*The heart pacemaker is a modern wonder. The device has a timer that resets itself every time the patient's heart beats. If the heart does not beat on schedule (say, within 1.2 seconds), the pacemaker gives a stimulus that causes a heartbeat.*

*But the technology was not always so sophisticated, and its early limitations form the background of this true story, told to Markkula Center for Applied Ethics Director Thomas Shanks, S.J., by one of the participants. Although the events happened 20 years ago, the ethical issues they raise are still relevant.*

It's 1975, and you are on the board of directors of a company that makes transistors. Among the many companies with whom you have a contract is one that makes heart pacemakers.

Pacemaker technology is in its infancy. When doctors implant a pacemaker, the patient's normal heartbeat is disabled, and he or she relies entirely on the device. If it fails, the patient's heart stops. Doctors are not very adept at installing the pacemakers, which are extremely delicate; there is even a story of a person yawning deeply, pulling the pacemaker wire in his chest, and dying.

After that and many similar incidents, the board begins to reconsider whether your company should sell to the pacemaker company. Members of the board feel this situation is a major lawsuit just waiting to happen and your company, as well as the company you supply, will be liable. In addition, you feel the specs the pacemaker company uses to test the transistors are not very strong.

You and the board decide to get out of the business before it's too late. You tell the pacemaker company representatives about your conclusion, and they respond, "You can't stop selling us the transistors. You are the sole remaining supplier for us. Everyone else has backed out for the same reasons you're giving. If you don't sell us the product, we'll go out of business. Pretty soon, no one will be making heart pacemakers, and many people need them. Without the pacemaker, people don't even have a chance."

You take that information back to the board. People around the table have different opinions. One person says, "This is a bad deal, and it isn't our problem. We don't make enough on this sale to make the risk worthwhile." Another person says, "We don't know how other companies use the transistors we sell them; why should we be concerned about this one? What about that baby who died when the transistor in the incubator failed? We didn't know how that company was using the transistor." Another person says, "I think we're missing the real issue here. Don't we have an ethical obligation to sell the product to the pacemaker company? What will happen if we don't sell to them?" Another person says, "Give me a break. Our only obligation is to our shareholders. And how did we get so stupid that we're the last source? I'm telling you, we don't need this." Finally, the chair of the board says, "OK. Let's make a decision."

As the story of the Sole Remaining Supplier was told to me, the Board conversation went pretty much the way the case describes it. Legal was saying, "This is a time bomb waiting to happen. Why are we even talking about this?" Engineering was bemoaning the lack of standards for testing the electronics of pacemakers, and the majority of the Board understood that they had a problem with no easy solution.

One of the people on the Board told me later that the founders of Silicon Valley were the sons (and a few daughters) of blue-collar parents. Their fathers were plumbers, electricians, and carpenters, who had passed on a core set of values to their children. This was the Valley before greed and early retirement (at the age of 30) had swept through it. So they took seriously their responsibility and duty to protect the rights of people who needed pacemakers at the same time as they balanced their fiduciary responsibility to the current company. They understood that "doing the right thing" did not have to be stupid, and that they could both do the right thing and do well for the company ("DO RIGHT" AND "DO WELL," rather than having to choose one or the other.)

So, they continued to sell to the pacemaker company. But they also instructed their engineers to develop more rigorous testing and technical standards they could hold the other company to. They reserved the right to stop selling if the other company did not improve its technical standards. They took steps to be sure they did not have a legal liability down the line and then turned it over to the other company to improve the quality of its products.

In these ways they felt they were reducing harms and maximizing utility. They felt it fair to single out the industry because it was new and standards were developing, an equal way of treating start-up industries. They felt they were showing compassion without sacrificing business, and were living out their parents' other virtues. In this way they felt that they were serving the common good, protecting people's rights to a promising new medical technology, the pacemaker.