

CHEATING

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

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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's 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.

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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