

OFFICE OF  
ASSISTANT COMMISSIONER FOR PUBLIC AFFAIRS

June 13, 1979

NOTE TO COMMISSIIIONER BOYER

Attached are notes for your presentation  
before Binghamton-SUNY Foundation meeting  
in Binghamton, New York on June 15.

Attached are notes on business ethics on the  
private sector and its alliance on higher education;  
on the shared concerns of business and academia  
(with editorial from Change on "Ethics in Troubled  
Waters;" speech by former Sec. of Labor Willard  
Wirtz; Fortune article by Derek Bok of Harvard.

I do hope you find the notes provocative and of  
use to you for your presenation.



Hedy Ratner

The mass market for business ethics--

Notes for SUNY-Binghamton Foundation Meeting,  
Binghamton, N.Y., June 15, 1979

Among the more irritating expressions available today in the arsenal of verbal assault is the emphatic invocation of "the bottom line". While I hear about the bottom line regularly from people who have never been engaged in commerce or industry, I assume it derives from the shape of a profit and loss statement. It's usually uttered when someone wishes to imply that he has a firmer grasp of reality than you do.

I'm afraid this contribution to our language reflects a shoddy image of the businessman or woman of today -- one who deliberately takes a narrow view and is proud of it.

While business has given us the phrase, it's plain that there are bottom liners in all lines of work. George Allen, the former coach of the Washington Redskins, was supposed to have said, "losing is like dying." A local sportswriter with a somewhat deeper concept of where the bottom line really is suggested that Mr. Allen is probably due for an unpleasant surprise.

Business has had some unpleasant surprises lately. Sears was recently jolted by a \$60 million judgement on a deal with a 16-year-old inventor they thought they had bottom

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lined for \$10,000 a decade ago. Participants in the international game of under-the-table payoffs for aircraft contracts are being forcefully reminded that their stockholders have a right to know just how they are going about promoting sales. Thanks to Ralph Nader, automobile manufacturers now know that their responsibility for the quality of a car does not end when it rolls off the assembly line. And several corporate executives are now uneasily concerned about where the money is going to come from to clean up chemical waste they thought was bottom lined years ago.

The extremely difficult time Congress is having in arriving at final legislation to govern a national energy policy is seen by many as evidence that the public apparently doesn't trust anybody involved in the oil business.

"Change" magazine, a publication devoted to education, said in a recent editorial that the country is "now awash in a wave of neopuritanism" and has "discovered ethical issues in nearly every aspect of private and public conduct." And, curiously, Change does not rejoice in this turn of events, calling it "one of the less pleasant aftermaths of Watergate."

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As a regular reader of Change, and an occasional contributor, I was surprised. I had always considered the ethical issues of public and private conduct an essential ingredient of education. Indeed, ethical issues have always seemed to me the yeast in the educational loaf. I'm afraid Change was smarting over a recent report that some deans, professors, and students were perhaps not as ethical as they might be.

THE  
TRAINING  
MONEY  
1942

President Derek Bok of Harvard, in his most recent annual report, suggested some changes in the curriculum of the Harvard Business School, including greater emphasis on the teaching of ethics to students preparing for corporate management. This has set off a flurry of academic indignation, reflected as far away from the walls of ivy as the pages of Fortune magazines and the Washington Post.

I'm truly surprised that there are any in the field of education who question the necessity for the exploration of ethical questions in education. That's what education is for. Instruction that stops short of ethical questions is not really education. It may be some kind of training, or conditioning, or God forbid, behavior modification. The concept of education presumes a student with a mind, a will, and a conscience -- and with a desire to know right from wrong, or, without that desire, a need to have it awakened.

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The unique qualities of the human mind -- imagination and value judgement -- are discovered and developed in the exploration of ethical implications.

It seems clear that business has as much need for the guidance of educated minds as any human enterprise. In the first place, a business is a coordinated effort of a number of people, often lots and lots of people. Where there are people, there are ethics -- of some kind. The business manager or employee who chooses to ignore that is stumbling blind in treacherous territory. Relationships in a business organization are not summed up in wages, hours, and fringe benefits. My experience has been in education organizations or in government, where I have never noted any lack of sensitivity to wages, hours, and fringes. But I have seen efforts fail when such human qualities as pride, respect, and honesty were ignored or, even worse, just not understood.

There is, of course, the view that the profit motive (that bottom line again) and competition somehow force business relationships onto a dismal plane of power and fear. Just how dismal that plane is can be felt in reading Joseph Heller's novel of a few years ago, Something Happened. The central character in the novel is a success. And that is

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all he is. He accepts and uses the fear-power key to maintain his position of dominance over some and subservience to others. He is completely lost in relationships (with his family, for instance) where power and fear do not lead to results one can call successful. He doesn't grow, and can scarcely be said to have lived, but he is clearly recognizable as a success.

I regret to say that Heller is not a writer of fantasy. He is an artist who sees the implications of the way life can go if we accept the bottom line as the limit of our ethical speculations. And there is no doubt he fears that, as a society, we may be doing just that.

The point I am making is that business -- commerce and industry -- is an essential part of the lives of millions of people. Our friends, our values, our sense of worth, are to a great extent directly related to the work we do. Our education is often preparation for work. Our choice of a community to live in is connected with our job. Making a living is, for a lot of us, making a life. Calvin Coolidge could say, "The business of America is business" -- even in 1925.

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Thus, the quality of the business environment is a very large factor in the quality of life in America. It is not likely to be exempted from the ethical standards we accept as a Nation. I am aware that business is such a large part of American life that there is always the possibility that business may be setting the ethical standards.

(enough on ethics)

Business and Academia share the following concerns --

Affirmative action. Assuring equal economic opportunities for all citizens. (See attached item on European worker benefits)

Protection of the environment.

Encouraging original inquiry and basic research -- intellectual risk-taking rather than orthodox thought.

Recognizing the priorities of society (as in the current energy situation.)

Learning to measure all actions in terms of the quality of life (ethics).

Attaining the global perspective that: the interdependence we have has already created demands.

Global perspective  
interdependence  
→  
Ethics  
Quality of life  
Education  
Research  
MIRACLES  
ATTITUDE



speech by former Secretary of Labor Willard Wirtz; 1977  
commencement, the Ohio State University:

There is not and will not be in the near future enough jobs  
for everyone -- including college graduates.

Sweden, Japan, Russia, and China ration college education on  
the basis of manpower needs. This is no solution for us.

In the past it has been assumed that if a college graduate  
couldn't find work the fault was with education.

Now we must re-examine business in the light of "economics  
as if people mattered" (E.F. Schumaker's phrase). We must  
make sure business uses all available human resources.

There will almost certainly be expanded opportunities for  
national service for young people.

Fortune June 18, 1979

President Derek Bok of Harvard has set the stage for hiring a new dean of the Harvard Business School by suggesting for consideration several changes in the business school. These are: less emphasis on the case study, more fundamental scholarship, and the teaching of ethics. Most of the article is gossip about faculty reaction.

A curious fact: A Fortune survey of recruiters of M.B.A. grads found that the most frequently mentioned improvement in education they would wish was that ~~business schools do a better job teaching their students to write and speak effectively.~~ (page 4 or article)