Unit 5

BBM 208/05

Business Ethics

Organisational Ethics

wawasan open UNIVERSITY

the people's university

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Unit Overview

The advertising industry operates within strict federal regulations and is monitored by the government. Even with truth-in-advertising laws in place, advertisers have significant leeway to violate the ethical standards of a wide range of consumers. Advertisers have to be especially careful to act ethically at all times, taking extra care when advertising to children, advertising potentially harmful products and using psychological tactics to stimulate demand. Adhering to an ethical advertising principle means paying close attention to several key distinctions; honesty, distinction, social consciousness and environmental consciousness.

Environmental ethics is a branch of ethics that studies the relation of human beings and the environment and how ethics play a role in this. Environmental ethics believe that humans are a part of society as well as other living creatures, which includes plants and animals. These items are a very important part of the world and are considered to be a functional part of human life. Thus, it is essential that every human being respect and honour this and use morals and ethics when dealing with these creatures. Pollution and the depletion of natural resources have not been the only environmental concerns since decades ago: dwindling plant and animal biodiversity, the loss of wilderness, the degradation of ecosystems, and climate change are all part of a raft of "green" issues that have implanted themselves into both public consciousness and public policy over subsequent years.

Almost all of us grew up eating meat, wearing leather, and going to the circus and to zoos. Many of us bought our beloved "pets" at a pet shop. We wore wool, ate at KFC, and maybe even fished. We never considered the impact of these actions on the animals involved. For whatever reason, you are now asking the question "Why should animals have rights?" Supporters of animal rights believe that animals matter as individuals; that they have their own value completely separate from how useful they are to us; and that every creature has a right to live free from pain and suffering. Animal rights is both a philosophy and a social movement that challenges society's traditional view that all the other animals on this planet exist solely for human use.

Unit Objectives

By the end of Unit 5, you should be able to:

1. Describe the two types of advertising strategies.
2. Discuss the ethical issues on the elements of deceitful advertising and the regulatory responses.
3. Examine the issues of consumerism and advertising.
4. Discuss the issue of consumer protection against defective goods and services.
5. Define the environment.
6. Evaluate the damage to the environment.
7. Elaborate on environmental and animal protection.

5.1 The Selling Organisation

Objectives

By the end of this section, you should be able to:

1. Define and characterise informational and branding advertising.
2. Delineate different types and degrees of deceitful advertising.
3. Discuss legal and regulatory responses to deceitful advertising.
4. Discuss the ethical issues surrounding deceptive ads.
5. Define consumerism.
6. Discuss the power and problems surrounding advertising that creates desires.
7. Consider special issues surrounding advertising and children.
8. Investigate the penetration of advertising in life.
9. Delineate the issue of consumer protection from defective goods and services.
10. Outline five conceptions of the consumer.
11. Consider the ethics of consumer protection surrounding each conception of the consumer.

Introduction

An ethical brainteaser we deal with every day is: "What can you legitimately simulate to illustrate the truth?" Before you answer "nothing!", ask yourself if a Higher Purpose would be served if Pampers and Kotex commercials showed the real thing instead of that fake blue water.

Ads for reputable companies almost never lie. They have to be able to prove what they say to their own corporate counsel, the ad agency's lawyers, the network's approval committees and to any number of regulating bodies like the Food and

[1]The FDA is a federal agency for US and is responsible for protecting and promoting public health through the regulation and supervision of food safety, tobacco products, dietary supplements, prescription and over-the-counter pharmaceutical drugs (medications), vaccines, biopharmaceuticals, blood transfusions, medical devices, electromagnetic radiation emitting devices (ERED), cosmetics, animal foods & feed[5] and veterinary products.

Drug Administration (FDA)[1] and the Federal Trade Commission (FTC)[2]. With at least five different government agencies looking over our shoulder, the cost of being caught cheating is simply too high. In addition, the individuals inside a company want to be able to look at themselves in the mirror. Some like to think of business people as belonging to some other species, but remember that most of them are you a few years from now.

> So we tell the truth — but not always the Whole Truth. Like lawyers, our job is to put our clients in the best light. When you go on a job interview or a first date, you do not assume a false identity — but you probably do not make a full disclosure either. Chances are you keep your lactose intolerance and foot odor issues in the background, and save your Federation Starfleet uniform for later in the relationship — if there IS a later.
>
> For a company trying to sell something, an ad is like getting a job interview with millions of people all at once. The ad wants to make a good first impression and really, really doesn't want to make people mad. But different people react differently.
>
> Advertisers are in the business of communicating with thousands, even millions, of "others" all the time. That gives us thousands or millions of chances to practice what we believe every day. And try to get it right.
>
> *~ Caption of speech was written by Chris Moore of Ogilvy & Mather*
> http://www.aef.com/on_campus/classroom/speaker_pres/data/3001

Two kinds of advertising

One reason guys like to have the controller when couples are watching TV is so they can flip the channel fast when ads like this come on:

Old Spice

Viewed from the waist up, you see a perfectly bodied man wrapped in a low -slung towel. With gleaming eyes locked on the camera he intones, "Hello, ladies, look at your man, now back to me, now back at your man, now back to me." While guys at home cringe, he comes to an indisputable conclusion, "Sadly, he isn't me." After letting the reality sink in, he soothes his female viewers with the information that "He could at least smell like me if he switched to Old Spice body wash." Next, he asks us to "Look down," and while everyone's eyes drop to his towel, some green screen magic allows him to seamlessly appear on a romantic sailboat in the Caribbean. His hand overflows with diamonds, then a bottle of Old Spice arises along with them, and we learn that, "Anything is possible when your man smells like Old Spice."

Advertising is about enticing consumers. It comes in many forms, but the two central strategies are (1) informational and (2) branding.

[2]The FTC's principal mission is the promotion of consumer protection and the elimination and prevention of anticompetitive business practices, such as coercive monopoly.

Ads: Information and branding

There are more and less sophisticated ways of enticing consumers. At the lowest level, there are product-touting ads and comparisons giving straight information. When Old Spice set aside some money to sell their body wash, they could have gone that route, they could have dabbed some product on a shirt and asked random women to stop, take a sniff, and report on the scent. Then magazine spreads could be produced announcing that "three out of four women like the Old Spice scent!" A bit more aggressively, women could be given a blind sniff test featuring Old Spice and Axe products, or Old Spice and some "leading brand," one probably chosen because it fares particularly poorly in the comparison test. In any of its forms, this is **informational advertising**. It *presents facts and hopes that reasonable consumers buying body wash will choose Old Spice.*

Other kinds of informational advertising include price comparisons (Old Spice costs less than Axe) and quality comparisons (the Old Spice scent lingers eight hours after showering, and Axe is gone after only six). Naturally, different kinds of products will lend themselves to different kinds of factual and informational claims. Sometimes, finally, this kind of advertising is called transactional because it is directly about the exchange of money for a good or service.

Moving toward more sophisticated — or at least less rational and direct — advertising, there is **branding**, which is the *attempt to convert a product into a brand*. In the advertising and marketing world, the word brand has a very specific meaning. It is not the *name of the company making the product*, not the words Old Spice or Kleenex. Instead, a brand is a product or *company's reputation*; it is what you think of when you hear the name and it is the feelings (good or bad) accompanying the name. Technically, a brand is what a product or company is left with when you take everything away. Exemplifying this in the case of Old Spice, imagine that tomorrow all their production factories burn down, their warehouses flood, and their merchandise sells out at every store. Basically, the company has nothing left, no factories to make product, no stock to ship out, and no items left to sell on any shelf. Now, if you were a wealthy investor, would you *buy* this company that has nothing? You might.

You might because it still has its brand, it still has a reputation in people's minds, and that can be worth quite a bit. Frequently, when we visit a store and stand in front of shelves packed with different versions of a single kind of item, we do not have time or the patience to carefully go through and compare price per ounce or to Tweet questions to friends about what they recommend. We choose one body wash — or one style of underwear or Eveready batteries instead of Duracell — because of an idea about that product planted in our mind. Maybe we do not know exactly where the idea came from, or exactly what it is, but it is there and guides us to one choice instead of another. It makes a product seem like it is our kind of product (if it is the one we end up buying) or not our kind of product.

The Old Spice commercial is an exercise in branding. It is funny, sexy, embarrassing and extremely sophisticated. Looking at the commercial, the first question to ask is "in the most literal terms, what is the message?" Is it that Old Spice is a good value? No, there is no talk about price. Is it that Old Spice smells good? No, the only claim is that it can make you smell like an attractive actor. Is it that the actor (and former pro-football player) Isaiah Mustafa uses Old Spice? No, he says he does, but that is not the message. If anything, *his* message to potential consumers is that, if he wanted to, he could steal their girlfriends. This is not the kind of information that wins market share.

Fortunately for Old Spice, branding is not about facts or truths; it is about producing an attitude and connecting with a specific sense of humor and outlook on life. Like a style of clothes or a preference for a certain kind of music, Old Spice is conveying a personality that you appreciate and like or, just as easily, dislike. That is why the whole commercial comes off as a kind of joke about a certain vision of attraction and romance and sex. Do you enjoy the joke? If you do not, then Old Spice is going to have to find a different way to get into your (or your boyfriend's) wallet. If you *do* like it, if the whole thing seems zany and funny and you would not mind pulling it up on YouTube to watch again, then you have been branded. Old Spice has found a way to get past all the defenses we usually set up when we see advertising, all the skepticism and cynicism, and gotten us to feel like we are part of something that includes that company's products.

In broad strokes, finally, there are two kinds of advertising, two strategies for influencing consumption choices. One works by appealing to facts and provides information; the other appeals to emotions and creates a lifestyle. Both kinds of advertising raise ethical questions.

1. Informational ads provoke questions about truth and lies.

2. Branding efforts provoke questions about the relation between our products and who we are as individuals and a culture.

Activity 5.1

1. Can you think of an example of an informational ad? What information is provided, and how does it persuade consumers?

2. Can you think of an example of a branding ad? What personality and attitude are attached to the product? How might those characteristics persuade consumers?

Do ads need to tell the truth?

Types of deceitful advertising

An initial way to distinguish informational advertising from branding is by asking whether consumers are supposed to ask whether the claims are true. In the case of the Old Spice body wash TV spot, there is no question. The actor asserts that "anything is possible with Old Spice" as diamonds flow magically from his hands. But no one would buy the product expecting to receive diamonds. They would not because branding ads are neither true nor false. Like movies, you enjoy them (or you do not) without worrying about whether it could really happen. Informational ads, on the other hand, derive their power from selling consumers hard facts. When the ad claims the product costs less than similar offerings from rivals, the first question is "really?" When the answer is "no," the advertising is deceitful.

There are four ways that informational advertising can be deceitful:

1. **False claims directly misrepresent the facts**. For example, an Old Spice body wash ad could announce that it costs less per ounce than Axe. When you go to the store, however, the opposite is true. It may be that the manufacturer's suggested retail price is less, or Axe is on a special sale, but if the ad says Old Spice is cheaper and it is not, that is a false claim.

2. **Claims that conceal facts** are *more common than directly false ones because they are not flatly untrue and so cannot be easily disproven*. A body wash, for example, may conveniently leave out the fact that chemical scents frequently react differently with different skin types and body temperatures, meaning a product may smell great on one man but come off as nauseating when used by most others. Another set of examples surround the infamous *fine print* on contracts. Every day, someone somewhere receives an offer for a free issue of a magazine and sends the business reply card in. It is not until a few months later, however, that they realise that getting the free one also committed them to buying a year's worth. Another example of a concealed fact is a juice made from "natural ingredients," and it turns out the natural ingredient is sugar, which is natural, but not the fruit juice from real oranges you were expecting.

3. **Ambiguous claims** *resemble concealed facts in not being directly untrue*. Where claims that conceal facts manipulate consumers by leaving something out, ambiguous claims mislead by putting too much in. For example, a body wash may announce that it "kills the smelly bacteria that women hate most," and that may be true, but the implication that *only* Old Spice does that is misleading because *all* soaps and washes wipe out some bacteria. Just water washes a good bit away. Similarly, Viagra announces that before using the product, men should check with their doctor to "ensure that you are healthy enough to engage in sexual activity." The misleading idea is that the rock and rolling will be so intense it could be life threatening. The truth is that the drug itself may be dangerous for the unhealthy. Finally, cigarette companies use a similar strategy when they

advertise light cigarettes as (truly) containing less cancer-causing tar, but they leave out the fact that the lower nicotine levels cause many smokers to light up more often and so take in as much, or even more, than they otherwise would have. In every case, the ad's claim is technically true, but it leads consumers toward possibly false assumptions that just happen to make the product more attractive.

4. **Puffery** is *a technical term in the advertising world. It signifies expressed views that are clearly subjective exaggerations or product slogans, and not meant to be taken literally*. In the Old Spice ad, the actor's claim that "anything is possible with Old Spice" is actually an ironic joke about puffery: the ad is poking fun at those other personal care products that in essence claim the women (or men) will come running. Here are two standard examples of puffery: Budweiser is "The King of Beers" and Coke is "The Real Thing." More generally, any product labeled "The Finest," and all services that announce they "Can't be beat!" are engaging in the practice. Of course these kinds of slogans can be harmless with respect to their violation of strict truth telling, but they do place a burden on consumers to be wary.

Deceitful advertising, finally, is not the same as false advertising. All false ads are also deceitful, but there are many ways of being deceitful that do not require directly false claims.

Legal responses to deceptive advertising

Created in the early 1900s, the Federal Trade Commission (FTC) was originally tasked with enforcing antitrust laws. With time, its responsibilities have expanded to include consumer protection in the area of marketing and advertising. Today, many legal conflicts over truth and sales run through its offices.

The act authorising the FTC to begin regulating advertising declares that "unfair and deceptive practices" are illegal, and the agency is charged with the responsibility to investigate and prevent them as mentioned in Section 5 of the Federal Trade Commission Act. In judging what counts as deceptive, two models are frequently used. The reasonable consumer standard is the looser of the two. It presumes that protections should only be extended to cover advertising that would significantly mislead a thoughtful, moderately experienced consumer. One advantage of this stance is that it allows the FTC to focus on the truly egregious cases of misleading advertising, and also on those products that most seriously affect individual welfare. Very close attention is paid to advertising about things we eat and drink, while fewer resources are dedicated to chasing down garden-variety rip-offs that most consumers see through and avoid.

One borderline case is the *FTC v. Cyberspace.com*. In that case, and according to their press release, the FTC charged that the defendants engaged in an illegal scheme to deceive consumers by mailing $3.50 "rebate" checks to millions of small businesses and consumers. The check came with an attached form that looked like

an invoice and used terms like "reference number," and "discount taken," making it look like there was a previous business relationship. By cashing the checks, the FTC alleged that many small businesses and consumers unknowingly agreed to allow the defendants to become their Internet Service Provider. After the checks were cashed, the defendants started placing monthly charges of $19.95 to $29.95 on the consumers' telephone bills. According to the FTC, the defendants then made it very difficult to cancel future monthly charges and receive refunds.

'Bogus 'Rebate' offers violate Federal Law,' *Federal Trade Commission*, 5 August 2002 http://www.ftc.gov/opa/2002/08/cyberspace.shtm (Accessed 2 June 2011).

The judge sided with the FTC.

Whether or not these businesspeople should have seen through the free-money scam and thrown the "check" in the trash, it is certain that the FTC should have stepped in under the ignorant consumer standard. Within this framework — which is much stricter than the reasonable consumer version — consumers are protected even from those scams and offers that most people recognise as misleading. One point to make is that the "ignorant consumer" is not synonymous with dumb. Though the category does catch some people who probably should have tried a bit harder in school, other ignorant consumers may include immigrants who have little experience with American advertising practices and customs. The elderly too may fall into this category, as might people in situations of extreme or desperate need. One example would be late-night TV commercials appealing to people in deep debt. Some ads promise that loan consolidation will lower their overall debt. Others imply that filing for bankruptcy will virtually magically allow a start-over from scratch. Both claims are false, but when creditors are calling and threatening to take your home and your car, even the most reasonable people may find themselves vulnerable to believing things they should not because they *want* to believe so desperately.

The federal government, finally, through the FTC has the power to step in and protect these consumers. Strictly from a practical point of view, however, their resources are limited. The task of chasing down every ad that might confuse or take advantage of someone is infinite. That factor, along with good faith disagreements about the extent to which companies should be able to shine a positive light on their goods and services, means (1) the ignorant consumer standard will be applied only sparingly by government regulators, and (2) borderline cases of advertising deceit will be with us for the foreseeable future.

In Malaysia, all practitioners of advertising are required to abide by the Malaysian Code of Advertising Practice which was established in 1977 to provide independent scrutiny of the then newly created self-regulatory system setup by the industry.

The essence of good advertising covered by the code includes:

1. All advertisements should be legal, decent, honest and truthful.

2. Advertisements must project the Malaysian culture and identity, reflect the multi-racial character of the population and advocate the philosophy of Rukun Negara.

3. Advertisements must not identify or typecast each particular racial group or sex with vocations, traditional values and backgrounds.

4. Advertisements must comply in every respect with the Law, common or statute.

5. All advertisements should be prepared with a sense of responsibility to consumers and to society.

6. All advertisements should conform to the principles of fair competition as generally accepted in business.

7. No advertisements shall bring advertising into disrepute or reduce confidence in advertising as a service to the industry and to the public.

8. Advertisements must be clearly distinguishable as such.

Source: *The Advertising Standard Authority Malaysia* http://www.asa.org.my/code.php (Accessed 2 October 2015).

The ethics of deceitful advertising

One way to enter the ethical debate about dubious product claims is by *framing the subject as a conflict of rights*. On one side, producers have a right to talk sunnily about what they are selling: they are free to accentuate the positives and persuade consumers to reach for their credit card. On the other side, consumers have a right to know what it is that they are buying. In some fields, these rights can coexist to some significant extent. For example, with respect to food and drink, labeling standards imposed on producers can allow consumers to literally see what is in their prospective purchase. Given the transparency requirement, companies can make a strong argument that they should be allowed to advocate their products with only minimal control because consumers are free to check exactly what it is they are buying.

Even these clear cases can become blurry, however, since some companies try to stretch labeling requirements to the breaking point to suit their purposes. One example comes from breakfast cereal boxes. On the side, producers are required to list their product's ingredients from high to low. At the top you expect to see ingredients including flour or similar, as quite a bit of it goes into most dry cereals. At the bottom, there may be some minor items added to provide a bit of flare to the taste.

One specific ingredient many parents worry about is sugar: they do not want to send their little ones off to school on a massive sugar high. So what do manufacturers do? They comply with the letter of the regulation, but break the spirit by counting sugar under diverse names and so break up its real weight in the product. Here are the first few lines of the ingredients list from Trix cereal:

> Corn (Whole Grain Corn, Flour, Meal), Sugar, Corn Syrup, Modified Corn Starch, Canola and/or Rice Bran Oil, Corn Starch, Salt, Gum Arabic, Calcium Carbonate, High Fructose Corn Syrup, Trisodium Phosphate, Red 40, Yellow 6, Blue 1.

Sugar is sugar, corn syrup has a lot of sugar, high fructose corn syrup has even more sugar. We would have to get a chemist to tote up the final results, but it is clear that a reasonable consumer should figure this is a sugar bomb. Is it fair, though, to assume that an immigrant mother — or *any* mother not well versed in sugar's various forms — is going to stop and do (or be able to do) a comprehensive ingredient investigation? The question goes double after remembering that the first image consumers see is the product's advertising on the box featuring a child-friendly bunny.

More generally, in terms of a pure rights-based argument, it is difficult to know where the line should get drawn between the right of manufacturers to sell, and the right of consumers to know what they are buying. The arguments for pushing the line toward the consumer and thereby allowing manufacturers wide latitude to make their claims include the following:

1. **Free speech**. *The right for people to say whatever they want does not get suspended because someone is trying to sell a product.* Further, on their side, consumers are completely free to buy whatever they want, they are free to listen to pitches from competing merchants, and they can consult the Consumer Reports web page and talk to friends. Ours is, after all, a free market, and advertisers participate in it. The right to make whatever advertising claims one wishes is justified on principle, on the ideal of a liberal (in the sense of free) economic world.

2. **Marketers have a moral responsibility to do everything they possibly can to sell** *because they are obligated to serve their employers' interest, which is to make money, presumably.* In this case, deceitful advertising may be morally objectionable but less so than failing to turn the highest profit possible.

3. Within the context of an open market economy, one way to help it function efficiently, one way to get products and services sent where they are supposed to go in a way that benefits everyone, is by **maximising the amount of information consumers have before they purchase**. *And one way to maximise information, it could be argued, is by letting competing sellers advertise freely against each other.* They can say whatever they like about themselves and point out exaggerations and untruths in the claims of competitors. This is similar to what happens in courtrooms where plaintiffs are allowed to say more or less whatever they want and defendants can do that too. Both sides cross-examine each other, and in the end, the jury weighs through it all and decides guilt or innocence. Returning to the economic realm, the argument is that the best way to get the most information possible out to consumers is by allowing a vibrant advertising world to flourish without restriction.

On the other side, distinct arguments are frequently proposed to defend the position that sellers should operate within tight restrictions when advertising the virtues of their goods and services. The consumer should be vigorously shielded; the reasoning goes, from claims that could be deceptive. Arguments include the following:

1. **Consumers have a fundamental ethical right to know what they are buying**, and *even mildly ambiguous marketing techniques interfere with that right.* If a box of breakfast cereal is marketed with a harmless and helpful bunny, then the ingredients of Trix cereal better be harmless and helpful (and not sugar bombs). Everyone agrees, finally, that advertisers have a right to free speech, but that right stops when it conflicts with consumers' freedom to purchase what they really want.

2. **Advertisers are just like everyone else insofar as they are bound by an ethical duty to tell the truth**. *That duty trumps their obligation to sell products and help companies make profits.*

3. **Both advertisers and the manufacturing companies are duty bound to treat everyone including consumers as ends and not as means**. *The basic ethical principle here is that no one should be treated as an instrument, as a way to get something else.* There is no problem with advertising a product and allowing consumers to decide whether they want it, but when the advertising becomes deceptive, consumers are no longer being respected as dignified human beings; they are being treated as simply means to ends, as ways the company makes money. Consumers become, in a sense, indistinguishable from the machines in the factory, nothing more than cogs in the process of making owners wealthy.

4. **Purchasing a product is also the signing of an implicit contract between producer and consumer**. *The consumer gives good money and expects a good product, one in line with the expectations raised by advertising.* Just as companies are right to apply drug tests to workers because those companies have a right to a full day's good labour for a full day's pay, so too when the consumer pays full price for a product it should fully meet expectations.

5. Though the idea of allowing marketers to say whatever they want may sound good because it allows consumers to maximise information about the products that are out there, the **theory only works if consumers have massive amounts of time to study the messages from every producer before making every purchase**. *In reality, no one has that much time and, as a result, advertisers must be limited to making claims that are clearly true.*

Conclusion

There is a lot of space between truth and lies in advertising; there are many ways to not quite tell the whole truth. Both legally and ethically, the limits of the acceptable can be blurry.

Activity 5.2

1. What is the difference between deceitful advertising and direct falsehoods?

2. Define the reasonable consumer standard for consumer protection. How is it different from the ignorant consumer standard?

We buy, therefore we are: Consumerism and advertising

What is consumerism?

The word consumerism is associated with a wide range of ideas and thinkers, ranging from American economist John Kenneth Galbraith and his book *The Affluent Society* to the French postmodern philosopher Jean Baudrillard. While definitions of the word and responses to it vary, consumerism in this text is defined in two parts:

1. *We identify ourselves with the products we buy.* Consumerism goes beyond the idea that our brands (whether we wear Nike shoes or TOMS shoes, whether we drive a Dodge Charger or a Toyota Prius) are *symbols* of who we are. Consumerism means our products are not just things we wear to make statements. They are us; they incarnate the way we think and act.

2. *If we are what we buy, then we need to buy in order to be.* Purchasing consumer items, in other words, is not something we do to dispatch with necessities so that we can get on with the real concerns of our lives — things like falling in love; starting a family; and finding a satisfying job, good friends, and fulfilling pastimes. Instead, buying becomes the way we do all those things. The consumption of goods does not just dominate our lives; it is what we do to live.

The subject of consumerism goes beyond business ethics to include every aspect of economic life and then further to cultural studies, political science, and philosophy. Staying within business ethics, however, and specifically with advertising, the subject of consumerism provokes the following questions:

1. Does advertising create desires (and is there anything wrong with that)?

2. Do advertisers have a responsibility to restrain their power?

3. Should there be different rules for advertising aimed at children?

4. Is advertising too intrusive in our lives?

Does advertising create desires (and is there anything wrong with that)?

Our society is affluent. With the exception of marginal cases, all Americans today eat better, enjoy more effective shelter from winter cold and summer heat, are healthier, and live longer than, say, the king of France in 1750. In fact, necessity in the sense of basic life needs hardly exists. We struggle heroically to afford a better car than our neighbor, to have a bigger home than our high-school classmates, to be thin and pay the doctor for a perfectly shaped nose, and so on, but no one worries about famine. Our economic struggles are not about putting food on the table; they are about eating in the most desirable restaurant.

How do we decide, however, what we want — and even what we want desperately — when we do not truly *need* anything anymore? One answer is that we create needs for ourselves. All of us have had this experience. For our entire lives we lived without iPhones (or even without cell phones), but now, somehow, getting halfway to work or campus and discovering we left our phone at home causes a nervous breakdown.

Advertising plays a role in this need creation. Take the Old Spice body wash ad. Body wash as a personal grooming product was virtually unheard of in the United States until only a few years ago. More, as a product with specific characteristics, it is hard to see how it marks an advance over old-fashioned soap. This absence of obvious, practical worth at least partially explains why the Old Spice ad provides very little information about the product and nothing by way of comparison with other, similar options (like soap). Still, the Old Spice body wash is a hit. The exact techniques the ad uses are a matter for psychologists, but as the sales numbers show, the thirty-second reel first shown during the Super Bowl has herded a lot of guys into the idea that they need to have it.

O'Leary, N and Wasserman, T (2010) 'Old Spice campaign smells like a sales success, too,' 25 July, *Adweek* http://www.adweek.com/news/advertising-branding/old-spice-campaign-smells-sales-success-too-107588 (Accessed 2 June 2011).

Is there anything wrong with that? One objection starts by pointing out that *corporations producing these goods and selling them with slick ad campaigns are not satisfying consumer needs; they are trying to change who consumers are by making them need new things.* Instead of fabricating products consumers want, corporations now fabricate consumers to want their products, and that possibly violates the demand that we respect the dignity and autonomy of others. The principle, for example, that we treat others as ends and not means is clearly transgressed by any advertising that creates needs. First, guys out in the world are not being respected as "ends," as individuals worthy of respect when corporations stop producing their required products better or more cheaply. Second, guys out in the word *are* being treated as means — as simple instruments of the corporations' projects — when their desires are manipulated and used to satisfy the *corporations*' desire to make money.

Another argument against this kind of desire-creating advertising starts from a rights approach. According to the theory that freedom is the highest good, *we are all licensed to do whatever we want as long as our acts do not curtail the freedom of others*. The argument could be made that using sophisticated advertising campaigns to manipulate what people want is, in effect, curtailing their freedom at the most fundamental level. Old Spice's advertising strategy is enslaving people to desires that they did not freely choose.

A final argument against need creation with advertising is the broad utilitarian worry that *consumers are being converted into chronically, even permanently unhappy people because they have no way to actually satisfy their desires.* If you work to attain something you have been told you are supposed to want, and the second you get it some new company enters with the news that now there is something else you need, the emotional condition of not being satisfied threatens to become permanent. Like mice trapped on a running wheel, consumers are caught chasing after a durable satisfaction they cannot ever reach.

On the other side of the argument, defenders and advocates of desire-creating advertisements like the one Old Spice presented claim (correctly) that *their announcements are not violating the most traditional and fundamental marketing duty, which is to tell the truth.* The Old Spice ad, in fact, does not really say anything that is either true or false. Given that, given that there is no attempt to mislead, the company is perfectly within its rights to provide visions of new kinds of lives for consumers to consider, accept or reject, buy or pass over.

Stronger, advocates claim that consumers are adults and attempts to shield them from ads like those Old Spice produced do not protect their identity and dignity; instead, they deny consumers options. Consequently, ethical claims that ads aiming to generate new desires should be constrained actually violate consumer dignity by treating them like children. We should all be free, the argument concludes, to redefine and remake ourselves and our desires in as many ways as possible. *By offering options, advertising is expanding our freedom to create and live new, unforeseen lives.*

Do advertisers have a responsibility to restrain their power?

The Old Spice ad did not end after its thirty seconds of fame on the Super Bowl broadcast. The actor Isaiah Mustafa went on to became a Twitter sensation. By promising to respond to questions tweeted his way, he effectively launched a second phase of the marketing effort, one designed to stretch out the idea that body wash is big and important: it is what people are talking about, and if you *do not* know about it and what is going on, you are out of the loop, not relevant. The tone of the invitation to Twitter users to get involved stayed true to the original commercial. Mustafa asked people to "look for my incredibly manly and witty and amazing responses" to their questions.

Hartenstein, M (2010) 'Old Spice guy takes web by storm in viral ad campaign, creating personalized videos for fans, celebs,' *New York Daily News*, 14 July http://www.nydailynews.com/entertainment/tv/2010/07/14/2010-07-14_old_spice_guy_takes_web_by_storm_in_viral_ad_campaign_creating_ personalized_vide.html (Accessed 2 June 2011).

On YouTube, Mustafa's status went to instant legend: not only has his commercial been viewed about *20 million times* (by people who actually *want* to watch and pay attention and at zero cost to Old Spice), there is also a long list of copycat videos, derivative videos, spoof videos, and on and on. The depth of the advertising campaign is now virtually infinite. You could pass years watching and listening and reading the social media generated and inspired by the original commercial.

All that is advertising. It is not paid, it is not exactly planned, but it is part of the general idea. When Old Spice spent big money to get a Super Bowl slot for their ad, they were not only trying to reach a large audience; they were also hoping to do exactly what they did: set off a firestorm of attention and social media buzz.

Called **viral advertising**, this consumer-involved marketing strategy drives even further from traditional, informational advertising than the activity of branding. Where branding attempts to attach an attitude and reputation to a product or company independent of specific, factual characteristics, viral ads attempt to involve consumers and exploit *them* to do the company's promotional work. When viral advertising is working, the activity of branding is being carried out for free by the very people the advertising is meant to affect. In a certain sense, consumers are advertising to themselves. Of course, consumers are not rushing to donate their energy and time to a giant corporation; they need to be enticed and teased. The Super Bowl ad with its irresistible humour and sex-driven come-on does that — it provokes consumers to get involved.

Viral ads — and the techniques of public enticement making them spread contagiously — come in many forms. One ethical discussion, however, surrounding nearly all viral advertising can be framed as a discussion about knowledge and resource exploitation. Two critical factors enabled Old Spice, along with its advertising agency Wieden+Kennedy, to generate so much volunteer help in their endeavour to get the body wash buzz going:

1. *Knowledge of consumer behaviour.*

2. *Tremendous resources — especially money and creative advertising talent — that allowed them to act on their knowledge.*

Compared with the typical person watching a TV commercial, the raw power of Old Spice is nearly immeasurable. When they aim their piles of money and sharp advertising experts toward specific consumers, consumers are overwhelmed. Without the time required to learn all the skills and strategies employed by today's advertisers, they literally do not even know what is hitting them. From that fact, this ethical question arises: Don't today's sophisticated marketers have a responsibility

to *inform* consumers of what they are up to so that potential purchasers can at least begin to defend themselves?

Making the last point stronger, is not the economic asymmetry — the huge imbalance in monetary power and commercial knowledge favouring today's professional advertisers — actually *an obligation* to restraint, a responsibility to not employ their strongest efforts given how comparatively weak and defenseless individual consumers are? The "yes" answer rests on the duty of fairness — that is, that we treat equals equally and unequals unequally. In this case, the duty applies to companies just as it does to people. Frequently people say to large, muscle-bound characters caught up in a conflict with someone smaller, "Go pick on someone your own size." It is simply unfair to challenge another who really has no chance. This duty comes forward very graphically on a video snippet from MTV's *Jersey Shore* when a thin girl attacks the physically impressive Ronnie. He just shoves her aside. When her boyfriend, however, who is about Ronnie's size and age, shows up and starts swinging, he ends up getting a good thumping. Leaving aside the ethics of fistfights, it does not take profound thought to see that Ronnie understands his superior physical power is also a responsibility when harassed by a comparative weakling to hold himself in check.

Graham, N (2010) 'Jersey Shore fight: Ronnie gets into vicious fight,' *Huffington Post*, 1 August http://www.huffingtonpost.com/2010/01/08/jersey-shore-fight-ronnie_n_416259.html (Accessed 2 June 2011).

While the case of Old Spice and Wieden+Kennedy is not quite as transparent as Ronnie on the street, it does obey the same logic: all their power and marketing expertise is both a power over consumers and an equally forceful responsibility not to exercise it. Compare that situation with the famous "I'm a Mac, I'm a PC" advertising campaign. No one objects to powerhouse Apple taking some figurative swings at powerhouse Microsoft since that company clearly has the means to defend itself. When a corporation manipulates innocent and relatively powerless individual consumers at home on the sofa, however, it is difficult to avoid seeing something unfair happening.

The argument on the other side is that consumers *are* not powerless. There is no real imbalance of might here because consumers today, armed with their Twitter accounts and Facebook pages, are perfectly capable of standing up to even the mightiest corporations. Viral messaging, in other words, goes both ways. Old Spice may use it to manipulate men, but individual men are perfectly free and capable of setting up a Facebook group dedicated to recounting how rancid Old Spice products actually are. Beneath this response, there is the fundamental claim that individuals in the modern world are free and responsible for their own behaviour, and if they end up voluntarily advertising for Old Spice and do n ot like it, they should not complain: they should just stop tweeting messages to Isaiah Mustafa.

Further, the proposition that consumers need to be protected from Old Spice is an infringement on the dignity of those who are out in the world buying. Because today's consumers connected to social media are alert and plugged in, because even a solitary guy in pajamas in his basement running his own YouTube channel or

Facebook group can be as influential as any corporation, attempts to shield him are nothing less than disrespectful confinements of his power. Protection, in this case, is just another word for condescension.

Should there be different rules for children?

The discussion of knowledge and resource exploitation leads naturally to the question about whether children should be subjected to advertising because the knowledge imbalance is so tremendous in this particular case.

According to a letter written by a number of respected psychologists to their own professional association, children should receive significant shielding from advertising messaging. The first reason is a form of the general concern that advertising is creating desires as opposed to helping consumers make good decisions about satisfying the desires they have: "The whole enterprise of advertising is about creating insecure people who believe they need to buy things to be happy."

Clay, R (2000) 'Advertising to children: Is it ethical?', *Monitor On Psychology* 31, no. 8 (September), 52 http://www.apa.org/monitor/sep00/advertising.aspx (Accessed2 June 2011).

The problem with advertising that creates insecurity is especially pronounced in the case of society's youngest members because *once that attitude of constant need and consequent unhappiness is bred into these consumers, it is difficult to see how it will be removed*. Since they have known nothing else, since they have been taught from the very start that the natural condition of existence is to not have the toys and things that are needed, they have no way of escaping into a different (non-consumerist) way of understanding their reality. Finally, if this entire situation is set inside a utilitarian framework, it is clear that the ethical verdict will fall somewhere near reprehensible. If, as that ethical theory affirms, moral good is just any action contributing to social welfare and happiness, then advertisements consigning children to lifetime dissatisfaction must be prohibited.

The second part of the psychologists' argument elaborates on the *condition of children as highly vulnerable to commercial message techniques*. Children aged three to seven, for example, gravitate toward the kind of toys that transform themselves (for example, Transformers). Eight- to twelve-year-olds love to collect things. Armed with these and similar insights about young minds, marketers can exploit children to want just about anything. The virtual defenselessness of children, the point is, cannot be denied.

Still, there is a case for child-directed advertising. It is that where children are defenseless, parents have a responsibility to step in. First, they can turn off the TV. Second, no young child can buy anything. Children depend on money from mom and dad, and to the extent that parents enable children to live their advertising wants, it's parents who are at fault for any feelings of insecurity and dissatisfaction affecting their kids.

Whether advertising aimed at children is right or wrong, the stakes are certainly high. Children under twelve are spending around $30 billion a year, and teenagers are hitting $100 billion in sales.

Clay, R (2000) 'Advertising to children: Is it ethical?', *Monitor On Psychology* 31, no. 8 (September), 52 http://www.apa.org/monitor/sep00/advertising.aspx (Accessed 2 June 2011).

Are ads too intrusive in our lives?

Another sentence from that letter written by concerned psychologists indicates a distinct area of ethical concern about advertising: "The sheer volume of advertising is growing rapidly and invading new areas of childhood, like our schools."

Clay, R (2000) 'Advertising to children: Is it ethical?', *Monitor On Psychology* 31, no. 8 (September), 52 http://www.apa.org/monitor/sep00/advertising.aspx (2 June 2011).

It is not just children in their schools. We all go to concerts at the American Airlines Center, our shirts and shoes are decorated with the Nike swoosh, public parks are sponsored by corporations, the city bus is a moving billboard, the college football championship will be determined at the FedEx Orange Bowl. Every day it is harder to get away from ads, and each year the promotions and announcements push closer to those parts of our lives that are supposed to be free of economic influence. Maybe someday we will attend Mass at the Diet Coke Cathedral, weigh guilt and innocence in the Armor All courthouse, elect senators to vote in the Pennzoil chamber.

And maybe that is fine. The push of advertising into everything is a proxy for a larger question about the difference between business life and life. It could be that, at bottom, there is no difference. We are Homo economicus. The antiromanticists were right all along: love can be bought with money, fulfillment is about consuming, and that bumper sticker "He who dies with the most toys wins" is true.

Since serious thought about what really matters in life began in Greece 2,500 years ago, people have promoted the idea that there are more important things than money and consumption. Those usually ill-defined but nonetheless more important things have always explained why most poets, artists, priests, and philosophy professors have not had much in the way of bank accounts. Possibly, though, it is the other way. Maybe it is not that there are more important things in life that lead some people away from wealth and consumption; maybe it is that some people who do not have much money and cannot buy as much as their neighbors explain away their situation by imagining that there are more important things.

Who is right? The ones who say money and economic life should be limited because the really important things are elsewhere, or the ones who say there are no other things and those who imagine something else are mainly losers? It is an open question. Whatever the answer, it will go a long way toward determining the extent to which we should allow advertising into our lives. If there is only

money and consumption, then it is difficult to see why the reach of the branding factories and viral marketers should be significantly limited. If, on the other hand, there is life outside the store, then individuals and societies wanting to preserve that part of themselves may want to constrain advertising or require that it contribute to non-economic existence.

Activity 5.3

1. Define consumerism in your own words.
2. How can an ad create a desire?
3. Why might an advertiser seek to create a desire?
4. What is a viral ad?
5. With reference to the concept of economic asymmetry, why is advertising aimed at children the subject of special concern?
6. Why might an advertising company feel obligated to limit the places in which its work appears in the name of protecting the non-economic parts of our lives?
7. Why might someone want advertising to be everywhere?

Consumers and their protections

Google Search: Make money on the stock market

One of the top results of a Google search for "make money on the stock market" links you to a page called 2stocktrading.com. It claims, "If you just follow my technique, then I guarantee you will be able to turn $2000 into $1.7 Million in just 1.9 years!"

People turn small amounts into large amounts fast on *Wall Street*. It happens every day. Many of those people, however, have spent years in school studying economics and business and then decades more studying data and preparing for a speculative opportunity. That studious patience may be a good way to find success, but it isn't the 2stocktrading.com recommendation. According to them, "You don't need to spend hours reading charts, doing technical analysis and stuff like that."

So what *do* you do to prepare for sudden riches? You have got to buy a special book that they sell on the website. Then, you follow 5 simple steps explained in the book. Within 10 minutes, you have found a stock trade that is bound to make you money in any market condition…Go make coffee. Have a little breakfast. And wait for the market to open…Call your broker to place an order.

That is it…Your job is done for today.

Trust me.

Of every one hundred people who read the pitch from 2stocktading.com in this business ethics material, how many do you think will take a second to check out the site? And of that group, what percentage will actually spend some time reading through the whole page? And of that group, which percentage will end up sending in money?

Everybody would like to know the answer to that last question for this reason: everyone has been ripped off, and afterward, everyone has looked at themselves and asked, "Well, was it my fault?" Sometimes the answer is disagreeable, and it is comforting to know that at least some people out there — like the ones sending in money to 2stocktrading — are even more gullible.

The business ethics surrounding the consumer mainly concerns gullibility, mistreatment of the consumer, and responses to the mistreatment. The questions are about how much freedom consumers should have to spend their money and how much responsibility suppliers should take for their goods and services. One way of organising the answers is by considering five conceptions of the consumer, *five ways of arranging the rights and responsibilities surrounding the act of spending money:*

1. The wary consumer.
2. The contracting consumer.
3. The protected consumer.
4. The renegade consumer.
5. The capable consumer.

The wary consumer

Caveat emptor is *Latin; it translates as "Let the buyer beware." As a doctrine, caveat emptor means the consumer alone is responsible for the quality of the product purchased.* If, in other words, you send your money to 2stocktrading.com and you end up losing not only that but also the cash invested in disastrous stock choices, that is your problem. You do not have any claim against this particular get-rich-quick scheme. And if you do not like the results, that only means you should have been a more careful consumer.

The doctrine of caveat emptor entered the American legal lexicon in 1817 (*Laidlaw* v. *Organ*). Since then, the legal tide has flowed in the other direction: toward consumer protection and the idea that offering a good or service for sale is also, implicitly, the offer of some kind of guarantee. If a product does not do what a reasonable person expects, then there may be room for a legal claim against the seller.

On the ethical front, *caveat emptor* sits at one extreme of the buyer-seller relation. It is what you have when you buy a used car marked *As Is*. Even if it is a lemon, you are stuck with it. As far as justifying this view of the consumer and mounting an argument that our economic life ought to be organised by the idea that when buyers hand over their money, they get their item and nothing else, there are several routes that may be followed:

1. *Caveat emptor maximises respect for the consumer.* By placing all responsibility in the consumer's hands, a high level of dignity and freedom is invested in those who buy. It is true that when there is a rip-off, there is no recourse, but it is also true that the consumer is allowed to make decisions based on any criteria he or she sees fit. The case of 2stocktrading.com is a good example. Reading about the scheme, it is normal to be tempted to say, really, these guys should not be allowed to advertise their service. What they are claiming is clearly untrue (if their stock-picking system really worked so well, they would spend their time picking stocks, not trying to sell other people ideas about how to pick stocks). And it is true that were consumers banned from sending money in, more than a few would be better off. But do we really want a society like that, one where we do not get to make our own choices, even if they are bad ones? A critical component of showing respect for others is allowing them to mess up. It is worth, the argument closes, allowing those mess ups if what we get back for them is consumers endowed with the dignity of making their own decisions.

2. Another argument justifying *caveat emptor* is that *it maximises a certain kind of economic efficiency.* When deals are done, they are done and everyone moves on. This allows two kinds of savings. *First, there are no expensive lawsuits where everyone pays and mainly lawyers walk away with the cash. Second, though it is impossible to put a number on the cost, it is certain that a huge amount of resources are devoted in our economy today to warnings and similar that are meant to protect companies against consumer claims of fraud and abuse and lawsuits*. Take, for example, the TV ads we see for prescription drugs. Sometimes it seems like half the airtime is devoted to reciting warnings and complications associated with the medication. In a world of pure *caveat emptor*, those kinds of efforts could be minimised because sellers would not have to worry so much about getting sued. With respect to ethics, finally, it may be possible to argue here that maximising economic efficiency is also the best way to maximise a society's happiness, and if it is, then the doctrine of *caveat emptor* is sanctioned by utilitarian theory.

On the other side, there are also solid *ethical arguments against envisioning consumers as protected only by their own wariness.*

1. *An ethics of care sets the maintenance of a community — of its relationships and unity — as the highest value.* If that is the final definition of good, if what we seek in the business world is smooth and continuing cooperation everywhere along the line from the production to the sale and finally to the use of products, then it is difficult to see how sellers could wash their hands after a transaction, or why buyers would be restrained from complaining when things don't work out the way they were supposed to.

2. *In our society, an ethics based on virtue also stands against the caveat emptor model of consumption.* Proponents of virtue ethics typically cite senses of fairness and civility as key components of a good ethical life. If they are, it seems clear that customers who do not receive what they honestly thought they were getting should be listened to and compensated, not ignored and spurned.

In conclusion, *caveat emptor envisions consumers as free and empowers them to do as they wish*. However, by freeing sellers to be as unscrupulous as they like, it may create an economic society that seems more savage than civil.

The contracting consumer

The contractual view of the consumer sees transactions as more than a simple passing of money one way and a good or service the other. The transaction is also the creation of an implicit contract. It is true that nothing may be written on a piece of paper or signed, but the contract's terms may nonetheless be deduced from the transaction itself. In order to begin deducing, the nature of a contractual relationship should first be summarised in general form. Entering into a contract implies the following three requirements:

1. *Freedom. Neither party may be forced into the agreement.* One of the memorable scenes from the *Godfather* movies involves the mafia's attempt to win a movie role for young Frank Sinatra. The Hollywood executive resists the casting, until he wakes up one morning with the severed head of his favourite horse in his bed. A contract is quickly sent out. That is not a true story, but it is an example of entering a contract under duress. A more subtle violation of contractual freedom occurs on the 2stocktrading web page. If you scroll to the bottom you find the price of the product is about $200, but if you buy immediately you are eligible for a half-price discount. The aim here is to limit the consumer's freedom to think things through before entering into a purchasing contract by forcing a yes-no decision right now.

2. *Information. Both buyers and sellers must have reasonably complete knowledge of the agreement they together enter.* The issues here range from simple to complicated. If the price, for example, is set in dollars, does that mean US

dollars or the Canadian version? More thorny would be the question as to what exactly you receive when you send in your money to 2stocktrading.com. They claim you will get the stock-picking secrets, but what exactly does that mean? Is it a textbook in economics, a subscription to the *Wall Street Journal*, a crystal ball? If you go through the company's web page carefully, you get the idea that a set of books will be mailed your way, but again, exactly how these books convey secret knowledge is harder to see.

3. *Honesty. Both sides have to tell the truth.* Consumers who send in checks must have money in their accounts. Sellers who promise stock tips that will make you rich must, in fact, send you good stock tips.

The vision of the consumer as entering a contractual relationship essentially moves ethical questions into the legal realm. What is *morally* right or wrong becomes a matter of contract law, and decisions made on the ethical front loosely parallel those that would be taken in the courts.

The ethical work that needs to be done here occurs in the deduction of exactly what terms and clauses make up the implicit contract as it is implied by the circumstances of the agreement. In the field of law, of course, we know what the contract's terms are because they are actually spelled out on a piece of paper. In the case of the contractual view of the consumer, it will be necessary to start with a specific ethical theory, and move from there to the conceiving of an agreement entered into by both sides.

An ethical theory of traditional duties, which values honesty highly, may move all the claims made on the 2stocktrade.com web page directly over to the implicit contract. If, it follows, the people selling the stock-picking service say you will get rich in two years by following their recommendations and you follow them and you do not get rich, the sellers have not fulfilled their contract. Both economically and ethically, they have not held up their end of the bargain. At this point, the concept of an implied warranty activates. An implied warranty, just like an implicit contract, elaborates what consumers may claim from sellers if the good or service fails to meet expectations. In this case, one where the implicit contract guaranteed wealth, it seems obvious that consumers who do not make any money should get their original purchase price back. They may also be able to claim that any money lost on the stock market should be refunded because it was invested underneath the assumption that it would produce a gain. At the outside extreme, they might be able to demand the wealth they were supposed to receive for their investments.

Looking at this situation differently — which means using a different ethical theory to produce the terms of an implicit contract between 2stocktrading.com and a consumer — a culturalist ethics may not be quite so stringent. A culturalist ethics accords right and wrong with the habits and customs of a society. And in America today, there is a common understanding that in a free market, sellers are sometimes going to get a little overenthusiastic about their products. Of course consumers have a right to expect some truth from advertisements, but there is also an agreement

that exaggerations occur. In this case, the implicit contract would require that stock-picking tips actually be delivered, but it might not require that the people who use them actually get rich or make any money at all. If, in other words, reasonable people in our society who read the web page do not come away believing they will really rake in the cash by using the stock-picking techniques, then the implicit contract arising between seller and buyer does not include that guarantee.

Regardless of how the implicit contract — and consequent implied warranty — are construed, there is a significant disadvantage to this approach: ambiguity. Law firms earn their entire income by disputing what *written* contracts actually mean in the real world. If even perfectly explicit and signed agreements between buyers and sellers do not yield easy determinations about the obligations imposed on the two sides, then answering those questions for implicit contracts, ones where nothing is written, is going to be tremendously difficult. The theory of the consumer as entering a contractual relationship with the seller certainly makes sense, but in practice, it may not help resolve problems.

The protected consumer

Most economic transactions do not threaten grave losses even when they go wrong. You buy a half gallon of milk at the grocery store, bring it home, and find the package was slightly punctured so the milk is curdled. You buy a pen and no ink flows. You pay for a nice haircut and get butchered. These kinds of economic hiccups occur all the time, and the defects normally do not matter too much. *The defect definitely does matter*, however, when you buy a car and a design error causes the gas pedal to get stuck, leading to wild, unbreakable speeding and entire families dying in flaming wrecks. While it is unclear how many people have been victims of Toyota's gas pedal manufacturing error, it has become stuck at full acceleration on multiple occasions and has caused real human suffering completely incomparable with the kinds of petty losses typical consumers absorb every day.

'Toyota to replace 4 million gas pedals after crashes,' *Fox News*, 25 November 25 2009 http://www.foxnews.com/us/2009/11/25/toyota-replace-million-gas-pedals-crashes (Accessed 2 June 2011).

Another important aspect of buying a Toyota, or any car, is that it is a complex transaction. That means there is a large distance between the individual who actually takes your money, and the people in faraway plants who physically made the car. In the case of 2stocktrading.com, it may well be that the people who invented the stock-picking system get the money directly when you hit the Internet "Buy" button. A car, however, is typically purchased in a dealership from a salesman who may not even know where the car he is selling is made. Even if he does know, he certainly cannot tell you where all the components came from. In today's interconnected world, more and more products are like cars — they are composed of parts that come from all over the place and then they are shipped halfway across the country (or the world) for sale by people who have nothing to do with any design or manufacturing flaws.

These two factors — the possibility of severe injury coupled with the difficulty in locating who, exactly, is to blame — support the proposal that in some cases ethics may not be enough to protect consumers. Legal protections with sharp teeth could work better. These protections generally move along two lines: *manufacturer liability* and *government safety regulation*.

Manufacturer liability *is the consumer right to sue manufacturers — and not just the local dealership with which a sales contract is signed — for injuries caused by a defective product.* As for specific types of defects incurring liability suits, there are three:

1. *Design defects are errors in the product's blueprint.* The physical manufacturing, in other words, may be perfect, but because the design is not, consumers may be harmed.

2. *Manufacturing defects are part of the production process.* In this case, a product may be generally safe but dangerous in a specific instance when it comes off the assembly line missing a bolt.

3. *Instructional defects involve poor or incomplete instructions for a product's safe use.* The product may be designed and built well, but if the instructions tell you it is acceptable to use the blow-dryer in the shower, there could be problems.

The legal origin of manufacturer liability is *MacPherson v. Buick Motor Company.* In that 1916 case, Donald MacPherson was injured when his Buick veered out of control. A defective wheel caused the accident, one that Buick purchased from another company. Buick argued that they were not liable for MacPherson's injury for two reasons: a quasi-independent dealership, not Buick itself, sold the car, and Buick did not even make the wheel that failed. The court ruled against both arguments. The result was a concept of legal liability extending beyond explicit contracts and direct manufacturing: the concept of due care recognises that manufacturers are in a privileged position to understand the potential dangers of their products and have, therefore, an obligation to take precautions to ensure quality. Those obligations remain in effect regardless of who ultimately sells the product and no matter whether a subcontractor or the larger corporation itself made the defective part.

Over the last century, the notion of due care has strengthened into the legal doctrine of strict product liability. This holds that care taken by a manufacturer or supplier — no matter how great — to avoid defects is immaterial to court considerations of liability. If a product is defective and causes harm, liability claims may be filed no matter how careful the manufacturer had been in trying to avoid problems.

Proponents of these legal protections argue that social welfare is improved when companies exist under the threat of serious lawsuits if their products cause damage. Critics fear that liability suits can be unfair: companies may act in good faith to produce safe products, but nonetheless fail, and be forced to pay massive amounts even though they took all precautions they honestly believed necessary.

Government safety regulation is *the second main legal route toward a protected consumer.* As is the case with liability protection, government regulation has expanded over the last century. Key moments include the establishment of the National Highway Traffic Safety Administration in 1970 and the Consumer Product Safety Commission in 1972. These federal agencies are charged with advocating for consumers by imposing regulations, and then enforcing them through the agencies' legal arms. In actual practice, the agencies frequently act in cooperation with manufacturers to ensure public safety. For example, when news broke that Toyota gas pedals were sticking, causing runaway vehicles, the NHTSA pressured Toyota to redesign the gas pedal and then recall the malfunctioning vehicles to have their pedals replaced.

'Toyota announces fix for gas pedal sticking problem,' *US Recall News*, 26 November 2009 http://www.usrecallnews.com/2009/11/toyota-announces-fix-for-gas-pedal-sticking-problem.html (Accessed 2 June 2011).

Regulatory action resembles the extension of liability protection in that proponents believe the measures serve the social welfare. People live better when governmental forces work to ensure protection from defective products. Almost inevitably, the argument in the background is a version of utilitarianism; it is that the ethical good equals whatever actions serve the public welfare and happiness. If society as a whole lives better with strict regulations in effect, then imposing them is good.

Critics fear that the cost of these regulations may become burdensome. In straight economic terms, an argument could be mounted that the dollars and cents spent by corporations in their attempts to comply with regulations are actually superior to the social cost of letting some defective goods out into the marketplace. There is a possibility, here, to meet advocates of regulation on their own ground by claiming that at least in monetary terms, society is better off with less regulation, not more. It is much easier, however, to put a price tag on the cost of complying with safety rules than it is to measure in terms of dollars the cost of injuries and suffering that could have been avoided if more stringent safeguards had been in place. (Of course, if you happen to be one of those few people who gets a seriously defective item — like a car that speeds out of control — then for you it is pretty clear that the regulations are recommendable no matter the cost.)

Another argument cautioning against regulatory action is that bureaucratic overreach threatens legal paternalism. Legal paternalism is the doctrine that, just as parents must restrict the freedom of their children in the name of their long-term welfare, so too regulators in Washington, DC (or elsewhere) must restrict the freedom of citizens because they are not fully able to act in their own self-interest. One simple example is the seatbelt. In the late 1960s, federal action required the installation of seatbelts in cars. Subsequently, most states have implemented laws requiring their use, at least by drivers. Society as a whole is served by these regulations insofar as injuries from traffic accidents tend to be reduced. That does not change the fact, however, that people who are alone in their cars and presumably responsible for their own welfare are being forced to act in a way they may find objectionable. Parallel discussions could be followed on the subject of motorcycle helmets, bicycle helmets, and similar.

Conclusion

Liability lawsuits against manufacturers, together with government regulations, protect consumers from dangerous goods and services. The protections cost money, however, and regulations may seem intrusive or condescending to some buyers.

The renegade consumer

The best defense can be a good offense. That is probably the idea the owner of a chronically breaking-down Range Rover had when he parked his car on a public street in front of the dealership where he bought it and pasted bold letters on the side announcing that the car is a lemon. Probably, the display put a dent in the dealership's business.

'Range Rover owner advertises faults on lemon parked outside dealer,' *Jalopnik*, 3 June 2009 http://jalopnik.com/5277286/range-rover-owner-advertises-faults-on-lemon-parked-outside-dealer (Accessed 2 June 2011).

It was work and sacrifice for the car owner, though. Whoever it was had to hatch the plan and then go out and buy stick-on lettering to spell the message on the Range Rover's side. Then it was necessary to give up use of the car for the duration of the protest. (It also might have been necessary to constantly plug a parking meter with coins.) Regardless of the cost, the renegade consumer seeks justice against product defects by going outside the system. Instead of making ethical claims against producers based on the idea of an implicit contract, and instead of seeking refuge underneath governmental protection agencies, this kind of buyer enters a no-holds-barred battle against (perceived) dirty sellers.

Parking a car marked lemon in front of the dealership that sold it is an old — and potentially effective — maneuver. Today's social media, however, allows newer strategies with possibly higher impacts and less inconvenience. One example is Ripoff Report, a website allowing consumers to post complaints for all to see. Browsing the page, it takes only a moment to grasp that the site compiles more or less unedited consumer rebellions. There are stories of being gypped by department stores, robbed by banks, defrauded by plumbers, and nearly everything imaginable. People can add their own comments, and a convenient search box allows anyone to get a quick check on any company they may be considering doing business with. The website's tagline, finally, is very appropriate. It reads, "Don't let them get away with it. Let the truth be known!" Ripoff Report home page http://www.ripoffreport.com.

These two sentences correspond well with the two ethical categories into which the renegade consumer naturally falls:

1. *The imperative "don't let them get away with it" fits the conception of the renegade consumer as acting in the name of retributive justice.*

2. *The imperative "let the truth be known!" fits the conception of the renegade consumer as a consumer advocate.*

Retributive justice proposes that *it is ethically recommendable to seek revenge against those who have wronged you.* "You cost me time, money, and trouble," the logic runs, "and now I'll return the favour." The notion is probably as old as humanity, and it appears in many of history's oldest texts. (The Bible's Matthew 5:38 contains the proverbial "An eye for an eye and a tooth for a tooth.")

Two aspects of retributive justice are significant. First, *there is a strong sense of proportionality in the idea.* The code is not "A life for an eye" because the goal of retributive justice is to make things even again; it is to restore a balance that was there before the problematic transaction. Retributive justice is a theory of proportional revenge. In the case of the lemon Range Rover, it seems about right that a dealership that refuses to fix (or replace or refund) a client's defective car should in turn see losses to its business that approximately equal the money they save by mistreating consumers. The second point to *make about the notion of retributive justice is that it fits within and is a subset of the duty to fairness*. What drives retributive justice is a notion that the two sides of an economic exchange should be treated in the same way, equally.

These two characterisations of retributive justice are important because they separate the calculated act of vengeance from being nothing more than a blind and angry outburst. It is normal when we have been wronged to want to simply strike out at the one who has mistreated us. Probably, there is a good bit of that anger behind the Range Rover owner and many of the rip-off reports. What makes those acts also ethically respectable, however, is their containment within the rules of proportionality and the duty to fairness.

The renegade consumer can also find an ethical slot in the category of *consumer advocate*. When the Ripoff Report asks contributors to let the truth be known, reports are enlisted not as individuals seeking revenge but as wronged consumers performing a public service. Here, the rule of fairness is not in effect; instead, it is the utilitarian idea of the general good. If what ought to be done is just that which brings the greatest happiness to the greatest number, then the public calling out of car dealerships that do not stand behind their product becomes a public utility or good. Renegade consumers become consumer advocates when they help others avoid their fate.

Conclusion

Renegade consumers are the mirror image of *caveat emptor* consumers. Both place extremely high levels of responsibility in the hands of the buyer. The difference is that the caveat emptor vision places that entire responsibility in the consumers' buying judgement and so disarms them: it places an ethical restriction against consumer complaints because the entire transaction process is wrapped in the idea that before anything else the consumer should be wary about what is being purchased. Renegade consumers also take full responsibility, but their obligations come at the end of the process, not the beginning: they rebalance the scales after a seller tries to get away with taking money for a defective product. Instead of swallowing their loss, renegade consumers act to make sure that the seller who cheated them pays a price.

The capable consumer

The capable consumer is a free market ideal. The combined economic-ethical notion underneath it is that business functions most smoothly — and thus produces quality of life at a maximum pace — when consumers play their marketplace role efficiently. Their marketplace role is to use purchasing decisions to reward good companies, ones that produce better goods at a lower cost, while penalising those companies producing inferior goods. As successful companies grow, and as poor performers fall away, the general welfare improves: products do their jobs more satisfyingly, and people gain more disposable income for pleasure spending (because necessities will be less expensive). If, finally, right and wrong in the economic world is about bringing the greatest good and happiness to the most people, then the marketplace economy supports this moral demand: a society should do everything possible to perfect the consumer. The perfected consumer is:

1. Able.
2. Informed.
3. Free.
4. Rational.

The **able buyer** *is sufficiently experienced to manage marketplace choices.* Just about everyone has been taken in at one point or another by unrealistic promises like those made on the 2stocktrading.com web page. The difference between the incapable and the capable is the ability to learn; it is a kind of acquired instinct that sets off warning signals when an offer sounds too good: it might be too good to be true. Specifically on the stock-picking deal, able consumers do not need to carefully study the whole spiel before realising that, probably, the best thing to do is close the web page.

The **informed buyer** is *sufficiently knowledgeable about a specific product category to make a good purchasing choice from within the various options.* Different types of items, of course, require different levels of expertise. Making a good decision about a garage door opener is much easier than making a good decision about a car because the latter is so much more complicated and filled with highly specialised components. For example, Dodge spends a lot of time lauding their cars and trucks as including a hemi, but not many people understand what the actual benefits of that feature are. In fact, many people do not even know what a hemi is. It is always possible, of course, to learn about the intricacies of car engines, but in the real world of limited time, qualifying as an informed buyer requires only one of these two skills: either you know a lot about what you are buying, or you learn which sources of information can be trusted. The search for a trustworthy source may lead to *Consumer Reports* magazine or *Ripoff Report* or something else, but the result should be a purchasing decision guided by real understanding.

The **free buyer** *has choices.* No amount of education about car quality will help anyone who only has one product to select. Most consumer items, however, do provide choices — abundantly. Standing in front of the shelves in any supermarket shows that the ideal of the consumer as free is, to a large extent, satisfied in our society. Still, there are exceptions. Cable TV and phone services can be limited in certain areas, as can electricity providers and sanitation services.

Rational buyers *use their experience and information to make good choices.* For the qualities of the ideal consumer to cash out, they must be orchestrated by careful thought. Of course this hardly seems worth mentioning in the abstract. All buyers are perfectly rational when they are reading a textbook section about buying. It is easy to be cold and analytical sitting on a sofa. The problem comes when the actual buying is *happening*. Dealers use all kinds of tricks and techniques to get consumers to, at least momentarily, suspend their good judgement and leap. One of the most common is the disappearing deal, which can be found on the 2stocktrading.com site and almost inevitably appears in the car buying experience. The salesman always has some special opportunity that you can get *now*, but if you wait until tomorrow, well … Sometimes the claim is that there is a sale on, but it is ending tonight. Or there is only one left in stock and another customer has been asking about it. The salesman shakes his pen at you and pushes the contract across the desk and the car right behind him is gleaming and new and in those moments the capable consumer is the one who takes a deep breath.

Able buyer	Informed buyer	Free buyer	Rational buyer
Sufficiently experienced to manage marketplace choices.	Sufficiently knowledgeable about a specific product category to make a good purchasing choice from within the various options.	Has choices.	Use their experience and information to make good choices.

Table 5.1 Comparing the able, informed, free and rational buyers

Conclusion

Most ethical questions surrounding consumers are about how much freedom they should have to spend their money. In the case of the wary consumer — the *caveat emptor* buyer — freedom is maximised, but the dealer takes no responsibility for what is sold. In the cases of the contracting, protected, and renegade consumer, buyers sacrifice some of their freedom in return for the guarantee that if a good is defective, they will have some recourse against the dealer. In many cases, the freedom that consumers lose is minimal or even positive (most people are happy to not be free to buy a lemon car).

It is inescapably true, however, that when you force dealers to stand behind what they sell, there are goods and services that they will not bring to market. This newspaper story, for example, relates how it came to pass that holiday season cookie makers in California had to make do one December without those little silver ball sprinkles that frequently decorate the season's cookies. A crusading

lawyer had decided the balls might be harmful, and the threat of a lawsuit caused the item to be removed from store shelves.

Ness, C (2003) 'Bay area faces holidays without little silver balls on baked goods,' *San Francisco Chronicle*, 23 December http://articles.sfgate.com/2003-12-23/news/17524040_1_dragees-holiday- cookies-silver-balls (Accessed 2 June 2011).

Probably, most people were able to enjoy their holiday celebrations just fine without the sprinkles, but the stakes go up when drug manufacturers are forced to consider pulling effective diabetes drugs like Avandia off the market because of a discovery that it may increase the risk of heart attacks.

Clark, A (2010) 'Relief for GlaxoSmithKline as US regulators reject ban on Avandia,' *Guardian*, 15 July http://www.guardian.co.uk/business/2010/jul/15/glaxosmithkline-avandia-fda-expert-committee (Accessed 2 June 2011).

Activity 5.4

1. What does *caveat emptor* mean?
2. What are some purchases that are typically made within a consumer ethics of *caveat emptor*?
3. What are the two main ways that consumers are backed up by legal protections?
4. How do renegade consumers create protections against defective products?
5. What characteristics make up a capable consumer?

Summary

Informational advertising employs facts to persuade consumers while branding advertising attempts to attach a personality and reputation to a product. On the other hand, deceitful advertising occurs along a range from exaggerations to direct falsehoods. The degree of consumer legal protection depends on premises about the marketplace sophistication of the consumer.

Advertising can create desires which raise questions about whether ads violate consumers' dignity and rights. The knowledge and financial power of companies (and their ad agencies) may also be an obligation for restraint. Children are especially vulnerable

to sophisticated advertising and may require special protections. Thus, there is a larger discussion about the role of money and consumption in our lives.

Wary consumers are safeguarded from defective goods and services only by their own caution. They enjoy maximum freedom in the marketplace and suffer minimal protection. The contracting consumer is protected from defective goods and services by the affirmation that their purchase is also an implicit contract with the seller guarantying quality similar to expectations.

The protected consumer is also safeguarded from defective goods and services by liability lawsuits and governmental regulatory action while the renegade consumer takes individual action to penalise sellers whose products fail to meet expectations. The capable consumer minimises the need for buyer protection while maximising a market economy's efficient functioning.

Self-test 5.1

1. What are two arguments in favour of granting marketers wide latitude to promote their products?

2. What are two arguments in favour of forcing marketers to stay very close to the pure truth when promoting their products?

3. Make the case that ads that create desires violate a consumer's basic rights.

4. Why might a consumer want advertisers to create desires?

5. What is an implicit contract? How is it created from a particular transaction?

Suggested answers to activities

Feedback

Activity 5.1

1. Informational ad is promotional ad that educates the public on (a) what are the benefits and features of a product; (b) what it does or can do; (c) how it compares with competing or similar products in value and benefits; and (d) where it can be bought.

   Your answer will vary depending on the advertisement that they are thinking of. With that advertisement in mind, you should investigate into the information provided in the advertisement as well as determine how the advertisement will persuade the consumers.

2. Branding advertising will enhance a brand's equity directly through advertising campaigns and indirectly through promotions such as cause championing or event sponsorship.

   Your answer will vary depending on the advertisement that they are thinking of. With that advertisement in mind, you should be able to determine the personality and attitude attached to the product to persuade the consumers.

Activity 5.2

1. Deceitful advertising is when the claim conceals facts are more common than the false ones as they are not flatly untrue and it cannot be quickly disproven. It is also when expressed views are clearly exaggerated and it is not meant to be taken literally.

   On the other hand, direct falsehood is when a false claim directly misrepresents the facts. For example, if Fillet 'O Fish is advertised at a promotional prices of RM3.00 but in McDonald's retail outlet, they are selling at the price of RM6.99, that is falsehood.

2. *The reasonable consumer standard:* The view that we should prohibit only the sorts of advertisements which would be deceptive to the normal, **reasonable** consumer.

   The ignorant consumer standard: The view that we should prohibit the sorts of advertisements which would even be deceptive to an ill-informed, **naïve** customer.

Activity 5.3

1. Consumerism is the belief that it is good for people to spend a lot of money on goods and services.

2. Desire is often depicted via substitute symbols — flashing red neon, burning matches, flame-blowers, stifling heat and raging brush fires. Crucial to advertisers, the audience must find the physical surge, the emotional rush, the chemical compulsion to desire the product.

3. Advertisers could seek to create a desire by going beyond addressing people's basic needs. It could seek to stimulate purchasing by tapping into unconscious desires such as stimulation, status and self-expression.

4. Viral advertising is a direct marketing technique in which a company persuades internet/social media users to forward its publicity material via e-mails or social networks, to increase brand awareness or achieve other marketing objectives through self-replicating viral processes.

5. Advertising aimed at children is a subject of special concern because:

   a. Advertising creates insecurity in society's youngest members because the attitude of constant need and consequent unhappiness is bred into these consumers, it is difficult to see how it will be removed.

   b. The condition of children is highly vulnerable to commercial messages techniques. Thus, the virtual defenselessness of children cannot be denied.

6. The advertising company might feel obligated because some consumers might feel that there are more important things elsewhere other than money and consumption, such as love, fulfillment, happiness, laughter, experience, wisdom, friendship, health and others.

7. On the other hand, someone might want advertisement to be everywhere because life itself promotes wealth and consumption. We have drifted from having a market economy to becoming a market society. And the difference is this. A market economy is a valuable and effective tool for organising productive activity. And market economy has brought prosperity and affluence to countries around the world. A market society is different. A market society is a place where almost everything is up for sale. It's a way of life in which society uses markets to allocate health, education, public safety, national security, environmental protection, recreation, procreation, and other social goods.

Activity 5.4

1. *Caveat emptor is Latin*; it translates as "Let the buyer beware." As a doctrine, *caveat emptor* means the consumer alone is responsible for the quality of the product purchased.

2. Under *caveat emptor*, the burden of protecting the consumers' interest, should they go ahead with any of their purchase, lay with the consumers themselves, not the party making the sale.

3. Two consumer backed legal protection are manufacturer liability and government safety regulations.

4. Renegade consumers create protection against defective products by:

   a. The imperative "don't let them get away with it", acting in the name of retributive justice.

   b. The imperative "let the truth be known", acting as a consumer advocate via the social media.

5. Characteristics of a capable consumer are:

   a. able

   b. informed

   c. free

   d. rational

5.2 The Green Organisation

Objectives

By the end of this section, you should be able to:

1. Consider damage done to the environment in a business context.
2. Delineate major legal responses to concerns about the environment.
3. Outline five attitudes toward environmental protection.
4. Consider who should pay for environmental protection and cleanup.
5. Outline three business responses to environmental responsibility
6. Elaborate arguments in favour of and against the proposition that animals have ethical rights.
7. Distinguish questions about animal rights from ones about animal suffering.

Introduction

This section explores the multiple relations linking business, the environment, and environmental protection. The question of animal rights is also considered.

The environment

Cancun

Cancun, Mexico, is paradise: warm climate, Caribbean water, white sand beaches, stunning landscapes, coral reefs, and a unique lagoon. You can sunbathe, snorkel, parasail, shoot around on jet skis, and drink Corona without getting carded.

Hordes of vacationers fill the narrow, hotel-lined peninsula — so many that the cars on the one main street snarl in traffic jams running the length of the tourist kilometers. It is a jarring contrast: on one side the placid beaches (until the jet skis get geared up), and on the other there is the single road about a hundred yards inland. Horns scream, oil-burning cars and trucks belch pollution, tourists fume. Cancun's problem is that it cannot handle its own success. There is not enough room for roads behind the hotels just like there is not enough beach in front to keep the noisy jet skiers segregated from those who want to take in the sun and sea quietly.

> The environment has not been able to bear the success either. According to a report, the tourist industry extensively damaged the lagoon, obliterated sand dunes, led to the extinction of varying species of animals and fish, and destroyed the rainforest which surrounds Cancun. The construction of 120 hotels in 20 years has also endangered breeding areas for marine turtles, as well as causing large numbers of fish and shellfish to be depleted or disappear just offshore.

'Cancun tourism,' *TED, Trade & Environment Database*, case no. 86 http://www1.american.edu/TED/cancun.htm (Accessed 8 June 2011).

For all its natural beauty, environmentally, Cancun is an ugly place. Those parts of the natural world that most tourists do not see (the lagoon, the nearby forest, the fish life near shore) have been sacrificed so a few executives in suits can make money. From its inception, Cancun was a business. The Mexican government built an airport to fly people in, set up rules to draw investors, and made it (relatively) easy to build hotels on land that only a few coconut harvesters from the local plantation even knew about. From a business sense, it was a beautiful proposition: bring people to a place where they can be happy, provide new and more lucrative jobs for the locals, and build a mountain of profit (mainly for government insiders and friends) along the way.

Everything went according to plan. Those who visit Cancun have a wonderful time (once they finally get down the road to their hotel). College students live it up during spring break, young couples take their children to play on the beach, older couples go down and remember that they do, in fact, love each other. So fish die, and people get jobs. Forests disappear, and people's love is kindled. The important questions about business ethics and the environment are mostly located right at this balance and on these questions: how many trees may be sacrificed for human jobs? How many animal species can be traded for people to fall in love?

What is the environment?

Harm to the natural world is generally discussed under two terms: the environment and the ecosystem. The words' meanings overlap, but one critical aspect of the term ecosystem is the idea of interrelation. An **ecosystem** is *composed of living and non-living elements that find a balance allowing for their continuation*. The destruction of the rain forest around Cancun did not just put an end to some trees; it also jeopardised a broader web of life: birds that needed limbs for their nests disappeared when the trees did. Then, with the sturdy forest gone, Hurricane Gilbert swept through and wiped out much of the lower-level vegetation. Meanwhile, out in the sea, the disappearance of some small fish meant their predators had nothing to feed on and they too evaporated. What makes an ecosystem a system is the fact that the *various parts all depend on each other, and damaging one element may also damage and destroy another or many others*.

In the sense that it is a combination of interdependent elements, the tourist world in Cancun is no different from the surrounding natural world. As the traffic jams along the peninsula have grown, making it difficult for people to leave

and get back to their hotels, the tourists have started migrating away, looking elsewhere for their vacation reservations. Of course Cancun is not going to disappear, but if you took that one road completely away, most everything else would go with it. So economic realities can resemble environmental ones: once a single part of a functioning system disappears, it is hard to stop the effects from falling further down the line.

What kinds of damage can be done to the environment?

Nature is one of nature's great adversaries. Hurricanes sweeping up through the Caribbean and along the Eastern Seaboard of the United States wipe out entire ecosystems. Moving inland, warm winters in northern states like Minnesota can allow some species including deer to reproduce at very high rates, meaning that the next winter, when conditions return to normal, all available food is eaten rapidly at winter's onset, and subsequent losses to starvation are massive and extend up the food chain to wolves and bears. Lengthening the timeline, age-long periods of warming and cooling cause desertification and ice ages that put ends to giant swaths of habitats and multitudes of species.

While it is true that damaging the natural world's ecosystems is one of nature's great specialties, evidence also indicates that the *human contribution to environmental change has been growing quickly*. It is impossible to measure everything that has been done, or compare the world today with what would have been had humans never evolved (or never created an industrialised economy), but one way to get a sense of the kind of transformations human activity may be imposing on the environment comes from extinction rates: the speed at which species are disappearing because they no longer find a habitable place to flourish. According to some studies, the current rate of extinction is around a thousand times higher than the one derived from examinations of the fossil record, which is to say, before the time parts of the natural world were being severely trashed by developments like those lining the coast of Cancun, Mexico.

Holsinger, K (2009) 'Patterns of biological extinction,' *Lecture notes*, University of Connecticut, 31 August 31 http://darwin.eeb.uconn.edu/eeb310/lecture-notes/extinctions/node1.html (Accessed 8 June 2011).

In an economics and business context, the kinds of damage our industrialised lifestyles most extensively wreak include:

1. Air pollution.
2. Water pollution.
3. Soil pollution.
4. Contamination associated with highly toxic materials.
5. Resource depletion.

Air pollution *is the emission of harmful chemicals and particulate matter into the air. Photochemical smog* — better known simply as *smog* — is a cocktail of gases and particles reacting with sunlight to make visible and poisonous clouds. Car exhaust is a major contributor to this kind of pollution, so smog can concentrate in urban centers where traffic jams are constant. In Mexico City on bad days, the smog is so thick it can be hard to see more than ten blocks down a straight street. Because the urban core is nestled in a mountain valley that blocks out the wind, pollutants do not blow away as they do in many places; they get entirely trapped. During the winter, a brown top forms above the skyline, blocking the view of the surrounding mountain peaks; the cloud is clearly visible from above to those arriving by plane. After landing, immediately upon exiting the airport into the streets, many visitors note their eyes tearing up and their throats drying out. In terms of direct bodily harm, Louisiana State University environmental chemist Barry Dellinger estimates that breathing the air in Mexico's capital for a day is about the equivalent of smoking two packs of cigarettes.

'Is air pollution killing you?' *Ivanhoe Newswire*, May 2009 http://www.ivanhoe.com/science/story/2009/05/572a.html (Accessed 8 June 2011).

This explains why, on the worst days, birds drop out of the air dead, and one longer-term human effect is increased risk of lung cancer.

Greenhouse gasses, especially carbon dioxide released when oil and coal are burned, absorb and hold heat from the sun, preventing it from dissipating into space, and thereby creating a greenhouse effect, a general warming of the environment. Heat is, of course, necessary for life to exist on earth, but fears exist that the last century of industrialisation has raised the levels measurably, and continuing industrial expansion will speed the process even more. Effects associated with the warming are significant and include:

1. Shifts in vegetation, in what grows where.

2. Rising temperatures in lakes, rivers, and oceans, leading to changes in wildlife distribution.

3. Flooding of coastal areas, where many of our cities are located (Cancun could be entirely flooded by only a small rise in the ocean's water level.)

Another group of chemicals, *chlorofluorocarbons (CFCs)*, threaten to break down the ozone layer in the earth's stratosphere. Currently, that layer blocks harmful ultraviolet radiation from getting through to the earth's surface where it could cause skin cancer and disrupt ocean life. Effective international treaties have limited (though not eliminated) CFC emissions.

Coal-burning plants — many of which produce electricity — release sulfur compounds into the air, which later mix into water vapor and rain down as sulfuric acid, commonly known as acid rain. Lakes see their pH level changed with subsequent effects on vegetation and fish. Soil may also be poisoned.

Air pollution is the most immediate form of environmental poison for most of us, but not the only significant one. In China, more than 25 percent of surface water is too polluted for swimming or fishing.

'More than 25% of China's surface water contaminated,' *China Daily*, 26 July 2010 http://www.chinadaily.com.cn/china/2010-07/26/content_11051350.htm (Accessed 8 June 2011).

Some of those lakes may have been ruined in the same way as Onondaga Lake near Syracuse, New York. Over a century ago, resorts were built and a fish hatchery flourished on one side of the long lake. The other side received waste flushed by the surrounding cities and factories. Problems began around 1900 when the fish hatchery could no longer reproduce fish. Soon after, it was necessary to ban ice harvesting from the lake. In 1940, swimming was banned because of dangerous bacteria, and in 1970, fishing had to be stopped because of mercury and PCB contamination. The lake was effectively dead. To cite one example, a single chemical company dumped eighty tons of mercury into the water during its run on the coast. Recently, the New York state health department loosened restrictions slightly, and people are advised that they may once again eat fish caught in the lake. Just as long as it is not more than one per month. Those who do eat more risk breakdown of their nervous system, collapse of their liver, and teeth falling out.

The Upstate Freshwater Institute Onondaga Lake page, 22 October 2010 http://www.upstatefreshwater.org/html/onondaga_lake.html (Accessed 8 June 2011);

'2010–2011 Health Advisories: Chemicals in sportfish and game,' *New York State Department of Health*, 2011 http://static.ongov.net/WEP/wepdf/2009_AMP-FINAL/Library/11_SupportingDocs/L11.10.11_HealthAdvisory2010-2011.pdf (Accessed 8 June 2011).

Like liquid poisons, *solid waste can be dangerous*. Paper bags degrade fairly rapidly and cleanly, but plastic containers remain where they are left into the indefinite future. The metal of a battery tossed into a landfill will break down eventually, but not before dripping out poisons including cadmium. Cadmium weakens the bones in low doses and, if exposure is high, causes death.

At the *industrial waste* extreme, there are toxins so poisonous they require special packaging to prevent even minimal exposure more or less forever. The waste from nuclear power plants qualifies. So noxious are the spent fuel rods that it's a matter of national debate in America and elsewhere as to where they should be stored. When the Chernobyl nuclear plant broke open in 1986, it emitted a radioactive cloud that killed hundreds and forced the permanent evacuation of the closest town, Pripyat. Area wildlife destruction would require an entire book to document, but as a single example, the surrounding pine forest turned red and died after absorbing the radiation storm.

Finally, all the *environmental damage* listed so far has resulted from *ruinous substance additions to natural ecosystems, but environmental damage also runs in the other direction as depletion.* Our cars and factories are sapping the earth of its petroleum reserves. Minerals, including copper, are being mined toward the point where it will become too expensive to continue digging the small amount that remains from the ground. The United Nations estimates that fifty thousand square miles of forest are disappearing each year, lost to logging, conversion to agriculture, fuel wood collection by rural poor and forest fires.

Butler, R A (2005) 'World deforestation rates and forest cover statistics, 2000–2005,' *Mongabay.com*, 16 November http://news.mongabay.com/2005/1115-forests.html (Accessed 8 June 2011).

Of course, most of those tree losses can be replanted. On the other hand, species that are driven out of existence cannot be brought back. As already noted, current rates of extinction are running far above "background extinction" rates, which is an approximation of how many species would disappear each year were the rules of nature left unperturbed.

Conclusion

Technically, there is no such thing as preserving the environment because left to its own devices the natural world does an excellent job of wreaking havoc on itself. Disruptions including floods, combined with wildlife battling for territory and food sources, all that continually sweeps away parts of nature and makes room for new species and ecosystems. Still, changes wrought by the natural world tend to be gradual and balanced, and the worry is that our industrialised lifestyle has become so powerful that nature, at least in certain areas, will no longer be able to compensate and restore any kind of balance. That concerns has led to both legal efforts and ethical arguments, in favour of protecting the environment.

The law

Legal efforts to protect the environment in the United States intensified between 1960 and 1970. The Environmental Protection Agency (EPA) was established in 1970 to monitor and report on the state of the environment while establishing and enforcing specific regulations. Well known to most car buyers as the providers of the mile-per-gallon estimates displayed on the window sticker, the EPA is a large agency and employs a workforce compatible with its mission, including scientists, legal staffers, and communications experts.

Other important legal milestones in the field of environmental protection include:

1. *The Clean Air Act of 1963* and its many amendments regulate emissions from industrial plants and monitor air quality. One measure extends to citizens the right to sue companies for damages if they are not complying

with existing regulations: it effectively citizenises law enforcement in this area of environmental protection.

2. *The Clean Water Act*, along with other, related legislation, regulates the quality of water in the geographic world (lakes and rivers), as well as the water we drink and use for industrial purposes. Chemical composition is important, and temperature also. Thermal pollution occurs when factories pour heated water back into natural waterways at a rate sufficient to affect the ecosystem.

3. *The Wilderness Act*, along with other legislation, establishes areas of land as protected from development. Some zones, including the Boundary Waters Canoe Area in northern Minnesota, are reserved for minimal human interaction (no motors are allowed); other areas are more accessible. All wilderness and national park areas are regulated to protect natural ecosystems.

4. *The Endangered Species Act* and related measures take steps to ensure the survival of species pressed to near extinction, especially by human intrusion. One example is the bald eagle. Subjected to hunting, loss of habitat, and poisoning by the pesticide DDT (which caused eagle eggs to crack prematurely), a once common species was reduced to only a few hundred pairs in the lower forty-eight states. Placed on the endangered species list in 1967, penalties for hunting were increased significantly. Also, DDT was banned, and subsequently the eagle made a strong comeback. It is no longer listed as endangered.

5. *The National Environmental Policy Act of 1969* requires that an environmental impact statement be prepared for many major projects. The word environment in this case means not only the natural world but also the human one. When a new building is erected in a busy downtown, the environmental impact statement reports on the effect the building will have on both the natural world (how much new air pollution will be released from increased traffic, how much water will be necessary for the building's plumbing, how much electricity will be used to keep the place cool in the summer) and also the civilised one (whether there is enough parking in the area for all the cars that will arrive, whether nearby highways can handle the traffic and similar). Staying with the natural factors, the statement should consider impacts — positive and negative — on the local ecosystem as well as strategies for minimising those impacts and some consideration of alternatives to the project. The writing and evaluation of these statements can become sites of conflict between developers on one side and environmental protection organisations on the other.

Two major additional points about legal approaches to the natural world should be added.

1. *First, they can be expensive; nearly all environmental protection laws impose costs on business and, consequently, make life for everyone more costly*. When developers of downtown buildings have to create a budget for their environmental impact statements, the expenses get passed on to the people who buy condos in the building. There is no doubt that banning the pesticide DDT was good for the eagle, but it made farming — and therefore the food we eat — more expensive. Further, clean water and air stipulations do not only affect consumers by making products more expensive; the environmental responsibility also costs Americans jobs every time a factory gets moved to China or some other relatively low-regulation country. Of course, it is also true that, as noted earlier, around 25 percent of China's surface water is poisonous, but for laid-off workers in the States, it may be hard to worry so much about that.

2. Second, *these American laws, regulations, and agencies do not make a bit of difference in Cancun, Mexico*. Even though Cancun and America wash back and forth over each other (Cancun's hotels were constructed, chiefly, to host American visitors), the rights and responsibilities of legal dominion over the environment stop and start at places where people need to show their passports. This is representative of a larger reality: more than most issues in business ethics, arguments pitting economic and human interests against the natural world are international in nature. The greenhouse gases emitted by cars caught in Cancun traffic are no different, as far as the earth is concerned, from those gases produced along clogged Los Angeles freeways.

Activity 5.5

1. What is an example of an ecosystem?

2. Explain one way that an ecosystem can resemble an economic system.

3. What are some effects of smog?

4. Why are the business ethics of the environment more international in nature than many other subjects?

Ethical approaches to environmental protection

The range of approaches to Cancun

Cancun is an environmental sacrifice made in exchange for tourist dollars. The unique lagoon, for example, dividing the hotel strip from the mainland was devastated by the project. To construct the roadwork leading around the hotels, the original developers raised the earth level, which blocked the ocean's high tide from washing over into the lagoon and refreshing its waters. Quickly, the living water pool supporting a complex and unique ecosystem clogged with algae and became a stinky bog. No one cared too much since that was the street side, and visitors had come for the ocean.

Still, one hotel developer decided to get involved. Ricardo Legorreta who designed the Camino Real Hotel (today named Dreams Resort) said this about his early 1970s project: "Cancun is more water than land. The Hotel Camino Real site was originally 70 percent water. It had been filled during the urbanisation process. I wanted to return the site to its original status, so we built the guest room block on solid rock and the public areas on piles, and then excavated what was originally the lagoon. The difference in tide levels provides the necessary water circulation to keep the new lagoon clean.

Legorreta, R, Attoe, W, Brisker, S and Box, H (1990) *The Architecture of Ricardo Legorreta* Austin: University of Texas Press, 108.

Specific numbers are not available, but plainly it costs more to dig out the ground and then build on piles than it does to just build on the ground. To save the lagoon, the owners of the Camino Real spent some money.

Was it worth it? The answer depends initially on the ethical attitude taken toward the environment generally; it depends on how much, and how, value is assigned to the natural world. Reasonable ethical cases can be made for the full range of environmental protection, from none (total exploitation of the natural world to satisfy immediate human desires) to complete protection (reserving wildlife areas for freedom from any human interference). The main positions are the following and will be elaborated individually:

1. The environment should not be protected.

2. The environment should be protected in the name of serving human welfare.

3. The environment should be protected in the name of serving future generations' welfare.

4. The environment should be protected in the name of serving animal welfare.

5. The environment should be protected for its own sake.

The environment should not be protected

Should individuals and businesses use the natural world for our own purposes and without concern for its welfare or continuation? The "yes" answer traces back to an attitude called *free use*, which *pictures the natural world as entirely dedicated to serving immediate human needs and desires. The air and water and all natural resources are understood as belonging to everyone in the sense that all individuals have full ownership of, and may use, all resources belonging to them as they see fit*. The air blowing above your land and any water rolling through it are yours, and you may breathe them or drink them or dump into them as you like. This attitude, finally, has both historical and ethical components.

The history of free use starts with the fact that the very idea of the natural world as needing protection at all is very recent. For almost all human history, putting the words environment and protection together meant finding ways that we could be protected from it instead of protecting it from us. This is very easy to see along Europe's Mediterranean coast. As opposed to Cancun where all the buildings are pushed right up to the Caribbean and open to the water, the stone constructions of Europe's old coastal towns are huddled together and open away from the sea. Modern and recently built hotels obscure this to some extent, but anyone walking from the coast back toward the city centers sees how all the old buildings turn away from the water as though the builders feared nature, which, in fact, they did.

They were afraid because the wind and storms blowing off the sea actually threatened their existences; it capsized their boats and sent water pouring through roofs and food supplies. Going further, not only is it the case that until very recently nature threatened us much more than we threatened it, but in those cases where humans did succeed in doing some damage, nature bounced right back. After a tremendously successful fishing year, for example, the supply of food swimming off the coastlines of the Mediterranean was somewhat depleted, but the next season things would return to normal. It is only today, with giant motorised boats pulling huge nets behind, that we have been able to truly fish out some parts of the sea. The larger historical point is that until, say, the nineteenth century, even if every human on the planet had united in a project to ruin nature irrevocably, not much would have happened. In that kind of reality, the idea of free use of our natural resources makes sense.

Today, at a time when our power over nature is significant, there are two basic arguments in favour of free use:

1. The domination and progress argument.

2. The geological time argument.

The domination and progress argument begins by *refusing to place any necessary and intrinsic value in the natural world: there is no autonomous worth in the water, plants, and animals surrounding us*. Because they have no independent value, those who abuse and ruin nature cannot be automatically accused of an ethical violation: nothing intrinsically valuable has been damaged. Just as few

people object when a dandelion is pulled from a front yard, so too there is no necessary objection to the air being ruined by our cars.

Connected with this disavowal of intrinsic value in nature's elements, there is high confidence in our ability to generate technological advances that will enable human civilisation to flourish on the earth no matter how contaminated and depleted. When we have drilled the last drop of the petroleum we need to heat our homes and produce electricity to power our computers, we can trust our scientists to find new energy sources to keep everything going. Possibly solar energy technologies will leap forward, or the long-sought key to nuclear fission will be found in a research lab. As for worries about the loss of wildlife and greenery, that can be rectified with genetic engineering, or by simply doing without them. Even without human interference, species are disappearing every day; going without a few more may not ultimately be important.

Further, it should be remembered that there are many natural entities we are happy to do without. No one bemoans the extinction of the virus called variola, which caused smallpox. That disease was responsible for the death of hundreds of millions of humans, and for much of history has been one of the world's most terrifying scourges. In the 1970s, the virus was certified extinct by the World Health Organization. No one misses it; not even the most devoted advocate of natural ecosystems stood up against the human abuse and final eradication of the virus. Finally, if we can destroy one part of the natural world without remorse, cannot that attitude be extended? No one is promoting reckless or wanton destruction, but as far as those parts of nature required to live well, can we not just take what we need until it runs out and then move on to something else?

To a certain extent, this approach is visible in Cancun, Mexico. The tourist strip has reached saturation, and the natural world in the area — at least those parts tourists will not pay to see — has been decimated. So what are developers doing? Moving down the coast. The new hotspot is called Playa del Carmen. Extending south from Cancun along the shoreline, developers are gobbling up land and laying out luxury hotels at a non-stop rate and with environmental effects frequently (not in every case) similar to those defining Cancun. What happens when the entire area from Cancun to Chetumal is cemented over? There is more shoreline to be found in Belize, and on Mexico's Pacific coast, and then down in Guatemala.

What happens when *all* shoreline runs out? There is a lot of it around the world, but when the end comes, it will also probably be true that we will not need a real natural world to have a natural world, at least those parts of it that we enjoy. Already today at Typhoon Lagoon in Disney World, six-foot waves roll down for surfers. And visitors to the Grand Canyon face a curious choice: they can take the trouble to actually walk out and visit the Grand Canyon, or, more comfortably, they may opt to see it in an impressive IMAX theater presentation. There is no reason still more aspects of the natural world, like the warm breezes and evening perfection of Cancun, could not be reproduced in a warehouse. Of course there are people who insist that they want the real thing when it comes to nature, but there were also once people who insisted that they could not enjoy a newspaper or book if it was not printed on real paper.

Next, moving on to the other of the two arguments in favour of free use, there is the idea that *we might as well use everything without anxiety because, in the end, we really cannot seriously affect the natural world anyway*. This sounds silly at first; it seems clear that we can and do wreak havoc: species disappear and natural ecosystems are reduced to dead zones. However, it must be noted that our human view of the world is myopic. That is not our fault, just an effect of the way we experience time. For us, a hundred years is, in fact, a long time. In terms of geological time, however, the entire experience of *all* humanity on this earth is just the wink of an eye. **Geological time** *understands time is passing not relative to human lives but in terms of the physical history of the earth. According to that measure, the existence of the human species has been brief, and the kinds of changes we are experiencing in the natural world pale beside the swings the earth is capable of producing*. We worry, for example, about global warming, meaning the earth's temperature jumping a few degrees, and while this change may be seismically important for us, it is nothing new to the earth. As Robert Laughlin, winner of the Nobel Prize in physics, points out in an article set under the provocative announcement "The Earth Doesn't Care if You Drive a Hybrid," six million years ago the Mediterranean Sea went bone dry. Eighty-five million years before that there were alligators in the Arctic, and two-hundred million years before that Europe was a desert. Comparatively, human industrialisation has changed nothing.

Will, G (2010) 'The earth doesn't care: About what is done to or for it,' *Newsweek*, 12 September http://www.newsweek.com/2010/09/12/george-will-earth-doesn-t-care-what-is-done-to-it.html?from=rss (Accessed 8 June 2011).

This geological view of time cashes out as an ethical justification for free use of the natural world for a reason nearly the opposite of the first. The argument for free use supported by convictions about domination and progress borders on arrogance: it is that the natural world is unimportant, and any problems caused by our abusing it will be resolved by intelligence and technological advance. Alternatively, and within the argument based on geological time, our lives, deeds, and abilities are so trivial that it is absurd to imagine that we could seriously change the flow of nature's development even if we tried. We could melt nuclear reactors left and right, and a hundred million years from now it would not make a bit of difference. That means, finally, that the idea of preserving the environment is not nobility: it is vanity.

The environment should be protected in the name of serving human welfare

The free-use argument in favour of total environmental exploitation posits no value in the natural world. In and of itself, it is worthless. Even if this premise is accepted, however, there may still be reason to take steps in favour of preservation and protection. It could be that *the ecosystems around us should be safeguarded not for them, but for us*. The reasoning here is that we as a society will live better and happier when lakes are suitable for swimming, when air cleans our lungs instead of gumming them up, when a drive on the freeway with the car window down does not leave your face feeling greasy. Human happiness, ultimately, hinges to some extent on our own natural and animal nature. We too, we must remember, are part of the

ecosystem. Many of the things we do each day — walk, breathe, find shelter from the elements — are no different from the activities of creatures in the natural world. When that world is clean and functioning well, consequently, we fit into it well.

Wrapping this perspective into an ethical theory, utilitarianism — the affirmation that the ethically good is those acts increasing human happiness — functions effectively. For visitors to Cancun, it seems difficult to deny that their trip will be more enjoyable if the air they breathe is fresh and briny instead of stinky and gaseous as it was in some places when the lagoon had decayed into a pestilent swamp. Understood in this way, we could congratulate Architect Legorreta for his expensive decision to carve out a space for the tides to reenter and refresh the inland lake. It is not, the argument goes, that he should be thanked for rescuing an ecosystem, but that by rescuing the ecosystem he made human life more agreeable.

Another way to justify environmental protection in the name of human and civilised life runs through a rights-based argument. Starting from the principle of the right to pursue happiness, a case could be built that without a flourishing natural world, the pursuit will fail. If it is true that we need a livable environment, one where our health — our breathing, drinking and eating — is guaranteed, then industrialists and resort developers who do not ensure that their waste and contamination are controlled are not just polluting; they are violating the fundamental rights of everyone sharing the planet.

Bringing this rights-based argument to Cancun and Legorreta's dredging of the lagoon, it is possible to conclude that he absorbed a pressing responsibility to do what he did: in the name of protecting the right of others to live healthy lives, it was necessary to renew the dead water. Again, it must be emphasised that the responsibility is not to the water or the animals thriving in its ecosystem. They are irrelevant, and there is no obligation to protect them. What matters is human existence; the obligation is to human rights and our dependence on the natural world to exercise those rights.

The environment should be protected in the name of serving future generations' welfare

The idea that the environment should be protected so that future generations may live in it and have the choices we do today is based on a notion of social fairness. Typically in ethics, we think of fairness in terms of individuals. When applying for a job at a Cancun hotel, fairness is the imperative that all those applying get equal consideration, are subjected to similar criteria for selection, and the selection is based on ability to perform job-related duties. When, on the other hand, the principle of fairness extends to the broad social level, what's meant is that groups taken as a whole are treated equitably.

One hypothetical way to present this notion of intergenerational fairness with respect to the environment and its protection is through the previously discussed notion of the veil of ignorance — that is, the idea that you imagine yourself as removed from today's world and then reinserted at some future point, one randomly

assigned. You may come back tomorrow, next year, next decade, or a hundred years down the line. If, the reasoning goes, that is your situation, then very possibly you are going to urge contemporary societies to protect the environment so that it will be there for you when your time comes around, whenever that might be. Stated slightly differently, it is a lot easier to wreck the environment when you do not have to think about others. Fairness, however, *obligates* us to think of others, including future others, and the veil of ignorance provides one way of considering their rights on a par with the ones we enjoy now.

What does this mean in terms of Cancun? We should enjoy paradise there, no doubt, but we should also ensure that it will be as beautiful for our children (or any randomly selected future generation) as it is for us. In this case, the redredging of the lagoon serves that purpose. By helping maintain the status quo in terms of the natural ecosystems surrounding the hotels, it also helps to maintain the possibility of enjoying that section of the Caribbean into the indefinite future.

There is also a utilitarian argument that fits underneath and justifies the position that our environment should be protected in the name of future generations. This theory grades act ethically in terms of their consequences for social happiness, and with those consequences *projected forward in time*. To the extent possible, the utilitarian mind-set demands that we account for the welfare of future generations when we act today. Of course the future is an unknown, and that tends to weigh decisions toward their effects on the present since those are more easily foreseen. Still, it is not difficult to persuade most people that future members of our world will be happier and their lives fuller and more rewarding if they are born onto an at least partially green earth.

The environment should be protected in the name of serving animal elfare

One of the more frequently voiced lines of reasoning in favour of ecosystem preservation starts with a fundamental shift from the previous arguments. Those arguments place all intrinsic value in *human* existence: to the extent we decide to preserve the natural world, we do so because it is good for us. Preservation satisfies our ethical duties to ourselves or to those human generations yet to come. *What now changes is that the natural world's creatures get endowed with a value independent of humans, and that value endures whether or not we enjoy or need to fit into a web of healthy, clean ecosystems. Animals matter, in other words, regardless of whether they matter for us.*

Ethically, the endowment of non-human animals with intrinsic worth is to treat them, to some extent, or in some significant way, as human. This treatment is a subject of tremendous controversy, one orbiting around the following two questions:

1. *Are non-human animals worthy of moral consideration?* What do they do, what qualities do they possess that lead us to believe they should have rights and impose obligations on you and me?

2. *Granting that non-human animals do hold value in themselves and impose obligations on humans by their very existence, how far do the obligations go?* If we are given a choice on a speeding highway between running over a squirrel and hitting a person, do we have a moral obligation to avoid the person (and run down the squirrel)? If we do, then it seems that the intrinsic worth of an animal is less than that of a human being, but how much less?

Questions about whether animals have rights and impose obligations are among the most important in the field of environmental ethics. They will be explored in their own section of discussion that follows. In this section, it will simply be accepted that non-human animals do, in fact, have autonomous moral standing. It immediately follows that their protection is, to some extent, a responsibility.

In terms of an ethics of duties, the obligation to protect animal life can be conceived as a form of the duty to beneficence, a duty to help those who we are able to aid, assuming the cost to ourselves is not disproportionately high. Protecting animals is something we do for the same reason we protect people in need. Alternatively, in terms of the utilitarian principle that we act to decrease suffering in the world (which is a way of increasing happiness), the argument could be mounted that animals are, in fact, capable of suffering, and therefore we should act to minimise that sensation just as we do in the human realm. Finally, rights theory — the notion that we are free and should not impinge on the freedom of others — translates into a demand that we treat the natural world with respect and with an eye to its preservation in order to guarantee that non-human animals may continue to pursue their own ends just as we demand that we humans be allowed to pursue ours.

With the obligation for the protection of — or at least non-interference with — non-human animals established, the way opens to extend the conservation to the natural world generally. Because animals depend on their habitat to express their existence, because their instincts and needs suggest that they may be free only within their natural environment, the first responsibility derived from the human obligation to animals is one to protect their wild and natural surroundings. As an important note here, that habitat — the air all animals breathe, the water where fish swim, the earth housing burrowing animals — is not protected for its own sake, only as an effect of recognising the creatures of the natural realm as dignified and worthy of our deference.

What does this dignity conferred on animal life mean for Cancun? The dredging and revivifying of the lagoon by Legorreta fulfills an obligation under this conception of the human relation to the natural world. It is a different obligation from those developed in the previous cases, however. Before, the lagoon was cleansed in the name of improving the Cancun experience for vacationers; here, it is cleansed so that it may once again support the land and aquatic life that once called the place home. As for whether that improves the vacation experience, there is no reason to ask; it is only necessary to know that saving animals probably requires saving their home.

The entire environmental web should be protected for its own sake

The environment as a whole, the total ecosystem including all animal and plant life on Earth — along with the air, water, and soil supporting existence — should be protected according to a number of ethical arguments:

1. *The least difficult to persuasively make is the case that the obligation flows from human welfare: we are happier when our planet is healthy.*

2. *It is more difficult, but still very possible, to make a reasonable case that the obligation to protection attaches to the autonomous value and rights of non-human animals.* In order to protect all of them, the reasoning goes, we should preserve all elements of the natural world to the extent possible because we cannot be sure which ones may, in fact, play an important role in the existence of one or another kind of creature.

3. Finally, the *most difficult case to make is that humans are obligated to protect the total environment — all water and air, every tree and animal — because all of it and every single part holds autonomous value*. This Earth-wide value translates into an Earth-wide obligation: the planet — understood as the network of life happening above and under its surface — becomes something like a single living organism we humans must protect.

What distinguishes the third argument from the previous two is that we do not save the greater natural ecosystem in the name of something else (human welfare or habitat preservation for non-human animals) but for itself.

It is easy to trivialise the view that every element of the natural world demands respect and therefore some degree of protection. Do we really want to say that a child experimenting out in the driveway with worms, or pulling up plants to see the roots is failing a moral obligation to the living world? What about the coconut trees felled to make room for Cancun's hotels? Perhaps if they were unique trees, or if a certain species of bird depended on precisely those limbs and no others for its survival, but do we want to go further and say that the standard trees — a few hundred out of millions in the world — should give developers pause before the cement trucks come wheeling in? For many, it will be easier to conclude that if a good project is planned — if there is money to be earned and progress to be made — then we can cut down a few anonymous trees that happen to be standing in the way and get on with our human living.

On the other hand, sitting on the sand in Cancun, it is difficult to avoid sensing a happening majesty: not a reason to pull out your camera and snap, but a living experience that can only be had by a natural being participating, breathing air as the wind blows across the beach, or swimming in the crisp water. There may be a kind of aesthetic imperative here, a coherent demand for respect that we feel with our own natural bodies. The argument is not that the entire natural ecosystem should be preserved because it feels good for us to jump in the ocean water — it feels good to jump in the shower too — the idea is that through our bodies we experience

a substance and value of nature that requires our deference. Called the aesthetic argument in favour of nature's dignity, and consequently in favour of the moral obligation to protect it, there may be no proper explanation or reasoning, it may only be something that you know if you are in the right place at the right time, like Cancun in the morning.

The response to the aesthetic argument is that we cannot base ethics on a feeling.

If we decide to protect the environment, who pays?

Much of the stress applied to, and the destruction wrought on the environment around Cancun could be reversed. That costs money, though. Determining exactly how much is a task for biologists and economists to work out. The question for ethical consideration is, who should pay? These are three basic answers:

1. Those who contaminated the natural world.
2. Those who enjoy the natural world.
3. Those who are most able.

The answer that *the costs should be borne by those who damaged nature in the first place means sending the bill to developers and resort owners, to all those whose ambition to make money on tourism got roads paved, forests cleared and foundations laid.* Intuitively, placing the obligation for environmental cleanup on developers may make the most sense, and in terms of ethical theory, it fits in well with the basic duty to reparation, the responsibility to compensate others when we harm them. In this case, the harm has been done to those others who enjoy and depend on the natural world, and one immediate way to compensate them is to repair the damage. A good model for this could be Legorreta's work, the expense taken to raise a portion of a hotel and so once again allow tide water to freshen the lagoon. Similar steps could be taken to restore parts of the ruined coral reef and to replant the forest behind the hotel area.

The plan makes sense, but there is a glaring problem: times change. Back when Cancun was originally being laid out in the 1960s, ecological concerns were not as visible and widely recognised as they are today. That does not erase the fact that most hotel companies in Cancun laid waste to whatever stood in the way of their building, but it does allow them to note that they are being asked to pay today for actions that most everyone thought were just fine back when they were done. It is not clear, finally, how fair it is to ask developers to pay for a cleanup that no one envisioned would be necessary back when the construction initiated.

The proposal that *those who enjoy and depend on the natural world should bear primary responsibility for protecting and renewing it* also makes good sense. This reasoning is to some extent implemented in America's natural parks where fees are charged for entry. Those revenues go to support the work of the forestry service

that is required to ensure that visitors to those parks — and the infrastructure they need to enjoy their time there — do not do harm to the ecosystems they are coming to see, and also to ensure that harm done by others (air pollution, for example, emitted by nearby factories) is cleansed by nature's organic processes.

On a much larger scale, a global one, this logic is also displayed in some international attempts to limit the emission of greenhouse gasses. The specific economics and policy are complicated and involve financial devices including carbon credits and similar, but at bottom what is happening is that governments are getting together and deciding that we all benefit from (or even need) reduced emissions of waste into the air. From there, attempts are made to negotiate contributions various countries can make to the reduction effort. As for the cost, most economists agree that the expense of pollution control measures will, for the most part, be passed along as hikes in the cost of consumer goods. Everyone, in other words, will pay, which matches up with the affirmation that everyone benefits.

Finally, the response that *those most able to pay should bear the brunt of the cost for protecting the natural world is a political as much as an environmental posture*. One possibility would be a surtax levied on wealthy members of society, with the money channeled toward environmental efforts. This strategy may find a solid footing on utilitarian grounds where acts benefitting the overall welfare remain good even if they are burdensome or unfair to specific individuals. What would be necessary is to demonstrate that the sum total of human (and, potentially, non-human animal) happiness would be increased by more than the accumulated displeasure of those suffering the tax increase.

Activity 5.6

1. Briefly, what is the history of the free-use attitude toward the natural world?

2. How can technology make environmental protection a wasted effort?

3. How can the idea of geological time become an argument against taking expensive steps to protect the natural world?

4. What are some reasons why our ethical obligations to ourselves may lead us to protect the natural world?

5. If the decision is made to protect nature, who are some individuals or groups that might be asked to pay the cost?

Three models of environmental protection for businesses

The role of businesses in environmental protection

Protecting the environment is itself a business, and many organisations, especially non-profits, take that as their guiding purpose. The World Wildlife Fund, the Audubon Society, and National Geographic exemplify this. Their direct influence over the natural world, however, is slight when compared against all the globe's for-profit companies chugging away in the name of earning money. Whether the place is Cancun, or China or the United States, the condition of the natural world depends significantly on what profit-making companies are doing, the way they are working, the kinds of goods they are producing, and the attitude they are taking toward the natural world. Three common attitudes are:

1. Accelerate and innovate.
2. Monetise and count.
3. Express corporate social responsibility.

Business and environmental protection: Accelerate and innovate

There is a subtle difference between environmental conservation and protection. **Conservation** *means leaving things as they are.* **Protection** *opens the possibility of changing the natural world in the name of defending it.* One way for a business to embrace the protection of nature is through technological advance. New discoveries, the hope is, can simultaneously allow people to live better, and live better with the natural world. Looking at a stained paradise like Cancun, the attitude is not so much worry that we are ruining the world and will not be able to restore a healthy balance, it is more industrially optimistic: by pushing the accelerator, by innovating faster we will resolve the very environmental problems we have created.

Examples of the progressive approach to environmental protection — as opposed to the conservative one — include solar and wind power generation. Both are available to us only because of the explosion of technology and knowledge the industrialised, contaminating world allows. Because of them, we can today imagine a world using energy at current rates without doing current levels of environmental damage. Here is a statement of that aim from a wind power company's web page: "Our goal has always been to produce a utility-scale wind turbine that does not need subsidies in order to compete in electricity markets."

The Wind Turbine Company home page http://www.windturbinecompany.com (Accessed 8 June 2011).

The idea, in other words, is that electricity produced by this company's windmills will be as cheap (or cheaper) than that produced from fossil fuels, including coal. To reach that point, the development of very strong yet lightweight materials has been necessary, along with other technological advances. If they continue, it may

be that American energy consumption can remain high, while pollution emitted from coal-burning electricity plants diminishes. One point, finally, that the wind turbine company web page does not underline quite so darkly is that they will make a lot of money along the way if everything goes according to plan. This incentive is also typical of an accelerate-and-innovate approach: not only should industrialisation go forward faster in the name of saving the environment, so too should entrepreneurialism and profit.

In broad terms, *the business attitude toward employing innovation to protect the environment acknowledges that human activity on earth has done environmental damage, and that matters*. The damage is undesirable and should be reversed. The way to reverse, however, is not to go backward by doing things like reducing our energy use to previous levels. Instead, we keep doing what we are doing, just faster. The same industrialisation that caused the problem will pull us out.

Business and environmental protection: Monetise and count

A cost-benefit analysis is, theoretically, a straightforward way of determining whether an action should be undertaken. The effort and expense of doing something is toted on one side, and the benefits received are summed on the other. If the benefits are greater than the costs, we go ahead; if not, we do not. Everyone performs cost-benefit analyses all the time. At dinner, children decide whether a dessert brownie is worth the cost of swallowing thirty peas. Adults decide whether the fun of a few beers tonight is worth a hangover tomorrow or, more significantly, whether getting to live in one of the larger homes farther out of town is worth an extra half-hour in the car driving to work every morning.

Setting a cost-benefit analysis between a business and the environment means adding the costs of eliminating pollution on one side and weighing it against the benefits of a cleaner world. The ethical theory underneath this balancing approach to business and nature is utilitarianism. The right act is the one most increasing society's overall happiness (or most decreasing unhappiness), with happiness measured in this case in terms of the net benefits a society receives after the costs of an action have been deducted.

The most nettlesome problem for businesses adopting a cost-benefit approach to managing environmental protection is implementation. It is hard to know exactly what all the costs are on the business side, and what all the benefits are on nature's side. Then, even if all the costs and benefits are confidently listed, it is equally (or more) difficult to weigh them against each other. According to a report promulgated by the non-profit Environmental Defense Fund, North Carolina's coal-fired electricity plants could install smokestack scrubbers to significantly reduce contaminating emissions. The cost would be $450 million. The benefits received as a result of the cleaner air would total $3.5 billion.

'The North Carolina clean smokestacks plan,' *Environmental Defense Fund*, March 2001 http://apps.edf.org/documents/700_NCsmokestacks.PDF (Accessed 8 June 2011).

This seems like a no-brainer. The problem is that when you dig a bit into the report's details, it is not entirely clear that the benefits derived from cleaner air add up to $3.5 billion. More troubling, it looks like it is hard to put any price tag at all on them. Here are a few examples:

1. According to the report, "It is estimated that pollution from power plants triggers more than 200,000 asthma attacks across the state each year and more than 1,800 premature deaths." The word *estimated* is important. Further, how do you put a dollar total on an asthma attack or a death?

2. According to the report, "One should be able to see out 93 miles on an average day in the Smoky Mountains, but now air pollution has reduced this to an average of 22 miles." How do you put a dollar total on a view?

3. According to the report, "Air pollution contributes to significant declines in populations of dogwood, spruce, fir, beech, and other tree species." What is "significant?" What is the dollar value of a dogwood?

'The North Carolina clean smokestacks plan,' *Environmental Defense Fund*, March 2001 http://apps.edf.org/documents/700_NCsmokestacks.PDF (Accessed 8 June 2011).

The list of items goes on, but the point is clear. A cost-benefit analysis makes excellent sense in theory, but it is as difficult to execute as it is to assign numbers to human experiences. If the attempt is nonetheless made, the technical term for the assigning is monetisation.

A final set of hurtles to clear on the way to implementing a cost-benefit approach to business and the environment involves formalising mechanisms for paying the costs. Two common mechanisms are regulation and incentives.

Regulations *are imposed by federal or local governments and come in various forms.* Most directly, and staying with electrical plants in Carolina, the plants could be required to install smokestack scrubbers. Costs of the installation would, to some significant extent, be passed on to consumers as rate hikes, and the benefits of cleaner air would be enjoyed by all. It is worth noting here that the contamination producers in question — coal-burning electricity plants — are pretty much stuck where they are in geographic terms. You cannot produce electricity in China and sell it in the States. Other kinds of businesses, however, may be able to avoid regulations by packing up and heading elsewhere. This, of course, complicates the already knotted attempt to tote up the benefits and costs of environmental protection.

A more flexible manner of regulating air and other types of pollution involves the sale of permits. There are multiple ways of mounting a permit trade, but as a general sketch, the government sets an upper limit to the amount of air pollution produced by all industry, and sells (or gives) permits to specific operating businesses. In their turn, these permits may be bought and sold. So an electric company may find that it makes economic sense to install scrubbers (limiting its pollution output) and then

sell the remaining pollution amount on its license to another company that finds the cost of limiting its emissions to be very high. One advantage of this approach is that, while it does limit total contamination, it allows for the fact that it is easier for some polluters than others to cut back.

As opposed to regulations that essentially force businesses to meet social pollution goals, **incentives** *seek the same results cooperatively.* For example, tax incentives could be offered for environmental protection efforts; money paid for the scrubbers a company places in their smokestacks may be deducted from taxes at a very high rate. Similarly, matching funds may be offered by government agencies: for every dollar the company spends, the government — which in this case means you and I and everyone who pays taxes — chips in one also.

Alternatively, government agencies including the Environmental Protection Agency may provide *public recognition to anticontamination efforts undertaken by a business*, and in the hands of a strong marketing department those awards may be converted into positive public relations, new consumers and extra profits that offset the original pollution control costs.

Specific awards tied to government agencies may not even be necessary; the incentive can be drawn from a broad range of sources. A good example comes from the *Washington Post*. A long and generally quite positive news story recounts Walmart's efforts to encourage suppliers in China to increase energy efficiency while decreasing their pollution output. Basically, Walmart told suppliers that they need to clean up or they will get replaced. According to the account, not only is the effort bearing fruit, but it is working better than government regulations designed to achieve similar ends: "In many cases, Walmart is first trying to bring firms up to government standards. Suppliers may not care about government fines, but they care about orders from the buyers."

Mufson, S (2010) 'Wal-Mart presses vendors in China to meet higher standards,' *Washington Post*, 26 February http://www.washingtonpost.com/wp-dyn/content/article/2010/02/26/AR2010022603339_pf.html (Accessed 8 June 2011).

As for Walmart, their cause is served by the free publicity of the story when it is distributed to almost a million newspaper readers in the Washington, DC, area and then projected broadly on the Internet. Further down the line, the good publicity ended up getting cited here. Going back to the specific newspaper story, it finishes with a clear acknowledgment of the public relations dynamic. These are the article's last lines: "Wal-Mart sees this not just as good practice but also good marketing. 'We hope to get more customers,' said Barry Friedman, vice president for corporate affairs in Beijing. 'We're not doing it solely out of the goodness of our hearts.'"

Mufson, S (2010) 'Wal-Mart presses vendors in China to meet higher standards,' *Washington Post*, 26 February http://www.washingtonpost.com/wp-dyn/content/article/2010/02/26/AR2010022603339_pf.html (Accessed 8 June 2011).

One notable problem with the incentive approach is identical to its strength: since participation is voluntary, some heavy polluters may choose not to get involved.

As a final point about incentives, many industrial plants already receive incentives to not protect the environment. To the extent they are allowed to simply jet sulfur and other contamination into the air, they are, in effect, forcing society generally to pay part of their cost of production. Every time someone in Carolina falls ill with an asthma attack, the consequences are suffered by that individual while the profits from electricity sales go to the electric company. As previously discussed, these externalities — these costs of production borne by third parties — actually encourage businesses to follow any route possible to make outsiders pay the costs of their operations. One route that is frequently possible, especially for heavy industry, involves letting others deal with their runoff and waste.

Business and environmental protection: Corporate social responsibility

The third posture an organisation may adopt toward environmental protection falls under the heading of corporate social responsibility. The attitude here is that companies, especially large, public corporations, should humanise their existences: an attempt should be made to see the corporation, in a certain sense, as an individual person. Instead of being a mindless machine built to stamp out profits, the business is re-envisioned as a seat of economic and moral responsibility. Responding to ethical worries is not someone else's concern (say, the government's, which acts by imposing regulations), instead, large companies including Walmart take a leading role in addressing ethical issues.

The *Washington Post*'s flattering presentation of Walmart in China fits well here. The story actually presents Walmart as transitioning from a vision of itself as a pure profit enterprise to one exercising corporate citizenship. Originally, Walmart only cared about price and quality, so that encouraged suppliers to race to the bottom on environmental standards. They could lose contracts because competition was so fierce on price. Now, however, Walmart held a conference in Beijing for suppliers to urge them to pay attention not only to price but also to "sustainability," which has become a touchstone.

Mufson, S (2010) 'Wal-Mart presses vendors in China to meet higher standards,' *Washington Post*, 26 February http://www.washingtonpost.com/wp-dyn/content/article/2010/02/26/AR2010022603339_pf.html (Accessed 8 June 2011).

Sustainability means *acting to protect the environment and the people surrounding an operation so that they may continue to contribute to the profit-making enterprise.* As a quick example, a logging operation that clear-cuts forests is not sustainable: when all the trees are gone, there is no way for the company to make any more money. Similarly in human terms, companies depending on manual labour need their employees to be healthy. If a factory's air pollution makes everyone sick, no one will be able to come in to work.

For Walmart in China, one step toward sustainability involved energy efficiency. A supplier installed modern shrink-wrapping machines to replace work previously done by people wielding over-the-counter hair dryers. In theoretical terms at least, the use of less energy will help the supplier continue to produce even as worldwide

petroleum supplies dwindle and energy costs increase. Steps were also taken, as the newspaper story notes, to limit water pollution: "Lutex says it treats four tons of wastewater that it used to dump into the municipal sewage line. That water was supposed to be treated by the city, but like three-quarters or more of China's wastewater, it almost certainly was not."

Mufson, S (2010) 'Wal-Mart presses vendors in China to meet higher standards,' *Washington Post*, 26 February http://www.washingtonpost.com/wp-dyn/content/article/2010/02/26/AR2010022603339_pf.html (Accessed 8 June 2011).

More examples of Walmart suppliers making environmentally conscious decisions dot the newspaper story, and in every case these actions may be understood as serving the long-term viability of the supplier's operations.

Stakeholder theory *is another way of presenting corporate social responsibility. The idea here is that corporate leaders must make decisions representing the interests not only of shareholders (the corporation's owners) but also of all those who have a stake in what the enterprise is doing: the company exists for their benefit too.* Along these lines, Walmart encouraged farmers in China to abandon the use of toxic pesticides. The corporation contracted with farmers under the condition that they use only organic means to kill pests and then allowed their products to be sold with a label noting their Walmart-confirmed clean production. The real lives of locals who eat that food and live on the now less-contaminated land are markedly improved. As another farming-related example of dedication to the well-being of the Chinese making up their manufacturing base, Walmart sought "to help hundreds of small farmers build rudimentary greenhouses, made of wood and plastic sheeting, in which they grow oranges in midwinter to sell to Walmart's direct farm programme. Zhang Fengquan is one of those farmers; he gathers more than three tons of nectarines from more than 400 trees in his greenhouse. Asked what he did during the winter before the greenhouse was built, he said he worked as a seasonal labourer. Or played the popular Chinese board game mah-jongg."

Mufson, S (2010) 'Wal-Mart presses vendors in China to meet higher standards,' *Washington Post*, 26 February http://www.washingtonpost.com/wp-dyn/content/article/2010/02/26/AR2010022603339_pf.html (Accessed 8 June 2011).

In both cases, Walmart is not simply abandoning its workers (or its suppliers' workers) once they punch out. As stakeholders in the company, Walmart executives feel a responsibility to defend employees' well-being just as they feel a responsibility to bring good products to market in the name of profit.

The fact that Walmart's recent actions in China can be presented as examples of a corporation expressing a sense of responsibility for the people and their natural world that goes beyond immediate profit does not mean that profit disappears from the equation. Shareholders are stakeholders too. And while corporate attitudes of social responsibility may well result in an increasingly protected environment, and while that protection may actually help the bottom line in some cases, there is no guarantee that the basic economic tension between making money and environmental welfare will be resolved.

Conclusion

Businesses can react to a world of environmental concern by trusting in technological innovation, by trusting in governmental regulation, and by trusting in a concept of corporate responsibility. It is currently uncertain which, if any, of these postures will most effectively respond to society's environmental preoccupations.

Activity 5.7

1. What is the difference between environmental protection and environmental conservation?

2. How has industrialisation caused environmental problems? How can it resolve those problems?

3. What is a *cost-benefit analysis*?

4. With respect to the environment, how can a cost-benefit analysis be used to answer questions about business and environmental protection?

5. What is practical problem with the execution of a cost-benefit analysis strategy for responding to environmental problems?

6. Why might a stakeholder theory of corporate decision making be good for the environment?

Animal rights

Do animals have rights?

If this is a reference book in environmental ethics, two further questions would be added to this subsection's title: which rights, which animals? It is clear that chimps and dolphins are different from worms and even lower, single-cell organisms. The former give coherent evidence of having some level of conscious understanding of their worlds; the latter seem to be little more than reactionary vessels: they get a stimulus, they react, and that is it. Questions about where the line should be drawn between these two extremes, and by what criteria, fit within a more specialised study of the environment. In business ethics, attention fixes on the larger question of whether animals can be understood as possessing ethical rights as we customarily understand the term.

There are two principal *arguments in favour* of understanding at least higher-order non-human animals as endowed with rights:

1. The cognitive awareness and interest argument.

2. The suffering argument.

And there are three *arguments against*:

1. The lack of expression argument.

2. The absence of duties argument.

3. The anthropomorphism suspicion argument.

The **cognitive awareness and interest argument** in favour of concluding that animals do have ethical rights begins by *accumulating evidence that non-human animals are aware of what is going on around them and do in fact have an interest in how things go.* As for showing that animals are aware and interested, in higher species evidence comes from what animals do. Most dogs learn in some sense the rules of the house; they squeal when kicked and (after a few occurrences) tend to avoid doing whatever it was that got them the boot. Analogously, anyone who has visited Sea World has seen dolphins respond to orders, and seemingly understand that responding well is in their interest because they get a fish to eat afterward.

If these deductions of animal awareness and interest are on target, the way opens to granting the animals an autonomous moral value and standing. Maybe their ethical value should be inferior to humans who demonstrate sophisticated understanding of their environment, themselves, and their interests, but any understanding at all does bring animals into the realm of ethics because determinations about whose interests should be served in any particular situation are what ethical discussions concern. The reason we have ethics is to *help those who have specific interests have them satisfied in ways that do not interfere with others and their attempts to satisfy their distinct interests.* So if we are going to have ethical principles at all, then they should apply to dogs and dolphins because they are involved in the messy conflicts about who gets what in the world.

Putting the same argument slightly differently, when the owner of a company decides how much of the year-end profits should go to employees as bonuses, that is ethics because the interests of the owner and the employees are being weighed. So too when decisions are made at Sea World about how often and how intensely animals should be put to work in entertainment programmes: the interests of profits (and human welfare) are being weighed against the interests of individual dolphins. As soon as that happens, the dolphins are granted an ethical standing.

The **suffering argument** *in favour of concluding that animals do have ethical rights fits neatly inside utilitarian theory.* Within this ethical universe, the reason we have ethical rules is to maximise happiness and minimise suffering. So the first step to take here is to determine whether dogs and similar animals do, in fact, suffer. Of course no dog complains with words, but no baby does either, and no one doubts

that babies suffer when, for example, they are hungry (and whining). When dogs would be expected to suffer, when they get slapped in the snout, they too exhibit clear signs of distress. Further, biological studies have shown that pain-associated elements of some animal nervous systems resemble the human version. Of course dogs may not suffer on the *emotional level* (if you separate a male and female pair, there may not be any heartbreak), and it is true that absolute proof remains elusive, but for many observers there is good evidence that some animals do, in fact, feel pain. If, then, it is accepted that animals suffer, they ought to be included in our utilitarian considerations by definition because the theory directs us to act in ways that maximise happiness and minimise suffering. It should be noted that the theory can be adjusted to include only human happiness and suffering, but there is no necessary reason for that, and as long as there is not, the establishment of animal suffering is enough to make a reasonable case that they are entities within the ethical world, and ones that require respect.

On the other side, the arguments *against* granting animals a moral standing in the world begin with the **lack of expression** argument. *Animals, the reasoning goes, may display behaviours indicating an awareness of the world and the ability to suffer, but that is not enough to merit autonomous moral standing.* To truly have rights, they must be claimed. An explicit and demonstrated awareness must exist of what ethics are, and why rules for action are attached to them. Without that, what separates animals from a sunflower? Like dogs, sunflowers react to their environment; they bend and twist to face the sun. Further, like dogs, sunflowers betray signs of suffering: when they do not get enough water they shrivel. Granting, finally, animal rights based on their displaying some reactions to their world is not enough to earn a moral identity. Or if it is, then we end up in a silly situation where we have to grant sunflowers moral autonomy. Finally, because animals cannot truly explain morality and demand rights, they have none.

Another way to deny animal rights runs through the **absence of duties argument**. *Since animals do not have duties, they cannot have rights. All ethics, the argument goes, is a two-way street. To have rights you must also have responsibilities; to claim protection against injury from others, you must also display consideration before injuring others.* The first question to ask, consequently, in trying to determine whether animals should have rights is whether they have or could have responsibilities. For the most part, the answer seems to lean toward no. Were a bear to escape its enclosure in the zoo and attack a harmless child, few would blame the bear in any moral sense; almost no one would believe the animal was guilty of anything other than following its instincts. People do not expect wild animals to distinguish between their own interest and instinct on one side, and doing what is right on the other. We do not even expect that they can do that, and if they cannot, then they cannot participate in an ethical world any more than trees and other natural creatures that go through every day pursuing their own survival and little more.

The last argument against granting moral autonomy or value to animals is a **suspicion of anthropomorphism**. *Anthropomorphism is the attribution of human qualities to non-human things.* When we look at dogs and cats at home, or chimpanzees on TV, it is difficult to miss the human resemblance, the blinking, alert eyes, the legs stretching after a nap, the howls when you accidentally step on a tail, the hunger

for food, the thirst and need to drink. In all these ways, common animals are very similar to humans. Given these indisputable similarities, it is easy to imagine that others must exist also. If animals look like we do (eyes, mouth, and nose), and if they eat and drink as we do, it is natural to assume they feel as we do: they suffer sadness and boredom; they need affection and are happy being cuddled. And from there it is natural to imagine that they think as we do, too. Not on the same level of sophistication, but, yes, they feel loyalty and experience similar inclinations. All this is false reasoning, however. Just because something *looks* human on the outside does not mean it experiences some kind of human sentiments on the inside. Dolls, for example, look human but feel nothing.

Transferring this possibility of drawing false conclusions from superficial resemblances over to the question about animal rights, the suspicion is that people are getting fooled. Animals may react in ways that look like pain to us but are not pain to them. Animals may appear to need affection and construct relationships tinted with loyalty and some rudimentary morality, but all that may be just us imposing our reality where it does not actually exist. If that is what is happening, then animals should not have rights because all the qualities those rights are based on — having interests, feeling pain and affection — are invented for them by us.

Corresponding with this argument, it is hard not to notice how quickly we rush to the defense of animals that look cute and vaguely human, but few seem very enthusiastic about helping moles and catfish.

Arguments in favour	Arguments against
1. The cognitive awareness and interest argument – accumulating evidence that non-human animals are aware of what is going on around them and do in fact have an interest in how things go. 2. The suffering argument – if it is accepted that animals suffer, they ought to be included in our utilitarian considerations by definition because the theory directs us to act in ways that maximise happiness and minimise suffering.	1. The lack of expression argument – animals, the reasoning goes, may display behaviours indicating an awareness of the world and the ability to suffer, but that is not enough to merit autonomous moral standing. 2. The absence of duties argument – snce animals do not have duties, they cannot have rights. All ethics, the argument goes, is a two-way street. To have rights one must also have responsibilities; to claim protection against injury from others, one must also display consideration before injuring others. 3. The anthropomorphism suspicion argument – the attribution of human qualities to non-human things.

Table 5.2 Arguments in favour and against animal rights

Dividing questions about animal rights from ones about animal suffering

The debate about whether animals should be understood as possessing rights within the ethical universe is distinct from the one about whether they should be subjected to suffering. If animals do have rights, then it quickly follows that their suffering should be objectionable. Even if animals are not granted any kind of autonomous ethical existence, however, there remains a debate about the extent to which their suffering should be considered acceptable.

Assuming some non-human animals do, in fact, suffer, there are two major business-related areas where the suffering is especially notable:

1. Research.

2. Consumer goods.

The case of research — especially medical and drug development — provides some obvious justification for making animals suffer. One example involves a jaw implant brought to market by the firm Vitek. After implantation in human patients, the device fragmented, causing extensive and painful problems. Later studies indicated that had the implant been tested in animals first, the defect would have been discovered and the human costs and pain avoided.

Myers, L (2007) 'Animal testing necessary in medical research,' *Daily Wildcat*, 6 November http://wildcat.arizona.edu/2.2255/animal-testing-necessary-in-medical-research-1.169288 (Accessed 8 June 2011).

From here, it is easy to form an argument that if significant human suffering can be avoided by imposing on animals, then the route should be followed. Certainly many would be persuaded if it could be proven that the net animal suffering would be inferior to that caused in humans. (As an amplifying note, some make the case that testing on humans can be justified using the same reasoning: if imposing significant suffering on a few subjects will later help many cure a serious disease, then the action should be taken.)

The case of animal testing in the name of perfecting consumer goods is less easily defended. A *New York Times* story chronicles a dispute between the Perdue chicken company and a group of animal rights activists. The activists got enough money together to purchase a newspaper ad decrying poultry farm conditions. It portrayed chickens as crowded together so tightly that they end up fiercely attacking and eating each other. Even when not fighting, they wallow in disease and convulse in mass hysteria.

Feder, B (1989) 'Pressuring Perdue,' *New York Times*, 26 November http://www.nytimes.com/1989/11/26/magazine/pressuring- perdue.html (Accessed 8 June 2011).

Though Perdue denied the ad's claims, many believe that animals of all kinds are subjected to extreme pain in the name of producing everything from cosmetics, to dinner, to Spanish bullfights. When animals are made to suffer for human comfort or pleasure — whether the result is nice makeup, or a tasty veal dish, or an enthralling bullfight — two arguments quickly arise against subjecting animals to the painful treatment. The utilitarian principle that pain in the world should be minimised may be applied. Also, a duty to refrain from cruelty may be cited and found persuasive.

Activity 5.8

1. What are the basic steps of the cognitive awareness and interest argument?
2. What are the basic steps of the suffering argument?
3. What are the basic steps of the lack of expression argument?
4. What are the basic steps of the absence of duties argument?
5. What are the basic steps of the anthropomorphism suspicion argument?
6. In ethical terms, how is animal suffering for research reasons distinct from the suffering of a Spanish bullfight?

Summary

Ecosystems are natural webs of life in which the parts depend on each other for their continued survival. In a business context, the major types of pollution include air, water, soil and contamination associated with highly toxic materials. Resource depletion is also a type of environmental damage. There are numerous laws regulate the condition and use of the environment in the United States.

The confidence in the human ability to control the environment diminishes concerns about protecting its current state. Environmental protection in the name of serving human welfare values the natural world because it is valuable for us. Environmental protection in the name of serving future generations' welfare derives from a notion of social fairness. Environmental protection in the name of serving animal welfare connects with a notion of moral autonomy in non-human animals. Environmental protection for its own sake values the entire set of the world's ecosystems. If the

environment is protected, the costs may be made the responsibility of various parties.

Business' response to concerns about the environment is to participate in the process of technological innovation to produce cleaner, more efficient ways of living, to participate in, and act on cost-benefit studies of environmental protection and to express corporate responsibility: to make the business a seat of economic and ethical decisions.

In terms of animal rights, cognitive awareness and directed interest by animals may be sufficient to grant them autonomous ethical rights. Accepting that animals suffer may be sufficient to grant them autonomous ethical rights. On the other hand, the fact that animals do not explicitly claim ethical rights may be sufficient to deny them those rights. The fact that animals do not have duties may be sufficient to deny them ethical rights. The question about whether animal treatment causing suffering is ethically acceptable may be managed independently of the question about whether animals possess rights.

Self-test 5.2

1. What is an *environmental impact statement*?

2. What is the difference between protecting the natural world because we humans are valuable, and because animals are valuable?

3. What is the difference between a corporation guided by profit and one guided by a sense of social responsibility?

Suggested answers to activities

Feedback

Activity 5.8

1. Basic steps of the cognitive awareness and interest argument:

   a. Animals are aware of what is going on around them and how things go. (E.g., dogs learn tricks and rules of the house)

   b. Animals have an autonomous moral value and standing.

   c. Animals do have ethical rights.

2. Basic steps of the suffering argument:

   a. To determine if animals do in fact suffer.

   b. If it is to be accepted that animals do suffer, then they should be included in the utilitarian consideration — act in ways that maximise happiness and minimise suffering.

   c. The establishment of animal suffering is enough to make a reasonable case that they are entities within the ethical world and requires respect.

3. Basic steps of lack of expression argument:

   a. Animals may display behaviours indicating awareness of the world and the ability to suffer but that is not enough to merit autonomous moral standing.

   b. To truly have rights, they must be claimed.

   c. An explicit and demonstrated awareness must exist of what ethics are, and why rules of action are attached to them.

   d. Animals rights based on their displaying some reactions to the world is not enough to earn a moral identity.

   e. Animals cannot truly explain the morality and demand rights, they have none.

4. Basic steps of the absence of duties:

   a. Since animals do not have duties, therefore they cannot have rights. Ethics is a two way street.

   b. To have rights, one must also have responsibilities; to claim protection against injury from others, it must also display consideration before injuring others.

5. Basic steps of the anthropomorphism suspicion argument:

   a. Just because something looks like humans on the outside does not mean that it experiences some kind of human sentiment on the inside.

   b. Animals should not have rights because all the qualities rights are based on — having interest, feeling pain and affection — are invented for them by us.

6. When animals are made to suffer for human comfort or pleasure — animals of all kinds are subjected to extreme pain in the name of producing a nice makeup, or a tasty veal dish, or an enthralling bullfight — two arguments quickly arise against subjecting animals to the painful treatment. The utilitarian principle that pain in the world should be minimised may be applied. Also, a duty to refrain from cruelty may be cited and found persuasive.

Summary of Unit 5

Summary

There are three charges levelled against advertisers:

a. They sell us dreams, entice us into confusing dreams with reality.

b. They pander to our desires for things that are bad for us.

c. They manipulate us into wanting things we do not really need.

All this can be summed up in the popular sentiment that advertisers cynically use a world of fantasy and illusion in an attempt to control us. In recent times advertising has become increasingly regulated by codes of practice. These codes may be adequate to curb the worst excesses of advertising. It is much harder nowadays for advertisements to get away with telling outright lies. But they still fall far short of answering these three indictments.

Environmental ethics rests on the principle that there is an ethical relationship between human beings and the natural environment. Human beings are a part of the environment and so are the other living beings. Plants and animals are an integral part of the environment and hence cannot be denied their right to live. Since they are an inseparable part of nature and closely associated with our living, the guiding principles of our life and our ethical values should include them. They need to be considered as entities with the right to co-exist with human beings.

Peter Singer, in his book *Animal Liberation*, states that the basic principle of equality does not require equal or identical treatment; it requires equal consideration. This is an important distinction when talking about animal rights. People often ask us if we really think that animals should have rights, and the answer is, quite simply, "Yes." We're not saying that animals should have driver's licenses or the right to vote, just that animals deserve to live their lives free from suffering and exploitation. Philosopher Jeremy Bentham once said that when deciding on a being's rights, "[t]he question is not 'Can they reason?' nor 'Can they talk?' but 'Can they suffer?'" What he meant is that if a being can suffer, then that being deserves the right to equal consideration. It doesn't matter whether or not that being can talk or can understand mathematics. Regardless of anything else, all animals have the ability to suffer

in the same way that human beings do. They feel pain, pleasure, fear, frustration, loneliness, and motherly love. So whenever we do anything that interferes with their needs, we have a moral responsibility to take them into account.

Course Summary

Summary

In Unit 1, we covered ethical theories. Ethical theories and principles are the foundations of ethical analysis because they are the viewpoints from which guidance can be obtained along the pathway to a decision. Each theory emphasises different points such as predicting the outcome and following one's duties to others in order to reach an ethically correct decision. However, in order for an ethical theory to be useful, the theory must be directed towards a common set of goals. Ethical principles are the common goals that each theory tries to achieve in order to be successful. These goals include beneficence, least harm, respect for autonomy and justice.

In Unit 2, we covered employee ethics. Employee ethics is a matter of using integrity-based decision-making procedures to guide your decisions and actions. In the workplace, being ethical may involve acting morally right, being honest, not cheating your employer, co-workers, or customers, not stealing from the supply closet, and generally treating your co-workers well. Other ethical situations may involve harassment, inappropriate use of the Internet, outside-of-work activities, etc.

In Unit 3, we covered managerial ethics. Managerial ethics is a set of principles and rules dictated by upper management that define what is right and wrong in an organisation in terms of hiring, promoting, firing, discrimination and affirmative action. It is the guideline that helps direct a lower manager's decisions in the scope of his or her job when a conflict of values is presented.

In Unit 4, we covered corporate social responsibility, corporate governance and code of ethics. These three areas gives a comprehensive guide to today's requirements for governance and reporting that organisations must adopt to successfully strike a balance between financial gain and socially responsible, green business practices that enhance the greater good.

Finally in Unit 5, we covered organisational ethics, namely advertising ethics, environmental ethics and animal rights.

Suggested Answers to Self-tests

Feedback

Self-test 5.1

1. The first argument in favour of granting wide latitude to promote their product is to help the open market function efficiently, by way of maximising the amount of information for the customers before purchase.

   The second argument in favour of granting wide latitude to promote their product is that the best way to get the most information possible out to consumers is by allowing a vibrant advertising world to flourish without restriction.

2. The first argument in favour of forcing marketers to stay very close to the pure truth when promoting their products is that customers have a fundamental ethical right to know what they are buying and even mildly ambiguous marketing techniques interfere with that right.

   The second argument in favour of forcing marketers to stay very close to the pure truth when promoting their products is that advertisers are just like everyone else insofar as they are bound by ethical duty to tell the truth.

3. Advertising does not create needs, what advertising do is — "manipulate wants". The job of advertising is to promote products (and their benefits) and persuade potential consumers to buy it. Competition pressured advertisers cross the line of ethics quite frequently nowadays. Companies misuse advertising in promoting products and try to sell them by making false claims about the product. The consumer purchases the product because he/she has the need and he/she is "made" to think (by the advertisements) that the product will satisfy the need. False and misleading advertisements violate several basic rights of consumers; the right to choice, the right to be protected against unsafe goods and services as well as unfair trade practices.

4. Entertainment shows us average people living a better lifestyle than they can afford without many monetary concerns. We are bombarded with advertisements, compelling us to buy the lifestyle depicted in our favourite shows. We see an ad, decide on a product, buy the product, and it has very little effect on our wallet.

5. A legal substitute for a contract. An implied contract is an agreement created by actions of the parties involved, but it is not written or spoken. This is a contract assumed to have been drawn. In this case, there is no written record nor any actual verbal agreement. A form of an implied contract is an implied warranty provided automatically by law. An implied warranty means that when a product is purchased, it is guaranteed to work for its ordinary purpose. For example, a refrigerator is fit to keep food cool.

Self-test 5.2

1. An *Environmental Impact Statement (EIS)* is a document prepared to describe the effects for proposed activities on the environment. "Environment," in this case, is defined as the natural and physical environment and the relationship of people with that environment. This means that the "environment" considered in an EIS includes land, water, air, structures, living organisms, environmental values at the site, and the social, cultural, and economic aspects. An "impact" is a change in consequence that results from an activity. Impacts can be positive or negative or both. An EIS describes impacts, as well as ways to "mitigate" impacts. To "mitigate" means to lessen or remove negative impacts.

2. *Protecting the environment because we humans are valuable*: It could be that the ecosystems around us should be safeguarded for us because as we as a society will live better and happier.

   The principle of the right to pursue happiness, a case could be built that without a flourishing natural world, the pursuit will fail.

   Protecting the environment because the animals are valuable: In terms of an ethics of duties, the obligation to protect animal life could be conceived as a form of the duty to beneficence, a duty to help those who we are able to aid. Protecting animals is something we do for the same reason we protect people in need.

In terms of the utilitarian principle that we act to decrease suffering in the world (which is a way of increasing happiness), the argument could be mounted that animals are, in fact, capable of suffering, and therefore we should act to minimise that sensation just as we do in the human realm.

Finally, rights theory — the notion that we are free and should not impinge on the freedom of others — translates into a demand that we treat the natural world with respect and with an eye to its preservation in order to guarantee that non-human animals may continue to pursue their own ends just as we demand that we humans be allowed to pursue ours.

3. A corporation guided by profit is one that is only focused on making profits for the company and not concerned with any moral responsibility. On the other hand, a corporation guided by a sense of responsibility is one that humanises its existence: an attempt to see the corporation as an individual person. The corporation re-envisioned as a seat of economic and moral responsibility. The corporation is focused enhanced sustainable design, manufacturing, distribution, use, and end-of-use management. Their products are socially responsible across a broad spectrum of consumer needs.

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