BUSINESS ETHICS**


This discussion, presented at the 73rd Annual Meeting of the American Economic Association, includes three major papers and three brief comments. In “The Influence of Ethical and Social Responsibilities on Advertising and Selling Practices,” the author raises questions about deceptive packaging, fictitious list prices, deceptive designation of quality, and built-in obsolescence. The second article raises broader questions about “The Social and Moral Responsibilities of the Executive in the Large Corporation.” In the final paper, “The Influence of Moral and Social Responsibility on Selling Consumer Credit,” a plea is made for full disclosure of credit costs to those who are buying a debt.


In the belief that ethical behavior can best be examined from the point of view of the official involved and that codes of conduct lose their meaning when they refer to impersonal entities such as corporations, such problems as price fixing and conflict of interest are discussed as they affect the individual executive. Specific suggestions are made on the proper resolution of conflict situations which have plagued executives in recent years.


This work is subtitled “Ideology, Ethics and the Meaning of Work in Profit and Nonprofit Organizations.” It examines ethics not only in the field of advertising, but also in academic institutions and social work agencies, the author having had first-hand work experience in each of these settings. In his introduction, he examines his own ethical dilemmas in publishing material which was collected from co-workers.

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**Items from this list should be ordered directly from the publisher. Addresses are given in connection with each reference.

“Gone are the days of the ruthless robber baron. Today’s American businessmen find themselves preaching the gospel of social responsibility.” This included a massive campaign in the early 1950’s “to sell free enterprise.” Since then management has been aware of the criticism of its power and its increased liability for the consequences of improper decisions. Management has attempted in various ways to adjust to the role “of private enterprise in our mixed economy.”


There are three main sections to this book. In the first half, the author discusses major Protestant, Jewish, and Catholic values which have influenced the historical milieu in which businessmen operate. He deals with such topics as the Protestant ethic, the Jewish notion of social responsibility, and the Catholic idea of a just wage. The second part of the book presents and analyzes empirical data on the ethical standards of a sample of American businessmen. Finally, on the basis of his historical and empirical material, the writer presents a “tentative statement of ethical guides.”


A vice-president and general manager of a major food company discusses the source of ethical principles which influence marketing behavior of major organizations. While traditional ethical principles based on personal conscience do serve as a guide, the author concludes that the primary sources of standards derive from professional expertise and consumer acceptance. This necessitates clear channels of communication between corporation and consumer. A free and open ethical dialogue through advertising, market research, and other media is of primary importance.


One of this country’s foremost muckrakers casts a wide net in his critique of contemporary morality. While the common man, the intellectual, and government officials come under attack, businessmen are also severely castigated. Price-fixing in the electrical industry receives special attention. Industrial spying, planned obsolescence, and deceptive advertising are among the many other issues discussed.

In a complex mass society good ethics is also good business. Managers can no longer readily change positions, and their future opportunities are markedly influenced by the actions of their colleagues and superiors. Similarly, consumers often find it impossible to evaluate the quality of expensive but necessary products. An awareness of the extent of colleague as well as consumer-producer interdependence has led industrial management to emphasize responsible action rather than to attempt remedial image building.


Surveys and analyzes the vast literature of criticism of big business. From books, articles, congressional hearings, novels, plays, and much more, the author calls out the basic themes inherent in the widespread hostility to big business. He divides the kinds of criticism he found into 1) an economic attack, 2) political and social criticism, and 3) the ethical and moral criticisms. In the last section such topics as "irresponsible individualism" and the immorality of production in the factory are included. The book concludes with a "critique of the critics," which indicates both their errors and their insights. Most important is the extent to which they represent the values of the American people. On the basis of this survey, the author includes a final chapter with prescriptions for action.


As a lawyer and professor of business law and ethics, the author is concerned about the lack of an ethical philosophy or code which could guide the Federal Trade Commission in the prosecution of unscrupulous behavior by corporations. Under the current lack of an accepted code of ethics, administrative agencies have the responsibility to decide what is acceptable behavior before they can determine what is unacceptable. This is an unconstitutional and unwise policy. Businessmen are advised to develop a philosophy of their own which could be debated, litigated, and resolved.


The late United States Senator focuses on the consequences of "Monopoly Power in America." He reports on the hearings dealing with
the drug industry which were held before his subcommittee. High profits, questionable advertising, the activities of detail men, and the promotion of trade names all come under critical scrutiny. Kefauver also discusses a variety of practices in the steel and automobile industries. Small business does not remain unscathed as the bakery industry is also dealt with.


The authors report the findings from a "Survey of Business Opinion and Experience." Almost 200 firms cooperated in this study of corporate concern about ethical behavior among employees. The major areas were conflict of interest, acceptance of gifts and entertainment by personnel, gifts and entertainment accorded to customers and prospects, and compliance with anti-trust laws. Policies on entertainment, acceptance of gifts, and outside interests differ, but most respondents indicated a belief that these do not set the moral tone of the corporation. Rather the actions of the top executives are the most important factor in determining the ethics of employees.


The authors, the first named of whom is a member of the United States Senate, have amassed extensive amounts of facts and figures in order to analyze investor-owned utility companies. They conclude that the special nature of the utility monopoly, under-financed regulatory commissions, and a high powered propaganda campaign by the electric companies result in serious overcharging to private families. The authors are also concerned with the special tax benefits, the method of calculating rate bases, the discriminatory stock options, and consumer-paid donations to charitable organizations. More comprehensive regulation on local, state, and national levels and an increased number of municipally-owned utility companies are among the suggestions offered to combat abuses of the investor-owned utilities.


In this indictment of automobile manufacturers, Nader cites a variety of engineering deficiencies which contribute heavily to accident fatalities and injuries. The author believes that over-emphasis on styling and cost-reduction have resulted in negligence and irresponsibility among the major companies. Specific emphasis is given to the 1960-1963 Corvair and the delays by General Motors in correcting serious hazards. Insurance companies, safety organizations, and traffic laws are also cited for supporting the manufacturers' tendencies to put too much emphasis on safe driving and not enough on safe cars.