

Ethical Prospects ■ 2008

Ethical Prospects ■ 2008

Editor in Chief

Laszlo Zsolnai

Associate Editors

Zsolt Boda

Laszlo Fekete

Editor in Chief

Laszlo Zsolnai
Business Ethics Center
Corvinus University of Budapest
Budapest, Hungary
E-mail: laszlo_zsolnai@interware.hu

Associate Editors

Zsolt Boda
Business Ethics Center
Corvinus University of Budapest
Budapest, Hungary
E-mail: bodazsolt@yahoo.com

Laszlo Fekete
Business Ethics Center
Corvinus University of Budapest
Budapest, Hungary
E-mail: lfekete@ella.hu

ISBN:

Library of Congress Control Number:

© 2008 Springer

No part of this work may be reproduced, stored in a retrieval system, or transmitted in any form or by any means, electronic, mechanical, photocopying, microfilming, recording or otherwise, without written permission from the Publisher, with the exception of any material supplied specifically for the purpose of being entered and executed on a computer system, for exclusive use by the purchaser of the work.

Printed on acid-free paper

9 8 7 6 5 4 3 2 1

springer.com

Ethical Prospects

Ethical Prospects aims to present and summarize new perspectives and leading-edge results in ethics reflecting on interconnected economic, social and environmental issues. It reports on innovative practices and policy reforms and provides a forum for discussion about groundbreaking theories. The main function of the yearbook is to present ideas and initiatives that lead toward responsible business practices, policies for the common good and ecological sustainability. It seeks to form a value-community of scholars, practitioners and policymakers engaged in genuine ethics in business, environmental management, and public policy.

Editor in Chief

LASZLO ZSOLNAI
Business Ethics Center
Corvinus University of Budapest

Associate Editors

ZSOLT BODA
Business Ethics Center
Corvinus University of Budapest

LASZLO FEKETE
Business Ethics Center
Corvinus University of Budapest

International Advisory Board

ROBERT E. ALLINSON
Soka University of America

LUK BOUCKAERT
Catholic University of Leuven

JANE COLLIER
University of Cambridge

GEORGES ENDERLE
University of Notre Dame

EDWIN M. EPSTEIN
University of California at Berkeley

WOJCIECH W. GASPARKSKI
Leon Kozminski University, Warsaw

KNUT IMS
Norwegian School of Economics & Business Administration, Bergen

ALPAR LOSONCZ
University of Novy Sad

JOSEP M. LOZANO
ESADE Business School Barcelona

YVON PESQUEUX
CNAM Paris

PETER ULRICH
University of St. Gallen

STEFANO ZAMAGNI
University of Bologna

All correspondence should be sent to

Laszlo Zsolnai
Professor and Director
Business Ethics Center
Corvinus University of Budapest

Budapest 5, P.O. Box 489
1828 Hungary

Email: laszlo_zsolnai@interware.hu

Contents

Introduction: Ethical Prospects 2008	xiii
Part 1	
New Perspectives and Findings.....	1
<i>Edwin M. Epstein</i>	
The Good Company.....	3
<i>Imre Ungvari Zrinyi</i>	
Dialogic Ethics for Business	19
<i>Eleanor O'Higgins and Yvon Pesqueux</i>	
Management Education – A Path to Business Integrity?.....	41
<i>Robert Elliott Allinson</i>	
Value Creation as the Foundation of Economics	63
<i>Laszlo Zsolnai</i>	
Buddhist Economics for Business.....	89
Part 2	
Innovative Practices and Policy Reforms	101
<i>Laura Albareda, Josep Maria Lozano, Antonio Tencati,</i>	
<i>Francesco Perrini, and Atle Midttun</i>	
The Role of Government in Corporate Social	
Responsibility.....	103
<i>Frank Dixon</i>	
Sustainable Systems Implementation	151

<i>Laszlo Fekete</i>	
Public versus Private Domain: Knowledge and Information in the Global Communications Network.....	175
<i>James Robertson</i>	
Changing the Scoring System for the Game of Economic Life	193
<i>Frans de Clerck</i>	
Ethical Banking	209
Part 3	
Opinions: The Challenge of Future Generations.....	229
<i>Jakob von Uexkull</i>	
Representing Future Generations.....	233
<i>Benedek Javor</i>	
A Speechless Mass Behind Sustainability.....	235
<i>Paula Tiihonen</i>	
The Right of Future Generations	239
<i>Laura Nash</i>	
The Legacy of Business Leaders.....	241
<i>J.M. Sampath</i>	
Enhancing the Quality of our Decisions for Nurturing a Sustainable World	246
Part 4	
Debate: Republican Liberalism versus Market Liberalism.....	253
<i>Peter Ulrich</i>	
Republican Liberalism versus Market Liberalism.....	255
<i>Stephen B. Young</i>	
Comments on Peter Ulrich's "Republican Liberalism versus Market Liberalism"	260
<i>Jean-Pierre Galavielle</i>	
Who Can Civilize the Market?.....	264

Alpar Losoncz
Is Ethics Integral? 272

Gerhold K. Becker
Which Role for Business Ethics? Some Reflections
on Peter Ulrich’s Statement 275

Peter Ulrich
Reply: Republican Liberalism and Its Implications
for Business Ethics 280

About the Contributors 287

Laszlo Zsolnai
Editor in Chief



Introduction: Ethical Prospects 2008

It is my pleasure to introduce the “Ethical Prospects: Economy, Society, and Environment” 2008 volume. It is a product of 27 scholars and practitioners from Europe, America and Asia. Contributors represent a diversity of fields including business ethics, philosophy, organizational science, systems theory, finance, management, economics, political science, and ecology.

In his paper “The Good Company,” American business ethicist *Edwin M. Epstein* of the University of California at Berkeley investigates the possibility of the “good company” and the mission of business ethics in the contemporary globalised economy. He points out that notwithstanding the best of intentions, there are *constraints* on the ability of companies and their managers to *achieve sociably responsible behaviours*.

Epstein argues that we must rely on legal processes, both nationally and trans-nationally to establish the “rules of game” for desired corporate behaviours. In addition, we must encourage business organizations to engage in meaningful self-regulation of their activities on an industry or regional basis and thereby obviate the necessity for additional public policy initiatives. Epstein believes that ethical norms and aspects of CSR embodied within the concept of the corporate social policy process will

assist managers in assessing the broader societal implications of their decisions. Vigilant media monitoring and vigorous citizen oversight of corporate action are essential to assure that business firms are both rendered accountable for the consequences of their actions and exposed to public expectations of “best practices” of business performance.

Epstein concludes that a more realistic goal to stimulate the spread of “good companies” which connotes the achievement of a certain type of corporate perfection is to strive for “better companies,” organizations which continuously seek to perform the economic functions for which society relies upon them in a manner which optimizes the firm’s utility to the diverse stakeholders affected by their actions and minimizes the deleterious effects (what economist term “externalities”) of their operations.

In his paper “Dialogic Ethics for Business” Hungarian philosopher *Imre Ungvari Zrinyi* of “Babes Bolyai” University of Cluj calls for adopting a dialogic perspective in business in general and in business ethics in particular. Referring to the work of Martin Buber, Emmanuel Levinas, Hans-Georg Gadamer, Karl-Otto Apel and Jürgen Habermas he urges to surpassing the monological standpoints in business activities.

To conceive business as a system of communication and negotiation through which different interests could enhance societal well-being as well as meeting the personal needs of the negotiating parties places the dialogic attitude in the center of business activity – argues Ungvari Zrinyi. The main concerns for taking dialogue as a model for honest human relations are the followings: (i) contemporary societies are subject to differentiation and interdependence so major purposes can no longer be substantiated monologically, they have become subjects of a dialogue; (ii) people lead their life in a permanent interaction between ‘self’ and ‘other’, they must choose between the conflict and the dialogue of intentions and differences; (iii) an essential trait of sociality – as the German philosopher Max Scheler stressed –, is exactly to be present ‘for one another’; (iv) dialogism provides us with a ‘situated ethics’ that represents an alternative to a coercive moral absolutism; (v) dialogic conceptions focus on the relational and discursive origin of ethics rather than communal, individual or rational one; and (vi) by including dialogical conceptions in the ethical discussion about business activity we hope to

reach an insightful, more creative, responsive and responsible praxis of management.

In their paper “Management Education – A Path to Business Integrity?” Irish management scholar *Eleanor O’Higgins* of the University College Dublin and London School of Economics and French organizational scientist *Yvon Pesqueux* of CNAM Paris examines how contemporary management philosophies give rise to the practices that have created scandals and business failures. They depict the current role of management education in perpetuating the situation. Also they ask whether it is possible for management education to reverse its role to play a part in creating a more honourable business environment.

O’Higgins and Pesqueux argues that “managerialism” has created a void where ethical contents should be, and management education has perpetuated this situation, either actively by mimicking the managerialist model, or passively, by retreating into pedantic science. The situation will be difficult to reverse, but a transformation in the underpinning and practices of management education will enable it to make a contribution to business integrity. Suggestions by O’Higgins and Pesqueux center on new links between the business school and society, between research and practice and between the business school and business itself. They call for changes in internal processes and practices in business schools that will enable the new links to flourish.

In his paper “Value Creation as the Foundation of Economics” American philosopher *Robert Elliott Allinson* of Soka University of America argues that self-interest economics is fundamentally flawed and needs to be replaced by a value based economics. One thread of his argument is an attempt to show why the fundamental philosophical notions of Adam Smith, taken as an illustration of self-interest economics, cannot lead to an equitable society. According to Allinson the real problem for Smith is that one must treat economic relations as being between non-persons in order to submerge ethical impulses under economic ones. In so doing, not only does one “ex hypothesi” treat others unethically, it also, according to Aristotelian and Confucian notions, makes oneself unethical and helps to co-create an unethical society.

The second thread of Allinson's argument is the theory of value based economics rather than profit based economics. The theory of value creation says that all values, aesthetic, social and ethical are to be part of one's motivation for action in life. Action is for value creation, not for profit. Profit is the side-effect, not the goal. We should build ethics and aesthetics into the business in the first place. Value based economics may be defined as the ownership or the use of capital investment, labour or land to produce a product or provide a service that creates a positive social value without creating a disvalue which is of greater harm than the value produced.

Allinson emphasizes that by following a self-interest and profit based economics, one inevitably shapes one's character, but in this case, one shapes an unethical character. This unethical character, moulded by the daily pursuit of profit, must come to battle with one's ethical impulses. Allinson's point is that a system founded upon self-interest is inherently unethical as a system, not by its abuse. It is unethical in its proper use.

Economics cannot exist for the sake of itself: it must exist for the sake of something else. Our works, our labors, our investments, all exist for the sake of a higher end. As Joan Robinson once asked, 'Here we come upon the greatest of all economic questions, but one which is never asked, what is growth for?' Allinson's answer is that proper growth serves the end of the creation of positive value and the reduction of excess value, disvalue or negative value.

In his paper "Buddhist Economics for Business," Hungarian business ethicist *Laszlo Zsolnai* of Corvinus University of Budapest explores Buddhist economics for transforming business toward a more ecological and human form. Buddhist economics is centered on want negation and purification of the human character. It challenges the basic principles of Western economics, (i) profit-maximization, (ii) cultivating desires, (iii) introducing markets, (iv) instrumental use of the world, and (v) self-interest based ethics. In Zsolnai's reconstruction Buddhist economics proposes alternative principles such as (I) minimize suffering, (II) simplifying desires, (III) non-violence, (IV) genuine care, and (V) generosity.

Zsolnai stresses that Buddhist economics is not a system. Rather it represents a strategy, which can be applied in any economic setting. It helps to create livelihood solutions which reduce suffering of all sentient beings by practicing want negation, non-violence, caring and generosity. Today's business model is based on and cultivates narrow self-centeredness. Buddhist economics point out that emphasizing individuality and promoting the greatest fulfillment of the desires of the individual conjointly lead to destruction.

Happiness research shows – warns Zsolnai – that not material wealth but the richness of personal relationships determines happiness. Not things but people make people happy. Western economics tries to provide people with happiness by supplying enormous quantity of things. But what people needs are caring relationships and generous love. Buddhist economics make these values possible by direct provision. Peace can be achieved by non-violent ways. Wanting less can substantially contribute to this task and make it happen easier. Permanence, that is, ecological sustainability requires a drastic cut back of the present level of consumption and production globally. This reduction should not be an inconvenient exercise of self-sacrifice. In the noble ethos of reducing suffering it can be a positive development path for business.

In their paper “The Role of Government in Corporate Social Responsibility” *Laura Albareda* and *Josep Maria Lozano* of ESADE Business School Barcelona, *Antonio Tencati* and *Francesco Perrini* of Bocconi University Milan, and *Atle Midttun* of Norwegian School of Management, Oslo contribute to understanding of the government's role promoting Corporate Social Responsibility (CSR) as an answer to the debate that has arisen within the political and global context during the last decade. Their paper: (1) sets out the research findings and the various factors governments or the academic literature consider to be key drivers behind public initiatives for fostering CSR; (2) proposes a relational framework as a model for analysing the various approaches taken by governments and looks at the various public policies that governments may adopt to foster CSR. These policies are classified by the agents involved, and in particular by their relationships; (3) explores the relationship among social, economic and environmental context and the development

of CSR governmental approaches; and (4) sets out the governments', companies', and NGOs' perceptions as to what role governments ought to play in fostering CSR.

The analysis regarding public CSR policies in three European countries (Italy, Norway, and the United Kingdom) indicates some key issues as follows. (i) At the international level, there is a common discourse on CSR, shared by various international organizations such as the European Union, the UN Global Compact, or the International Labour Organization and the international CSR network (CSR Europe, World Business Council for Sustainable Development, Business for Social Responsibility, and Forum Empresa among others). However, the application of this discourse into specific governmental policies and programs varies across countries. Governmental policy frameworks and policy implementation vary regarding their vision, objectives and priorities; their scope (international versus domestic); organizational structures; initiatives; policy mechanisms and programs; levels of implementation at regional and local levels. (ii) CSR policies are directly linked to the globalised context in which governments find themselves; the increasing power of companies over governments; and the crisis in the Welfare State. In this respect, the authors consider that the links need to be analyzed between public CSR policies and social, economic and environmental indicators of economic growth, unemployment, inequality in income distribution, population ageing, competitiveness/innovation and environment in each country. (iii) In many countries, CSR public policies focus mainly on relations between governments and companies, although in some cases they cover policies addressing the relationships between government, companies, and civil society. If CSR is defined by its multi-stakeholder and partnership characteristics, this relational aspect needs to be a basic aim of governmental policies and programs. The complex relationships between social agents reveal a new role for governments as promoters and catalysts for socially, environmentally responsible policies in partnership with social actors.

The paper "Sustainable Systems Implementation" by American investment analyst *Frank Dixon* (Innovest, New York) concerns improving unsustainable business practices. Dixon's sustainability approach com-

bines traditional corporate responsibility efforts with system change efforts. Mid-level system change is focused on specific sectors, stakeholder groups, or environmental or social issues. High-level system change is focused on improving overarching economic, political and social systems.

Dixon introduces principles which show important activities and viewpoints needed to evolve human systems into sustainable forms. These principles are as follows: “Systems Thinking”, “Simplicity”, “Inevitability”, “Evolution not Revolution”, “Be Willing to Question Everything”, “Abide by Nature’s Laws”, “Non-Judgment”, “Don’t Expect Individuals to Change”, “Carrot not Stick”, “Responsibility”, “Focus on Results”, and “Visionary, Courageous Leadership.” He warns that pressure from the financial community to supply ever-increasing financial returns obscures the fact that the primary obligation of firms is to society, not to shareholders. Companies do not have an inherent right to exist. That right must be earned. Providing valuable products and services cannot be used as a justification for ongoing negative impacts, as it often is. Even if regulations allow firms to negatively impact society, as they often do, firms have an obligation to go beyond this and mitigate all impacts.

Business leaders can take a seat at the system change table – suggests Dixon. Rather than having system changes for which they are not prepared wash over them, leaders can help to shape practical, reasonable changes that improve business and society. Even on a purely financial basis, this makes sense. As environmental and social issues become more financially relevant, the fiduciary obligation to maximize shareholder returns demands that firms mitigate negative impacts to the greatest extent possible.

In his paper “Public versus Private Domain: Knowledge and Information in the Global Communications Network” *Laszlo Fekete* of the Business Ethics Center at the Corvinus University of Budapest argues that the prevailing intellectual property laws, international treaties and agreements are captured by the vested interest of corporate rights holders in implementing strict and comprehensive proprietary rights over knowledge and information goods.

The proliferation of private ordering by means of licenses and standard form contracts brings about the pre-emption of the provisions of the prevailing intellectual property laws. The prevalence of contractual arrangements in the global communications network would be welcome if it were relied upon the voluntary, rational, and deliberate consent of parties. Fekete observes that the great majority of contracts completed in the online world does not depend upon the meeting of the minds of the parties. Standard form contracts, license terms and conditions are deliberately drafted on a take-it or leave-it basis. Though, this general business practice is not devoid of paradox: private ordering regime offers an appealing perspective to wither away the public domain in order to maximize the economic benefits of corporate rights holders as well as to pre-empt the biased and restrictive provisions of the recent intellectual property laws by means of providing free – or at least less constrained – access to knowledge and information goods.

Fekete concludes that as the production, use, and dissemination of knowledge and information are essentially cooperative enterprise, it is quite reserved proposal to appeal to rights holders for a gesture of goodwill, virtue, and decency without scrutinizing the legitimacy, social fairness, and economic efficiency of the current proprietary regime over knowledge and information goods as defined by the law. Well-defined and exclusive property rights are indispensable for promoting the allocative efficiency of the market. Though, the deference to this well-established paradigm about the primacy of private goods over public goods is neither self-evident nor particularly productive in case of knowledge and information.

In his paper “Changing the Scoring System for the Game of Economic Life” British economist *James Robertson* suggests that people concerned about the ethics of business should see the money system as the scoring system for the game of economic life and should consider how they could help to change it to get a better game. He stresses that the state should carry out its main operational monetary and financial responsibilities in ways that will distribute the value of common resources among all citizens and reduce or even abolish taxes on earnings and profits from providing useful goods and services. This can create a new framework of

prices which reward the market economy for delivering outcomes which combine economic efficiency with social justice and environmental care. People in business will then find not only that their businesses need to be less closely regulated by the state but that they themselves are troubled less by conflicts between the ethical values held by themselves, their families and their friends and the money values that must necessarily shape their business behaviour if they are to survive and succeed.

The changes in the money system outlined in Robertson's paper could help to create a new direction of economic development. Attention will shift to creating well-being for people and the Earth; to enabling people to develop their capability, rather than reinforcing their dependency; and to conserving the Earth, rather than transforming its resources as rapidly as possible into money. The fairer sharing of the value of common resources will help to decentralise power and wealth – both by giving a fairer deal to people in their own places and by requiring rich and powerful people and corporations and nations to bear their full share of the environmental and social costs of centralisation. The new framework of monetary and financial incentives will automatically harness self-interest to common interest within and between nations. Reducing the present mismatch between money values and ethical values will reduce the need to swim against the financial tide in order to act in accordance with their ethical values.

In his paper “Ethical Banking” Belgian banker *Frans de Clerck* of the Triodos Bank Group introduces working models of “ethical, sustainable, social, alternative, development or solidarity” banking and finance. They share a values-driven approach to their business, at odds with the conventional commercial banking and finance industry. Although private community and development banks, microfinance banks, ethical, environmental and social banks and ethical funds differ in terms of focus, accents, clients, products and business culture, they have in common to practice banking and investment with a human development mission.

Some questions require continuous attention – warns de Clerck. Will this emerging financial business sector be able to achieve the relative scale and the professionalism to challenge the dominance of mainstream finance? Will the exceptions of the financial industry

become the exceptional and a factor in modern society? Will a profound way of dealing with ethical choices be overruled by the superficiality of business development – also in ethical banking? Can ethical banking as a process with an instrumental character avoid becoming institutionalized? Can ethical banking be a portal for trust forces, morality and responsibility to feed money processes and the financial system with basic values and practices that can counteract uncontrollable growth? De Clerk believes that ethical banking could become a significant factor in society, less in terms of volume and more through the human added value it delivers.

The “Opinions” section focuses on the *problem of future generations*. Our unsustainable economy, the depletion of natural resources, the destruction of eco-systems and the long-range effects of modern technologies, such as nuclear energy or genetic modification, obviously affect the quality of life of future generations. However, the rights and interests of yet unborn people are not represented in the decision making processes and institutional setting of today’s society.

Associate editor, *Zsolt Boda* asked a distinguished panel of academics and practitioners to answer the following questions: What kind of reforms could be possibly proposed so that the regulatory institutions of the global economy represent the rights and interests of the coming generations? What can business do in order to consider its effects on future generations? Are there principles, norms and decision making rules to follow? Or is the respect for the future is a challenge still to be met by business ethics thinking?

In his response, “Representing Future Generations” *Jakob von Uexkull*, Founder of the World Future Council states that the interests of future generations need institutional representation, either by an organization with moral power such as the Councils of Seers Into The Future in pre-colonial India or the World Future Council today. He states that the business of business should be service to society, not preserving privileges and maximizing profits. Clearly, profitability is necessary to cover costs and living expenses but that is very different from maximizing profits by externalizing costs at the expense of our children. Businesses active in areas which entail substantial future risks should be legally changed

from limited liability corporations to foundations mandated to act for the common good.

In market economies, markets are servants. Today we have market societies where markets masters – with terrible consequences. But we can decide to follow the rules of ethics rather than the rules of profit – suggests Uexkull.

In his response, “A Speechless Mass Behind Sustainability” *Benedek Javor*, representative of a Hungarian civil society organization “Védegylet” in Budapest emphasizes that as human and social rights are a widely accepted and secure basis for incorporating social costs into the economic activity, rights of future generations is the final argument behind the claim for a sustainable system. Unborn people should be let in under the protecting umbrella of basic human rights.

Javor recalls the case of his own organization, Vedegylet (Protect the Future!). In 2000, they initiated to set up the office of the Ombudsman for Future Generations in Hungary. The bill prepared by Laszlo Solyom, the present president of Hungary, and member of the board of Védegylet at that time, proposed the establishment of an institution which sets the reference base of its interventions in the effective Hungarian legal system so that the commissioner’s recommendations and procedures be built on a “hard” legal base. Hard debates ended in November 2007 an all-party introduction of the bill on the Ombudsman for Future Generations. Soon, the Hungarian Parliament accepted the bill, creating an internationally unique, model-like institution for the protection of the interests of future generations. And in May 2008 the new ombudsman was finally elected. His appearance in the political decision-making processes really makes a difference, and helps Hungary to ensure a more livable natural and human environment for future generations.

In her response, “The Right of Future Generations” Finnish civil servant, *Paula Tiihonen* of the Committee for the Future of the Finnish Parliament presents the case of Finland in protecting the right of future generations. In 1993 the Finish Parliament decided to establish a special committee to deliberate problems of our common future, and thus also the rights and responsibilities of future generations. It was tentatively named the “Committee of the Future”, but in retrospect I would say it got off to a very good start in that at its very first meeting the 17 members

(all parliamentarians, representing the full spectrum of political parties) decided to change the name to the “Committee for the Future”. The change of preposition demonstrated that they wanted their committee to be active rather than passive; to be for the future not against it, to take an innovative attitude to society, science and technology.

Having a mission and working hard during the last 13 years, the committee has taken its place in the Finnish parliamentary system as an innovative political body. It has created a new forum that works at the core of the parliamentary system and has demonstrated that parliamentary measures can still be used to take the initiative within democracy.

In her response “The Legacy of Business Leaders” former Harvard Business School researcher *Laura Nash* states that the extension of our moral vision to the right of future generations is one of the exercises that characterizes the uniquely human capacity to transcend the boundaries of time, knowledge and physicality.

She observes that the business leader that can articulate and execute a strategy of “just enough” on environmental responsibilities will create a legacy most conducive to securing the rights of future generations. Getting there depends on the cultivation of more energizing assumptions that sheer cutbacks, and a special kind of emotional intelligence about future generations. Secondly, as leaders and governing boards deliberate an ethic of natural resources sustainability, their framing question should move beyond conservation to integrate a full articulation of conception of the good life, concept that would include generativity.

Nash labels “Legacy” the drive of business leaders who sustain multiple forms of success in their lives. It is a good model for understanding our legacy for ensuring rights to future generations. It can be observed a surprising and satisfying emotional payback in the way some leaders approach Legacy. For them, Legacy concerns motivate the creation of a platform that helps others succeed in the future.

Nash warns that knowing “just enough” is needed at a deeply ethical and emotional level. Religious and secular exercises in mindfulness help cultivate such felt satisfaction, and with it the patience and maturity to think through the complex technological, economic, and social challenges that environmental sustainability poses. The businesses that lead in cultivating such emotions and perspective will create a legacy worth

banking on. Using these suggested perspectives, businesses can not only face the idea that they have an obligation to factor in the rights of future generations, they can create a viable approach to doing so.

In his response “Enhancing the Quality of our Decisions for Nurturing a Sustainable World” Indian scholar *J. M. Sampath* of Arpitha Associates in Bangalore sets a framework for decision making respecting future generations. He says that every business decision should be re-traceable to the vision of the business itself. Those in positions of influence should be able to see that every action of theirs contributes to achieving the ultimate vision, taking into consideration various elements that connect the decision to the vision. When a decision does not yield the desired results, it is almost certain that one or more elements would have been missed out or not considered enough. Thus it becomes important for leaders to be mindful of all these elements during decision-making. The absence of this alignment results in conflicts that could affect the business and larger system in several ways.

Sampath emphasizes that over the years we have taken the values, process, clarity and standard for granted and all our goals, strategies and choices have been focused on short term benefits. We have manipulated every context while making decisions only from the perspectives of short term gain and not from the perspective of long term sustainable growth. It is time that leaders, while making decisions, consider all the elements without having to compromise any and this would in the long run, help us reverse the degeneration that is already set in today’s businesses. Each of us need to understand that vision without values can be risky, values without vision will go nowhere and vision with values will result in the evolution of a world which will be more sustainable and easier to live in.

The “Debate” section is about the paper “Republican Liberalism versus Market Liberalism” by Swiss philosopher and business ethicist *Peter Ulrich* of the University of St. Gallen. He highlights the fundamental difference between republican liberalism and market liberalism. His major points are summed up as follows. First, as motivational base, an appropriate *civic virtue* with the consequence of a republican business ethos. Second, as the constitutive order principle, fully established *civic rights* including

the socio-economic preconditions of a really free and decent living. Third, as an economic-ethical consequence, a *civilized market economy*. Ulrich stresses that republican liberalism does not contradict an efficient market economy but has to be conceived as a societal precondition of legitimate and life-serving business activities.

In his comments *Stephen B. Young*, Global Executive Director of The Caux Round Table in New York argues that Ulrich makes a category mistake when he conflates the business enterprise with those who have responsibility for a public order. Business is not government; it should not be run on principles of quid-pro-quo, muddling-through, or grid-lock until a consensus emerges among the citizenry as to what to do. The point of a business is to take entrepreneurial risks and doing so mandates making decisions and cutting opportunity costs. In responding to the desires of some, business must reject the desires of others. Government has its own office to perform, separate from that assigned to business. Government needs its own set of ethical principles to keep its use of power just and responsible. When we are assessing the advantages and disadvantages of our versions of civilization, we should not forget the golden eggs when we critique the goose. Capitalism, free markets, business enterprise, has given us health, wealth and power that our ancestors never imagined – adds Young.

In his reflection “Who Can Civilize the Market?” French economist *Jean-Pierre Galavielle* of the Université Paris 1 (Sorbonne) focuses on the new phenomenon of our age: *ungovernability*, which means that public authorities are no longer capable of bearing their responsibilities. Galavielle believes that the crisis of governability appears due to a loss of legitimacy of the socio-political system. He argues that the problem of the imbrications of the market and democracy within contemporary capitalism will not be resolved as long as there will remain the myth of the dictatorship of the “government of things”. Civilizing the market means that the politician must urgently regain his place as a democratic regulator of production, exchange and distribution of wealth.

In his response “Is Ethics Integral?” Hungarian philosopher, *Alpar Losoncz* of the University of Novy Sad argues that a shift from the “possessive” to the “republican” liberalism requires a stronger sense of community than now prevails. Republicanism articulates the continuity

between the private and public ethics; in fact, it questions the dividing of the freedom, and requires a strong sense of common good. The indivisibility of the freedom is in line with the claiming of the effective and participative citizenship.

The argumentation of the business ethics – warns Losoncz – could not be directly translated into the political field. The business domain is only one order among others in a given social formation. Thus, it is just part of society and only indirectly is charged with responsibility for maintaining the cohesion of the wider society. In the society whose common interest is constituted, reproduced and transformed in and through heterogeneous processes we should take into account the autonomy of different spheres such as politics and economy. For this reason, he is skeptical in relation to any concept of “corporate citizenship”. After all, we are forced to permanently explore and evaluate the changing relationships, moreover, the non-correspondences amongst the economic, non-economic forces, and ethical considerations.

In his reflection “Which Role for Business Ethics?,” ethicist *Gerhold K. Becker* of Assumption University Bangkok and Hong Kong Baptist University underlines that Ulrich seems to present his conception of an integrated economic ethics as the super-theory that can absorb all rivals and transform itself into a foundational theory of the good society. But a case in point is the underdetermined relationship between the various types of rights (basic rights, civic rights, rights people are supposed to have as economic citizens, and human rights), their moral foundation, their hierarchical ranking within Ulrich’s conception of the good life, as well as their institutional back-up in positive law.

Becker stresses that in the age of globalization, the ever growing circle of the affected parties is no longer restricted to nation states, their citizens, and domestic policies, but includes all people, regardless of social status, communicative ability or economic power; – it may even transcend humanity and include “nature” (ecological systems, higher animals). Conceptions of the well-ordered society inspired ethical thought throughout human history and were the driving forces in the process of civilization without ever achieving consensus among all stakeholders. For this reason Becker suggests a more modest attitude towards the capability of business ethics, it may nevertheless facilitate a more

accurate picture of versions of applied ethics. While they deliberately refrain from projecting large vistas of comprehensive conceptions of the well-ordered society, they are certainly rooted in strong moral convictions that enable them to identify wrong developments and propose feasible alternatives.

In his reply, “Republican Liberalism and its Implications for Business Ethics” *Peter Ulrich* restates that republican liberalism is the proposal of a balanced conception that includes both a strong but neutral political order enabling a “reasonable pluralism” of conceptions of the good, and responsible citizens with a *republican ethos*, which means free citizens who recognize their shared responsibility for the well-ordered *res publica* and do not cleave off their business life from their civic identity and integrity. The resulting idea is *economic citizenship*, including an individual moment of citizenship responsibilities and an institutional complement of strong citizenship rights.

Ulrich calls for demystifying the deeply rooted economism of our age. He believes that neither the defence of the false “morality of the market” nor an approach of business ethics as applied ethics is adequate. The core problem of the latter is that it is conceived as a tool of social engineering for ethically good ends under the “given” business conditions of the existing market economy without reflecting these conditions themselves to the end. Ethics within the frame of free market capitalism is no longer enough today – what is needed is a comprehensive ethics of the preconditions of a legitimate and life-serving market economy.

Ulrich hopes that enriching business ethics with the republican spirit of true liberalism might be a more promising idea than to wait and see until the precarious normative foundations of the whole system will have lost their last legitimating force. Markets cannot “know” for what and for whom they shall be efficient – we have to “tell” them.

It is our hope that the papers presented in the *Ethical Prospects 2008* will provide good food for thought and inspiration for action for those who are engaged in the never ending “business” of ethics.