What is "business ethics"?

PETER F. DRUCKER

"BUSINESS ETHICS" is rapidly becoming the "in" subject, replacing yesterday's "social responsibilities." "Business ethics" is now being taught in departments of philosophy, business schools, and theological seminaries. There are countless seminars on it, speeches, articles, conferences and books, not to mention the many earnest attempts to write "business ethics" into the law. But what precisely is "business ethics"? And what could, or should, it be? Is it just another fad, and only the latest round in the hoary American blood sport of business baiting? Is there more to "business ethics" than the revivalist preacher's call to the sinner to repent? And if there is indeed something that one could call "business ethics" and could take seriously, what could it be?

Ethics is, after all, not a recent discovery. Over the centuries philosophers in their struggle with human behavior have developed different approaches to ethics, each leading to different conclusions, indeed to conflicting rules of behavior. Where does "business ethics" fit in—or does it fit in anywhere at all?

The confusion is so great—and the noise level even greater—that perhaps an attempt might be in order to sort out what "business ethics" might be, and what it might not be, in the light of the major approaches which philosophers have taken throughout the ages (though my only qualification for making this attempt is that I once, many years before anybody even thought of "business ethics," taught philosophy and religion, and then worked arduously on the tangled questions of "political ethics.")

Business ethics and the Western tradition

To the moralist of the Western tradition "business ethics" would make no sense. Indeed, the very term would to him be most objectionable, and reeking of moral laxity. The authorities on ethics disagreed, of course, on what constitutes the grounds of morality—whether they be divine, human nature, or the needs of society. They equally disagreed on the specific rules of ethical behavior; that sternest of moral rules, the Ten Commandments, for instance, thunders "Thou shalt not covet thy neighbor's . . . maidservant." But it says nothing about "sexual harassment" of "one's own" women employees, though it was surely just as common then as now.

All authorities of the Western tradition—from the Old Testament prophets all the way to Spinoza in the 17th century, to Kant in the 18th century, Kierkegaard in the 19th century and, in this century, the Englishman F.H. Bradley (*Ethical Studies*) or the American Edmond Cahn (*The Moral Decision*)—are, however, in complete agreement on one point: There is only one ethics, one set of rules of morality, one code, that of *individual* behavior in which the same rules apply to everyone alike.

A pagan could say, "Quod licet Jovi non licet bovi." He could thus hold that different rules of behavior apply to Jupiter from those that apply to the ox. A Jew or a Christian would have to reject such differentiation in ethics—and precisely because all experience shows that it always leads to exempting the "Jupiters," the great, powerful, and rich, from the rules which "the ox," the humble and poor, has to abide by.

The moralist of the Western tradition accepts "extenuating" and "aggravating" circumstances. He accepts that the poor widow who steals bread to feed her starving children deserves clemency and that it is a more heinous offense for the bishop to have a concubine than for the poor curate in the village. But before there can be "extenuating" or "aggravating" circumstances, there has to be an offense. And the offense is the same for rich and poor, for high and low alike—theft is theft, concubinage is concubinage. The reason for this insistence on a code that considers only the individual, and not his status in life or society, is precisely that otherwise the mighty, the powerful, the successful will gain exemption from the laws of ethics and morality.

The only differences between what is ethically right and ethically wrong behavior which traditional moralists, almost without exception, would accept—would indeed insist on—are differences grounded in social or cultural mores, and then only in respect to "venial" offences. That is, the way things are done rather than the substance of behavior. Even in the most licentious society, fidelity to the marriage vow is meritorious, all moralists would agree; but the sexual license of an extremely "permissive" society, say 17th century Restoration England or late 20th century America, might be considered an "extenuating circumstance" for the sexual transgressor. And even the sternest moralist has always insisted that, excepting only true "matters of conscience," practices that are of questionable morality in one place and culture might be perfectly acceptable—and indeed might be quite ethical—in another cultural surrounding. Nepotism may be considered of dubious morality in one culture, in today's United States, for instance. In other cultures, a traditional Chinese one, for example, it may be the very essence of ethical behavior, both by satisfying the moral obligation to one's family and by making disinterested service to the public a little more likely.

But—and this is the crucial point—these are qualifications to the fundamental axiom on which the Western tradition of ethics has always been based: There is only one code of ethics, that of individual behavior, for prince and pauper, for rich and poor, for the mighty and the meek alike. Ethics, in the Judaeo-Christian tradition, is the affirmation that all men and women are alike creatures—whether the Creator be called God, Nature, or Society.

And this fundamental axiom "business ethics" denies. Viewed from the mainstream of traditional ethics, "business ethics" is not ethics at all, whatever else it may be. For it asserts that acts that are not immoral or illegal if done by ordinary folk become immoral or illegal if done by "business."

One blatant example is the treatment of extortion in the current discussions of "business ethics." No one ever has had a good word to say for extortion, or has advocated paying it. But if you and I are found to have paid extortion money under threat of physical or material harm, we are not considered to have behaved immorally or illegally. The extortioner is both immoral and a criminal. If a business submits to extortion, however, current "business ethics" considers it to have acted unethically. There is no speech, article, book, or conference on "business ethics," for instance, which does not point an accusing finger in great indignation at Lockheed for giving in to a Japanese airline company, which extorted money as a prerequisite to considering the purchase of Lockheed's faltering L-1011 jet plane. There was very little difference between Lockheed's paying the Japanese and the pedestrian in New York's Central Park handing his wallet over to a mugger. Yet no one would consider the pedestrian to have acted "unethically."

Similarly, in Senate confirmation hearings, one of President Reagan's cabinet appointees was accused of "unethical practices" and investigated for weeks because his New Jersey construction company was alleged to have paid money to union goons under the threat of their beating up the employees, sabotaging the trucks, and vandalizing the building sites. The accusers were self-confessed labor racketeers; no one seemed to have worried about their "ethics."

One can argue that both Lockheed and the New Jersey builder were stupid to pay the holdup men. But as the old saying has it: "Stupidity is not a court martial offense." Under the new "business ethics," it does become exactly that, however. And this is not compatible with what "ethics" always were supposed to be.

The new "business ethics" also denies to business the adaptation to cultural mores which has always been considered a moral duty in the traditional approach to ethics. It is now considered "grossly unethical"—indeed it may even be a "questionable practice" if not criminal offense—for an American business operating in Japan to retain as a "counsellor" the distinguished civil servant who retires from his official position in the Japanese government. Yet the business that does not do this is considered in Japan to behave anti-socially and to violate its clear ethical duties. Business taking care of retired senior civil servants, the Japanese hold, makes possible two practices they consider essential to the public interest: that a civil servant past age 45 must retire as soon as he is out-ranked by anyone younger than he; and that governmental salaries and retirement pensions—and with them the burden of the bureaucracy on the taxpayer—be kept low, with the difference between what a first-rate man gets in government service and what he might earn in private employment made up after his retirement through his "counsellor's fees." The Japanese maintain that the expectation of later on being a "counsellor" encourages a civil servant to remain incorruptible, impartial, and objective, and thus to serve only the public good; his counsellorships are obtained for him by his former ministry and its recommendation depends on his rating by his colleagues as a public servant. The Germans, who follow a somewhat similar practice—with senior civil servants expected to be "taken care of" through appointment as industry-association executives—share this conviction. Yet, despite the fact that both the Japanese and the German systems seem to serve their respective societies well and indeed honorably, and even despite the fact that it is considered perfectly "ethical" for American civil servants of equal rank and caliber to move into well-paid executive jobs in business and foundations and into even more lucrative law practices, the American company in Japan that abides by a practice the Japanese consider the very essence of "social responsibility," is pilloried in the present discussion of "business ethics" as a horrible example of "unethical practices."

Surely "business ethics" assumes that for some reason the ordinary rules of ethics do not apply to business. "Business ethics," in other words, is not "ethics" at all, as the term has commonly been used by Western philosophers and Western theologians. What is it then?

Casuistry: the ethics of social responsibility

"It's casuistry," the historian of Western philosophy would answer. Casuistry asserted that rulers, because of their responsibility, have to strike a balance between the ordinary demands of ethics which apply to them as individuals and their "social responsibility" to their subjects, their kingdom—or their company.

"Casuistry" was first propounded in Calvin's *Institutes*, then taken over by the Catholic theologians of the Counter-Reformation (Bellarmin, for instance, or St. Charles Borromeus) and developed into a "political ethics" by their Jesuit disciples in the 17th century.

"Casuistry" was the first attempt to think through "social responsibility" and to embed it in a set of special ethics for those in power. In this respect, "business ethics" tries to do exactly what the casuists did 300 years ago. And it must end the same way. If "business ethics" continues to be "casuistry" its speedy demise in a cloud of ill-repute can be confidently predicted.

To the Casuist the "social responsibility" inherent in being a "ruler"—that is, someone whose actions have impact on others— is by itself an ethical imperative. As such, the ruler has a duty, as Calvin first laid down, to subordinate his individual behavior and his individual conscience to the demands of his social responsibility.

The *locus classicus* of casuistry is Henry VIII and his first marriage to Catherine of Aragon. A consummated marriage—and Catherine of Aragon had a daughter by Henry, the future "Bloody Mary"—could not be dissolved except by death, both Catholic and Protestant theologians agreed. In casuistry, however, as both Catholics and Protestants agreed, Henry VIII had an ethical duty to seek annulment of the marriage. Until his father, well within living memory, had snatched the Crown by force of arms, England had suffered a century of bloody and destructive civil war because of the lack of a legitimate male heir. Without annulment of his marriage, Henry VIII, in other words, exposed his country and its people to mortal danger, well beyond anything he could in conscience justify. The one point on which Protestants and Catholics disagreed was whether the Pope also had a social, and thereby an ethical, responsibility to grant Henry's request. By not granting it, he drove the King and his English subjects out of the Catholic Church. But had he granted the annulment, the Catholic Casuists argued, the Pope would have driven Catherine's uncle, the Holy Roman Emperor, out of the Church and into the waiting arms of an emerging Protestantism; and that would have meant that instead of assigning a few million Englishmen to heresy, perdition, and hellfire, many times more souls—all the people in all the lands controlled by the Emperor, that is, in most of Europe—could have been consigned to everlasting perdition.

This may be considered a quaint example—but only because our time measures behavior in economic rather than theological absolutes. The example illustrates what is wrong with casuistry and indeed why it must fail as an approach to ethics. In the first place casuistry must end up becoming politicized, precisely because it considers social responsibility an ethical absolute. In giving primacy to political values and goals it subordinates ethics to politics. Clearly this is the approach "business ethics" today is taking. Its very origin is in politics rather than in ethics. It expresses a belief that the responsibility which business and the business executive have, precisely because they have social impact, must determine ethics—and this is a political rather than an ethical imperative.

Equally important, the Casuist inevitably becomes the apologist for the ruler, the powerful. Casuistry starts out with the insight that the behavior of "rulers" affects more than themselves and their families. It thus starts out by making demands on the ruler—the starting point for both Calvin and his Catholic disciples in the Counter-Reformation 50 years later. It then concludes that "rulers" must, therefore, in conscience and ethics, subordinate their interests, including their individual morality, to their social responsibility. But this implies that the rules which decide what is ethical for ordinary people do not apply equally, if at all, to those with social responsibility. Ethics for them is instead a cost-benefit calculation involving the demands of individual conscience and the demands of position—and that means that the "rulers" are exempt from the demands of ethics, if only their behavior can be argued to confer benefits on other people. And this is precisely how "business ethics" is going.

Indeed, under Casuist's analysis the ethical violations which to most present proponents of "business ethics" appear the most heinous crimes turn out to have been practically saintly.

Take Lockheed's bribe story for instance. Lockheed was led into paying extortion money to a Japanese airline by the collapse of the supplier of the engines for its wide-bodied L-1011 passenger jet, the English Rolls Royce Company. At that time Lockheed employed some 25,000 people making L-1011's, most of them in southern California which then, 1972-73, was suffering substantial unemployment from sharp cutbacks in defense orders in the aerospace industry. To safeguard the 25,000 jobs, Lockheed got a large government subsidy. But to be able to maintain these jobs, Lockheed needed at least one large L-1011 order from one major airline. The only one among the major airlines not then committed to a competitor's plane was All-Nippon Airways in Japan. The self-interest of Lockheed Corporation and of its stockholders would clearly have demanded speedy abandonment of the L-1011. It was certain that it would never make money—and it has not made a penny yet. Jettisoning the L-1011 would immediately have boosted Lockheed's earnings, maybe doubled them. It would have immediately boosted Lockheed's share price; stock market analysts and investment bankers pleaded with the firm to get rid of the albatross. If Lockheed had abandoned the L-1011, instead of paying extortion money to the Japanese for ordering a few planes and thus keeping the project alive, the company's earnings, its stock price, and the bonuses and stock options of top management, would immediately have risen sharply. Not to have paid extortion money to the Japanese would to a Casuist, have been self-serving. To a Casuist, paying the extortion money was a duty and social responsibility to which the self-interest of the company, its shareholders and its executives had to be subordinated. It was the discharge of social responsibility of the "ruler" to keep alive the jobs of 25,000 people at a time when jobs in the aircraft industry in southern California were scarce indeed.

Similarly, the other great "horror story" of "business ethics" would, to the Casuist, appear as an example of "business virtue" if not of unselfish "business martyrdom." In the "electrical apparatus conspiracy" of the late 1950's, several high-ranking General Electric executives were sent to jail. They were found guilty of a criminal conspiracy in violation of antitrust because orders for heavy generating equipment, such as turbines, were parcelled out among the three electrical apparatus manufacturers in the U.S.—General Electric, Westinghouse, and Allis Chalmers. But this "criminal conspiracy" only served to reduce General Electric's sales, its profits, and the bonuses and stock options of the General Electric executives who took part in the conspiracy. Since the electric apparatus cartel was destroyed by the criminal prosecution of the General Electric executives, General Electric sales and profits in the heavy apparatus field have sharply increased, as has market penetration by the company, which now has what amounts to a near-monopoly. The purpose of the cartel—which incidentally was started under federal government pressure in the Depression years to fight unemployment —was the protection of the weakest and most dependent of the companies, Allis Chalmers (which is located in Milwaukee, a depressed and declining old industrial area). As soon as government action destroyed the cartel, Allis Chalmers had to go out of the turbine business and had to lay off several thousand people. And while there is still abundant competition in the world market for heavy electric apparatus, General Electric now enjoys such market dominance in the home market that the United States, in case of war, would not have major alternative suppliers of so critical a product as turbines.

The Casuist would agree that cartels are both illegal and considered immoral in the U.S.—although not necessarily anyplace else in the world. But he would also argue that the General Electric executive who violated U.S. law had an ethical duty to do so under the "higher law" of social responsibility to safeguard both employment in the Milwaukee area and the defense-production base of the United States.

The only thing that is surprising about these examples is that business has not yet used them to climb on the Casuist bandwagon of "business ethics." For just as almost any behavior indulged in by the 17th century ruler could be shown to be an ethical duty by the 17th century disciples of Calvin, of Bellarmin, and of Borromeus, so almost any behavior of the executive in organizations today—

whether in a business, a hospital, a university, or a government agency—could be shown to be his ethical duty under the casuistic cost-benefit analysis between individual ethics and the demands of social responsibility. There are indeed signs aplenty that the most apolitical of "rulers," the American business executive, is waking up to the political potential of "business ethics." Some of the advertisements which large companies—Mobil Oil, for example—are now running to counter the attacks made on them in the name of "social responsibility" and "business ethics," clearly use the casuist approach to defend business, and indeed to counterattack. But if "business ethics" becomes a tool to defend as "ethical" acts on the part of executives that would be condemned if committed by anyone else, the present proponents of "business ethics," like their Casuist predecessors 400 years ago, will have no one to blame but themselves.

Casuistry started out as high morality. In the end, its ethics came to be summed up in two well-known pieces of cynicism: "An ambassador is an honest man, lying abroad for the good of his country," went a well-known 18th century pun. And a hundred years later, Bismarck said, "What a scoundrel a minister would be if, in his own private life, he did half the things he has a duty to do to be true to his oath of office."

Long before that, however, casuistry had been killed off by moral revulsion. Its most lasting memory perhaps are the reactions to it which re-established ethics in the West as a universal system, binding the individual regardless of station, function, or "social responsibility": Spinoza's *Ethics*, and the *Provincial Letters* of his contemporary, Blaise Pascal. But also—and this is a lesson that might be pondered by today's proponents of "business ethics," so many of whom are clergymen—it was their embracing casuistry that made the Jesuits hated and despised, made "Jesuitical" a synonym of "immoral," and led to the Jesuit order being suppressed by the Pope in the 18th century. And it is casuistry, more than anything else, that has caused the anticlericalism of the intellectuals in Catholic Europe.

"Business ethics" undoubtedly is a close parallel to casuistry. Its origin is political, as was that of casuistry. Its basic thesis, that ethics for the ruler, and especially for the business executive, has to express "social responsibility" is exactly the starting point of the Casuist. But if "business ethics" is casuistry, then it will not last long—and long before it dies, it will have become a tool of the business executive to justify what for other people would be unethical behavior, rather than a tool to restrain the business executive and to impose tight ethical limits on business.

The ethics of prudence and self-development

There is one other major tradition of ethics in the West, the Ethics of Prudence. It goes all the way back to Aristotle and his enthronement of Prudence as a cardinal virtue. It continued for almost 2,000 years in the popular literary tradition of the "Education of the Christian Prince," which reached its ultimate triumph and its reduction to absurdity in Machiavelli's *Prince*. Its spirit can best be summed up by the advice which then-Senator Harry Truman gave to an Army witness before his committee in the early years of World War II: "Generals should never do anything that needs to be explained to a Senate Committee—there is nothing one can explain to a Senate Committee."

"Generals," whether the organization is an army, a corporation, or a university, are highly visible. They must expect their behavior to be seen, scrutinized, analyzed, discussed, and questioned. Prudence thus demands that they shun actions that cannot easily be understood, explained, or justified. But "Generals," being visible, are also examples. They are "leaders" by their very position and visibility. Their only choice is whether their example leads others to right action or to wrong action. Their only choice is between direction and misdirection, between leadership and misleadership. They thus have an ethical obligation to give the example of right behavior and to avoid giving the example of wrong behavior.

The Ethics of Prudence do not spell out what "right" behavior is. They assume that what is wrong behavior is clear enough—and if there is any doubt, it is "questionable" and to be avoided. Prudence makes it an ethical duty for the leader to exemplify the precepts of ethics in his own behavior.

And by following Prudence, everyone regardless of status becomes a "leader," a "superior man" and will "fulfill himself," to use the contemporary idiom. One becomes the "superior man" by avoiding any act which would make one the kind of person one does not want to be, does not respect, does not accept as superior. "If you don't want to see a pimp when you look in the shaving mirror in the morning, don't hire call girls the night before to entertain congressmen, customers, or salesmen." On any other basis, hiring call girls may be condemned as vulgar and tasteless, and may be shunned as something fastidious people do not do. It may be frowned upon as uncouth. It may even be illegal. But only in Prudence is it ethically relevant. This is what Kierkegaard, the sternest moralist of the 19th century, meant when he said that aesthetics is the true ethics.

The Ethics of Prudence can easily degenerate. Concern with what one can justify becomes, only too easily, concern with appearances —Machiavelli was by no means the first to point out that in a "Prince," that is, in someone in authority and high visibility, appearances may matter more than substance. The Ethics of Prudence thus easily decay into the hypocrisy of "public relations." Leadership through right example easily degenerates into the sham of "charisma" and into a cloak for misdirection and misleadership—it is always the Hitlers and the Stalins who are the "great charismatic leaders." And fulfilment through self-development into a "superior person"—what Kierkegaard called "becoming a Christian"—may turn either into the smugness of the Pharisee who thanks God that he is not like other people, or into self-indulgence instead of self-discipline, moral sloth instead of self-respect, and into saying "I like," rather than "I know."

Yet, despite these degenerative tendencies, the Ethics of Prudence is surely appropriate to a society of organizations. Of course, it will not be "business ethics"—it makes absolutely no difference in the Ethics of Prudence whether the executive is a general in the Army, a bureau chief in the Treasury Department in Washington, a senator, a judge, a senior vice president in a bank, or a hospital administrator. But a "society of organizations" is a society in which an extraordinarily large number of people are in positions of high visibility, if only within one organization. They enjoy this visibility not, like the "Christian Prince," by virtue of birth, nor by virtue of wealth—that is, not because they are "personages." They are "functionaries" and important only through their responsibility to take right action. But this is exactly what the Ethics of Prudence are all about.

Similarly, executives set examples, whatever the organization. They "set the tone," "create the spirit," "decide the values" for an organization and for the people in it. They lead or mislead, in other words. And they have no choice but to do one or the other. Above all, the ethics or aesthetics of self-development would seem to be tailor-made for the specific dilemma of the executive in the modern organization. By himself he is a nobody and indeed anonymous. A week after he has retired and has left that big corner office on the twenty-sixth floor of his company's skyscraper or the Secretary's six-room corner suite on Constitution Avenue, no one in the building even recognizes him anymore. And his neighbors in the pleasant suburb in which he lives in a comfortable middle-class house—very different from anything one might call a "palace"—only know that "Joe works someplace on Park Avenue" or "does something in the government." Yet collectively these anonymous executives are the "leaders" in a modern society. Their function demands the self-discipline and the self-respect of the "superior man." To live up to the performance expectations society makes upon them, they have to strive for self-fulfillment rather than be content with lackadaisical mediocrity. Yet at the pinnacle of their career and success, they are still cogs in an organization and easily replaceable. And this is exactly what self-fulfillment in ethics, the Kierkegaardian "becoming a Christian," concerns itself with: how to become the "superior man," important and autonomous, without being a "big shot" let alone a "Prince".

One would therefore expect the discussion of "business ethics" to focus on the Ethics of Prudence. Some of the words, such as to "fulfill oneself," indeed sound the same, though they mean something quite different. But by and large, the discussion of "business ethics," even if more sensibly concerning itself with the "ethics of organization," will have nothing to do with prudence.

The reason is clearly that the Ethics of Prudence are the ethics of authority. And while today's discussion of "business ethics" (or of the ethics of university administration, of hospital administration, or of government) clamors for responsibility, it rejects out of hand any "authority" and, of course, particularly any authority of the business executive. Authority is not "legitimate"; it is "elitism." But there can be no responsibility where authority is denied. To deny it is not "anarchism" nor "radicalism," let alone "socialism". In a child, it is called a temper tantrum.

The ethics of interdependence

Casuistry was so thoroughly discredited that the only mention of it to be found in most textbooks on the history of philosophy is in connection with its ultimate adversaries—Spinoza and Pascal. Indeed, only 10 or 15 years ago, few if any philosophers would have thought it possible for anything like "business ethics" to emerge. "Particularist ethics," a set of ethics that postulates that this or that group is different in its ethical responsibilities from everyone else, would have been considered doomed forever by the failure of casuistry. Ethics, almost anyone in the West would have considered axiomatic, would surely always be ethics of the individual and independent of rank and station.

But there is another, non-Western ethics that is situational. It is the most successful and most durable ethics of them all: the Confucian ethics of interdependence.

Confucian ethics elegantly sidesteps the trap into which the Casuists fell; it is a universal ethics, in which the same rules and imperatives of behavior hold for every individual. There is no "social responsibility" overriding individual conscience, no cost-benefit calculation, no greater good or higher measure than the individual and his behavior, and altogether no casuistry. In the Confucian ethics, the rules are the same for all. But there are different general rules, according to the five basic relationships of interdependence, which for the Confucian embrace the totality of individual interactions in civil society: superior and subordinate (or master and servant); father and child; husband and wife; oldest brother and sibling; friend and friend. Right behavior—what in the English translation of Confucian ethics is usually called "sincerity"*—is that individual behavior which is truly appropriate to the specific relationship of mutual dependence because it optimizes benefits for both parties. Other behavior is "insincere" and therefore wrong behavior and unethical. It creates dissonance instead of harmony, exploitation instead of benefits, manipulation instead of trust.

An example of the Confucian approach to the ethical problems discussed under the heading of "business ethics" would be "sexual harrassment." To the Confucian it is clearly unethical behavior because it injects power into a relationship that is based on function. This makes it exploitation. That this "insincere,"—that is, grossly unethical—behavior on the part of a superior takes place within a business or any other kind of organization, is basically irrelevant. The master/servant or superior/subordinate relationship is one between individuals. Hence, the Confucian would make no distinction between a general manager forcing his secretary into sexual intercourse and Mr. Samuel Pepys, England's famous 17th century di-

* No word has caused more misunderstanding in East/West relations than "sincerity." To a Westerner, "sincerity" means "words that are true to conviction and feelings"; to an Easterner, "sincerity" means "actions that are appropriate to a specific relationship and make it harmonious and of optimum mutual benefit." For the Westerner, "sincerity" has to do with intentions, that is, with morality; to the Easterner, "sincerity" has to do with behavior, that is, with ethics.

arist, forcing his wife's maids to submit to his amorous advances. It would not even make much difference to the Confucian that today's secretary can, as a rule, quit without suffering more than inconvenience if she does not want to submit, whereas the poor wretches in Mrs. Pepys' employ ended up as prostitutes, either because they did not submit and were fired and out on the street, or because they did submit and were fired when they got pregnant. Nor would the Confucian see much difference between a corporation vice-president engaging in "sexual harrassment" and a college professor seducing coeds with implied promises to raise their grades.

And finally, it would be immaterial to the Confucian that the particular "insincerity" involves sexual relations. The superior would be equally guilty of grossly unethical behavior and violation of fundamental rules of conduct if, as a good many of the proponents of "business ethics" ardently advocate, he were to set himself up as a mental therapist for his subordinates and help them to "adjust." No matter how benevolent his intentions, this is equally incompatible with the integrity of the superior/subordinate relationship. It equally abuses rank based on function and imposes power. It is therefore exploitation whether done because of lust for power or manipulation or done out of benevolence—either way it is unethical and destructive. Both sexual relations and the healer/patient relationship must be free of rank to be effective, harmonious, and ethically correct. They are constructive only as "friend to friend" or as "husband to wife" relations, in which differences in function confer no rank whatever.

This example makes it clear, I would say, that virtually all the concerns of "business ethics," indeed almost everything "business ethics" considers a problem, have to do with relationship of interdependence, whether that between the organization and the employee, the manufacturer and the customer, the hospital and the patient, the university and the student, and so on.

Looking at the ethics of interdependence immediately resolves the conundrum which confounds the present discussion of "business ethics": What difference does it make whether a certain act or behavior takes place in a "business," in a "non-profit organization," or outside any organization at all? The answer is clear: None at all. Indeed the questions that are so hotly debated in today's discussion of "business ethics," such as whether changing a hospital from "nonprofit" to "proprietary and for profit" will affect either its behavior or the ethics pertaining to it, the most cursory exposure to the ethics of interdependence reveals as sophistry and as non-questions.

The ethics of interdependence thus does address itself to the question which "business ethics" tries to tackle. But today's discussion, explicity or implicity, denies the basic insight from which the ethics of interdependence starts and to which it owes its strength and durability: It denies *interdependence.*

The ethics of interdependence, as Confucian philosophers first codified it shortly after their Master's death in 479 B.C., considers illegitimate and unethical the injection of power into human relationships. It asserts that interdependence demands equality of obligations. Children owe obedience and respect to their parents. Parents, in turn, owe affection, sustenance and, yes, respect, to their children. For every paragon of filial piety in Confucian hagiology, such as the dutiful daughter, there is a paragon of parental sacrifice, such as the loving father who sacrificed his brilliant career at the court to the care of his five children and their demands on his time and attention. For every minister who risks his job, if not his life, by fearlessly correcting an Emperor guilty of violating harmony, there is an Emperor laying down his life rather than throw a loyal minister to the political wolves.

In the ethics of interdependence there are only "obligations," and all obligations are mutual obligations. Harmony and trust—that is, interdependence—require that each side be obligated to provide what the other side needs to achieve its goals and to fulfill itself.

But in today's American—and European—discussion of "business ethics," ethics means that one side has obligations and the other side has rights, if not "entitlements." This is not compatible with the ethics of interdependence and indeed with any ethics at all. It is the politics of power, and indeed the politics of naked exploitation and repression. And within the context of interdependence the "exploiters" and the "oppressors" are not the "bosses," but the ones who assert their "rights" rather than accept mutual obligation, and with it, equality. To "redress the balance" in a relationship of interdependence—or at least so the ethics of interdependence would insist—demands not pitting power against power or right against right, but matching obligation to obligation.

To illustrate: Today's "ethics of organization" debate pays great attention to the duty to be a "whistle-blower" and to the protection of the "whistle-blower" against retaliation or suppression by his boss or by his organization. This sounds high-minded. Surely, the subordinate has a right, if not indeed a duty, to bring to public attention and remedial action his superior's misdeeds, let alone violation of the law on the part of a superior or of his employing organization. But in the context of the ethics of interdependence, "whistle-blowing" is ethically quite ambiguous. To be sure, there are misdeeds of the superior or of the employing organization which so grossly violate propriety and laws that the subordinate (or the friend, or the child, or even the wife) cannot remain silent. This is, after all, what the word "felony" implies; one becomes a partner to a felony and criminally liable by not reporting, and thus "compounding" it. But otherwise? It is not primarily that to encourage "whistle-blowing" corrodes the bond of trust that ties the superior to the subordinate. Encouraging the "whistle-blower" must make the subordinate lose his trust in the superior's willingness and ability to "protect his people." They simply are no longer "his people" and become potential enemies or political pawns. And in the end, encouraging and indeed even permitting "whistle-blowers" always makes the weaker one—that is, the subordinate—powerless against the unscrupulous superior, simply because the superior no longer can recognize or meet his obligation to the subordinate.

"Whistle-blowing," after all, is simply another word for "informing." And perhaps it is not quite irrelevant that the only societies in Western history that encouraged informers were bloody and infamous tyrannies—Tiberius and Nero in Rome, the Inquisition in the Spain of Philip II, the French Terror, and Stalin. It may also be no accident that Mao, when he tried to establish dictatorship in China, organized "whistle-blowing" on a massive scale. For under "whistle-blowing," under the regime of the "informer," no mutual trust, no interdependencies, and no ethics are possible. And Mao only followed history's first "totalitarians," the "Legalists" of the Third Century B.C., who suppressed Confucius and burned his books because he had taught ethics and had rejected the absolutism of political power.

The limits of mutual obligation are indeed a central and difficult issue in the ethics of interdependencies. But to start out, as the advocates of "whistle-blowing" do, with the assumption that there are only rights on one side, makes any ethics impossible. And if the fundamental problem of ethics is the behavior in relations of interdependence, then obligations have to be mutual and have to be equal for both sides. Indeed, in a relationship of interdependence it is the mutuality of obligation that creates true equality, regardless of differences in rank, wealth, or power.

Today's discussion of "business ethics" stridently denies this. It tends to assert that in relations of interdependence one side has all the duties and the other one all the rights. But this is the assertion of the Legalist, the assertion of the totalitarians who shortly end up by denying all ethics. It must also mean that ethics becomes the tool of the powerful. If a set of ethics is one-sided, then the rules are written by those that have the position, the power, the wealth. If interdependence is not equality of obligations, it becomes domination.

Looking at "business ethics" as an ethics of interdependence reveals an additional and equally serious problem—indeed a *more* serious problem.

Can an ethics of interdependence be anything more than ethics for individuals? The Confucians said "no"—a main reason why Mao outlawed them. For the Confucian—but also for the philosopher of the Western tradition—only *law* can handle the rights and objections of collectives. *Ethics* is always a matter of the person.

But is this adequate for a "society of organizations" such as ours? This may be the central question for the philosopher of modern society, in which access to livelihood, career and achievement exist primarily in and through organizations—and especially for the highly-educated person for whom opportunities outside of organization are very scarce indeed. In such a society, both the society and the individual increasingly depend on the performance, as well as the "sincerity," of organizations.

But in today's discussion of "business ethics" it is not even seen that there is a problem.

"Ethical chic" or ethics

"Business ethics," this discussion should have made clear, is to ethics what soft porn is to the Platonic Eros; soft porn too talks of something it calls "love." And insofar as "business ethics" comes even close to ethics, it comes close to casuistry and will, predictably, end up as a fig leaf for the shameless and as special pleading for the powerful and the wealthy.

Clearly, one major element of the peculiar stew that goes by the name of "business ethics" is plain old-fashioned hostility to business and to economic activity altogether—one of the oldest of American traditions and perhaps the only still-potent ingredient in the Puritan heritage. Otherwise, we would not even talk of "business ethics." There is no warrant in any ethics to consider one major sphere of activity as having its own ethical problems, let alone its own "ethics." "Business" or "economic activity" may have special political or legal dimensions as in "business and government," to cite the title of a once-popular college course, or as in the antitrust laws. And "business ethics" may be good politics or good electioneering. But that is all. For ethics deals with the right actions of individuals. And then it surely makes no difference whether the setting is a community hospital, with the actors a nursing supervisor and the "consumer" a patient, or whether the setting is National Universal General Corporation, the actors a quality control manager, and the consumer the buyer of a bicycle.

But one explanation for the popularity of "business ethics" is surely also the human frailty of which Pascal accused the Casuists of his day: the lust for power and prominence of a clerisy sworn to humility. "Business ethics" is fashionable, and provides speeches at conferences, lecture fees, consulting assignments, and lots of publicity. And surely "business ethics," with its tales of wrongdoing in high places, caters also to the age-old enjoyment of "society" gossip and to the prurience which—it was, I believe, Rabelais who said it—makes it fornication when a peasant has a toss in the hay and romance when the prince does it.

Altogether, "business ethics" might well be called "ethical chic" rather than ethics—and indeed might be considered more a media event than philosophy or morals.

But this discussion of the major approaches to ethics and of their concerns surely also shows that ethics has as much to say to the individual in our society of organizations as they ever had to say to the individual in earlier societies. They are just as important and just as needed nowadays. And they surely require hard and serious work.

A society of organizations is a society of interdependence. The specific relationship which the Confucian philosopher postulated as universal and basic may not be adequate, or even appropriate, to modern society and to the ethical problems within the modern organization and between the modern organization and its clients, customers, and constituents. But the fundamental concepts surely are. Indeed, if there ever is a viable "ethics of organization," it will almost certainly have to adopt the key concepts which have made Confucian ethics both durable and effective:

—clear definition of the fundamental relationships;

—universal and general rules of conduct—that is, rules that are binding on any one person or organization, according to its rules, function, and relationships;

—focus on right behavior rather than on avoiding wrongdoing, and on behavior rather than on motives or intentions; and finally,

—an effective organization ethic, indeed an organization ethic that deserves to be seriously considered as "ethics," will have to define right behavior as the behavior which optimizes each party's benefits and thus makes the relationship harmonious, constructive, and mutually beneficial.

But a society of organizations is also a society in which a great many people are unimportant and indeed anonymous by themselves, yet are highly visible, and matter as "leaders" in society. And thus it is a society that must stress the Ethics of Prudence and self-development. It must expect its managers, executives, and professionals to demand of themselves that they shun behavior they would not respect in others, and instead practice behavior appropriate to the sort of person they would want to see "in the mirror in the morning."