

# THE META-ETHICS OF BUSINESS IN THE TWENTY FIRST CENTURY

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*At any given point in time, much of the popular opinion in society concerning ethical behavior is conditioned by the prevailing view of the natural order. In the second half of the twentieth century, western society has been dominated by the view that practically everything is random and unpredictable, and, therefore, independent of everything else. A wide range of ethical behavior is tolerated because the set of possible relevant consequences of a given activity is assumed to be quite narrow. The uncovering of "pseudorandom" phenomena suggests that the current "laissez faire" humanistic ethics may soon be eclipsed by a rejuvenated classical ethics based on deterministic processes.*

## 1. INTRODUCTION.

Much of the current literature on ethics in general, and business ethics, in particular, is concerned with questions of moral responsibility and the reconciliation of self-actualization and personal freedom with the rights and needs of others. Less obvious, is the assumption of order and control necessary, for implementing moral decision making. Applied ethics, as opposed to speculative ethics, implies the existence and use of power, based on force. Economists, and others, are ill prepared and ill at ease in making normative pronouncements and tend to leave ethical considerations to others.

The evolution of the professional manager was supposed to remove selfishness from the economy (Davidson and Rees-Mogg, 1992). Unlike owners of the firm, managers were expected to be free from uncontrolled greed. The development of the managerial class has led to a distortion of the traditional risk-return tradeoff characteristic of economic activity. Managers, who are essentially employees, have inherited the mythology of capitalism without having to bear risk.

The dictatorship of vocabulary has become important because of the force which specific words carry (Saul, 1992). It is essential to control these words, and package them for exclusive use. The control of the media and the intellegentia, and the manipulation of knowledge and information, is necessary to acquiring and maintaining power. Getting words, such as; free, revolutionary, or choice into the public domain on your side, places your opponents in a difficult position. Politicians about to raise taxes or cut back on benefits, businessmen about to close factories or export jobs to low wage markets, always invoke fairness, justice, rationalization and efficiency to justify their decisions. It also explains the war of words in the abortion debate whereby those who oppose abortion or euthanasia call themselves “Pro Life” and their opponents “Pro abortion”; those who favor abortion call themselves “Pro Choice” and their opponents “Anti Abortionists.” In many cases these words have assumed mythological characteristics and have come to replace the thought process.

## 2. BUSINESS ETHICS AT THE END OF THE TWENTIETH CENTURY.

A proliferation of accounts about corporate wrongdoing has shaken public confidence in the integrity of the business community. Reports of “a decade of greed”, tobacco hush money for black leaders (Herbert, 1994), environmental pollution, energy deregulation ripoffs, nuclear proliferation, corporate welfare bums (Nader, 1993), overseas arms sales by the American defense industry, animal rights violations (Park, 1993), and other abuses abound. Well publicized examples of irresponsibility such as; toxic spills, insider trading abuses, the

production of dangerous products, airline safety violations pose a crisis of confidence in American business, (Silk and Vogel, 1976). The ultimate cost may far exceed the benefits and the motives, for which these acts were initiated (Olive, 1987).

Perhaps the most callous example of corporate insensitivity occurred in the 1970's, when Ford continued to sell Pintos long after reports of accidents indicated that, when struck from behind, the gas tank exploded, incinerating the car's occupants. Estimates of the cost of recalling the car for repairs totaled \$137,000,000. The estimated cost of leaving the car on the road and compensating for burn injuries and burn deaths totaled \$48,060,000. By not recalling the Pinto and shifting the social costs to the accident victims, their families, friends and the rest of society (Olive, 1987) Ford saved \$88,940,000.

Another example of the lack of business ethics and social responsibility concerns the tobacco industry. Many conclude that tobacco company executives, who make their living from the production and sale of a product that kills more than 420,000 Americans a year, surpassing the combined deaths from homicide, suicide, AIDS, automobile accidents, alcohol and drug abuse, must be in denial. However, to be in denial would imply that, in psychological terms, one may not be held accountable for his actions. Yet tobacco people do not appear to be in denial. They face the question of accountability directly and reject any responsibility for the negative health effects on their customers.

Much of the current body of opinion concerning ethical behaviour is conditioned by a view of the natural order which assumes that practically

everything is random and unpredictable, and therefore independent of everything else. Thus a wide range of permissible behaviour is tolerated because the set of possible consequences that need to be considered is assumed to be quite narrow (Davidson and Rees-Mogg, 1993). However, the uncovering of “pseudorandom” phenomena suggests that the way one thinks about morality and ethics may be due for a major reversal of intellectual fashion. Humanist ethics based on “pseudorandom” phenomena may soon be eclipsed by a rejuvenated classical ethics based on deterministic processes.

### 3. A META-ETHICS OF AMORALITY

Far more than is readily acknowledged, perceptions of reality, conclusions and values, true and false, are informed directly and indirectly, by technology (Saul, 1992). Scientific advances tend to occur after technological innovation has provided the human mind with access to a broader range of information. The invention of the telescope was such a primary innovation and, as improved upon by Galileo, it gave rise to a flood of new observations and rapid scientific discoveries in which Newtonian physical mechanics was developed.

The successes of Newtonian mechanics popularized the metaphor of a clockwork universe in which all reality was governed in an orderly, intelligible fashion by simple laws. Perceptions of reality, especially economic reality, were fundamentally altered. The successful application of Newton’s calculus to solving problems in physics encouraged economists to apply the same mathematical techniques to economic problems. To make the mathematics work a number of

mechanical and unrealistic assumptions about the economy were made and some of the nonlinear features of the economy, were assumed away (Saul, 1992). Vital questions about how information is transmitted and how prices are set were defined out of existence. A mechanical model of the economy, consisting of a closed system of independent linear parts, was the result. Opposing forces were assumed to balance one another creating an imaginary static state equilibrium in which everyone had perfect knowledge, identical expectations, and all resources were already allocated to their most valued use.

#### 4. ETHICAL WEAKNESSES OF THE NEWTONIAN PARADIGM

In retrospect the philosophers of the Age of Reason were somewhat naive. They thought that the use of reason would correct the evils of organized religion and allow the decent aspects of traditional morality to be revitalized and repositioned using rational analysis. They inadvertently laid the foundation for a new order based on reason, in which power through control of structure and words, became the essential element and the classical view of the universe and morality were rendered nonessential.

The twentieth century has seen the final victory of pure reason over human characteristics such as, spirit, appetite, faith and emotion, intuition and experience. The sovereignty of reason has created a degree of imbalance so extreme that the mythological importance of reason obscures all else and has driven all other human ways of knowing into a marginal and doubtful respectability.

Since the beginning of the Age of Reason, there has been a parallel growth in both knowledge and violence culminating in the slaughters of the twentieth century. It is

hard to avoid noticing that, the murder of six million Jews, or the termination of thirty million uncertified, unborn Americans since Roe v. Wade, were perfectly rational acts, legally sanctioned under the laws of the land.

## 5. RATIONAL MANIPULATION . THE TECHNOCRAT AND THE HERO

The concept of man as perfectable implies that society must be reorganized. Since change creates uncertainty and is widely opposed, the human race must be manipulated and reorganized, for its own good. Two types of manipulator; the technocrat, and the hero, have emerged to dominate society.

The technocrat began as the ideal servant of the people freed from irrational ambition, greed, and self interest (Saul, 1992). He evolved into someone who used the system with a distant contempt for the people. The Prince, the classic analysis of the art of tyranny, has made Machiavelli a lasting symbol of the Age of Reason. Often considered the prophet of political immorality, he was, like the new class of intellectuals, indifferent to moral questions, and more concerned with realizing his own personal ambitions.

The rational hero first emerged in the person of Napoleon Bonaparte and has reappeared more recently as Adolph Hitler. He presents himself as the exciting face of reason who could accept the difficult task of reasoning on behalf of the tired and confused citizen, who could deliver the people's needs and would be loved by them. Generations of debate, concerning the proper heroic role of modern heros, has legitimized the assumption that modern heros are a part of the evolution of society.

Both the technocrat, whether a graduate of the Harvard Business School or any of the hundreds of other similar places, and the rational hero share a common characteristic. They both believe, as Nietzsche wrote, that, “Morality is the herd instinct in the individual” (Saul, 1992). The technocrat shows his amoral individualism by defining good as the ability to manipulate the systems of control in society. The hero expresses his amorality by imposing his own personal moral agenda.

Both the technocrat and the hero may or may not be decent people in their personal lives. The amoral quality of their leadership is essential to understanding the nature of our times. The vocabularies of Locke, Voltaire, and Jefferson have led us to judge a man upon a simple scale of good or evil. A man who uses his power to do evil is, in theory judged to have been conscious of his acts and to be fit for punishment as in the case of the perpetrator of premeditated murder. The technocrat is not trained on that level. He understands events within the logic of the system. The greatest good is the greatest logic or the greatest appearance of efficiency or responsibility for the greatest possible part of the structure. He is, therefore, unpremeditated when he does good or evil. On a bad day he is the perfect manslaughterer, on a good day the perfect unintentioned saint (Saul, 1992). Thus, tobacco executives feel no responsibility for people who die from smoking induced diseases, and hospital workers see no contradiction in saving the life of a young shooting victim in the emergency room and pulling the plug on someone in no immediate danger with a terminal illness.

## 6. THE META ETHICS OF BUSINESS IN THE TWENTY FIRST CENTURY.

The moral disintegration underway in Western society is often explained in terms of the disorder which follows the breakdown of traditional values. It is likely that the current moral vacuum is more a product of the innate immorality of reason which provides an underlying structural unity for various ideologies including Communism, Socialism, Nazism and Capitalism, which struggle to control society. Election campaigns in Western democracies provide examples of the substitutability of various techniques of manipulation. Not only are the public appearances of political leaders organized in the tradition of the heroic triumphs of Napoleon, but modern political conventions and rallies are primarily derived from the Nazi rallies of Nuremberg. We now accept as normal the spectacular and officially joyous political celebrations, which involve massed flags, music, and prolonged images of the leader (Saul, 1992).

## 7. THE ETHICAL IMPACT OF NON-LINEARITY.

The deeper science probes into nature, the more apparent it becomes that complex systems are nonlinear and marked by abrupt “phase transitions” which produce outcomes that are disproportionate to their causes. Cause and effect do not move in straight lines but interact in cycles which may feed back and amplify the initial cause. Non-linearity may explain the dismal record of economic forecasting, government economic management, and centrally planned economies. In the past, economists believed that they could fine-tune variables such as fiscal and monetary policy to increase output, lower unemployment, and

regulate inflation. In cases where relationships were approximately linear, they had some success but when they were not, small changes in inputs could produce chaotically different results.

Enough is already known about nonlinear dynamics to thoroughly discredit many of the current assumptions about the economy (Gleick, 1987). Early results suggest that the order of economic reality is less random and unpredictable than is commonly assumed. Discovery of completely deterministic processes, which generate behavior which look random, implies a major reversal of intellectual fashion for economists as well as believers in the efficient market hypothesis.

The discovery of non-linearity also poses a threat to the legitimacy of the amoral manipulator. The possible causality between large numbers of events could weaken the perception that, cultural and moral values are of equal value. The importance of consequences, may be reborn and religion is likely to make an intellectual as well as social comeback. For the first time in centuries, science appears to buttress rather than undermine the belief that human history could be unfolding according to a predestined plan.

## 8. CONCLUSION

Even though enough is already known to discredit the hypothesis of randomness in many areas of human activity, the existence of nonlinear relationships remains genuinely invisible to most people. Resistance to change is often caused by special interest groups in an attempt to maintain control and is a major contributing factor to economic malfunction. The lag between the advent of

the nonlinear model and the realization of its full impact on human understanding may take two or three generations. As the non-randomness of various dubious business practices becomes better understood, the desirability of the traditional, “good ethics makes good business sense”, approach to business ethics, may become more apparent and more widely practiced.

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