The Current Crisis in American Morality: How Big Business Has Contributed to, and Ought to Address, the Crisis

Abstract

In this paper, I argue that several features of Big Business in the United States, and its influence on our society, have caused far too many Americans to stop thinking about what is morally right as they choose their actions. An ethical vacuum has been created that Big Business has been only too glad to fill with questionable values that Americans have absorbed without consciously embracing. The time is right, and the stakes have never been higher, for us to reflect on our values and change our thinking and behavior. Big Business and Philosophy each have important roles to play — one because of the power it now has and the other because of the power it ought to have — if we are to improve the moral climate in this country.

A large number of Americans have stopped being concerned about what is morally right as they choose their actions. This is a disturbing trend. It demonstrates that many Americans are attempting to escape taking responsibility for their actions in a fundamental way, and in a way that is not really possible because actions that affect others’ lives cannot be entirely value-free. Whether people realize it or not, their actions do reveal underlying values, even if they have not been explicitly embraced. The task of choosing the values by which one lives cannot be escaped and it is more important than people realize, because our values are closely linked to our identity as individuals and as a society. As I have argued in a recent paper, in a significant sense “We Are Our Values.” Our choice of values, which affects our actions, determines who we are. They are what we stand for. To attempt to escape thinking about what is morally right amounts to attempting to escape standing for anything. In this paper, I shall discuss how the philosophy and practices of Big Business have contributed to this crisis in American morality and how business executives, as well as philosophers, ought to address the crisis in order to improve the moral climate in this country.

There are eight features of Big Business that I would cite as being causal factors in creating our current moral crisis. The first has to do with how its philosophical foundations have been distorted. The American business climate rests on the acceptance of the related philosophies of Individualism and Capitalism. Individualism is the view that the individual, rather than society as a whole, is what matters most. Individuals should have the right to pursue their own vision of the good life, and relate to others as equals in voluntary, unregulated exchange. Society’s proper function is to make that possible. Capitalism is the economic system that is an extension of the philosophy of Individualism. Capitalism — in contrast
to its polar opposite, Socialism — is the “economic system in which the major portion of production and distribution is in private hands, operating under what is termed a profit or market system.”

The connection between Individualism and Capitalism has been stated very clearly by economist Murray Rothbard, who gives the following argument to show that Capitalism follows from accepting Individualism:

The individualist holds that only individuals exist, think, feel, choose, and act.

[We] begin with the basic axiom of the “right to self-ownership.”

We have established each individual’s right to self-ownership, to a property right in his own body and person. But people are not floating wraiths; they are not self-subsistent entities. Man, in other words, must own not only his own person, but also material objects for his control and use.

But if a man owns anything, he then has the right to give away or exchange these property titles to someone else, after which point the other person also has absolute property title. From this corollary right to private property stems the basic justification for free contract and for the free-market economy.

Neither Individualism nor Capitalism is an inherently immoral doctrine. Problems arise from how those philosophies have been adopted and distorted by many who are associated with American businesses. Individualism, for instance, has often been equated with, or reduced to, Egoism, the view that one should always act in a self-interested manner; and Egoism is generally acknowledged to be incompatible with the moral point of view. The criticism of Egoism can be stated quite succinctly using Kantian language: Egoism maintains that one should always treat others as a means to achieving one’s own ends, never as ends in themselves; but the moral point of view requires that other human beings be treated as ends in themselves.

Why should we not equate Individualism with Egoism? Individualism permits individuals to act in accordance with their own values, but it doesn’t say what those values should be. So it doesn’t say that one should always act in a self-interested manner. In fact, proper understanding of the philosophy of Individualism should lead defenders to treat each individual as an end in himself or herself since, as Eric Mack has pointed out, Individualism involves the recognition of other individuals as purposive beings with ultimate ends of their own, as beings whose lives have supreme importance in their own right. In this way the separate importance of each precludes any individual’s subordination to the ends of any other individual or any association of individuals.

So the problem is not with the philosophy of Individualism, but with Egoism; but the widespread misunderstanding of Individualism absorbed by all too many in the business world has, unfortunately, created many egoists in our country.

Capitalism has certainly made the United States the world power that it is and improved the standard of living for most Americans, but Big Business has such power over our way of thinking in the United...
States that, unfortunately, we have allowed this feature of our society to define us. We have become essentially a capitalist society. The right to own and exchange property has evolved into an attitude, held by far too many Americans, that life is all about buying and selling. In a recent article in Philosophy Now, Alan Malachowski claims that “when historians and other such commentators look back on our time,” what will stand out above all else is “the incipient commercialization of our whole way of life and the concomitant hegemony of big business values.”\(^8\) Americans have absorbed the implicit values of a powerful sector of our society, without consciously choosing them.

The second feature of Big Business that I would point to as playing a crucial role in creating the crisis in American morality is what drives modern businesses: the profit motive. “[P]rofit in the form of money is the lifeblood of the capitalist system.” But Robert Heilbroner points out that “the profit motive, as we understand it, is a very recent phenomenon” in history. “As a ubiquitous characteristic of society, the profit motive is as modern an invention as printing.”\(^9\) We take for granted that the profit motive must be the driving force in business. Businesses are ranked in terms of how much profit they have made or are expected to make, largely ignoring other qualities of a business that ethicists might emphasize: e.g. the well-being of employees, the integrity of the product (is it safe?), whether the business contributes to the well-being of the communities (in the short and long term) in which it operates, and whether it has made sure that it will not have a negative impact on the environment (including wildlife).

In emphasizing the importance of making money at all costs, an implicit value judgment has been accepted by all those associated with Big Business — those who run, work for, and reap the rewards of profitable businesses — that how much money one has is the most important thing in life. People will deny that they have made this value judgment. The typical response is to maintain that “business is business,” that it is amoral, and that this part of life can be separated from the part of people’s lives that is a matter of moral concern. But this is certainly false. Business executives make decisions that affect the lives of many other people, and there are often ethical dimensions to these decisions.

It is true that, in recent years, a number of Big Businesses have been accused of overstepping ethical boundaries in their drive for profit. What I find disturbing, though, is that even in these charges, the focus is invariably on money: Did a business executive or particular investor (like Martha Stewart) make a profit from having inside information, while others lost money? Did an accounting firm, in cahoots with a particular business, mislead investors so that people lost money from this misrepresentation? Has a particular business (like Microsoft) so monopolized a field that others can’t make money in this field? Many communities have created Ethics Boards and the only cases they seem to consider involve making money as a result of inside information or abuse of one’s position for profit.

The third feature of Big Business that I would point to as creating the moral crisis we currently find in the United States concerns the way Big Business, through advertising, has quite deliberately turned most Americans into materialists in order to achieve its goal of maximizing profits. We are repeatedly told that to be happy, we must have the right “stuff” — certain clothes, a certain car, etc. — and, of course, what the right “stuff” is is constantly changing, so we’ll have to keep buying new products. Most people’s lives revolve around making money so they can buy whatever it is that corporate America tells them they should be buying. Businesses’ emphasis on making a profit and convincing us that we need to have more, and better, material possessions are interconnected and mutually supportive values. To make big profits, businesses must get a large number of us to buy their products. To do so, they must persuade us that having material possessions — at least theirs — is essential to our well-being. In order to be able
to buy their products, we’d better make lots of money — so the driving force of businesses (the profit motive) is reinforced as being a good thing. The result, according to Richard M. Ryan, is that:

Vast numbers of us have been seduced into believing that having more wealth and material possessions is essential to the good life....many of us, consciously or unconsciously, have learned to evaluate our own well-being and accomplishment not by looking inward at our spirit or integrity, but by looking outward at what we have and what we can buy. Similarly, we have adopted a world view in which the worth and success of others is judged not by their apparent wisdom, kindness, or community contributions, but in terms of whether they possess the right clothes, the right car, and more generally, the right “stuff.”

Again, I think it’s doubtful that many people would really accept these values stated explicitly. They have absorbed the values that are implicit in the operations of Big Business without consciously choosing them. And not only are these values questionable from a moral point of view, but psychologist Tim Kasser cites evidence, in *The High Price of Materialism*, to show that “even when people obtain more money and material goods, they do not become more satisfied with their lives, or more psychologically healthy because of it.” In fact, research shows that “merely aspiring to have greater wealth or material possessions is likely to be associated with increased personal unhappiness.”

The **fourth** feature of Big Business that I would cite as being a causal factor in creating the current American crisis in morality is the prevalent attitude that the only restriction on making a profit is that one must stay within the law. In general, business executives tend to adopt the attitude that if it isn’t illegal, it’s all right. They only worry about what’s illegal, not what’s immoral. The main reason for this, of course, is that they know that they will (if caught) be punished if they break the law; but it’s not so clear that anything will happen to them if they do something that is morally wrong, if it’s not against the law. So it seems prudent to just worry about what is illegal. And, to be fair, laws are written down and are reasonably clear, whereas it may be difficult to determine what is morally right. So it’s easier to turn to the law to see what one ought to do in a given situation. But my point is that business executives are unlikely to spend any time worrying about the moral implications of their policies. To the extent to which they think at all about what they ought not do, it generally comes down to being concerned only with that which is illegal. They have, as a result, sent the message to their employees, and others in society, that morality can be collapsed into legality.

But morality should not be collapsed into legality. First, they are not coextensive. There are actions that are a matter of moral concern which are not governed by laws (e.g. keeping promises to one’s friends) and there are actions that are illegal which we would not classify as being immoral (e.g. jaywalking). Second, even when they cover the same ground, outdated laws may lag behind a society’s current moral beliefs and need to be changed. Consider that, for a time in our history, slavery was legal and women and blacks were not permitted to vote. Individuals with strong moral convictions challenged the prevailing laws on these issues, eventually changing them, and we now believe that they were right to have done so. There is no shortcut to determining what is morally right. We must, as individuals and collectively, think seriously about the issues involved, rather than fall back on whatever the law at a particular time happens to permit.

The **fifth** feature of Big Business that I think has contributed to the current crisis in morality is that most large companies are now run by people who aren’t particularly committed to their products. Once
businesses were started by, and then run by, individuals who believed that they had developed quality products that people really needed. They staked their reputations on their products. Today’s business executives — like Lou Gerstner, of IBM, who also ran R J Reynolds and Amex — tend to be professional managers of large corporations, who accept a job because of the challenge of turning a business around, or expanding a business, and because of the large salary and other perks they may receive. In light of this fact, we should not be surprised that quality control may suffer so that quick profits can be made and that inherently harmful products, like tobacco, continue to be produced. Again, the message is being sent to workers and the public at large that making money is the most important thing, and “let the buyer beware.”

The sixth feature of Big Business that has contributed to the current crisis in morality concerns the sheer size of the companies and the large areas over which the companies are spread. Often one part of the company doesn’t know what the other parts are doing — there is a compartmentalizing — and those who work for the companies in one location never see those in other locations whose lives are affected by their actions. In this sort of climate, it is all too easy to avoid asking important ethical questions about the company’s practices. One focuses, instead, on just doing one’s own job as efficiently as possible.

Related to this, working for large companies has caused many executives and workers to move frequently around the country, sometimes even out of the country. As a result, we have evolved into a society where the climate is not conducive to long-term social relationships. Few of us live in the towns where we grew up and few of us stay in one neighborhood, town or city very long. We barely know our neighbors. This has resulted, I believe, in our not being concerned enough about our dealings, and relationships, with others. We treat others as disposable commodities, rather than making an effort to treat people in a way that supports the possibility of long-term social relationships.

Once Americans spent their entire lives in small communities where they encountered the same (agreeable or disagreeable) individuals over and over again. They had to learn how to behave towards those other individuals so that they could encounter them again and again without embarrassment. They were able to see the long-term effects of their behavior on others, that there were consequences to their actions. This forced them to reflect on how they should treat others. Now many Americans don’t worry about their relationships with others, since they are not likely to last long in our highly mobile society. Although we may have ethical obligations to ourselves (this is a subject of debate in ethical theory), for the most part (if not entirely) our ethical obligations arise out of our relationships with others. If we don’t take our relationships with others seriously enough, then the result will be that we won’t feel the need to be concerned about ethics.

The seventh feature concerns the asymmetrical, hierarchical structure of Big Businesses. Here’s how Frederick Bruce Bird describes the problem in his book The Muted Conscience: Moral Silence and the Practice of Ethics in Business:

Certain patterns of organizational direction and accountability, more so than others, foster moral silence, deafness, and blindness. Many organizations adopt patterns of direction and accountability that tend to be asymmetrical and one-way. The basic pattern is for directives and policies to begin at the top and to be disseminated down through the organization. Subordinates report on how well they are performing. Superiors hold them accountable but are not in turn held accountable by subordinates....problems arise because the relationships between superiors and subordinates are not two-way and interactive. Superiors are thought of
as establishing the conditions with which subordinates are expected to comply...
A major problem with this administrative pattern, which is indeed widespread, is that subordinates are expected to remain comparatively mute with respect to many moral issues that concern them.\textsuperscript{12}

If one combines this feature of Big Business with the driving force of the profit motive, this is the result:

Subordinates are...counseled to raise and highlight moral concerns only insofar as these are likely to affect the financial measures of corporate performance....As a result many...concerns are likely not to be raised at all, unless they can be construed as improving marginal returns.\textsuperscript{13}

In this way, the very structure of Big Businesses tends to stifle ethical concerns individuals may have; over the long term, these concerns tend to fade away as workers are trained to focus on improving job performance (i.e. helping the company to make a profit).

Those whose concerns don’t fade away and who dare to break the code of silence by speaking out to others when they can’t get their superiors to take their concerns seriously— so-called “whistle blowers” — are treated harshly. In a recent issue of Business Week, the last item on a checklist for potential whistle blowers was: “Think through the impact on your family. Be prepared for unemployment and the possibility of being blacklisted in your profession.”\textsuperscript{14}

Finally, the eighth feature of Big Business that I would point to as having contributed to the current moral crisis in America is Big Business’ involvement in — some would say stranglehold on — the American political process, which has magnified the impact of its moral deficiencies on the American culture. Big businesses have used their huge resources to get candidates who are sympathetic to their interests elected and, through lobbying those they have helped to elect, further their agendas. Money is power in our society, and Big Business has so succeeded in imposing its values on the way Americans think — in large part due to its involvement in the political process — that the health of our nation is often characterized solely in terms of the Gross Domestic Product, and we are happy with our political leadership just in case the economy is good. (“It’s the economy, stupid!”)

Related to this, there is another way in which Big Business has succeeded in imposing its values on Americans and helped to get candidates elected who will support their practices. Through the control of mass media -- which, after all, are big businesses themselves -- they are in the position of exerting at least indirect coercion on the way in which stories are presented to the public.\textsuperscript{15}

Sadly, philosophers too have contributed to the current moral crisis caused by Big Business’ stranglehold on our society by neglecting to discuss the realm of business and its impact on our society. According to Alan Malachowski:

Most philosophers have probably bypassed the commercial realm because they high-mindedly believe business activity has little or no intellectual foundation, and certainly none of much philosophical interest. In doing so, however, they have overlooked one of the more dramatically important examples of how theory can influence behaviour. They have, in effect, sat out a revolution in thought that may turn out to be more morally momentous than any other in our history so far.\textsuperscript{16}
Malachowski’s complaint that “philosophers in particular seem to have resolutely turned a blind eye as much of western society began to transform itself into a corporate theme park”\(^{17}\) does seem to have merit.

It is particularly critical, at this time in history, that we think about our values. Increasing globalization has caused the behavior of countries — particularly the United States, since it’s the most visible and powerful country in the world — to be scrutinized by others. Clashes in values concerning how people *ought* to live have been revealed, where once cultures having conflicting values were able to coexist, having little contact with one another. It is, therefore, more important than ever that we think carefully about our national values and the image we present to the world. We cannot afford to be seen as being on the wrong side of ethical debates. Our very survival as a country might be at stake.

It is, therefore, critical that we spend time now thinking about our values — as individuals and as a society. The stakes have never been higher. Although I have been critical of Big businesses, in what I have said so far, I am not against Capitalism. But we need to put our economic system into perspective. Capitalism should be seen as a means of improving our standard of living, but not as determining what is most important in life. I would like to end with some thoughts about how business executives and philosophers need to respond to the moral crisis that America is currently facing.

Many have argued that we need to pass more laws that would impose a certain level of ethical behavior on businesses. I think this is not the best way to approach the problem of how to get businesses to be more ethical. It’s difficult to get such laws passed, they would probably be watered down, and there would undoubtedly be those who would look for loopholes in the law. As a congressional panel report on the Enron scandal, released February 13, 2003, maintained:

> “Enron’s behavior illustrates that a motivated corporation can manipulate highly technical provisions of the law.” By using advice from sophisticated lawyers, investment bankers and accountants, “corporations like Enron have an inherent advantage over the IRS.”\(^ {18}\)

Furthermore, passing more and more laws would do nothing to help the image of Big Business, which would be viewed as a vicious dog that has to be muzzled. It wouldn’t change the fundamental problem that Big Business is driven by a force — the profit motive — that is often at odds with Ethics. Also, in this age of globalization, where there are many multinational corporations, the laws of a single country will not be able to contain unethical behavior.

I would rather see a movement towards more ethical behavior in business coming from within the business community itself and I think businesses would prefer this, as well, to trying to curb unethical behavior through legislation. I would hope that there are at least two incentives for businesses voluntarily undertaking some sort of ethical reform: 1. Recent business scandals and revelations of the huge rewards executives receive\(^ {19}\) while workers have difficulty making ends meet has caused many Americans to become, quite understandably, upset with the practices of Big Business. Big Businesses currently have an image problem that is hurting them financially. 2. Even if Big Business is able to maintain the status quo — in large part because it is able to buy influence in government — and, as a result, considerable unethical behavior continues to be tolerated, *others* in the world may not be so accepting of its behavior. There will be — and perhaps already has been\(^ {20}\) — retaliations, which certainly is not in Big Business’ interest.
I think the time is right for Big Businesses to voluntarily reform their companies’ questionable practices. I would like to see executives initiating discussions of the ethical dimensions of their businesses, bringing in ethicists to ask the sorts of questions that those within the businesses might not think to ask. The goal should be to create a document of ethical principles the company will agree to abide by. These principles — which should cover the company’s obligations to shareholders, employees, those one does business with (including suppliers and customers) and society as a whole — should be publicized. Of course, it will undoubtedly cost companies something to abide by these ethical principles. It will, most likely, eat into the profits. The prices of products may have to go up, raising concerns about whether the company can compete with other companies who offer products at a cheaper price, perhaps because of unethical practices. I would like to think, though, that enough consumers, once educated about the issues involved, would prefer to do business with ethical companies and would be willing to pay a bit more for their products.

One place where costs could be cut that some would argue is in line with ethical reform is the remuneration — huge salaries and other perks — given to executives. In response to the concern that few top executives would want to run a company that pays them less than others, I would argue that a company shouldn’t want an executive who wants the job only, or even primarily, because of the money involved. This attitude has been shown to lead to improper behavior. The sort of ethical reform I am proposing involves a change of thinking on the part of business executives. Instead of being driven solely by the profit motive — how much money can be made — business executives should be concerned with making a profit in an *honorable* way. Business executives should see themselves as human beings, having certain obligations to others because of that fact, who happen to have a job in business, which gives them other responsibilities as well. These job related responsibilities should never trump the more fundamental ones we each have as human beings. Business executives — and everyone else in society — should be able to give an affirmative answer when they ask themselves questions like the following: Do I feel good about the way I have lived my life? Have I treated other human beings with whom I interact, or who are dependent upon me, with respect? Do I feel good about the product I help produce or the service I offer others?

Philosophers, too, have an important role to play in changing the ethical climate in the United States. The field of Ethics properly belongs within Philosophy. The social sciences may talk about the values people have, but their work is *descriptive*, rather than *prescriptive*. Philosophers doing ethics, on the other hand, are concerned with the values people *ought* to have. Others, most notably religious leaders, may also talk about the values people ought to have, but only philosophers are prepared to question everything as they continually examine and revise the value judgments they make. With their objectivity and their insistence that good arguments be given for the positions we hold — even ethical principles — philosophers *should* lead the way in the quest for ultimate values. Many philosophers are reluctant to place their value judgments in the public domain, but the consequence for not doing so is that less rational persons will determine what society’s values will be. Philosophers should remember the example set by Socrates who saw himself as a gadfly sent to his city, which he likened to a horse, to sting the horse, that is, to question its beliefs and practices: “It seems to me that God has attached me to this city to perform the office of such a fly, and all day long I never cease to settle here, there, and everywhere, rousing, persuading, reproving every one of you.” Just as Socrates did, ethicists should be speaking out more, questioning the values people seem to hold and offering up for discussion, and possible implementation, their best attempts to state what our values should be.
To conclude, I have argued that several features of Big Business in the United States, and its influence on our society, have caused far too many Americans to stop thinking about what is morally right as they choose their actions. An ethical vacuum has been created that Big Business has been only too glad to fill with questionable values that Americans have absorbed without consciously embracing. The time is right, and the stakes have never been higher, for us to reflect on our values and change our thinking and behavior. Big Business and Philosophy each have important roles to play — one because of the power it now has and the other because of the power it ought to have — if we are to improve the moral climate in this country.

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Notes


4. Ibid., p. 394.

5. Ibid., p. 395.

6. Ibid., p. 399.


9. Robert Heilbroner, The Worldly Philosophers, 5th edition, Simon & Schuster, 1980, pp. 22-3. He says that the profit motive “was foreign to the lower and middle classes of Egyptian, Greek, Roman, and medieval cultures, only scattered throughout the Renaissance times, and largely absent in most Eastern civilizations.” He points out that it was also anathema to our Pilgrim forefathers.


11. Ibid., p. x.

13. Ibid., p. 182.


15. I am indebted to James Roper for pointing this out to me.


17. Ibid.


19. When the former Chairman of General Electric, Jack Welch, recently went through a divorce, it was revealed that he had assets of $456 million and received, even in retirement, a monthly income of $1,414,528. He listed among his expenses: $51,531 a month to maintain six homes, $8,982 a month on food and drink, $1,903 on clothes and $52,000 a month on gifts.

20. Consider that the Sept. 11, 2001 attack in New York City was on the financial center of the United States.


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