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Corporations, freedoms, and equality

“We hold these truths to be self-evident, that all men are created equal...” These glorious words from the United States Constitution are frequently called the “immortal declaration”, the single most important founding principle of the United States. But could it be that what the Founding Fathers considered a natural, unalienable right of every human being is actually an unattainable dream and in an attempt to create equality we created a society in which “animals are equal but some animals are more equal than others”? Freedom and equality are issues that for centuries puzzled the greatest minds of humanity; various societies evolved devices to deal with these issues and justify their decisions. Most recently, the book The Spirit Level: Why Greater Equality Makes Societies Stronger by Richard Wilkinson and Kate Pickett provides a comprehensive analysis of numerous studies on relationship between economic inequality and social problems. The book provides compelling evidence that health improves and social problems decline as the social equality improves.

The evidence of longevity and pervasive nature of the issue of inequality comes from the fact that these issues are first mentioned in the Bible. The Divine Command Theory provides an objective metaphysical foundation of morality. This theory upholds the universality of morality as the only thing that makes an act wrong or right is that God says it is good or bad. Crime, robbery, murder and other expressions of violence are all concepts that contradict the concept of

good and thus are displeasing to God. According to Wilkinson and Pickett the impact of inequality on violence is well established. In particular, “a clear relationship between greater inequality and higher homicide rates” exists (Wilkinson, Pickett 135). As Wilkinson and Pickett dissect from the United Nations *Surveys on Crime Trends and the Operations of Criminal Justice Systems*, the USA is ranked at the top for homicide rates at 64 per million, more than four times higher than the UK, and twelve times as high as Japan, the benchmark for the most equal, rich, society. This is a disturbing statistic in the perspective of the sixth commandment laid out by God. You can apply the Divine Command Theory beyond crime, to social issues such as trust. Interestingly, levels of trust between members of the same societies have been declining steadily as income inequality has been increasing. However, a major issue with the Divine Command Theory comes from the debate of whether some things are good or bad by nature or because God sees them as good. This issue is commonly called the euthyphro dilemma. Morality thus appears as if not grounded in anything and can easily flip-flop if God’s will were to change. This greatly undermines the motivation for ethics as this deflates our conception of it as we release our responsibility of ethics from our self to a higher being.

On the contrary, utilitarianism allows the notion of society as a whole as being responsible for its own happiness whatever the means might be. With the emphasis on overall happiness attained through whatever means necessary, it is perhaps one of the most controversial approaches to the issue of happiness and equality. Utilitarianism would lead people to sometimes make controversial and rather unethical decisions which is why John Mill, cofounder of utilitarianism came out with a rebuttal to the justice objection. The justice objection states that Utilitarianism recommends actions that are intuitively seriously morally wrong, in as much as they involve some unfairness in justice, on violation of rights. If we were to try to achieve

happiness we would simply seek pleasure and gratification. According to Kant part of the issue with utilitarianism is that in an attempt to achieve happiness we would simply seek pleasure and gratification through actions that may not be morally right. Kant believed that the only acts that can be considered moral are those performed in accordance to duty rather than emotion or another natural inclination. In Kant's view, utilitarian view of happiness would be incompatible with morality because actions we have to perform because of call of duty do not always illicit happiness. For example, a C.E.O. of a company may choose to spend more money and resources to dispose of chemical waste responsibly and promote awareness in community rather than dumping the waste in a nearby lake or landfill. Similarly to The Divine Command Theory, utilitarian morals are based on a changeable ground rather than good will, or a will that acts for the sake of duty. The acts aimed at attaining pleasure often concern possession of various goods. In a society with high rate of economic inequality, goods or utiles are unevenly distributed.

In his essay "Income Distribution", John Isbister acknowledges that the distribution of income and thus access to goods and services is highly unequal. While Isbister notes that it is morally wrong for people who are of equal moral standing to have strikingly various incomes, he also states that a society in which no barriers of income, gender, sex, or anything else exist, would have "no financial incentive to be productive" (Isbister, 145). Isbister then adopts a view of "ethically defensible distribution of incomes", in a way sacrificing equality for the sake of establishing a functional society. Isbister also explains why setting income limits and high taxes would not eliminate income inequality, but rather impede economic growth. Not only has it the potential to cause the wealthier parts of society to intentionally reduce their income and thus contribute less to the poorer parts of the population, but it could also prevent the society from developing culturally or technologically, as is evident from the example of Bill Gates. The issue

of taxation in itself presents ethical difficulty as it violates the concepts of freedom in sense of safety of property and use of property in accordance to one's wishes. However, in a broader sense, it may be necessary to take some of the resources available to the wealthy and use them to help the disadvantaged achieve freedom. In accordance with the concept of utilitarianism, an impact of a decrease in the income of a rich person may produce a tenfold impact on a poorer person if that same amount was added to their income. Taxation, then, becomes a justifiable means of achieving social well being if it minimally violates the freedom of the rich and significantly improves the lives of the poor.

Over the course of economical history, capitalism has undergone a series of transformations, each with distinct properties and applications. Mercantile capitalism, based on mutual dependence between state and commercial interests, appeared in the 14th century and prevailed until the eighteenth century. Under this type of capitalism, government made major decisions regarding the tradeoff the nation's wealth measured in silver, gold, and precious metals. At this point of economical development, the country was most concerned with acquiring economical power through conquering additional territories rather than increasing production inside the country. Although at the time this policy was more efficient with regard to acquiring more resources for future development, it inhibited development of individual businesses and competition. The prices were set or directly affected by the government and citizens had little control over these matters. Government remained very involved in the regulation of economy until the beginning of the 18th century, when manufacturing became increasingly important, giving rise to industrial capitalism. In the United States, this was the beginning of large-scale industry boom. Increasing industrialization caused the individuals owning the corporations to desire more control over the regulation of their businesses, pushing the government into the

background. In this era, the idea laissez-faire became increasingly popular. With all companies being able to manage themselves and becoming more profitable, many individuals started businesses at the time attracted by the idea of making large profits on their own, creating competition. As competition intensified, financial capitalism came into existence. This type of capitalism is characterized by pools, trusts, holding companies, and business insurance and industrial interests were introduced at that time. At the same time, fierce competition produced a few large mega-powerful corporations, which controlled much of the country's economic power. Financial capitalism with its competition provided benefits to consumers by forcing companies to lower prices in trying to win customers. However, if a company did manage to outcompete other companies and monopolize a certain area of service, it could dictate its own prices much as government did in the era of mercantile capitalism. With great power comes great responsibility, and in the 1930's came the era of state welfare capitalism. During this era, the broad social responsibility of corporations was beginning to develop, and Social security and disability compensations were introduced. At this time the government also regained a lot of control over management of big companies. The present form of capitalism is the globalized capitalism. Globalized capitalism states that the economies of all countries are becoming increasingly more integrated and dependent on each other. Recent events involving Greece illustrate this concept very well. Years of unrestrained spending, cheap lending and failure to implement financial reforms caused Greek economy to become very vulnerable and finally fall when world-wide economic downturn hit. Greece has already violated eurozone's rules on deficit management and with the financial markets foreseeing that the country will default on its debts, this reflects badly on the credibility of the euro causing its value to lower. This example additionally illustrates the

critical importance of corporate responsibility. Large-scale ethical responsibility of corporations thus becomes clearly more important.

Ethical responsibilities of corporations are still debated. Corporations play a large part in the economies of different countries, especially in the United States. The primary utilitarian goal of any corporation is making maximum profits with minimum spending. This often means that rights and freedoms of people may be violated. For example, work place conditions in many factories in the early 20th century were highly hazardous, yet no compensations were provided to workers for the injuries. Child labor was also widespread, with children working long hours and receiving minimal payments. While historically corporations have been narrowly aimed at attaining maximum profit, in the 1960's they began to participate in so-called corporate social responsibility, which may hinder production efficiency. In the broad view of corporate responsibility, corporations have a duty towards suppliers, employees, members of community and consumers. Income equality in this case becomes a very important issue. Several arguments exist justifying various types of corporate responsibility, each offering its advantages and disadvantages. The invisible-hand argument adopts a utilitarian point of view in saying that if allowed to regulate themselves, businesses would maximize their profits, which would benefit society as a whole. However, this view often fails to be true in reality. In particular, gas companies in the United States have formed an oligopoly and rather successfully avoid government regulations and interventions thus having an aspect of self-regulation, and dictate the prices on gas that average Americans are forced to pay. Many families now are not able to have private means of transportation or any transportation at all which cannot be considered a move towards greater happiness of the society. The let-the-government-do-it argument supports the narrow view of corporate responsibility and simply views businesses as economic devices and not moral

agents. Proponents of this argument believe that strong government regulations should be put in place. This view, however, is also hardly applicable in real life. While it would be pleasing to think that corporations do not have an influence on the morals in our country, they largely do in indirect ways. As we see from Pickett and Wilkinson's book, countries with strong economic inequality have the greatest degree of crime. Large corporations determine the financial well-being of countries to a large extent and thus indirectly influence the level of happiness. Finally, the business-can't-handle-it argument states that that big businesses are the wrong group to place large social responsibilities upon. The supporters of this view argue that they lack the necessary expertise and impose materialistic values on society. This view seems to hold true in present-day consumer society of America. From birth we are trained to buy and consume. Corporations target increasingly younger audiences to sell their products. Overall, businesses appear to not be able to uphold the morals of society but generally happen to do so because of their influence on economy and the economy's influence on society.

Distribution of income needs not be equal, and it will never be fair, justifiable, or practical for it to be equal. Income equality does not reflect moral equality, but rather the level of accomplishments, ambitions, and amount of work a person has put in to creating their own well-being. Thus, we as a society should aim our efforts not at making everyone equal, but rather at eliminating the roadblocks to allowing individuals to develop to the extent of their full desire, ambition and potential. We may not be able to yet find a trustworthy sanctuary in which to hold the morals of our society and we may never be able to find one. Humans, with all of their complexity, remain physical creatures. It is hard to concern with issues of ethics of freedom when your feet are freezing and your stomach is empty. The appeal to comfort and satiety will

likely prevail over the need to do what is morally right, especially when the difference is subtle and the line between right and wrong often hides in a shade.

Works Cited

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