

R

racism

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A belief that one's ethnic stock is superior. The term "racism" is an evaluative offspring of the concept "race." In spite of the parental relationship, however, racism is an independent phenomenon that has flourished in the midst of controversy surrounding "objectivity" with respect to the concept of "race" itself (Zack, 1993). Conceptually, the idea of "race" is concerned merely with metaphysical or biological classifications of people in accordance with attributes or characteristics considered usually ascribable as group-identifying properties. By contrast, racism assigns values and stereotypes to those race categories in order to fix race relations along a continuum of "superior-race-to-inferior-race." From this perspective, we understand racism primarily from what it seeks to accomplish as a value thrust, rather than as an action with independently definable properties. In this context, racism is viewed as an "occasional phenomenon" (Gadamer, 1993: 144–59) of actions that are not intrinsically racist. However, the lack of tangible characteristics does not obscure the fact that the display of racism in many practices and attitudes is frequently undeniable (Gault, 1992).

Racist. A member of a racial group considered elite as determined by political, social, economic, etc., powers, and who willfully participates in practices designed to maintain the elite status of the racial group of which one is a member. There is an element of controversy associated with this conception of a racist. It eliminates blacks, for instance, as possible racists. However, since one could not claim social, political, or economic benefits from their

black racism, it seems pointless to suppose that such racism exists. It is conceivable that what is considered "black racism" is merely a conditioned response to "white racism," thus not racism at all.

Epistemology of racism. Our judgments that some actions are racist are open to debate for the same reasons as "held to be a work of art" may be subject to debate over whether or not something is actually art. As in art, disputes concerning racism will be settled with a heavier emphasis on value rather than factual considerations. That is, since racism is not definable as an independent act (Austin, 1956), its being is understood as the outgrowth of judgments about purposes and consequences of actions that are in fact fully definable. There are clear cases of racism that tend to reinforce a "pecking order" among racial groups so as to give privilege to the so-called elites. At bottom, we understand racism as a commitment to that pecking order, or to one's involvement in practices that help to maintain privileges of those considered racial elites.

Science and racism. It is unlikely that science will ever settle disputes concerning racial superiority. Debates on this issue involve judgments that are immune to sensory input by virtue of their roles in constituting frameworks for judgments. In this respect, racism is viewed as a phenomenon of reflective consciousness. As such, it belongs to the Kantian realm of "art" as opposed to that of "science." On the other hand, even if racial superiority could be established scientifically, it may yet be morally wrong to oppress human beings, since inferiority would not change nature's requirement to function in accordance with the full gamut of their humanity (Williams, 1991).

Equality and racism. Racism is antithetical to prevailing conceptions of equality. Thriving on the idea of race as a “great-making quality,” racism views the worth of a person as constrained within the scope of their racial identity. The interest of a race considered superior (generally as defined by those holding political and economic power) will supersede the interests of all others without regard to questions of justice or to impact upon the victims. Such subordination of interests persists in spite of its incompatibility with conceptions of equality advanced by Locke, Kant, Rawls, and other prominent social/political scholars (*see* KANTIAN ETHICS). For them, human equality is not to be defined in terms of abilities as such, since they vary from person to person and even with respect to a particular person at different times or circumstances. Equality is concerned with dispositional aspects of humanity that are universal, not with relative manifestations of those dispositions in individuals or in groups. This conception of equality evokes a kind of “form over function” standard for personhood. This standard forbids applying restraints to one’s natural or metaphysical identity based on a notion that some should not be allowed to exist as fully human, since others are considered “better fit” to achieve the same metaphysical task. On this issue, Locke, Kant, and Rawls have clearly taken the position that it is morally impermissible to restrain the natural dispositions of persons to exist as such.

Universality of racism. Slavery and its consciousness have made it impossible to live in America without the residual effect of racism having some influence on how our judgments of others and ourselves are determined. Racism has also become institutionalized to the degree that many of us participate in racist practices without our knowledge (Appiah, 1990). Persons actually viewed as racist, however, are among those privileged to the advantages of the racial elite, and who support the stereotypes that establish a hierarchy among racial groups.

Color and racism. Color alone is not a race problem for persons of color. Blind persons would perhaps choose to be sighted if the means were available to them, but one’s color is not an

impediment to one’s human potential. Under Rawls’s “veil of ignorance,” for example, it is perfectly conceivable that as many persons would choose black as a color of preference as those disposed to choose white (among those wishing to express a color preference at all). The idea of color as a cause of racial problems gives rise to the view that color is a qualitative aspect of humanity. Once it is clear that color problems stem from a socially created color criterion, rather than from color itself, it is clear that racism has nothing to do with color as such.

Racism as vice. Although racist sentiments tend to vary with political and economic climates, most people reject racism as an admirable human quality. Just as persons who find themselves “selfish” in undesirable respects can foster a better sense of altruism from practice, persons who are discontented with their racism can participate in practices that can help to reduce their racism considerably. In this sense, we can think of racism as a vice and the absence of it a virtue. So conceived, it is possible to cultivate non-racist potential that exists in actual racists, provided that they are unhappy with their racism. There are no assurances that racism will ever be fully eliminated. However, with general agreement that racism and selfishness are not good human qualities, the elimination of both can be espoused as worthy goals.

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rational choice theory

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is a body of literature that explores the idea that humans can and sometimes do make choices that are based on principles of rationality. Rational Choice Theory encompasses a large body of work, including much of modern economics. This article is confined to the use of rational choice theory in ethics (*see* GAME THEORY).

Sometime during the 1950s, moral philosophers became concerned with a question that is as old as Plato and Aristotle: Why should one be moral? Plato believed that if a person knew the right thing to do she would automatically do the right thing. Aristotle held out the possibility of weakness of will or *akrasia*, that a person could know the right but fail to do it because of some defect of character. Marked by Kurt Baier's *The Moral Point of View*, published in 1958, philosophers began to ground an answer to "Why be moral?" in theories of reason and rationality.

At the same time, John Rawls (1971) and later David Gauthier (1986) picked up the social contract tradition begun by Hobbes and began to develop theories of social institutions that grounded the morality and justice of institutions in theories of rationality. Thus, ethics and political philosophy merged around the notion that humans could rationally choose the ethical point of view and design political and social institutions that were based on principles of rational choice.

The publication of Rawls's magisterial *A Theory of Justice* is the landmark event in the application of rational choice theory to ethics. Rawls asked us to imagine an original position of hypothetical contractors behind a "veil of ignorance" trying to decide which principles of justice were rational to accept. Suppose that no one knew the position that she was likely to occupy

once the veil was lifted, and hence no rational chooser would make an exception for herself. The principles chosen, according to this argument, would be in line with the rational choice principle called "minimax." Under conditions of total uncertainty, where the consequences of choice are important, rationality dictates choosing the alternative which has the least worst outcome.

The important point here is not whether or not minimax is the correct principle; rather, it is that Rawls connected ethical and political philosophy with an entire stream of research in economics in a manner that was novel. A whole body of scholarship on Rawls began to appear in economics journals. Psychologists who studied how people actually make decisions began to become relevant to ethicists. In short, ethics based on rational choice theory became more interdisciplinary, and Rawls became required reading in many graduate seminars in a number of academic disciplines.

Rational choice theory consists of a number of different decision or choice problems. The first could be called "decision-making under uncertainty," and consists of the principles or axioms or theories that a decision-maker should or does use when she has several alternatives each of which is probabilistically determined by states of nature. Sometimes the decision-maker has no control over the state of nature, and sometimes she can act as if she can influence which state actually occurs. In a famous example, Leonard Savage supposes that a chef has already cracked five eggs into a bowl that will contain the eggs for a six-egg omelet, and wants to proceed rationally with the sixth egg. If she cracks the sixth egg into the bowl with the others and it is rotten, then all eggs will have to be discarded. Alternatively, if it is a good egg, the omelet will proceed quickly. Or, she can crack the sixth egg into a separate bowl, sparing the five good eggs, but incurring a cost of washing the bowl. One theory, Bayesian Decision Theory, asks the chef to put a probability judgment on the state of nature that is defined by whether or not the egg is rotten, and to maximize her utility taking into account the costs of washing the bowl, etc. Now there are certain problems for which probability assignments make little or no sense. Rawls argued that the basic problem of choosing principles of

justice was just such a problem. These special cases of uncertainty have been called “decision problems under ignorance.”

A second kind of rational choice problem is one of interdependent choice, whereby two or more decision-makers determine the final outcome of a situation. This is the province of game theory. A third kind of rational choice problem is called the “social choice problem.” Suppose that individuals in a society must decide on a voting rule by which to make social decisions. Which voting rules are rational to choose? Kenneth Arrow (1963) showed that there is no voting rule that obeys a few very simple conditions of rationality. In addition, the subsequent research on social choice theory for the past 45 years has led to a new understanding of the conditions of rationality.

The so-called Arrow Paradox illustrates a strategy in much of rational choice theory. Axioms or conditions are proposed, and general possibility theorems are proved which show that certain decision rules can be derived or not from the axioms. If one can prove an impossibility result, then new conditions or modified axioms are proposed and the process begins anew. Daniel Ellsberg, Maurice Allais, and Robert Nozick have each proposed paradoxes that occur with regard to one foundational principle of rational choice theory, the “sure thing principle.” The PRISONER’S DILEMMA illustrates a paradox about the interdependence of certain choices in game theory.

Rational choice theory continues to be a wealth of insight for moral philosophers, but among some philosophers, questions have been raised about its foundations. Why, for instance, must morality be grounded in individual choice, in general and rational individual choice in particular? What normative work is the term “rational” doing in such a theory? The attempt to ground ethics in rationality is just one more attempt to reduce all of human behavior to mere reason, negating or minimizing other kinds of behavior. This critique of rational choice theory argues that the primacy of the individual ignores the view that the very best of human activity may well be a function of human communities and the capacity to care for others, rather than a function of individual self-interested choices.

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reflective equilibrium

Kai Nielsen

is a coherentist method of explanation and justification used in ethical theory, social and political philosophy, philosophy of science, philosophy of mind, and epistemology. Its initial articulation was made by Nelson Goodman, but its more familiar and extensive utilization is in moral and social philosophy, where it was initiated by John Rawls and Stuart Hampshire and was later amplified by Norman Daniels and Kai Nielsen. Its most forceful critics are Richard Brandt, David Copp, Joseph Raz, Jean Hampton, and Simon Blackburn.

As a method of justification in ethics it starts with a society’s, or cluster of societies’, most firmly held considered judgments (principally their moral judgments) and seeks to forge them into a consistent and coherent whole that squares with the other things that are reasonably believed and generally and uncontroversially accepted in the society or cluster of societies in question. The considered judgments appealed to can be at all levels of generality, though the point of departure will usually be from particular considered judgments which in turn will be placed in a coherent pattern with more general moral principles, middle-level moral rules and with, as well, moral practices (more strictly, with the verbal articulations of the practices). Suppose a particular moral belief fails to be compatible with a general moral principle in turn supported by many other firmly held particular considered

judgments, other general moral principles, and middle-level moral rules. Then that particular considered judgment should either be modified until it is so consistent or be excised from the corpus of considered moral judgments and the moral repertoire of that society. If, by contrast, a general moral principle (say the principle of utility) is incompatible with a considerable number of firmly held considered judgments, then it should also be either similarly modified or rejected. The idea is to shuttle back and forth between particular moral judgments, general principles, medium-level moral rules, and moral practices, modifying, where there is an incompatibility, one or the other, until we have gained what we have good reason to believe is the most consistent and coherent pattern achievable at the time. When this is attained a reflective equilibrium has been reached.

The idea is to seek to maximize the coherence of our moral beliefs and practices. But there is no assumption that any reflective equilibrium that has been attained will be *final* and will not subsequently be upset. It will be upset (and this is something we should expect to happen, historically speaking, repeatedly) if either we come to have a still more coherent pattern, or because, as the situation changes, new moral judgments enter the scene which conflict with some of the beliefs in the reflective equilibrium which has been established. When that is so we need to get a new consistent cluster of beliefs and moral practices. So, in such situations, the extant reflective equilibrium is upset. In that case, a new, more adequate one has to be brought into existence which will contain either a larger circle of coherently related beliefs and practices or will instead, while not enlarging the web of belief, articulate a more coherent package of beliefs and practices. The expectation is that this pattern of reasoning will continue indefinitely, and, in doing so, yield, if it is pursued intelligently, ever more coherent conceptions of moral belief and practice, while never attaining final closure.

Fallibilism is the name of the game. No ultimate critical standards are sought and no principles or beliefs, not even the most firmly held, are, in principle, free from the possibility of being modified or even abandoned, though some moral truisms may always *in fact* be unquestioningly accepted. But this non-absolutism is

not skepticism, for, if a reflective equilibrium is achieved, we will have found a rationale for our moral beliefs and practices by seeing how they are in a consistent and coherent pattern. Justification, on this conception, is attained in this way.

The coherentist pattern of explanation and justification described above is still a narrow (partial) reflective equilibrium. It collects together moral and like-considered judgments, moral practices, medium-level moral rules and, as well, moral principles, including very general ones. But this would simply be coherentism that does not take into consideration facts about the functioning of economies and other parts of the social structure, conceptions of human nature, social facts, political realities, and scientific developments. Rawls, Daniels, and Nielsen seek a wider reflective equilibrium which takes these matters into consideration as well. It is called wide (broad) reflective equilibrium. Besides seeking to forge a coherent pattern of the moral matters mentioned above, it seeks – continuing to seek to maximize coherence – an equilibrium which takes into account our best corroborated social scientific theories and theories of human nature, firmly established social and psychological facts, and political realities, such as the extent and intractability of pluralism in the society or cluster of societies where the reflective equilibrium is sought. It also should take into consideration what it is reasonable to believe in the society or societies in question and whether the *de facto* pluralism in question is a reasonable pluralism. The thing is to achieve a consistent cluster of moral, factual, and theoretical beliefs that would yield the best available account of what the social situation is, what possibilities obtain in the society, and of what it is reasonable and desirable to do. Such an account is through and through coherentist and holistic, justifying our beliefs and practices by showing the coherency of their fit with each other.

In taking one account of such beliefs and practices to be superior to another, we do so by ascertaining which account yields the superior fit of our beliefs and practices. But wide reflective equilibrium accounts do not suffer from the defects of pure coherentist theories where any consistent set of beliefs, no matter how

unrealistic, is justified simply in virtue of the fact of being a consistent system. In reflective equilibrium, we seek a cluster of *considered judgments* in wide reflective equilibrium. We do not seek just any consistent cluster of beliefs, for we start with considered judgments and return to them as well.

Some critics of reflective equilibrium have argued that there is no coherent system of moral beliefs and practices *to be discovered* by careful reflection and analysis. Instead, we have inherited from history a mass of conflicting views, unreflectively gained, held, and persisted in. These views are views which are not infrequently ideological. They often are the non-principled result of brute compromises between contending parties, of religious biases and class, ethnic, racial, and gender prejudices. This unrationalized *mélange* is not supportive of (the objection goes) the idea of there being an underlying coherent whole, whose deep underlying structure is to be unearthed by careful investigation. What we have instead is simply a clutter of conflicting beliefs and practices revealing a jumble rather than a coherent pattern. To this it has been, in turn, responded that philosophers who are defenders of reflective equilibrium are also *constructivists*. The pattern of consistent beliefs, including very centrally moral beliefs, is *not* a structure to be discovered or unearthed, as if it were analogous to a deep underlying “depth grammar” of language, but something to be *forged* – constructed – by a careful and resolute use of the method of reflective equilibrium. We start from our considered judgments, which involves the seeing of things by our own lights. Where else could we start? We can hardly jump out of our cultural and historical skins. But that is no justification or excuse for remaining there. If we use the method of reflective equilibrium, we will, after careful examination, reflection, and a taking of the relevant moral considerations to heart, modify or excise some considered judgments, persistently seeking a wider and more coherent web of beliefs and practices. We will so proceed until we have constructed a consistent and relevantly inclusive cluster of beliefs and practices. But it is not a question of discovering some underlying moral structure that has always been there. Such “moral realism” is mythical.

Other critics of reflective equilibrium have argued that reflective equilibrium, both narrow and wide, is ethnocentric, relativist, and conservative. Similar responses to those made to the previous criticism can be relevantly made here. There is no escaping starting with our considered judgments. However, the very fact of such a starting point is not a manifestation of ethnocentrism. In seeking to maximize coherence and to get the full range of relevant considerations into as coherent and inclusive a pattern as we can, the moral and empirical beliefs and conceptions of others – sometimes, culturally speaking, very different “others” – need to be taken into consideration. If our particular considered judgments are in conflict with either well-established factual claims, well-grounded and established social theories, or carefully articulated moral theories, they must be up for critical inspection and (at least) possible rejection. If they conflict with the considered judgments of other peoples whose considered judgments square better with a careful appraisal of the facts or the most carefully articulated social, biological, and natural-scientific theories, as well as with reflectively articulated general moral principles, then we have good reasons to accept these considered judgments rather than our own. This is true even of our more general considered judgments where they conflict with such massively supported considered judgments. The method of reflective equilibrium is a *self-correcting* method which gives us, as we repair or rebuild the ship at sea, a *critical* morality. So, though we start inescapably with our considered judgments, if we apply reflective equilibrium resolutely, our account will not be, or at least need not be, ethnocentric. Similar considerations obtain for the claim that reflective equilibrium is relativistic or inherently conservative.

A somewhat different criticism of reflective equilibrium claims that it does not push questions of justification far enough. It does not come to grips with the foundational, or at least fundamental, epistemological issues that would show us what moral knowledge really is or what warranted moral beliefs really are, so that we could defeat a determined global ethical skepticism. An underlying *assumption* of reflective equilibrium is that our considered judgments have an

initial credibility. But unless we can show how we could establish these considered judgments to be true or warranted, that assumption will not be justified and we will not really have faced the epistemological questions that need to be faced if we are to come to have a genuinely objective ethical theory philosophically defended. Defenders of reflective equilibrium will in turn respond that such a foundationalist quest is both impossible and unnecessary. There is no just knowing moral propositions to be true or warranted. There is no just noting that they rest on some direct correspondence of moral propositions to the facts (moral or otherwise). There are no such fact-like entities for moral propositions to correspond to. But the recognition of this should not, they argue, lead to the abandonment of all notions of objectivity in morality. Cross-culturally agreed-on considered judgments set in a wide reflective equilibrium give us an intersubjectivity, reflectively sustainable, that is all the moral objectivity we can get and all that we need.

This brief account cannot do justice to the complex issues that divide defenders of wide reflective equilibrium and their critics. These issues are now at the forefront of discussions concerning justification and explanation in ethics and social philosophy. Rawls and Hampshire provide the classical articulations of reflective equilibrium and Brandt and Hare the classical statements of its critique. Daniels, Nielsen, and Rorty provide cutting-edge defenses of wide reflective equilibrium and Raz, Copp, and Hampton cutting-edge statements of its critique. It is to these writings that the reader should turn for a more thorough analysis of these issues.

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regulation

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As defined in the classic treatise of Alfred Kahn (1970: 3), “regulation is the explicit replacement of competition with governmental orders as the principal institutional device for assuring good performance” from an industry.

Several aspects of this definition are important. First, systems of regulation are imposed by law through the political-choice process because some segments of the population prefer the outcomes that emerge from an administrative process to those resulting from the operation of unfettered markets. These groups may also prefer some aspects of the regulatory process itself, such as their sense of its fairness, to the market process of resource allocation.

Second, industries, and the businesses and consumers who comprise those industries, are

regulated in order to improve upon the performance of the industries, at least as measured or perceived by some segments of the population. Welfare economics focuses on policies for maximizing social efficiency, defined as the sum of the benefits to consumers and companies from markets, whereas political economists tend to stress the distributional gains and losses resulting from regulation.

Third, regulation operates through agencies who act as the agents of the administrative and legislative branches of the government in carrying out laws. Regulatory agencies are constrained by their enabling statutes, by procedural restrictions such as the US Administrative Procedure Act (in the US context), and by the political forces which act upon the agencies. They carry out their missions through setting rules, or regulations, and by adjudicating requests from affected parties such as an electric utility company.

One of the most famous results in economics is Adam Smith's (1776) observation that economic welfare can be maximized by organizing the distribution of goods and services through perfectly competitive markets. Much regulation can be justified as responses to so-called "market failures," that is, social inefficiencies arising from the operation of imperfectly competitive markets. From a political point of view, the logic is straightforward. If a market fails due to a market imperfection, then society can improve aggregate economic welfare by imposing regulations that force the market to operate as if it were perfectly competitive. Political forces can impose regulations on an economy even if those regulations only benefit the groups in political power at the expense of other groups, sometimes with an overall decrease in the aggregate level of economic welfare in the economy. In the latter case, the regulations stay in place until the political coalition behind them disintegrates or is beaten by another coalition, at which time the regulations are dismantled or the industry is deregulated (e.g., the American airlines industry was deregulated in 1978 after 40 years of regulation).

Based on the theory of market failure or the pursuit of political aims other than economic efficiency, several justifications for regulation can be identified (see Breyer, 1982).

Natural monopoly. If the number of companies in a market is small and if barriers to entry into the industry limit the competition from potential rivals, then the producers in the industry can raise their prices above the competitive levels without fear of a large loss of sales and profits. One of the entry barriers that limits the number of firms in an industry is due to increasing returns to scale. If the average cost of production falls dramatically at high volumes and industry demand is only strong enough to support one firm, or at most a few firms, at this high rate of production, then small companies are unable to enter and compete in the market because of their marked cost disadvantage. Local telephone companies, electric utilities, and natural-gas distribution companies provide good examples of this kind of "natural monopoly" for which rate regulation limits the price charged to consumers of their products.

Spillover costs. When the costs of producing some product, such as paper, spill over to other producers (e.g., in the form of polluted water that must be cleaned before use) or to consumers (e.g., in the form of air pollution which causes respiratory problems), then markets fail to maximize economic welfare. Without facing sufficient incentives to bear the costs of the spillovers, companies tend to produce too much of the products or they devote too few resources to reducing the spillover effects. Hence the potential justification for government regulation, such as standards on the levels of hydrocarbon emissions from automobiles, emission taxes on hydrocarbons emitted by electric utilities, and allocations of radio broadcast frequencies to avoid the spillover costs (namely, the interference) that would be imposed upon existing stations from new stations broadcasting on the same frequencies.

Inadequate information. For markets to function smoothly, consumers and producers must possess accurate information about the availability of goods, their prices, and their quality. However, it is difficult to exclude others from the use of product information once it is produced or discovered, making information itself a good which is under-supplied in markets and thus a candidate for government programs that

encourage further supply. The US National Weather Service provides information directly, while EPA's gas mileage labeling requirements ensure that this information is available to new car buyers (see Viscusi and Magat, 1987; Magat and Viscusi, 1992).

Paternalism. Regulation is sometimes justified on the basis that consumers sometimes make decisions which are not in their own best interests. This argument can easily become a slippery slope, quickly overriding freedom of choice in many economic decisions, but for certain classes of decisions government paternalism is at least arguable. State regulation of alcohol sales to minors and inebriated adults is one commonly accepted example of a paternalistic regulation. There is strong evidence that even well-educated adults have difficulty in accurately assessing health and safety risks, and in making self-protection decisions concerning these low-probability risks. Both of these risks provide a potential justification for banning the direct sale to consumers of certain chemical and pharmaceutical products.

Moral hazard. Markets cannot function well without contracts written over private exchanges, and efficient contracts cannot be written unless the actions of parties involved in the contract are observable. Otherwise, the problem of moral hazard arises. Employers may underinvest in the safety levels of their work environments if these safety levels are not observable by employees; consumers may use products carelessly if the products are covered by warranties and other forms of insurance; and doctors and their patients may agree to excessive levels of medical care if a third-party insurer pays without the ability to observe levels of care. In all of these cases government regulation has been suggested as a way of correcting the market failure.

Redistribution. Regulation is a political response by groups of citizens to override the outcomes of the market process. Given the ability of every level of government to create winners and losers from regulatory action, it is not surprising that much government regulation is motivated at least in part by efforts to redistribute resources, whether it be set-aside provisions for women and minority firms in government contracts and

spectrum sales, grandfathering or relaxed pollution standards for existing versus new sources of pollution, or regulatory barriers to entry into long-distance telephone markets. (For further discussion, see Schmalensee and Willig, 1989: ch. 22; Magat, Krupnick, and Harrington, 1986; Cohen and Stigler, 1971.)

While the examples in this entry are based on American regulatory institutions, the general principles behind the political causes and economic justifications for regulation are shared by all market-based economies.

See also *corporate social performance; efficient markets; environment and environmental ethics; global warming; hazardous waste; Securities and Exchange Commission*

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relativism, cultural and moral

Norman E. Bowie

Cultural relativism is a descriptive claim that ethical practices differ among cultures; that, as a matter of fact, what is considered right in one culture may be considered wrong in another. Thus, the truth or falsity of cultural relativism can be determined by examining the world. The work of anthropologists and sociologists is most relevant in determining the truth or falsity of cultural relativism, and there is widespread consensus among social scientists that cultural relativism is true.

Moral relativism is the claim that what is really right or wrong is what the culture says is right or wrong. Moral relativists accept cultural relativism as true, but they claim much more. If a culture sincerely and reflectively adopts a basic moral principle, then it is morally obligatory for members of that culture to act in accordance with that principle.

The implication of moral relativism for conduct is that one ought to abide by the ethical norms of the culture where one is located. This position is captured by the popular phrase: "When in Rome, do as the Romans do." Relativists in ethics would say: "One ought to follow the moral norms of the culture." In terms of business practice, consider this question: "Is it morally right to pay a bribe to gain business?" The moral relativist would answer the question by consulting the moral norms of the country where one is doing business. If those norms permit bribery in that country, then the practice of bribery is not wrong in that country. However, if the moral norms of the country do not permit bribery, then offering a bribe to gain business in that country is morally wrong. The justification for that position is the moral relativist's contention that what is really right or wrong is determined by the culture.

Is cultural relativism true? Is moral relativism correct? As noted, many social scientists believe that cultural relativism is true as a matter of fact. But is it?

First, many philosophers claim that the "facts" aren't really what they seem. Early twentieth-century anthropologists cited the fact that in some cultures, after a certain age, parents are put to death. In most cultures such behavior

would be murder. Does this difference in behavior prove that the two cultures disagree about fundamental matters of ethics? No, it does not. Suppose the other culture believes that people exist in the afterlife in the same condition that they leave their present life. It would be very cruel to have one's parents exist eternally in an unhealthy state. By killing them when they are relatively active and vigorous, you ensure their happiness for all eternity. The *underlying* ethical principle of this culture is that children have duties to their parents, including the duty to be concerned with their parents' happiness as they approach old age. This ethical principle is identical with our own. What looked like a difference in ethics between our culture and another turned out, upon close examination, to be a difference based on what each culture takes to be the facts of the matter. This example does, of course, support the claim that as a matter of fact ethical principles vary according to culture. However, it does not support the stronger conclusion that *underlying* ethical principles vary according to culture.

Cultures differ in physical setting, in economic development, in the state of their science and technology, in their literacy rate, and in many other ways. Even if there were universal moral principles, they would have to be applied in these different cultural contexts. Given the different situations in which cultures exist, it would come as no surprise to find universal principles applied in different ways. Hence, we expect to find surface differences in ethical behavior among cultures even though the cultures agree on fundamental universal moral principles. For example, one commonly held universal principle appeals to the public good; it says that social institutions and individual behavior should be ordered so that they lead to the greatest good for the greatest number. Many different forms of social organization and individual behavior are consistent with this principle. The point of these two arguments is to show that differences among cultures on ethical behavior may not reflect genuine disagreement about underlying principles of ethics. Thus, it is not so obvious that any strong form of cultural relativism is true.

But are there universal principles that are accepted by all cultures? It seems so; there does

seem to be a whole range of behavior, such as torture and murder of the innocent, that every culture agrees is wrong. A nation-state accused of torture does not respond by saying that a condemnation of torture is just a matter of cultural choice. The state's leaders do not respond by saying, "We think torture is right, but you do not." Rather, the standard response is to deny that any torture took place. If the evidence of torture is too strong, a finger will be pointed either at the victim or at the morally outraged country: "They do it too." In this case the guilt is spread to all. Even the Nazis denied that genocide took place. What is important is that *no* state replies that there is nothing wrong with genocide or torture.

In addition, there are attempts to codify some universal moral principles. The United Nations Universal Declaration of Human Rights has been endorsed by the member states of the UN, and the vast majority of countries in the world are members of the UN. Even in business, there is a growing effort to adopt universal principles of business practice. In a recent study of international codes of ethics, Catherine Langlois and Bodo B. Schlegelmilch (1990) found that although there certainly were differences among codes, there was a considerable area of agreement. William Frederick has documented the details of six international compacts on matters of international business ethics. These include the aforementioned UN Universal Declaration of Human Rights, the European Convention on Human Rights, the Helsinki Final Act, the OECD Guidelines for Multinational Enterprises and Social Policy, and the United Nations Conduct on Transnational Corporations (in progress) (Frederick, 1991). The Caux Roundtable, a group of corporate executives from the United States, Europe, and Japan, are seeking worldwide endorsement of a set of principles of business ethics. Thus, there are a number of reasons to think that cultural relativism, at least with respect to basic moral principles, is not true, that is, that it does not accurately describe the state of moral agreement that exists. This is consistent with maintaining that cultural relativism is true in the weak form, that is, when applied only to surface ethical principles.

But what if differences in fundamental moral practices among cultures are discovered and

seem unreconcilable? That would lead to a discussion about the adequacy of moral relativism. The fact that moral practices do vary widely among countries is cited as evidence for the correctness of moral relativism. Discoveries early in the century by anthropologists, sociologists, and psychologists documented the diversity of moral beliefs. Philosophers, by and large, welcomed corrections of moral imperialist thinking, but recognized that the moral relativist's appeal to the alleged truth of cultural relativism was not enough to establish moral relativism. The mere fact that a culture considers a practice moral does not mean that it is moral. Cultures have sincerely practiced slavery, discrimination, and the torture of animals. Yet each of these practices can be independently criticized on ethical grounds. Thinking something is morally permissible does not make it so.

Another common strategy for criticizing moral relativism is to show that the consequences of taking the perspective of moral relativism are inconsistent with our use of moral language. It is often contended by moral relativists that if two cultures disagree regarding universal moral principles, there is no way for that disagreement to be resolved. Since moral relativism is the view that what is right or wrong is determined by culture, there is no higher appeal beyond the fact that culture endorses the moral principle. But we certainly do not talk that way. When China and the United States argue about the moral rights of human beings, the disputants use language that seems to appeal to universal moral principles. Moreover, the atrocities of the Nazis and the slaughter in Rwanda have met with universal condemnation that seemed based on universal moral principles. So moral relativism is not consistent with our use of moral language.

Relativism is also inconsistent with how we use the term "moral reformer." Suppose, for instance, that a person from one culture moves to another and tries to persuade the other culture to change its view. Suppose someone moves from a culture where slavery is immoral to one where slavery is morally permitted. Normally, if a person were to try to convince the culture where slavery was permitted that slavery was morally wrong, we would call such a person a moral reformer. Moreover, a moral reformer

would almost certainly appeal to universal moral principles to make her argument; she almost certainly would not appeal to a competing cultural standard. But if moral relativism were true, there would be no place for the concept of a moral reformer. Slavery is really right in those cultures that say it is right and really wrong in those cultures that say it is wrong. If the reformer fails to persuade a slaveholding country to change its mind, the reformer's antislavery position was never right. If the reformer is successful in persuading a country to change its mind, the reformer's antislavery views would be wrong – until the country did in fact change its view. Then the reformer's antislavery view would be right. But that is not how we talk about moral reform.

The moral relativist might argue that our language should be reformed. We should talk differently. At one time people used to talk and act as if the world were flat. Now they don't. The relativist could suggest that we can change our ethical language in the same way. But consider how radical the relativists' response is. Since most, if not all, cultures speak and act as if there were universal moral principles, the relativist can be right only if almost everyone else is wrong. How plausible is that?

Although these arguments are powerful ones, they do not deliver a knockout blow to moral relativism. If there are no universal moral principles, moral relativists could argue that moral relativism is the only theory available to help make sense of moral phenomena.

An appropriate response to this relativist argument is to present the case for a set of universal moral principles, principles that are correct for all cultures independent of what a culture thinks about them. This is what adherents of the various ethical traditions try to do. The reader will have to examine these various traditions and determine how persuasive she finds them. In addition, there are several final independent considerations against moral relativism that can be mentioned here.

First, what constitutes a culture? There is a tendency to equate cultures with national boundaries, but that is naive, especially today. With respect to moral issues, what do US cultural norms say regarding right and wrong? That question may be impossible to answer, because

in a highly pluralistic country like the United States, there are many cultures. Furthermore, even if one can identify a culture's moral norms, it will have dissidents who do not subscribe to those moral norms. How many dissidents can a culture put up with and still maintain that some basic moral principle is the cultural norm? Moral relativists have had little to say regarding criteria for constituting a culture or how to account for dissidents. Unless moral relativists offer answers to questions like these, their theory is in danger of becoming inapplicable to the real world.

Second, any form of moral relativism must admit that there are some universal moral principles. Suppose a culture does not accept moral relativism, that is, it denies that if an entire culture sincerely and reflectively adopts a basic moral principle, it is obligatory for members of that culture to act in accord with that principle. Fundamentalist Muslim countries would reject moral relativism because it would require them to accept as morally permissible blasphemy in those countries where blasphemy was permitted. If the moral relativist insists that the truth of every moral principle depends on the culture, then she must admit that the truth of moral relativism depends on the culture. Therefore the moral relativist must admit that at least the principle of moral relativism is not relative.

Third, it seems that there is a set of basic moral principles that every culture must adopt. You would not have a culture unless the members of the group adopted these moral principles. Consider an anthropologist who arrives on a populated island: How many tribes are on the island? To answer that question, the anthropologist tries to determine if some people on some parts of the island are permitted to kill, commit acts of violence against, or steal from persons on other parts of the island. If such behavior is not permitted, that counts as a reason for saying that there is only one tribe. The underlying assumption here is that there is a set of moral principles that must be followed if there is to be a culture at all. With respect to those moral principles, adhering to them determines whether there is a culture or not.

But what justifies these principles? A moral relativist would say that a culture justifies them. But you cannot have a culture unless the

members of the culture follow the principles. Thus it is reasonable to think that justification lies elsewhere. Many believe that the purpose of morality is to help make social cooperation possible. Moral principles are universally necessary for that endeavor.

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religion and business ethics

Martin Calkins

Today's business ethics is, in part, the product of religious leaders' steadfast interest in business's relationship to certain social issues. In the West, these leaders represent Judaism, Roman Catholicism, and Protestantism.

Judaism, the root of Christianity, provided business ethics with an operative set of norms. These norms, the most prominent being the Ten Commandments (Exodus 20:1–17), are an admixture of judgment (*mishpat*) and loving

kindness (*hesed*) and are reflective of God's covenant with the Israelites. They continue to influence and regulate the behavior of contemporary businesses as the basis of the "blue laws" that regulate business hours ("Remember the sabbath day, and keep it holy"), as the source of the idea that transactions should involve proper entitlement ("You shall not steal"), and as the basis for the expectation of truth-telling in negotiations ("You shall not bear false witness against your neighbor").

Coming out of this tradition, Christians believe that Jesus Christ fulfilled ("I have come not to abolish but to fulfill," Matthew 5:17) and reinterpreted ("the sabbath was made for humankind, and not humankind for the sabbath," Mark 2:27) Jewish law. The New Testament is replete with examples of how Jesus interpreted the law to pertain to business transactions and the economy. In it, Jesus addresses business's relationship to worship (the story involving the money changers in the Temple, Matthew 21:12–13 and John 2:14–16), he calls into question the relationship of work to wages (the story of the vineyard laborers, Matthew 20:1–16), he considers the worthiness of risk-taking and enterprise (the parable of the talents, Matthew 25:14–30), and he recognizes the propriety of tax payment (in encouraging Jews to pay the taxes due Caesar, Matthew 22:20–1). Scripture also relates how, prior to his arrest and conviction, Jesus himself was an object of barter in being sold by a traitorous disciple (see the story of Judas's blood money, Matthew 27:3–8).

Early Christian leaders tried to emulate Jesus by carrying on his concern for the justice of economic transactions, especially as they applied to the needy. St. Paul, for one, emphasized the idea of labor as a form of worship; that is, a way by which we might participate in creation and the building up of God's Kingdom. Paul referred to early Christian disciples as ones who "work with me in Christ Jesus" (Romans 16:3) and repeatedly encouraged his audiences to excel in "the work of the Lord" (1 Corinthians 15:58).

Later, St. Ambrose and St. Augustine considered different aspects of labor; in particular, the link between work and entitlements. St. Ambrose's (333–97) theistic property ethic, for example, held that certain entitlements are part of our birthright. He argued that since we share a

common natural poverty at birth and death, we have a justified claim to nature's wealth-producing resources. The wealthy, he claimed, because they have resources in abundance, have a duty to make restitution to the needy among us who have been deprived of this birthright.

Following Ambrose, St. Augustine (354–430) asserted that the poor are the result of Adam's Fall and original sin (Genesis 3). The poor are poor, he argued, because the propertied few have denied them access to the wealth that belongs to all. In paradise, Augustine reasoned, Adam was gifted with the wisdom to fulfill God's created order and was able to recognize that society should hold resources in common. After the Fall, however, attempts to live according to a system of common ownership were undermined as significant numbers of people insisted on remaining attached to an "earthly city" and a life regulated by personal and selfish desires.

Centuries after Augustine, St. Thomas Aquinas (1225–74) considered the theological and philosophical implications associated with commutative justice (the justice between two equals in regard to private transactions) and distributive justice (the rendering of rewards according to proportion). Thomas's Aristotelian and Augustinian based virtue theory, for example, held that justice to be a personal characteristic of habitual action that enables people to flourish in accord with God's plan. This Thomistic theory became the cornerstone of most Christian teaching for the following three hundred years.

With the Protestant Reformation, however, Christian ethics bifurcated into two branches: (1) a Protestant branch that sought to be prophetic and capable of discerning the moral status of current practices and (2) a Roman Catholic branch that sought to prescribe and proscribe specific acts. The difference between the two approaches is evident in Max Weber's and Pope Leo XIII's writings on the economy.

Max Weber (1864–1920) is known for his commentary on the link between Protestantism and capitalism. His larger body of work, however, described the evolution of the modern institutional and organizational order of "rational bourgeois capitalism" and the psychological conditions that made possible the development of large-scale business enterprises. As part of his inquiry, he investigated the

connections between religious affiliation and social stratification and posited that something integral to Protestantism must have had something to do with the success of German business leaders. He then looked to the four principal forms of ascetic Protestantism (Calvinism, Pietism, Methodism, and the sects growing out of the Baptist movement) and argued that the development of an economic spirit (an *ethos* attaching to an economic system) is likely sourced in (1) Luther's notions of "the call" and the moral justification of worldly activity and (2) Calvin's spirit of Christian asceticism and notion of a relationship between prosperity and salvation.

Although the accuracy of his work is being questioned at present, Weber's provocative thesis impelled subsequent Protestant educators (Reinhold Niebuhr, John Howard Yoder, and others) to offer different sorts of important and influential commentaries on capitalism. Yoder's notion of "servant strength," for example, called into question the ethics of power that underlies the connections that Weber observed.

During and after the Reformation, the Roman Catholic Church remained immersed in casuistry and scholasticism. In the nineteenth century it began to apply these methodologies to issues associated with capitalist economies. Due to the work of German-speaking Catholics such as Adam Müller (1779–1829), Franz Von Baader (1765–1841), Adolph Kolping (1813–65), and Wilhelm von Ketteler (1811–77), the church began to consider the issue of worker alienation and the social suffering that attended the transition from a feudal crafts system to a modern industrial order. Ketteler, in particular, was influential in an ability to move Pope Leo XIII (papacy: 1878–1903) to promulgate *Rerum Novarum* (*The Condition of Labor*, 1891), the Catholic Church's first major social encyclical on the economy. *Rerum Novarum*, which considered the dignity of labor, the rights and just wages of workers, and workmen's associations, has been celebrated subsequently in a number of anniversary encyclicals, the most recent being Pope John Paul II's *Centesimus Annus* (*On the Hundredth Anniversary of Rerum Novarum*, 1991).

In the US, prominent Catholic lay and clerical leaders who addressed economic and business concerns in the recent past include Orestes

Brownson (1803–76), Dorothy Day (1897–1980), Peter Dietz (1878–1947), and John A. Ryan (1869–1945). In addition, in the twentieth century, the US Catholic Bishops produced two major pieces on the economy: *The Pastoral Letter of 1919* and *Economic Justice for All* (1986), the latter being a collaborative and inclusive venture that addressed a broad sweep of economic issues with particular attention paid to the economically needy.

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research centers for business ethics

Mark Rowe

are dedicated to the study of what is good or right for individuals and groups of individuals

engaged in business activity. More particularly, these organizations investigate and analyze the application of moral concepts and principles to business decision-making and action, usually with the aims of developing greater awareness and understanding of ethical issues in the business environment, and promoting best practices to address them. Business ethics centers are most effective when they bridge theoretical inquiry and practical application, and guide organizations in the development of ethical business cultures.

Business ethics centers are generally not-for-profit organizations, and although most have been established within business schools and universities, some exist independently. Funding and support for institution-based centers are usually provided by the host institution or by corporate and individual donors, government grants, revenue-generating activities (such as executive education programs, conferences, and publishing), and sometimes by all of these sources in combination. Independent centers may derive funding from donors, grants, and programs and also from consulting revenues.

Significant active research in business ethics began in the mid-1970s, as the field became more widely recognized as a legitimate subject for study and teaching. Demand for such research was driven by the heightened social and ethical consciousness that emerged in the wake of a decade of civil unrest, environmental concern, and consumer enfranchisement – and especially after a series of high-profile scandals such as Watergate and the aerospace industry bribes. Among the oldest business ethics centers are the Center for Business Ethics, founded in 1976 at Bentley College in Waltham, Massachusetts, and the Olsson Center for Applied Ethics, which became active at the Darden Graduate School of Business, University of Virginia, at around the same time.

There are now close to 200 centers worldwide, over 120 of which are in the United States alone. Regions newly significant for interest in business ethics which have seen the creation of centers include Latin America, South Korea, Japan, and South Africa. Typically, centers are small, with a full-time director, one or more research and consulting staff members or associates, and several full- and part-time support staff. In the

university setting it is common for faculty members to be affiliated with such centers. They are often charged with teaching business ethics within a broader discipline-based curriculum and, especially now in business schools, integrating the subject into students' general education.

The particular focus of individual centers varies widely but, in general terms, all of them work to stimulate, support, conduct, and disseminate research related to business ethics and corporate social responsibility. Very few centers now concern themselves solely with conducting or collecting research. Even when the majority of a center's time and resources are used in this way, it is likely that there will be subsidiary activities such as organizing occasional conferences or publishing reports. Most centers have multiple functions, often a combination of research with teaching and the preparation of teaching materials, organizing conferences and seminars, and the provision of speakers and scholars for media interviews. A growing number of centers offer advisory and networking services to corporations and other organizations. Some centers are repositories for books, journals, videos, and corporate ethics materials. Among centers that publish business ethics newsletters or magazines, the trend is toward online publications to enable more timely and cost-effective dissemination of ideas and information. The Ethics Resource Center in Washington, DC and the Institute of Global Ethics in Camden, Maine are notable trendsetters in this regard.

Centers differ in the degree of specialization within the field of business ethics, ranging from an interest in business generally to a specialist focus on particular industries or professions. Prominent centers in the former category include the Zicklin Center for Business Ethics Research at Wharton, University of Pennsylvania, the Center for Business Ethics at Bentley College (above), and the Institute of Business Ethics in London, UK. At the other end of the spectrum is the Isbell Center for Hospitality Ethics at Northern Arizona University and the Silha Center for the Study of Media Ethics and Law at the University of Minnesota.

Research methodologies employed at centers also differ widely, depending on the nature of

the subject matter, the research objectives, and the resources available. Some centers conduct empirical research to investigate, evaluate, and explain companies' practices, using qualitative methods such as case studies and interviews, as well as quantitative analysis of large-sample survey data that might have been gathered with the assistance of a specialist survey firm. Research is also carried out using secondary sources such as corporate public publications, public filings, media coverage, and directories. The work of some centers requires a greater degree of theoretical abstraction, grounded in the discipline of philosophy.

revolving door

Lynn A. Isabella

is a commonly used metaphor that represents the fluid and continuous movement of individuals in and out of organizations. Imagine a steady stream of people from two directions passing through a spinning door. Their entrance as well as their exit is easy, quick, and relatively unencumbered; individuals are constantly in motion passing through. However, because hiring, training, and retraining individuals is costly, a constant revolving door of personnel has serious financial implications.

Revolving doors can exist in different ways for different reasons. Specific jobs or positions can become known as places where individuals quickly come and go; alternatively, the culture of an organization can come to be known as one where the tenure of people within the company is short. For example, a number of companies have jobs that become known as "stepping stones" within an organization. These are positions through which people rotate on their way somewhere else. One is never expected to remain long; one rarely sees the consequences of actions initiated. At the organizational level, companies can become known as "revolving door" cultures. These are companies who expect (consciously or unconsciously) that employees will remain for short periods of time and then move on. These companies are extremely demanding of people's time and energies, workloads are heavy, and the atmosphere intense. Such a company may have

an unintended (or intended) philosophy of people as expendable resources: use them as long and as hard as one can, then hire another to begin the cycle again.

The revolving door phenomenon can have ethical implications for companies and for the individuals who work in them. For companies, as individuals pass through their doors quickly, so can company secrets, client data, and other proprietary information. Companies as a result often go to great lengths to protect that data. It is not uncommon for employees, especially high-level executives, when leaving or being asked to leave, to do so immediately and under guard or to be asked to sign an agreement limiting industry access. At the individual level, the revolving door may represent a constant supply of fresh talent for a company, but at the expense of perhaps unwitting but eager employees, who believe they are being hired into a position of promise.

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rights

Alan Gewirth

The claiming of rights is one of the strongest ways of demanding protection of persons' interests. At the same time, many aspects of the appeal to rights are intensely controversial. The controversies bear not only on the normative and substantive issues of who has rights to what, but also on basic conceptual issues.

HOHFELD'S DISTINCTIONS

The standard starting point for dealing with the conceptual issues is Wesley N. Hohfeld

(1879–1918), who saw that the phrase “a right” was used with different meanings in the legal literature. To avoid the resulting confusion, he distinguished four meanings of this phrase. First, if *A* has a *claim-right* to *X* against *B*, then *B* has a correlative *duty* to *A* to refrain from interfering with *A*'s having or doing *X*, or, in some situations, a duty to give *X* to *A* or to help *A* to have or do *X*. Thus, *A* has a claim-right to life against *B* and all other persons in that they have a correlative duty to refrain from taking *A*'s life; and if *B* promised to meet *A* at the bookstore at noon, then *A* has a claim-right against *B* that *B* meet him there and then, and *B* has a correlative duty to meet *A* as promised.

Second, if *A* has a *liberty-right* (or *privilege*) to *X* against *B*, then *B* has a correlative *no-right* (i.e., no claim-right) that *A* not do *X*. Hence, *A* has no duty to refrain from doing *X*; but also, in contrast to the case of claim-rights, *B* has no duty to refrain from interfering with *A*'s doing *X*. Thus, if *A* and *B* simultaneously engage in a footrace, each has a liberty-right to win the race if he can – neither has a duty to refrain from winning it – and each has no right that the other not win. The liberty-right is hence the opposite of a duty, just as the no-right is the opposite of a claim-right.

Third, if *A* has a *power* (or *power-right*) to *X* with regard to *B*, then *A* is in a legal or other justified position to effect a change in some relevant status of *B*, and *B* has a correlative *liability* to undergo this change. Thus a religious official has a power-right to perform a marriage ceremony between a man and a woman, so that their legal status is changed from being unmarried to being married to each other.

Fourth, if *A* has an *immunity* (or *immunity-right*) to *X* against *B*, then *A* is free or exempt from *B*'s legal or other justified power or control with regard to *X*, and *B* is under a correlative *disability* to affect the legal or other relevant status of *A*. Thus, *A* has an immunity to being forced to testify against himself in a criminal case, and the state has a correlative disability to force him to testify. The immunity is the opposite of a liability, and the disability is the opposite of a power (power-right).

These distinctions clarify many of the diverse usages of the phrase “a right,” but they also leave many conceptual problems unresolved. For

example, what do all these types of “rights” have in common? Hohfeld said they are all “legal advantages,” but this is vague.

THE ELEMENTS OF CLAIM-RIGHTS

Despite the possible interconnections between Hohfeld’s types, it is generally agreed that claim-rights are the most important kind of rights, especially because of their stringency as entailing strict duties to forbear or assist. The general structure of a claim-right is given by the following formula: *A* has a right to *X* against *B* by virtue of *Y*.

There are five main elements here: first, the *subject* (*A*), of the right, the right-holder; second, the *nature* of the right, what being a right consists in or what it means for someone to have a right; third, the *object* (*X*) of the right, what it is a right to; fourth, the *respondent* (*B*) of the right, the duty-bearer, the person or group that has the correlative duty; and fifth, the *justifying ground* (*Y*) of the right.

THE PROBLEM OF REDUNDANCY

This formula with its elements helps to elucidate some of the chief conceptual problems that have been raised about rights. One is the problem of redundancy, which takes two forms. The first form concerns the relation between the subject’s rights and the respondent’s duties. Since rights and duties are correlative, this is taken to mean that the right of *A* against *B* is the “same relation” as (or, as Hohfeld said, is “equivalent” to) the duty of *B* to *A*. But if they are the “same relation,” then isn’t one of them redundant?

A main answer is that claim-rights and strict duties have objects that differ in valuational content. Rights are justified claims to certain benefits, the support or protection of certain interests of the subject or right-holder. Duties, on the other hand, are justified burdens on the part of the respondent or duty-bearer: they restrict his freedom by requiring that he conduct himself in ways that directly benefit not himself but rather the right-holder. But burdens are for the sake of benefits, and not conversely. Hence duties, which are burdens, are for the sake of rights, whose objects are benefits, so that rights are the justifying reasons for duties. Thus, rights and duties are distinct, and neither is redundant.

In opposition to this answer, it is sometimes contended that the objects of rights are not always benefits to the right-holder. Examples are the right to smoke excessively and the right to have a promise to oneself kept that will benefit not oneself but only some third party. There are at least three replies:

- 1 The right to smoke and to engage in other self-harming actions may be taken as species of the right to freedom, which is in general a good to the right-holder. Thus the objects of rights are general goods for the right-holder, even if all their specific varieties may not be good for her.
- 2 Rights would not be *claimed* unless the claimant *thought* there was some value in her having the object of the right.
- 3 In the case of third-party beneficiaries, the person to whom a promise is made also has an interest in the promise being kept, so that to this extent she too derives benefit from it.

These considerations lead to a second form of the problem of redundancy. In the formula given above, the object (*X*) of the right – the object consisting in certain benefits or interests – seems to do most or all of the work for which the right is invoked, so that the concept of rights is again declared to be redundant. For if what is so important about rights is the support or protection of certain benefits or interests, then why isn’t such protection sufficient; why do we also need rights to these interests?

There are several more answers. All involve that rights, especially when they are moral, provide certain indispensable normative additions to simply having or being protected in certain interests or benefits. To begin with, *A*’s having a moral right to *X* adds to his having *X* or his being protected in having *X* the important qualification that there is strong justification both for his having *X* and for his being protected in having *X*. This justification, moreover, is of a special sort, in that, when *A* has a right to *X*, this means that he is personally entitled to have *X* as his due, as what belongs personally to him, so that it is normatively necessary that *A* be protected in having or doing *X*.

RIGHTS AS NORMATIVELY NECESSARY PERSONAL ENTITLEMENTS

These aspects of personal entitlement and normative necessity bear on three specific relations among the elements of rights distinguished above. First, rights are normatively necessary in the relation between the subject and the object, in that the subject has personal property in, and thus justified personal control over, the object, so that it is personally owed to him as his due and for his own sake, not because it adds to overall utility. Second, rights are also normatively necessary in the relation between the subject and the respondent, in that the former is in a position to make a justified personal claim or demand, not merely a request or a plea, against the latter for the support or protection of his having the object of his right. In this way the respondent has duties that are personally owed to the subject. Third, rights are normatively necessary in the relation between the subject and the object, on the one hand, and the justifying ground, on the other, in that this ground supplies the warrant or title, and thus the necessitating premise, for the object's being personally owed to the subject and hence for the requirement that the subject have, and be protected in having, the object to which he has a right. In view of these stringent aspects of normative necessity, the question arises whether rights can ever be overridden. This will be discussed below.

THE NATURE OF RIGHTS

These three diverse relations between the subject, on the one hand, and the respondent, the object, and the justifying ground, on the other, also have a direct bearing on the conceptual question of the nature of a right. Two different theories focus on different elements in the structure of a right given above. The "benefit theory" emphasizes the relation between the subject and the object of rights. Since the object consists in certain benefits or interests of the subject, the benefit theory holds that for a person to have a right is for him to be the directly intended beneficiary of someone else's performance of a duty, or, in a further version, that some projected benefit or interest of his is a sufficient ground for other persons having duties. The "choice

theory," on the other hand, emphasizes the relation between the subject and the respondent of rights. The theory holds that to have a right is to be in a justified position to determine by one's choice how other persons (the respondents) shall act.

Each theory is plausible, but each also incurs difficulties. It has been held that the choice theory does not explain how children and mentally deficient persons may have rights; but this could be taken care of by the consideration that such persons can be represented by other persons who make claims for them. Another, perhaps more serious difficulty for the choice theory is that it implies that subjects may waive their rights; but some rights, such as those provided by the criminal law or by welfare legislation, cannot be waived. On the other hand, it seems to follow from the benefit theory, unlike the choice theory, that animals have rights, since they have certain interests and thus are capable of being benefited. Some thinkers have endorsed this conclusion, and have used it to reject the choice theory. At the same time, however, the choice theory has the distinct advantage that it views the right-holder as an active claimant on her own behalf, and thus as having an indispensable element of autonomy and dignity, in contrast to the passive recipience that the benefit theory seems to attribute to right-holders. This defect of the benefit theory can, however, be substantially remedied if it can be shown that a full justification of the theory involves that all morally justified rights have, as their most general objects, the fulfillment and support for each right-holder of the necessary conditions of action and of generally successful action. This will be further discussed below. It seems, then, that despite the possible divergences of the benefit and choice theories, the most acceptable account of the nature of rights must involve some combination of the two theories that incorporates the strong points of each while omitting its negative features.

THE NATURE OF MORAL RIGHTS

The justifying ground of legal rights consists in the statutes and other provisions of positive municipal law. But it is also often said that persons have certain rights even if these are not recognized or enforced by positive laws, such as

when it is asserted that slaves have a right to be free. In such cases the having in question, like the rights themselves, is moral, not legal.

There are two different views on the nature or existence of moral rights. On one view, for such rights to exist means that, while they fulfill certain moral criteria, they are embodied in positive laws or other social rules. On another view, moral rights exist or are had even when they are not so embodied; it is sufficient that they fulfill or derive from justified moral principles or other morally relevant considerations. Against this latter view it is objected that because of the diversity and conflicts of moral principles, there would be no way of definitively determining whether anyone has moral rights, in contrast to the determinate answers provided by positive laws. This point is often adduced in criticism of the undisciplined proliferation of rights-claims that are invoked by various protagonists in political and legal controversies. But against the former, positivist view it is objected not only that it incurs the same difficulty of ascertainment when it seeks to evaluate positive laws by moral criteria, but also that it makes unintelligible the recognized practice of appealing to rights even when they are not embodied in positive laws or ongoing social rules, and even in opposition to such laws and rules. Against the specifically legal positivist view it is further objected that it does not provide for those moral rights which, by general agreement, are not and should not be embodied in positive laws, such as the rights, in ordinary interpersonal relations, not to be lied to and not to be subjected to broken promises, as well as the rights of children to receive loving care from their parents.

THE JUSTIFYING GROUND OF MORAL RIGHTS

To ask who has what moral rights to what is to ask a normative and substantive question, not only a conceptual one, although conceptual considerations also figure in the answers one gives. If for moral rights to exist, they must be justified by sound moral principles or other morally relevant grounds, where do we look for such principles or grounds? An important emphasis has been that human beings have interests. But not all interests generate rights. In view of the nor-

mative necessity involved in rights, it would seem that the interests that ground them must also involve necessity. Such necessity could be obtained if the interests consisted not in contingent, dispensable desires or goods, but rather in the goods that are necessary for human action or for having general chances of success in achieving one's purposes by action.

For such a general grounding of general moral rights to be successful, the necessary conditions of actions and of generally successful action would have to be carefully specified. The two main such conditions are freedom and well-being. Freedom is the procedural necessary condition of action; it consists in controlling one's behavior by one's own unforced choice while having knowledge of relevant circumstances. Well-being is the substantive necessary condition of action; it consists in having the general abilities and conditions needed for achieving one's purposes. Since the agency-needs that are here called "necessary" pertain not only to bare action but also to generally successful action, the necessity in question can accommodate the varying degrees in which practical abilities and conditions are needed for action. Thus, well-being falls into a hierarchy of goods ranging from life and physical integrity to education and opportunities for acquiring wealth and income. According to the general substantive theory here sketched, all actual or prospective agents have equal moral rights to freedom and well-being, and their having these rights is grounded in their enduring needs for the necessary conditions of their action and generally successful action. An argument can be given for the moral principle that grounds this thesis.

MORAL RIGHTS AS SOLELY NEGATIVE

According to one libertarian view, all moral rights are negative: they set absolute "side constraints" on actions in that their correlative duties require refraining from actions that interfere with persons' freedom. A difficulty with this view is that it cannot handle conflicts of rights. Suppose *A* is going to murder *B*, and the only way to prevent this is for *C* to steal the car of *D*, who is entirely innocent in relation to *A*'s murder project. Here the absolute rights not to be murdered and not to be stolen from come into unresolvable conflict.

To deal with such cases, it has been suggested that rights construed as side constraints should be supplemented by “consequential analysis” that trades off the lesser badness of infringing one right by the greater badness of infringing another. A related suggestion is the general idea presented above that rights fall into a hierarchy according to the degree of their objects’ needfulness for action, so that the right not to be stolen from is overridden by the right not to be murdered when these rights are in conflict.

Such a procedure has been called a “utilitarianism of rights.” But this phrase is misleading if it implies a constant readiness to interfere with rights for the sake of regularly achieving some sort of weighted minimization of rights violations. A “utilitarian” approach of this sort is different from considerations that are restricted to wide disparities in degrees of importance between the interests that are the objects of the respective rights, as in the above example.

What, however, of situations where the rights that are in conflict have objects that are of the same degree of importance? A recurrently adduced example is the one in which a casual bystander can save ten innocent persons from being murdered only if he murders one of the persons himself. It has been suggested that, since the function of rights is to protect justified personal interests, and since the interests in this example are on a par, the rights theorist must seriously consider participating in this abominable project.

The rejections of such participation can, however, be justified on grounds of rights. For the rights to life of the nine other innocent persons do not extend to the right to life of the tenth person. In general, if a person has a right to *X*, then he has a right to anything else *Y* that may be necessary for his having *X*, *unless* someone else already has a right to *Y* and *Y* is as important for action as is *X*. For example, if Jones is starving and cannot obtain food by his own efforts, while Smith has abundant food, then Jones’s right to life overrides Smith’s property right in the food, so that Jones has a right to as much of Smith’s food as he needs in order to prevent starvation. But if Smith has only enough food to prevent his own starvation, then Jones does not have a right to it because Smith’s not starving is as important for his action as Jones’s not starving is for his. It

is for such a reason that the nine other innocent persons do not have a right that the tenth person be murdered in order to prevent their being murdered. Hence, if the casual bystander were to murder the tenth person, he would be violating that person’s right to life, while if he were to refrain from the murder, he would not be violating the others’ rights to life, since they do not have a right that the tenth person be murdered in order to prevent their murder.

POSITIVE RIGHTS

A second view of the contents of moral rights is that they are positive as well as negative. If the ultimate justifying ground of rights is the needs of agency, including well-being, then positive welfare rights are justified when persons cannot fulfill their needs of well-being by their own efforts so that positive assistance by other persons is required, in cases ranging from relief of starvation to provision of educational resources. As in the case of negative rights, the application of the positive rights model requires consideration of degrees of needfulness for action, so that, for example, taxation that removes a relatively small part of affluent persons’ wealth is justified, and is not a violation of the taxed persons’ rights, if this is needed in order to prevent other persons’ starvation or to provide opportunities for education. More than in the exclusively negative theory of rights, the positive theory requires recourse to institutional, especially state, provision for various rights, as against leaving such provision solely to individual initiative. Thus, on this view, moral rights are social and economic as well as political and civil.

UTILITARIANISM AND RIGHTS

Utilitarianism raises two kinds of questions for theories of rights. One is whether it can “accommodate” rights (i.e., whether the requirements of rights can be justified by the utilitarian principle that the rightness of actions is to be determined by consequentialist considerations about the maximizing of total or average utility). It has been contended that utilitarianism can require that special protection be provided for the special interests and needs that are the objects of rights. A chief reply to this thesis is that, since the aim of utilitarianism is ultimately

aggregative, to maximize utility, the distributive protections provided by even the most important rights would be at best only contingently maintained, since the rights could be overridden whenever the maximization of utility required this.

A second question about the relation of utility to rights goes in the reverse direction. Even if utilitarianism cannot adequately accommodate rights, is this always a fault? Isn't it also true that rights cannot accommodate utilitarianism, in that the insistence on individual rights may block the fulfillment of important communal goals? This question underlies the charge, which goes back at least to Jeremy Bentham (1748–1831) and Karl Marx (1818–83), that rights are egoistic because they involve claims for the fulfillment of individual interests, so that they may operate to submerge the values of community or society.

Two replies can be given to this charge. The first relies on the thesis sketched above about the varying degrees of importance or needfulness of the objects of rights. Thus, the theory of rights may allow for the exercise of eminent domain where an important community project like the building of a new public school requires that some persons be forced to give up their property rights in their houses at a certain location (with due compensation). But the theory cannot allow, for the reasons indicated above, that an innocent person be killed in order to prevent certain even severe harms from befalling the community as a whole.

A second reply is that human rights, which are universally distributed moral rights, require of each person that he act with due regard for other persons' interests as well as his own. For since, in principle, each person has human rights against all other persons, every other person also has these rights against him, so that he has correlative duties toward them. The concept of human rights thus entails a reciprocal universality: each person must respect the rights of all the others while having his rights respected by all the others, so that there must be a mutual sharing of the benefits of rights and the burdens of duties. The human rights thus involve mutuality of consideration and, thus, a kind of altruism rather than egoism. By requiring mutual aid where needed and practicable, the human rights

make for social solidarity and a community of rights.

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risk

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To be at risk: To be subject to harm from some process or activity. The degree of risk is a function of the probability and severity of that harm. Given the multitude of ways in which people can be harmed, most people are at risk to some degree most of the time. In addition, since things other than people can be harmed – for example, property, animals, the natural environment – these things can also be described as being at risk from certain processes or activities.

Safety is defined in terms of risk. It is sometimes said that something is safe if it is free from risk, but nothing can be absolutely risk free. Both risk and safety, therefore, come in degrees and involve decision problems as to whether something is too risky or safe enough. So a thing is thought to be safe only if its risks are judged to be acceptable, quite often by a person or group empowered to make that decision for a larger society.

In making a decision about safety, two necessary and distinct activities come into play: measuring risk and judging the acceptability of that risk. The measurement of risk involves an objective scientific assessment of the probabilities and consequences of events. A risk estimate can predict the likelihood that some event will happen, but is unable to pinpoint the occurrence of any specific harmful event.

Unlike the empirical activity of measuring risk, judging safety or the acceptability of risk is a normative activity. This brings up the ques-

tion: Who makes the judgment that a certain risk is acceptable, and by what criteria? And since risk implies the probability of harm to persons, to say that a risk is acceptable implies that the justification for undertaking the risk, or not avoiding it, overrides the moral rule “do no harm.” Thus, judgments about acceptable risk for persons are necessarily moral judgments, at least in part.

The remainder of this entry will concentrate on acceptable-risk decision criteria, and will sometimes use environmental risk for the purposes of illustration, although in the field of business ethics, product and workplace safety are equally important areas of risk assessment.

Two essential components of any plan to deal with risk problems are clarity about the goals the decision is intended to achieve and the means proposed to achieve them. But before this can be done by a corporation, for example, risk problems, such as those about pollution or hazardous waste, are other difficulties that need to be addressed.

The first difficulty is problem definition. If there is uncertainty about how to define the problem, there will be uncertainty about the goals and what would constitute solving the problem. It has been claimed that plant species are diminishing because of business activities such as logging and large-scale farming. Is this a risk problem, and if so, what kind of risk? What would count as a solution to the problem?

The second difficulty is disagreement about which facts are relevant to the problem. Is the loss of plant species a problem because of their possible use in healing, because such loss affects the ozone layer, or because the loss of plant variety is a bad thing in itself? How the risk problem is defined will have a major influence on which facts are taken to be relevant, and vice versa.

Finally, there often is a conflict of values, or even confusion about what values we hold or ought to hold. Many claim that the environment is intrinsically valuable. Others argue that it has value only because it serves human ends. Difficulty over values affects how we define the risk problem and how we identify relevant facts.

There are certain characteristics that any acceptable solution to a risk problem must possess – characteristics that are also helpful

with problem definition, identification of facts, clarification of values, determination of goals and the means to those goals. The following criteria have been suggested for any acceptable judgment about a risk problem. Unacceptable decisions fail to meet one or more of the criteria. A proposed solution to an environmental risk problem is acceptable only if it is:

- 1 *Politically implementable*: proposed solutions that do not take account of the political situation are not realistic.
- 2 *Economically feasible*: if the plan places unreasonable burdens on corporate productivity and profitability, it will destroy the base from which successful action is possible.
- 3 *Legally defensible*: there is a fundamental obligation to obey the law, except in extreme situations; law is necessary for social order and constructive action.
- 4 *Technically plausible*: if the technical means to accomplish the solution are not available or if they are excessively problematic, then any proposed solution becomes pure speculation.
- 5 *Environmentally manageable*: the proposed solution should be one that does not result in catastrophic or irreversible harm to the environment.
- 6 *Ethically responsible*: a decision to a risk problem is ethically responsible only if:

(a) It poses no unreasonable threat to human life or health. People should not be exposed to foolish risks – those with goals that are unworthy of the potential harm. To act negligently is to act so as to cause harm by taking unreasonable risk.

(b) It fairly distributes benefits and burdens. No solution is ethically acceptable, for example, if it allocates all benefits to some, and all burdens to others, or if it treats people unequally.

(c) It neither unjustifiably violates moral rights nor unjustifiably forces a dereliction of moral duties. A moral right can justifiably be set aside only by other, more stringent moral rights.

(d) It gives due consideration to the values and interests of all those affected. It will often be necessary to act against the values and interests of some, but only after serious consideration is given to every possible way to accommodate them.

(e) It provides compensation in the event of unexpected or excessive harm. Victims must not be expected to bear such harm with no prospect of reparation.

(f) It is voluntarily accepted, to the extent possible, by those affected, or, at least, those affected are given a fair opportunity to participate in the decision-making process. The only exceptions are where people voluntarily give up the opportunity to participate.

(g) It treats persons not merely as means to some goal, but as ends in themselves. All human beings must be treated with dignity and respect and not as simply tools for others to use.

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roles and role morality

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Roles are positions in business or the professions to which different social functions attach; role morality is the assumption of different norma-

tive ethical systems for different roles. The central issue here is whether different social roles require distinct norms or moral frameworks to guide their behavior. For there to be truly distinct role moralities, it is not sufficient that those in different social roles or professions enter into unique relations with others. All social roles involve relations that uniquely define them to be the roles they are. Instead, moral considerations that arise elsewhere must be weighed differently, must be systematically augmented or diminished in their weight, against opposing considerations in proper moral deliberations in these social contexts. An occupant of the role (for example, a lawyer or business manager) must be called upon to ignore certain moral rights, or certain utilities or disutilities, that would otherwise be morally decisive.

Often such special norms reflect some value central to the definition of the social role in question, and the norm gives that value extra weight for the occupant of the role. Lawyers are called upon to ignore the interests of third parties in zealously pursuing the legal objectives of their clients within the bounds of law. Journalists routinely ignore what others might properly perceive as rights to privacy in developing news stories for their reading publics. In business, the central values lie in efficient use of resources in providing desired goods to the consuming public and in providing stockholders a good return on their investments. Thus, some have argued (e.g., Friedman, 1979) that business managers ought not to forgo profit (which measures efficiency and provides returns) on perceived moral grounds.

From the point of view of moral theory, however, the basic question is how such special norms can be morally acceptable, how the concept of distinct role moralities is even coherent. From the point of view of a rights-based or individualist moral theory, it seems that we can override moral rights only for the sake of protecting more central or important rights in the context in question. Otherwise, rights must be voluntarily waived or previously forfeited by wrongdoing in order to be safely ignored. This fundamental demand of the moral framework seems to hold in all social contexts. From the point of view of a utilitarian or collectivist moral theory, it seems that we can impose costs or

forgo benefits only to prevent greater harm or realize greater collective good, and once more this constraint appears to govern all contexts to which the theory applies. Thus, if business managers perceive that pursuit of maximal profit imposes serious harm on the public (say in decisions regarding product safety, waste disposal, or relocation), how can it be morally coherent to suggest that such pursuit is their proper role?

The answer is that such norms are at least possible, or coherent, given sufficient complexity in a moral framework. In a multi-leveled framework there can be a distinction between an agent's perception of a morally required course of action and her authority to act on that perception. This distinction exists in several moral theories, including Mill's (1955), and it rests on the fact of fallibility in moral perception and moral reasoning. A major argument by defenders of adversarial legal systems to the conclusion that lawyers ought not to restrain their clients on extra-legal moral grounds is that their moral perceptions may be eccentric or incapable of objective justification. Similarly, if a business manager seeks to sacrifice style or raise prices in order to impose safer products on the public, despite market research that indicates contrary preferences, the result may be not what she predicts, but loss of market share to the competition.

In other cases the justification of special norms does not appeal to fallibility in gauging the consequences of actions considered one at a time, but instead to the results of every occupant of the social role reasoning directly from those consequences. Waste disposal provides a good example here. Each small business may reason correctly that the effect of its disposing of wastes in the cheapest way possible is negligible. But if all reason in the same way, the result can be disastrous to the health of the entire community. Here it seems that a special norm restricting the pursuit of maximum profit is in order. Norms governing other roles may be justified in the same way. A teacher should grade based only on quality of work submitted, even though the effect of taking other considerations into account in individual cases might be known to be utility maximizing. A journalist's passing up a single story because of qualms about privacy might not harm the public, but the cumulative effect of all

journalists forgoing stories because of such qualms might be significant deprivation of information to the public. Such norms result in a consistency or uniformity in the behavior of role occupants beyond that achievable without them.

It can be argued that norms of the type just considered are either not special or not necessary. A Kantian will hold that moral reasoners must always think of everyone's acting in the way proposed (see KANTIAN ETHICS). But this test is not always relevant. Telling a lie in order to avoid a greater evil can be justified, even though if everyone lied in similar circumstances, the strategy might be useless and hence unjustified. It is permissible not to vote in a local election even though the result of no one voting would be disastrous. The universalizing test is relevant only when many individuals would act in a cumulatively harmful way on the basis of (individually) correct consequentialist reasoning in the absence of special constraint. This criterion does apply to various social roles, as indicated above, generating special norms and hence role moralities.

It can be argued, as in the pollution example, that a business manager ought not to impose higher costs on his corporation unless these are required by law. The appeal here would be to a moral division of labor (between managers and legislators), and it would reinstate the profit principle as the sole fundamental norm for business. Those who defend special role moralities often make such appeals, but they must be closely scrutinized. Any justification of special role moralities, even if coherent, must be carefully criticized, given the sacrifice of normally important moral factors involved.

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Russia, business ethics in

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Business ethics in Russia most accurately could be described by the ancient maxim, *caveat emptor* (buyer beware). Virtually all domestic business transactions are legally unregulated and self-policing. To appreciate the origin of the Russian ethos, one must understand that the simplest economic concepts we often take for granted are relatively new to the Russian people. For example, though perhaps initially inconceivable, the notions of property rights, ownership, freedom of contract, profit – and even the idea of a market itself – are ideas only now evolving in modern Russian society (see PROPERTY, RIGHTS TO; FREEDOM OF CONTRACT; PROFIT, PROFITS, AND PROFIT MOTIVE). With the collapse of the principle of centralized planning, the Russian people are, as a matter of necessity, embracing capitalism to provide for their daily needs. Absent a legal basis to enforce sanctions and lacking a history of contract law, Russians continue to grapple with the ethics of unbridled commerce. The variety of ethical misdeeds arising from this legal void are well documented (see, for example, Meirovich and Reichel, 2000).

It became legal in 1991 for private Russian concerns to broker the buying and selling of virtually any commodity (see Kolosov, Martin, and Peterson, 1993). With the attendant and requisite expansion of that which constitutes private property, several businesses developed for the purpose of making a market in which the buying, selling, and trading of such property is accommodated. Due primarily to the lack of accurate and reliable information concerning supply, demand, and ownership encumbrances, performance on the agreements to trade goods on these “exchanges” is not guaranteed by market owners – unlike more developed markets in

Western and other cultures. Without a legal structure to enforce contract compliance, all Russian business transactions occur in a legal vacuum where self-interest and personal (micro-economic) decisions aggregate to societal (macro-economic) outcomes (see Martin and Peterson, 1991; Werhane, 1989; Appressyan, 1997). Thus, the nature of these markets is consistent with the notion of *caveat emptor* in its strictest sense.

The state of business ethics in Russia continues to evolve. Despite the potential repercussions of an unregulated environment, new Russian businesses are being created exponentially and existing companies are thriving. Gradually, these new enterprises are becoming the provider of the bulk of life's basic goods for the Russian people as they grapple with the ethics of their unfamiliar economic freedom, and begin to examine the implications of the development of civil society in Russia (Taylor and Kazakov, 1997). It is perhaps most important to note that although the notion of private property is again new to their culture, Russian businessmen and women apparently realize that behaving in an ethical fashion – fulfilling contractual obliga-

tions – is in their long-run self-interest. The continued existence of markets indicates that economic agents in Russia have overwhelmingly chosen to eschew the short-term gain associated with contract default in favor of building the reputational capital necessary for successful operation in self-regulating markets.

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