 'good girl' that sounds as if 'how did I become the sort of girl who behaves according to a certain ethical code' then I would say probably parents. Because you would worry about them and what they would think if they knew you would do something that would make them unhappy, so you suffer from that image and therefore don't do it.

About love: I'm not sure if it's part of human nature though I would like to believe it is. As we have seen elsewhere (...), ethics between people who love each other is easier than where there is hate. If I think of the people I know, then it does seem to look as if the ones who know how to love, are the ones who have been loved as a child and had at least one parent or other person who loved them dearly. It may also be true that some people can also learn it later on, as adults."

UNESCO's Report on Public Opinion on Global Ethics,

In the UNESCO's World Culture Report on Public Opinion and Global Ethics, a poll of people in about one-third of the countries representing about half the world's population indicated that there seemed to be no values which are supported homogeneously.

Research in Higher Education – UNESCO Conference

The high level UNESCO's colloquium on Research and Higher Education Policy (November 30 to December 1, 2006) outlined the difficult problems in building research capacity in many countries with different levels of development. Research on business ethics is more difficult than many subjects because of the interdisciplinary and transdisciplinary expertise required. A large well financed university is therefore better equipped to furnish research capacity, to the extent it can bring together people of different disciplines to work together. This ability has often been missing in many good universities where specialization in each discipline is given priority and funding awarded by subject matter.

The research suggested by Professor Yersu Kim when he was Director of the Division of Philosophy and Ethics of UNESCO is another remarkable example of research in ethics by those in research universities brought together by UNESCO.

Anne-Marie Slaughter's Embryonic Global Community

If ethics are to be produced in a global community, how can a global community be built? Anne-Marie Slaughter, a top scholar and a former professor at leading law schools who taught at Princeton, notes that we already have international networks of national officials in the executive, judicial and legislative branches who meet, cooperate, agree and communicate with each other²¹⁸. But this is a very informal form of global governance which will need reinforcement in many ways through the multiplicity of national and international laws, conventions and institutions. Building new or remodeling existing institutions to institutionalize more ethical conduct is surely one avenue to improvement.

²¹⁸ Slaughter, Anne Marie. 2004. *A New World Order*. Princeton University Press.

Alfred C. Aman – Democratic Reform of Market Absolutism

Alfred C. Aman, a leading legal scholar, has written that much more needs to be done through law reform to tame the deregulated globalized forces of the market place in order to incorporate more democratic, ethical and social values²¹⁹. His analysis is supported by Robert Reich who explains the reasons why globalized market forces are overwhelming citizenship. Citizens, who are too preoccupied with their economic survival and enrichment, tend to participate less in their democratic governments and society seems to have less respect for social and ethical values. For this economist, the new "supercapitalism" has reinforced the positions of the investors and consumers to the detriment of citizens and employees. Consumers have wider choices now than previously and can often buy at extremely low prices at "big box" stores like Wal-Mart. Chief executives in publicly held companies, now that capital is international and extremely mobile, are forced to concentrate most of their time working on increasing profit to keep their investors happy or they will sell their shares and the company will lose market value. Employees are a cost and are often sacrificed to raise profitability in their company. It is also true that the more favorable an image a company has can lead to greater productivity.

Robert Reich's Super-capitalism

Robert Reich, a professor of Economics, claims the recent intensification and acceleration of competition is the result of three reasons: (1) the incorporation of new science and technology in business, (2) deregulation and (3) globalization. He argues that competition increased noticeably in the 1970's as a result of the incorporation into the business community of technological innovation financed by the U.S. government defense spending starting

²¹⁹ Aman, Alfred C. Jr. 2004. *The Democracy Deficit –Taming Globalization Through Law Reform*. New York University Press.

in World War II and continuing through the Cold War. Deregulation increased companies' efficiency by freeing it from bureaucratic controls. Globalization resulted in the extension of national markets deeper into foreign markets. All this significantly increased production in the U.S. and the world²²⁰. However, if one nation's social or environmental legislation raises costs for its national businesses, its companies will not be competitive unless its foreign competitors are subject to the same costs imposed by similar legislation in their countries. This seems to be an almost insoluble problem because international agreements are difficult to negotiate and because each country is in a different position with different problems to solve. However if the U.S., other countries in the North American Free Trade Agreement (NAFTA) and the European Union decided to work together to find ways by law reform through international treaties or uniform laws to increase democracy and guaranty citizen rights to social and ethical values, this would be a big step forward. Then, if this group of countries found ways to encourage or force, to some extent, other countries to accept similar measures, that might be a practical way to improve our situation without sacrificing the ability to compete to the extent free trade rules allow it or could be modified to allow it. In one instance, Microsoft decided to follow European standards worldwide because the European common market was so important to it. Market access to the U.S. and the European Union could be an important lever to encourage other countries to also accomplish their own law reform in order to increase democracy and establish minimum social and ethical values.

Consilience, Ethics, other disciplines

Ethics is considered a part of moral philosophy. However, religion has fueled much steam into it. For

²²⁰ Reich, Robert B. 2007. *Supercapitalism: The Transformation of Business, Democracy and Everyday Life*. Alfred Knopf, New York.

example, one of the Ten Commandments prohibits murder. As a result, killing a man, stealing his wife and property not only is unethical but is a sin, an element in religion, a violation of Gods ethical law. If one considers the Bible, there is an enormous source of other literary works derived from it. Ethics runs into religion which is literature. Literature is closely tied to language and another important element in developing ethical conduct are the words and how they are used (See Bakthin's theory at page **Error! Bookmark not defined.**).

The interweaving of these disciplines is part of the complex system of ethics.

And if one considers ethics as information or data and uses computers to transmit and work on it, we are dealing with what has been described as a complex system which is dynamic or chaotic, subject to evolution. Even though ethics can be thought of as a man made and not part of nature, religious people may not agree since some of them believe religion is part of nature; it is their real natural world. After reading Robert Wright's book *The Evolution of God* some have been tempted to think God is a man made concept invented to fill a changing but natural need of most human to have a God and a religion.²²¹

Another way to look at it is to analyze it as an offshoot of biology, neuroscience or a similar discipline as being at least a partial source of ethical conduct. Thus the artificiality seems to give way to the natural for an interesting embracing or intersection of disciplines producing ethical conduct. In this sense ethics is not only "artificial", but also at least partially determined by science and nature i.e. human nature. With such mixing of different types of knowledge, we approach E.O. Wilson's concept of consilience, where the different parts of knowledge are

²²¹ Wright, Robert. 2009. *The Evolution of God*, Little Brown and Company, NY NY

related to one another, so one can imagine different parts of knowledge being a unitary whole.²²²

If one considers possible causes for ethical conduct arising from nature such as discussed supra in paragraphs "Neuroscience" (p. 94) and "The Trust Molecule" (p.105), the system of ethics appears to also arise from nature and not only designed by man (artificial). In such case ethics is unlike the law which appears to be an artificial complex adaptive system although ethics is a part of the law as demonstrated in the paragraph: "Can ethics be enforced? Relation between ethics (morality), law and justice" (supra p. **Error! Bookmark not defined.**). Possible consequences of classifying ethics as an artificial, complex, adaptive system and our observation in the real world would seem to be its diversity and its change over time, and its dependence on culture and history.

"In 1995, Gorniak Kocikowska, a Professor of Philosophy at Southern Connecticut State University, Coordinator of the Religious Studies Program, as well as a Senior Research Associate in the Research Center on Computing and Society, came up with the idea that computer ethics will eventually become a global ethical system and soon after, computer ethics would replace ethics altogether as it would become the standard ethics of the information age."²²³

This is interesting, but appears unlikely.

Elizabeth Warren – Credit Racket

Law reform is a desperate necessity in the U.S. as explained by Professor Elizabeth Warren in "Making Credit Safer. The Case of Regulation" as described on page **Error! Bookmark not defined.** above. Overreaching by predatory lenders whether intentional or not, not only has damaged

²²² .Wilson, E.O.1988. *Consilience: The Unity of Knowledge*. A Borzoi Book, Alfred Knopf Inc. NY NY

²²³ Computer Ethics, History, Wikipedia.

millions of borrowers and threatened the financial community, but also helped to precipitate a worldwide financial crisis the dimensions of which are only being revealed over time. The government encouraged the granting of consumer credit, especially in the purchase of houses as socially desirable but more regulations means less freedom so care should be taken to regulate only what needs to be regulated so bureaucracy does not stifle the beneficial dynamics of free market forces. A reasonable equilibrium is difficult to accomplish.

In the introduction, we referred to the opinion of some that business and ethics are separate if not contradictory. Business produces profit often in ways that does not follow ethical principles because it is more profitable not to. Despite all the justified criticism that business attracts because of its failures, the fact remains that it is the motor that produces wealth and health. To the extent everybody can act as an entrepreneur, this should serve to spread the wealth widely but not necessarily equally since opportunities vary from country to country and in different situations, and talents, good luck, energy and intelligence are not divided equally among human beings. However, increasing prosperity does serve to raise living standards in general. Predatory business practices subtracting general welfare should be taxed or outlawed.

In conclusion, in this part we have attempted to indicate some difficulties with making progress in research in ethics and some suggestions, as well as examples of what has been done, not only explicitly on ethics directly, but how these studies provide knowledge on ethical issues. It is necessary to continue past efforts and undertake new interesting studies.

12. WHY ARE ETHICS IMPORTANT ESPECIALLY IN GOVERNMENT? ETHICS WEALTH AND WELL BEING

What difference does it make if people in one country are more ethical than in another? Does it help make the country wealthier? The production of wealth is a primary objective of most countries, especially in traditionally free enterprise capitalistic cultures like the U.S. Wealth allows a country a higher standard of living for its people, better education and more possibilities for its people to be successful and happy.

We have discussed above whether ethical conduct pays, mostly focusing on the individual business rather than what is in the best interest of the society as a whole. This part of the book focuses on whether a higher level of ethical conduct is advantageous for a society as a whole.

It is difficult to prove an ethical society is more prosperous, since countries have different reasons for their own level of wealth. It is probably not possible to conduct scientific comparative experiments. However, some indications exist which support such a conclusion.

Experience in large law firms indicates that conflicts of interest between lawyers lead to internal strife which harms efficiency by making cooperation among partners difficult. If every lawyer is ethical and generous fewer conflicts will exist. Some law firms have disappeared when management was weak and internal cohesion failed. Conflicts in an organization interfere with the primary objective of giving good service to clients and being profitable. Management is judged in part by how well internal conflicts are settled or avoided and how closely individuals in the firm cooperate to insure the best interest of its clients and of the firm prevails.

Transparency International Corruption Ranking

A positive answer is suggested by examining the ranking of countries from the least corrupt to the most

corrupt established by Transparency International and comparing it to the list of countries ranked by wealth according to the International Monetary Fund, World Bank and CIA figures²²⁴. In such a comparison, the Nordic countries and the other Western democracies emerge among the most prosperous and ethical, if one assumes that corruption is unethical conduct. Of course, there are many other factors which can make a country wealthy such as rich soils for agricultural purposes, abundant natural resources, an industrious population and other cultural and sociological factors. Other factors also need to be taken into account such as how big an underground or black economy exists, accumulated wealth, how well income is divided among the inhabitants, and intangible factors in the country like security, culture and beauty.

As we have seen in Robert Putnam's research beginning on page 277 that where people trust each other, they work better and more efficiently, which is undoubtedly a favorable factor in increasing wealth. Acting ethically may not directly produce more wealth on a micro-level and could result in a business making less money especially on the short term. But on a macro level in a society as a whole, good ethics of all those in a community generates trust and facilitates doing business and increasing wealth. In addition, if a business organization has good ethical principles, employees feel better about and are proud of their work, and enjoy it more, and employee efficiency and morale is higher, which leads to more wealth. This should also be true for the population of a nation or any large community. Morale is important.

Putnam's study also indicates that the poorer regions in Italy have populations not accustomed to pluralistic

²²⁴ The 2011 Transparency International Corruption Perceptions Index: <http://www.transparency.org> and <http://www.wikipedia.org> showing IMF, World Bank and CIA figures for 2010 and 2011

democratic participative governments but have had rapacious, dishonest authoritarian rulers.

Mancur Olson - Importance of Honest Governments for an Ethical Society

Another scholar, Mancur Olson²²⁵, an economist, also provides indirect evidence that good ethics of a population in a community pay important dividends to society. In this case, Professor Olson focuses on the nature and quality of the government (power) and its ethics in relation to the creation of wealth. Charles Cadwell, in his preface to Mancur's book, refers to the 1344 painting in the City-Republic of Sienna where the ruling Council of Nine deliberated –depicting good government and bad government. Bad government is represented by Tyranny who holds court over a city of Vices, Cruelty, Treason, Fraud, Furor, Division, War, Avarice, Pride and Vainglory where justice is non-existent. The picture of good government depicts Wisdom, Peace, Justice, Faith, Charity, Magnanimity and Concord with city counselors and active citizens shown as well as prisoners and soldiers who represent law enforcement.

Mancur Olson studied why after the fall of the communist governments in Central Europe prosperity did not occur as rapidly as some hoped. He found that economic success depended upon clear and well defined rights for all to private property and impartial enforcement of contracts through a reliable court system and, on the other hand, an absence of predation by private parties and the government. The ethics and efficiency of the government is essential in the creation of wealth. He noted that rights-respecting democracies ought to work by making authoritative decisions in the general interest rather than favoring narrow private interests. This can only work in a democratic way if there is little or no institutional corruption which

²²⁵ Olson, Mancur. 2000. *Power and Prosperity –Outgrowing Communist and Capitalist Dictatorship*. Basic Books

unfortunately seems to be the case in the U.S. today. See Republic, Lost by Lawrence Lessing p. **Error! Bookmark not defined.** He also found that large complex markets need good government to enforce rules in the markets and foster growth and the accumulation of wealth. He favored a "market-augmenting government" –one that encourages capital formation and the ability to secure credit for businesses, but favored a limited government which would not deprive individuals of their own rights to acquire property.

The important role of the government in setting the framework for an ethical society is well explained by Olson in that the wealth of a State depends upon limiting predatory conduct of the State and enforcing individual citizens' rights to stop others from the predation of taking of property from other citizens, i.e. to stop unethical conduct. This means that the government should work for the public good and not be influenced to favor private interests inconsistent with the public interest. For that reason, his research provides evidence that ethical conduct by government and business (voluntary or enforced) is a key element in a society's ability to produce wealth as well as to provide a good quality of life in a peaceful community to better pursue happiness.

Although ethics is often classified as a special subdivision of philosophy, it overlaps and has a close relation to and affects many important areas of life, activities and knowledge.

A society functioning with higher ethical principles is not the only reason given by scholars for increased economic activity. Joel Mokyr's book *The Enlightened Economy*²²⁶ suggests that the reason the industrial revolution occurred in England rather than in France or Holland even though they were more powerful neighbors in the 17th

²²⁶ Mokyr, Joel, *The Enlightened Economy*, Yale University Press, 2010, reviewed by Trevor Butterworth in the Wall Street Journal, July 30, 2010, *A Revolution of the Mind*.

century, was that in England "ideas interacted vigorously with business interests" and this was "useful" knowledge "marrying economics to intellectual history" which included ideas like liberty and natural philosophy and perhaps ethics as well. This mixture according to the author constituted a "positive feedback loop that created the greatest sea change in economic history since the advent of culture".

The above considerations lead one to believe that even if ethical conduct and other non-business ideas are not necessarily a direct creator of wealth, like a creative business idea or hard-working imaginative people, it provides an important and necessary condition and lubricant in which society and its various parts function more harmoniously with less friction than in a lawless dog-eat-dog environment. Ethics is an important element in producing wealth and the long term survival of a community and the individuals in the community. This conclusion is also confirmed by the Transparency International's ranking of countries according to their reputation for corruption. It is probably true that corruption of leaders in the Roman and other empires have hastened their disintegration and decay.

13. CONCLUSION

After considering animal behavior some scholars believe that animals have ethical conduct and others that their behavior only provides the building blocks for ethical development by humans. We have also seen that a major creating, reinforcing and teaching source of ethics comes through the traditional religions thinkers and religions some of which are thousands of years old. Religious faith is more than an ordinary individual opinion because it purports to govern conduct more than other less important opinions on other matters. It repeats, celebrates and encourages ethical practices through forms of religious worship in religious institutions which tend to reinforce its strength in society. The religious community enforces its beliefs on its members

through social pressure to maintain one's reputation and sometimes through religious courts. Although religious belief is individual, it plays an important role in society and therefore has a critical social dimension. The religions often provide a certain conception of Man, his origin and his nature²²⁷. Unfortunately, man's improvement because of religious beliefs is difficult to measure if it exists. It doesn't seem to have gotten into the DNA yet after thousands of years. But according to E.O. Wilson religion probably helped groups who have it to survive.

We have noted a large majority of humans in the world believe, like and rely on their religion. Religion contains many good stories like in Genesis about the creation of the world and man. People love stories and like to believe we were created by God. A religious taxi driver once told me "Don't tell me we were created by monkeys". It is true that Darwin's theory of evolution is unattractive to many. It is complex, and has some gaps. But as other talented scientists fill in the gaps and we learn more about animals the story of man's origin seems to become more complete to most scientists. Thus we think we understand better our origin and behavior. People become better educated and scientific knowledge continues to spread and be accepted. It will be more accepted by more religious people as the Christian Catholics have done.

We have seen that many believe ethics are a by-product of life in groups or communities and helps groups which cooperate to survive as does religion.

It seems likely that Julian Huxley's theory that a new idea system is needed which should hopefully modify behavior for the better.

E.O. Wilson has suggested a new idea system exists in science and scientific research is piece by piece adding to

²²⁷ Remond, René (President of Fondation nationale des sciences politiques). March 2004. *Colloquium on Religions and Society*. UNESCO, pp. 7-9

our knowledge about human nature which may channel behavior into better patterns.

A majority in the U.S. and in Muslim and some other cultures attach their ethics to religious teaching and faith. Since there is a difference of opinion as to the origin of ethics, it is probable that each of the possible sources we have noted has had its share in providing an ethical framework in many people's lives. However, it is clear ethical conduct is insufficiently developed and painfully slow to improve. Our societies could work better with more ethical, considerate and happier people.

We have verified that ethics are different in different places and change in time and vary in different situations, cultures, genders, contexts, and with different types of people with different philosophies of life. This is particularly true between East and West. In the West, after the Enlightenment, emphasis has been placed on the rights of the individual. In eastern culture more attention is placed on relationships between people and their respective duties to one another.

In practice, conduct varies widely depending upon with whom one is dealing. Ethics also seem to be, to some extent, subject specific and vary depending upon the activity involved. They also are embodied and taught in many forms, including oral transmission in the family, in schools, in books and sacred writings, constitutions and by the study of philosophy and ethics as a separate field of study.

Varying Degrees of Ethics – Punishment or retaliation

Some businesses are clearly unethical and many needed to have unethical ways of doing business in some respects which were necessary to get started where innovation or government approval was necessary. Ethical conduct may serve to increase income of a business but we have seen instances where unethical conduct has been successful as well. Over the years it is surprising to note

how many reputable prestigious businesses have been prosecuted for criminal actions or reproached for ethical shortcomings.

Others voluntarily adopt codes of ethics for public relation reasons (window dressing) or because of a real belief in them as a part of an important and successful business strategy. Sometimes performing actions in the public interest is done through public private partnerships. It should be remembered that a corporation is an institution, a commercial entity designed to earn profit, not to produce ethical behavior or social improvement in society. Thus its form affects its nature and its nature affects its behavior which often poses problems and conflicts. However, ethical elements in corporate activity and public opinion, if mobilized through new habits and new laws, can affect corporate conduct especially where abuses become too great and there is public outrage and reform which unfortunately is often temporary. Like individuals, some companies are good and others evil in various degrees at different times.

We have found that it is difficult to conclude that acting ethically always pays for an individual or a company, because acting selfishly and unethically can be more profitable at least in the short run even though it hurts others' and/or the public interest. Great wealth is earned by those in the illegal drug trade but the violation of ethics (laws) carries serious jail terms and sometimes murderous competitors kill those in other criminal organizations so this is not a happy result for society.

In theory, if being unethical pays extremely well and the ethical violation is minor, the pressure to be unethical becomes almost irresistible for a businessman. On the other hand if acting unethically does not pay in a big way and the act is likely to lead to substantial prison time, there is less temptation to act unethically. Situations in between can go either way depending on how much non-ethics pay and to what degree ethics are violated. All these situations are

affected by how likely swift and severe punishment, retaliation or exclusion from the business due to loss of reputation will follow.

An exception to these pressures occurs when those who are ethical by conviction are not influenced by such profit policy issues.

Excessively unethical action, especially if illegal if it becomes public, can result in devastating consequences for a business and for a society as a whole. A healthy and wealthy business community works better when the playing field is level and fair conduct has become a habit and the necessary minimum rules of conduct are followed and enforced.

Corruption, Lack of Ethics and Poverty

Since there seems to be some correlation between corruption, lack of ethics and poverty, it is probably true that, for society as a whole, good ethics pay and individuals also profit from these conditions. But all societies seem to have a mixture. It is also possible that accumulating wealth in some instances encourages ethical conduct, in part because of the fear that someone will take one's property earned through hard work. If there is no security, people spend time and effort protecting their property rather than working to produce more wealth. This phenomenon has started in the U.S. and other developed country where the level of crime is high and security low. In this situation we find gated communities, private security systems, the expense of which would be better spent in producing more useful goods and services rather than protecting existing wealth. For people to retain wealth an efficient level of public security is necessary. If wealth is reasonably distributed throughout a society, probably more people will act ethically and that society will be a happier place to live than if there is great inequality of wealth. If everyone has enough there should be less incentive to steal. Uneven distribution which is growing in many developed and less

developed countries can often lead to explosive social and problems of security. If one is hungry, stealing food may not be ethical but it is understandable and more likely to happen. Envy also is a human characteristic that is not always positive but can motivate hard work.

Ethics and justice are closely related concepts which should go together. The likelihood of swift punishment present in a strong and equitable system of justice is important. Another effective sanction is excluding wrongdoers from a particular activity through community action.

Since society is imperfect, efficient encouragement and enforcement directly and indirectly of ethics by various means and new and better rules in society motivating ethical conduct are important for improvement.

Consideration of the questions raised in this book illustrates the dynamics and the complexity of these situations in a changing world.

Separation of Ethics from Business?

With regard to business ethics, the analysis of André Comte-Sponville (See Annex I) relating to the different domains is interesting. Separation of technical, scientific and business knowledge and legal and political systems from morality, love and ethics has its logic. Although all these domains may be separated analytically, individuals should act ethically in them all. They must be integrated or as André Comte-Sponville writes morality and ethics should control business conduct even though they are separate.

Ken Lay, the president of Enron was a reputedly good Methodist in his church but his ethics there apparently did not seem to penetrate into his business conduct.

***Peter Drucker: The Powerful Business Community
Necessarily has a most Important Role to Act in the Public
Interest.***

Peter Drucker, a celebrated U.S. management consultant who studied, large U.S. companies, knew and understood them well. He noted that business is so powerful in our modern world, locally and often globally, that it needs to develop management techniques more difficult and complicated than in the past where profit or asset growth were the only or principal objectives. He thought this change of objectives would take at least fifty years but he may have been optimistic. There has been a great deal written about Corporate Social Responsibility (CSR) but little or less actually accomplished. Peter Drucker wrote that:

"The success of management [...] has greatly changed management's meaning. Its success has made management the general, the pervasive function, and the distinct organization of our society of organizations. As such, management inevitably has become 'affected with the public interest.' To work out what this means for management theory and management practice will constitute the 'management problems' of the next fifty years."²²⁸

In order for our human community to survive and prosper socially and economically our managers (leaders) will need to be more intelligent and have more recourse to truth, forgiveness, love and charity and develop strong ethical convictions. New and better ideas will constantly need to be injected into our communities in order to spread them to all members of their community and other communities so they become universal to the extent they

²²⁸ Drucker, Peter. 1986. *The Frontiers of Management*. Pp. 192-193. Although his statement may be less true in China and Russia where the seat of most power is in the government, their business organizations directly or indirectly controlled by the government are subject to the same comment.

can be in each culture.²²⁹ To do so business behavior must become more responsible socially, commensurate with the business community's fast expanding financial, political and other power, social influence and its effect on society. Governments often can not efficiently and effectively regulate business because businesses are now too big and powerful and have more skilled personnel, money and financial power. At times and in different domains and places government can provide too much inefficient out dated regulation which restricts freedom and stifles production. Governments in the U.S. are usually or often subject to influence or control by powerful private interests, so they cannot be expected to succeed alone in taming unacceptable business misconduct.

***Professor Hautcoeur's European View of the Problem
Peter Drucker's Saw***

A recent Article written in France by Professor Pierre-Cyrille Hautcoeur²³⁰ in Le Monde on February 13, 2014 had the title "Multinationals Strong, Nations Weak" which reflects a top French scholar and teacher's point of view relating to the power if not domination of multinational corporations in the modern world. Although more international and European oriented than Drucker he is worried about the same general problem as Peter Drucker.

The figures for growth each year of foreign investment by U.S. companies were in billions of dollars: 1945 – 36.9; 1960 – 85.6; 1970 – 166.8²³¹ and an estimated 368 in 2013²³², an obvious indication of expansion of powerful

²²⁹ For a leader who appears to be an example of this type of ethical manager (high quality leadership) one could examine the work of John Dramani Mahama the President of Ghana. See http://wikipedia.org/wiki/John_Dramani_Mahama.

²³⁰ Professor Hautcoeur French text is translated into English by Wallace Baker.

²³¹ See French Michael (1997) U.S. Economic History, Manchester University Press pp 200 for 1945, 1960, 1970 figures.

²³² Jackson James K. December 11, 2013 Congressional Research Service U.S. Direct Investment Abroad: Current Issues for 2013 figures. The cumulative amount at book value of overseas direct position of U.S. firms on a cost basis reached 4.4 trillion in 2012, a very big number.

U.S. businesses in the world. It should also be noted that almost three quarters of U.S. direct investment abroad is in developed countries.

U.S. foreign investment grew extensively in the 1950 and 1960 then in 1970 slowed down but has grown more since then.

But Professor Hautcoeur also notes that while these numbers are very significant at the beginning of the 20th century the business sector relative to the total economy was about the same proportion as today. This seems normal since the economies of countries have also impressively increased.

Professor Hautcoeur notes that in the 20th century there was a struggle between the national governments and the markets as well as between politics and economic forces, the two organizing forces in society. He writes that the nations were stronger in the middle of the 20th century. Since WW II the power of the market has had the capacity to solve economic and social conflicts with less violence.

However, now the contention continues with the giant internet companies which have regulatory disputes with EU authorities and countries. But Professor Hautcoeur thinks that, nevertheless, large companies now can claim they are dominant given the relative retreat of nation states.

In addition as we have noted earlier in this book (see Institutional Corruption p. **Error! Bookmark not defined.**) corporations and wealthy businessmen have acquired power to shape or stop legislation through their lobbyists. This development also increases their power. Another factor is that governments usually move more slowly than private companies. Private companies also spread their ideology that they are “benevolent monsters”.

In France Professor Hautcoeur also mentions there is a different problem because the top civil servants and the chief executives of companies almost all went to the same

elite Grandes Ecoles so they reach their own decisions among friends (a sort of complicity) that often is not in the public interest. In addition, in Europe he notes a certain nationalism that prevents the EU authorities from making uniform tax rules that apply throughout Europe for all big companies. This inhibits both EU authorities and national governments from imposing uniform rates for large companies that is in the public interest of all Europeans.

Another view from Europe can be found in a study for the Belgian Senate by Paul de Grauwe from the University of Leuven and Senator Filip Camerman. They concluded that there was no need to worry about the size and power of big companies in their paper “How Big Are the Big Multinational Companies”²³³.

Size of Large Companies Comparison to Economic Power of Countries: Chinese companies now come first in size; the future of state capitalism

A well known study by Sarah Anderson and John Cavanaugh found that “of the world’s 100 largest economic organizations 51 are companies” and the companies are growing faster than the global economy, but this comparison of GDP and Sales has been criticized as comparing different measurements.²³⁴ The Forbes Global 2000 uses a mix of factors – sales, profits, assets and market value of shares as criteria for size and power. This list shows the biggest companies as follows: ICBC China, China Construction Bank, Agricultural Bank of China, JP Morgan Chase, Berkshire Hathaway, Exxon Mobile, General Electric, Wells Fargo, Bank of China, Petrochina, i.e. many big banks and financial companies, a few oil companies, and one manufacturer. And the biggest Chinese companies are at the top of this list as the largest.

²³³ <https://www.scribd.com/doc/77629123/>

²³⁴ Top 200 – The Rise of Corporate Global Power – Institute for Policy Studies (2000). <https://www.globalpolicy.org/soecon/tncs/top200.htm>

A June 2009 article in foreign affairs has the title “State Capitalism Comes of Age – The End of The Free Market? If there are no more free private enterprise markets Peter Drucker’s and Pierre Cyrille Hautcoeur’s concerns may become irrelevant. This article points out that “in the developing world the states heavy hand in the economy is signaling a strategic rejection of free market doctrine.”

The author Ian Bremmer notes:

- (1) Governments own the largest oil companies and three quarters of the energy reserves.
- (2) Sovereign Wealth Funds i.e. state owned investment funds account for 1/8 of global investment.
- (3) There are a great number of other businesses owned by governments around the world.

Thus levers of power are with States not through private enterprises in these cases. Many countries had economies that started to grow through capitalistic like reforms but government power is often predominant, i.e. in China and Russia, and to a lesser extent in Brazil, India, Indonesia, South Africa and Turkey. Thus the free market tide led by the U.S. has been in a relative retreat.

Professor Hautcoeur makes this point “If business and politics are closely linked, then domestic instabilities that threaten ruling elites begin to take greater importance” and can affect economic performance negatively.

This article is full of interesting points about state capitalism’s growth but Ian Bremmer hopes the free enterprise system will spread throughout the world as countries develop more to appreciate human rights and values present in the U.S. and Western Europe. But if they do, this will be despite the tide flowing away from it at present.

The author of this book believes the outcome is very uncertain and the special if not unique belief in western free

enterprise culture and human rights does not grow or is reduced. State capitalism may be the best way to go for many countries in the foreseeable future if it produces a better economic result for them.

The Forbes Global 2000 list cited above of mostly Chinese companies adds an additional complication since Chinese capitalism has been described as being more like State capitalism rather than private enterprise in a democracy like in the United States. The same thing can also be said about Russian capitalism where oligarchs who are friendly to Putin and the state are influential in deciding the nature and control of businesses like state capitalism. Former government leaders manage very large and important businesses so long as they stay on the right side of Mr. Putin. One very wealthy oligarch who started acting independently as a politician spent time in jail. He was considered a possible rival by Putin.

The conclusion to be drawn from this section and the previous one is that there is a difference of opinion how to evaluate the power and influence of U.S. and large multinational corporations.

Scholars studying this subject have different opinions about the effect of large multinational companies in the world economy.

It has also been noted that the free enterprise economy led by the U.S. may not remain or be the model for other countries with rapidly expanding economies and companies where ethics, cultures, and business practices differ from those in the U.S. and Western Europe. Business ethics will be different in a different context in the world. This situation will probably continue in the future as the economies and the players (companies) will continue to change and develop.

Can Management and the Business Community Perform their new Duties?

Rowan Williams, the former Archbishop of Canterbury, has written in his book review of two books and quotes from them, *What Money Can't Buy* and *How Much is Enough*²³⁵. He thinks that markets alone should not determine what is desirable nor does he think money should replace God as our primary inspiration, which our present culture tends to do by treating everything as a commodity.²³⁶

One sad example is that poor humans sell their blood to supply hospitals to support themselves or their families. According to Time Magazine, July 10, p 17, bone marrow cells are worth about \$ 3,000 provided payment is made in the form of "scholarship vouchers or donations to charity" and provided they are taken from blood stream not the bone. Other body parts go for the following prices: blood plasma more than \$ 20, eggs for infertility clinics \$ 8,000 and more than \$ 7,000 for sperm.

Some businesses tend to become inhuman in a desperate competitive effort to earn money. In his article, Archbishop Williams quotes the Sidelskys' book *How much is Enough?* Who wrote of a Faustian bargain. Rowan continues by writing this was "presupposed by Keynes [...] to allow capitalism to thrive for the time being and (hoping) it will deliver a sustainable level of security for all, despite its rapacious and ruthlessly competitive aspects. Then when this level has been reached, it can be honorably retired and our convivial and co-operative motives can be allowed to have full play. But Faustian bargains have a history of turning out badly."

²³⁵ Sandel, Mitchel. 2012. *What Money Can't Buy*. Allen Lane and Skidelsky, Robert & Edward. 2012. *How Much is Enough*. Allen Lane.

²³⁶ Williams, Rowan, Archbishop of Canterbury. April 2012. An article entitled *From Faust to Frankenstein. Markets alone should not determine our conception of what is desirable*, published in Prospect pages 26-30, London which reviews the two books mentioned in the previous footnote.

The Sidelskys write as follows: "Capitalism, it is now clear, has no spontaneous tendency to evolve into something nobler. Left to itself, the machinery of want-generation will carry on churning endlessly and pointlessly." Archbishop Williams comments that "we have moved from Faust to Frankenstein". In Goethe's dramas, Faust was a scholar who was discouraged with his pursuit of scientific, humanitarian and religious knowledge. In desperation he concluded a contract signed in blood with the devil to get his help in his search for knowledge.

The Archbishop believes that the Sidelskys study points out how unusual it is in human history that our civilization is the first to believe monetary accumulation is the primary if not the sole goal, which ignores the goal of shared wellbeing and the common good.

He thinks politics also is limited to assuring efficiency and increasing the chores for which the state is responsible by protecting financial competition everywhere. This reflects the idea of a "market state" in Philip Bobbitt's, *The Shield of Achilles: War, Peace and the Course of History* (2002).

In addressing the subject of business ethics we should always keep in mind that each business is different. Large businesses probably have more difficulty being an ethical community due to size. A small business is usually a more integrated part of its local community not a separate community in itself. Doing business in multiple countries increases the number and complexity of the problems.

But if Christopher Boehm's theory of how ethics and cooperation got started with the hunter gather societies of thousands of years ago is well founded, these values may now have infiltrated and been carried forward into our global industrial and commercial society to a large extent resulting in the creation of enormous wealth and more well being than in the past and the importance of a cooperative sharing society.

But in all these situations, corporate management will need to learn how to better manage the much more complex set of problems of multiple bottom lines – financial, social, environmental and ethical. As Peter Drucker has suggested this will probably be a long process of mostly developing new ideas, perhaps new forms of companies or entities, and trial and error in trying to improve human behavior through happy family life to produce better children, smarter people with improved education, appropriate training, laws and efficient enforcement.

Since businesses and corporations are designed to make profit for their shareholders partially escaping this tradition to accomplish other objectives in the public interest is asking a great deal. To what extent the business community can in practice innovate to also act in the public interest like a government but be in the private sector and still earn income remains to be seen. In his book author Gelinas, microlenders and B corporations and Ashoka's activities indicate that solid ideas and accomplishments exist but are not yet widespread enough. Based on previous experience a society grounded solely on the material enrichment of its citizens could have less survival value than one respecting other virtues in life.

14. MORE QUESTIONS

If one were to collect key words and phrases important to the study of ethics, what should be added to this list? Love, judgment, kindness, conviction, transparency, trust, communities, family, unselfish, gentle, strength, culture, time, space...

Can the ethical principles by which a society operates be changed? How?

We have noted that leaders, people in power, can define ethics for those under their influence. How much influence do these leaders have? Do they choose to ignore ethical principles with which they have been imbued and set a different standard by the example of their own behavior which may be in contradiction with the ethics they might claim to follow?

How much of our problem is not bad ethics so much as that we ignore and do not follow the ethics we purport to subscribe to?

What are the consequences of the "us versus them" syndrome? Does conduct or ethical norms depend upon who you are dealing with? How can this problem be avoided in a tightly knit one-world situation?

How can relationships be improved between the ethical norms involved in relationships between individuals, between corporations and individuals, and between corporations and their employees?

What is being done in the family, schools including law and business schools to make students aware of ethical issues and what more can be done? Are these efforts effective?

What is the difference between unethical behavior and illegal behavior?

Is it ethical to violate a law when it is stupid, bad or outdated or government action abusive? Is civil

disobedience ethical? Is it reasonable to violate laws because sanctions are seldom or almost never enforced by law?

What should a "corporate code of ethics", "professional code of ethics", or even "personal code of ethics" be?

Do wealthy persons and companies tend to be more ethical than the poor ones?

In this book, it is suggested that ethics are variable depending on who you are dealing with. Is this really true or is one lowering ethical standards so it is not ethics that vary but how, when and under what circumstances normal human beings apply them?

Does the application of ethical rules by normal human beings vary depending on the risks and rewards that unethical conduct engenders?

What would the philosophers, including Wittgenstein, add to in this book? Would they contradict statements in this book?

Does participating in the free enterprise system business or in politics actively corrupt people or do people corrupt business and politics? Or both?²³⁷

²³⁷ Some of these additional questions were posed by Professor *emeritus* Robert Silsbee of Cornell University. These questions are included to stimulate further thought and research and to incite readers to formulate other important questions that occur to them after reading this book.

ANNEX I / ANDRÉ COMTE-SPONVILLE – A FRENCH PHILOSOPHER'S THEORY

(A) André Comte-Sponville, a philosopher who has focused on business ethics, believes that to facilitate understanding it is important to separate the following four subject matters or domains (*ordres*):

1. Technical and scientific knowledge including economics and business.
2. The legal and political systems which serve to control activities in the first domain, which he claims are not subject to self control through science, technology, economics or business or by operations of the market, i.e. activities in one domain cannot exercise social control on themselves. Control must come from another domain.
3. Morality which is necessary to limit government which in a democracy has no political limits because the people are sovereign and have the power to decide to do anything they wish. This can be dangerous. But being strictly moral is not enough. The puritans and the Pharisees looked down on other different human beings for whom they had no esteem.
4. Ethics, which he notes for some has the same meaning as morality, is used and defined by Comte-Sponville to include love of one's fellow human beings –a necessary complement to morality. Some who make a distinction between morality and ethics have considered morality in a personal individual sense. Ethics is used by others to describe norms accepted in a community.

Thus, in a properly constituted society as outlined by Comte-Sponville the first domain is kept within proper boundaries by the second which, in turn, is limited by morality and love, his definition of ethics. In such an ideal society there should and can be a maximum of innovation, stimulation and the creation of new ideas to improve human life.

(B) Comte-Sponville ably summarizes the businessman's dilemma. He needs to deal with problems and take the business responsibility for finding the best solution, taking into account issues and the knowledge from the four different domains outlined above. This requires a leader willing to take the responsibility for decisions drawing on these ingredients which is not always in the short-term interest of his company or the clients of the firm but has technical, economic, political, legal, moral and ethical implications as well. Thus, an ethical business decision is not like solving a scientific or

mathematical problem. It is usually difficult and often no solution is fully satisfactory. It is, according to Comte-Sponville, a case-by-case decision made after considering these four domains. This implies that technical or other competence is a necessary part of ethics if one is to be ethical. The author of this paper would also add considerations of other transdisciplinary relevant knowledge not mentioned above.

(C) In this article the author has attempted to identify the moral and ethical values generally respected by the business community, and to analyze what ethics business intrinsically has, if any. This approach tends to mix up business and ethics which Comte-Sponville does not think is helpful, because it does not separate different domains from others and does not lead to clear thinking.

Although a corporation is a fictional being from one point of view, in popular imagination and in reality, a large corporation like Exxon certainly exists as a legal personality, is capable of earning large profits to accumulate enormous wealth, can initiate legal actions, be sued and has enormous power. Consider Exxon or Total with its tens of thousands of employees, colossal assets and profit. It is difficult to think of these entities as mere legal fictions when one takes into account their impact upon reality. A company is a person under the law subject to punishment for wrong-doing as are its executives. It pays enormous fines as punishment and, in some cases, can be killed off by State governments if it fails to pay franchise taxes; but this sanction in practice only applies to the sin of not paying franchise taxes, not for other more grievous sins –no capital punishment for corporations. In contrast to most of its executives and employees, it has immense resources. Companies also claim to have the same rights that citizens have and enforce these rights in court. So, under the law, they are treated like citizens. If a corporation were only considered a fictional artificial entity, it would appear logical not to hold it responsible for illegal actions it takes.

It is also true that in the real world, there are good corporations and bad ones. For example, a corporation habitually using criminal methods is not a good one. It is probably true that in the beginning the badness of these corporations was generated by bad individuals managing them. However, these and other characteristics are institutionalized in the corporate structure and policies so they become part of the fabric of the corporations and not just individual conduct of its executives. By the same token corporations built by highly ethical executives have often built in these characteristics into corporate conduct and procedures.

Unfortunately, with the power accumulated of multinational companies and their executives in the world today and the power of the globalized market place, social and ethical values are often crowded out and ignored.

ANNEX II / A CHRISTIAN VIEW ON AVARICE AND THE SPIRIT OF POVERTY
(TRANSLATED FROM AN 18TH CENTURY FRENCH TEXT)

Anonymous author. 1773. *Abrégé des principes de morale et des règles de conduite qu'un prêtre doit suivre pour bien administrer les sacrements ; par un ecclésiastique* [Summary of moral principles and rules of conduct which a priest should follow to properly administer the sacraments: by a churchman.]. New Edition reviewed, edited and updated by the author. J. Felix Faulcon, Imprimeur de Monseigneur l'Evêque et du Clergé, Poitiers [J. Felix Faulcon, Printer of His Excellency the Bishop and of the Clergy, Poitiers].

On Avarice and the Spirit of Poverty

On Avarice

1. Q. What is greed (avarice)?

A. It is the unrestrained love of material riches.

2. Q. What are its characteristics and effects?

A. (1) Misleading others in order to enrich oneself, by breaking a promise or by uncovering secrets; (2) lying and betraying one's oath for the same purpose; (3) being unjust and making usurious profits in sales and contracts; (4) being too anxious about the thought of gaining wealth or losing it; (5) being a skinflint when providing minimum support to one's family, when paying one's workers and servants, etc., even more stingy when giving to beggars; (6) neglecting prayers and acts of piety to satisfy one's cupidity; (7) become very angry when one loses wealth, or feeling excessive joy in receiving and accumulating more wealth, etc.

3. Q. When is greed a mortal sin?

A. Misers, said Saint Paul, shall not enter God's realm; avarice is itself a mortal sin, (1) when one binds one's heart to material goods until one's heart is overwhelmed by such love; (2) when, in order to accumulate material riches, one is obviously unjust, or fails to keep one's word, or performs usurious contracts or deals; (3) when, to reach the same aim, one fails to honor one's charitable obligations, or fails to provide basic necessities to one's inferiors or workers; (4) when one's is ready to commit a deadly sin to secure more wealth; (5) when, through abject attachment to material goods, one neglects prayers, Sacraments, divine offices and exercises of piety.

4. Q. What is the cure?

A. It consists in considering (1) the emptiness of these material goods one cherishes; (2) the unhappiness of a greedy heart; (3) the sad endings of the wealthy and of Judas; (4) the joy of Heaven, the example of Jesus Christ; the cure is again in prayer, charity, and generous willingness to give what is needed by one's workers, family, etc.

On the Spirit of Poverty

1. Q. Is the Spirit of Poverty necessary for all Christians?

A. It is the disengagement of one's heart from wealth, except to the extent necessary to perform God's designs and for our needs, without loving them for themselves, *beati pauperes spiritu*.

2. Q. What are the advantages of this spirit of poverty?

A. (1) It is the absence of the sins of avarice, and of those arising from cupidity, it means having a free heart; the wicked Rich are dominated and perverted by the love of material riches; because when one is poor in virtue, one only desires them as a means of redemption; as such, under submission to God's will, then their acquisition, their possession, their retention does not alter the soul in any manner; one cannot bear to lose them, if not without some pain, or at least without complaints and anxiety.

(2) One makes a saintly use of material riches if one yearns only for Heaven; and thus, God fills in the capacity of a heart which, thinking itself as a traveler on earth, only desires reaching heaven, and does not seek to possess wealth in heaven.

(3) One is even assured of enough wealth because God gives to the faithful soul what is needed according to his promise.

(4) One lives in peace without too much solicitude, and one dies with the same peace of the soul, because one is no longer attached to earthly goods.

3. Q. What means can one use to retain this spirit of poverty?

A. (1) The means are those which have been assigned to destroy avarice; (2) it means considering oneself as a traveler on earth; and that not many material goods are needed to live, *natura paucis contenta*; (3) it means following the examples of Jesus Christ and those of the Saints; and the state we are reduced to by death; (4) it means that our heart being made for God, it would be degrading it and committing a real injustice, and a sort of idolatry to attach oneself to earthly goods, the acquisition and possession of which means so much worry and work, and that the loss of them means such pain, without mentioning the innumerable sins which usually accompany wealth; (5) it means considering that they cannot make us better, and that when one is rich, one is tempted by idleness, luxury, and excesses; (6) it means that one must pray often to our Lord to inspire in us a true disdain for all earthly goods, and a fervent desire to reach heaven; (7) it means that one must follow faithfully God's plans, make just use of the

goods he gives us, and consider ourselves as the depository of these goods for which we will have to give a strict account on the day of our death.

[TRANSLATED BY WALLACE R. BAKER]

**ANNEX II (CONTINUED) / SUR L'AVARICE ET L'ESPRIT
DE PAUVRETE (18TH CENTURY FRENCH TEX)**

Anonyme. 1773. "Abrégé des principes de morales et des règles de conduite qu'un prêtre doit suivre pour bien administrer les sacrements ; par un ecclésiastique." Nouvelle Edition revue, corrigée et augmentée par l'auteur. J. Felix Faulcon, Imprimeur de Monseigneur l'Evêque et du Clergé, Poitiers.

P A R A G R A P H E S E C O N D.

Sur l'Avarice & l'Esprit de Pauvreté.

1. D. Q'U'est-ce que l'avarice ?

R. C'est l'amour déréglé des biens temporels.

2. D. Quelles en sont les marques & les effets ?

R. 1°. Trahir les autres pour gagner quelque chose, en leur manquant de parole, ou en découvrant les secrets; 2°. menir & se parjurer pour la même fin; 3°. faire des injustices & des profits usuraires dans les ventes & les contrats; 4°. avoir des inquiétudes pour amasser du bien ou craindre de le perdre; 5°. être dur & tenace à fournir le nécessaire à la famille, à payer le salaire des ouvriers, des domestiques, &c. & plus encore, à donner l'aumône; 6°. négliger la priere

Sur l'Avarice.

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prieres & les exercices de piété pour satisfaire la cupidité; 7°. ressentir un chagrin trop violent dans les pertes, ou une joie excessive dans le gain, en vue d'accumuler, &c.

3. D. Quand est-elle péché mortel ?

R. Les avarés, dit Saint Paul, ne jouiront pas du royaume de Dieu; l'avarice est donc de soi-même un péché mortel, 1°. lorsqu'on attache son cœur aux biens jusqu'à se laisser dominer par cet amour; 2°. lorsque pour en amasser, on fait des injustices notables, ou des parjures, ou des contrats ou conventions usuraires; 3°. lorsque pour la même fin, on manque aux aumônes d'obligation, ou à fournir le nécessaire à ses inférieurs ou aux ouvriers; 4°. lorsqu'on est dans la disposition de pécher mortellement pour en acquérir; 5°. lorsque, par un attachement sordide pour les biens, on néglige les prieres, les Sacrements, les offices divins, & les exercices de piété.

4. D. Quels en sont les remèdes ?

R. C'est de considérer 1°. le néant de ces biens qu'on aime; 2°. les inquiétudes d'un cœur infatigable; 3°. la fin malheureuse du mauvais Riche & de Judas; 4°. le bonheur du Ciel, l'exemple de Jesus-Christ; ce sont encore la priere, l'aumône, & de donner sur le champ le nécessaire aux ouvriers & à la famille, &c.

Sur l'Esprit de Pauvreté.

1. D. Qu'est-ce que l'esprit de pauvreté nécessaire à tous les chrétiens ?

R. C'est un dégageement de cœur des biens

N

de fortune, qui fait qu'on ne les desiré qu'autant qu'ils nous sont nécessaires pour remplir les desseins de Dieu & pour nos besoins, sans les aimer par rapport à eux-mêmes, *beati pauperes spiritu.*

2. D. Quels sont les avantages de cet esprit de pauvreté?

R. 1°. C'est une exemption des péchés de l'avarice, & de ceux que la cupidité entraîne, & d'avoir la liberté du cœur; celui du mauvais Riche fut dominé & perverti par l'amour des biens; car quand on est pauvre d'esprit, on ne les desiré que comme des moyens de salut; par conséquent, qu'avec soumission à la volonté de Dieu, alors leur acquisition, leur possession, leur conservation n'excite dans l'ame aucune altération; on en suppose la privation ou la diminution, si ce n'est pas sans peine, du moins sans murmure & sans impatience.

2°. On fait un saint usage des biens de fortune, parce qu'on ne soupire qu'après le ciel; & pour lors, Dieu remplit la capacité d'un cœur qui, se regardant comme un voyageur sur la terre, ne desiré rien que ce qu'il lui faut pour arriver à la celeste patrie, & ne cherche qu'à l'y posséder dans le séjour de sa gloire.

3°. On s'assure même mieux ces fortes de biens, parce que Dieu ne manque pas de donner à l'ame fidelle ce qui lui est nécessaire selon sa promesse.

4°. On vit en paix sans trop de sollicitude, & on meurt avec la même tranquillité d'ame,

parce qu'on ne tient plus à rien sur la terre.

3. D. Quels moyens peut on employer pour conserver cet esprit de pauvreté?

R. 1°. Ceux qu'on a assignés pour détruire l'avarice; 2°. considérer qu'on est voyageur sur la terre; & qu'il ne faut pas beaucoup de biens pour vivre, *natura paucis contenta*; 3°. les exemples de Jesus-Christ & ceux des Saints, & l'état où la mort nous réduit; 4°. que notre cœur étant fait pour Dieu, ce seroit le dégrader & commettre une véritable injustice, & une espece d'idolâtrie de l'attacher à des biens périssables, dont l'acquisition & la conservation coûtent tant de sollicitudes & de travaux, & dont la perte cause tant de chagrins, sans parler des péchés sans nombre qui les accompagnent pour l'ordinaire; 5°. c'est considérer qu'ils ne peuvent nous rendre meilleurs; & que quand on est riche, on est tenté de donner dans l'oisiveté, dans le luxe, dans les excès; 6°. c'est de prier souvent le Seigneur de nous inspirer un véritable mépris pour tous les biens de la terre, & un ardent desir pour le ciel; 7°. c'est de faire un emploi conforme aux desseins de Dieu, des biens qu'il nous a donnés, & de nous regarder comme des dépositaires de ces biens dont il nous faudra rendre un compte rigoureux à la mort.

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