

More On (Moron?) Ethics in Politics and Business

Presented to Cache Valley Unitarian Universalists

February 1, 2009

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The “silent reflection” atop today’s Order of Service is taken from the Salt Lake Tribune’s lead editorial last Sunday. It said: “Ethics: A system of moral standards or values that guide behavior. If that universal definition is correct, you can argue that the Utah Legislature is in fact ethical. It has a system. Trouble is, the standards are too low, the values are too loose, and, as a result, the behavior is too often self-serving.”

Consider the following case studies taken from the news over the past several weeks:

Wall Street bankers received \$18.4 billion in bonuses in 2008. Much of that money came directly from the \$700 billion federal bailout you and I underwrote. President Obama said “This is the height of irresponsibility. It is shameful.” Rudy Gulliani and Mayor Michael Bloomberg strongly defend the bonuses, saying these people spend their money in New York and pay big tax bills and “their money stimulates the local economy.”

(All together: “What were they thinking?”)

While Merrill Lynch was going down the tubes last year, and just before the company was merged with the Bank of America, CEO John Thain doled out about \$4 billion in bonuses to executives. (Earlier he had spent more than \$1 million to redecorate his office with an \$87,000 area rug, a \$35,000 antique commode, a \$1,400 trash can, etc.) In essence, you and I subsidized those bonuses and office decorations, because the Bank of America used \$25 billion in bailout monies in 2008 to buy out Merrill Lynch, among other things. By the way, the Bank of America is looking for another \$20 billion from taxpayers to help it cover Merrill Lynch’s losses.

(All together: “What were they thinking?”)

Citigroup, which lost \$28.5 billion in the past 15 months, and received \$345 billion in government investments and guarantees, has reluctantly decided that it’s not good PR for it to buy a new \$50 million corporate jet. (Actually, Citigroup had to be shamed and threatened by a US senator and US Treasury officials before it cancelled the order.)

(All together: “What were they thinking?”)

(For what it’s worth—and it may be political posturing: Friday legislation was introduced in the US Senate to cap executive compensation for any company that accepts federal bailout money at \$400,000—the amount the US president earns.)

New York Times columnist Maureen Dowd wants to know: “How are these ruthless,

careless ghouls who murdered the economy still walking around—and not as perps? Bring on the shackles. Let the show trials begin.”

Actually, some are being called to justice:

Bernie Madoff is under house arrest—in his \$7 million Manhattan penthouse—after he made off with \$50 billion in a Ponzi scheme. His racket targeted Jews and Jewish organizations. Val Souhwick, Gabriel Joseph, and ex-Bishop William Hammons are among a list of Utah Mormons who have been found guilty of scamming their brethren of millions of dollars. Targeting your own brethren, tribe, or neighbors has given rise to a new term, “affinity fraud,” and makes us think about the importance of “loyalty” in ethics.

Meanwhile, federal health officials have opened a criminal investigation into the Georgia peanut processing plant at the center of the national salmonella outbreaks. There have been numerous reports of shoddy sanitation practices and inspections that found the company sold contaminated peanut products to food makers. Apparently more than 500 people have been sickened, and at least 8 may have died, because of the Peanut Corporation of America’s and inspectors’ behavior.

(All together: “What were they thinking?”)

Illinois Governor Rod Blagojevich has been unanimously impeached—kicked out of office—by the Illinois Senate for trying to sell Barack O’Bama’s Senate seat to the highest bidder and doing other rude and sleazy stuff. “He failed the test of character. He is beneath the dignity of the state of Illinois,” said one Illinois senator—who failed to point out how many other products of the Chicago Machine, including the previous governor, have been imprisoned for abuse of power.

(All together: “What was he thinking?”)

The mayor of Biloxi, Mississippi has been accused of scamming FEMA of \$225,000 to rebuild a beachfront home after Katrina. He says he’ll stay in office, maintaining that the issue has nothing to do with his behavior as mayor.

(All together: “What was he thinking?”)

New Mexico governor Bill Richardson withdrew from consideration as Barack Obama’s commerce secretary after it became widely known that he was under investigation by a grand jury for possible favoritism in awarding state contracts to a major campaign donor. Alaska’s senior senator, Ted Stephens, lost it all after accepting hundreds of thousands of dollars of special services from contractors and donors.

(All together: “What were they thinking?”)

Salt Lake County mayor Peter Corroon made news twice in one day recently: One article,

on an inside page of the *Tribune*, lauded Corroon's moral principles and dedication to helping the needy and protecting the environment. The other, on the front page, included him on the list of public officials who just got back from an all-expenses-paid-by-taxpayers junket to Europe to check out European streetcar systems.

(All together: "What was he thinking?")

Timothy Geithner's nomination to be secretary of the treasury was delayed by the Senate over questions about \$34,000 in taxes he failed to pay from 2001 to 2004. The Secretary of the Treasury oversees, among other things, how we collect and spend our federal taxes.

(All together: "What was he thinking?")

Yesterday's newspaper reported that former Senator Tom Daschle, picked by President Obama to be the Secretary of Health, has just filed amended tax returns to report \$128,203 in back taxes and \$11,964 in interest for consulting work, the use of a car service, and reduced deductions for charitable contributions. The White House said the president is confident Daschle will be approved to lead the nation's health reform efforts.

(All together: "What were they thinking?")

The Utah Legislature has introduced an ethics package of four bills that would ban most gifts, ban state officials from becoming lobbyists for a year, and restrict the use of campaign accounts. As you might surmise from the silent reflection at the top of today's Order of Service, the *Salt Lake Tribune* thinks the bills are necessary, but has some doubt the bills will pass. (This is pretty much the same legislature that in 2008 was rife with bribery allegations—buying legislative votes and apparently trying to buy off a rival candidate to assure an unimpeded election.)

This has been a bi-partisan critique. Nobody has a monopoly on ethics transgressions, and none of us—least of all yours truly—has the moral standing or right to be an Ethics Nazi, to sit in judgment and pass sentences against anyone and everyone. However, each and every one of us can be ever alert to matters of morals, and each and every one of us can try to do the best we can do.

Liberals and conservatives, big business people and mom and pop, you and I, can fall prey to the temptations of power, influence, and favoritism. We might do the wrong thing despite our best intentions. And, like so many, we might find ourselves tempted to deny, to cove up, to run and hide from a problem and its repercussions.

We certainly remember Watergate and the Iran-Contra scandal and so many other cases that blew up once it became apparent that the perps were covering up their transgressions.

We recall Bill Clinton's zippergate problem. And John Edwards' extended family values

dilemma (fathering a child out of wedlock during his presidential campaign). And New York governor Eliot Spitzer's hookergate dilemma. And the very reverend Ted Haggard's sexual identity crisis. The folks all made bad choices, and then made things worse by lying about those choices. (Do yourselves a favor and see the incredibly powerful Frost-Nixon movie before they close it down in Providence due to miniscule attendance.)

All in all, it's a matter of how we make choices, how we "do ethics." And, as we'll see, these are not "no brainers." They're "brainers," but they entail some fairly basic choices.

Two more items in the news that are extremely instructive.

1) A letter to the editor in Friday's *Salt Lake Tribune*, talking about the confirmation of Timothy Geithner, said:

"I am disappointed in the confirmation of Timothy Geithner as secretary of the treasury. I watched on C-SPAN as he was questioned by the Senate committee, and it was obvious to everyone in the room that this man not only made errors on his tax returns, repeatedly, but he also showed a total lack of ethics in how he dealt with those errors, being guided by expediency rather than what he, and everyone in the room, knew to be the right thing to do.

"There are many gifted and talented people in the world. That is something that they are pretty much born with, and not, therefore, something that deserves any special praise. On the other hand, a deep sense of ethics, and the strength and commitment to be guided by that, is not something that we are necessarily born with, and requires years of diligent practice and dedication. In the end, it is people who have developed strong ethics who will provide real solutions to the problems we now face. That the Senate was willing to settle for a really smart tax cheat is a sad commentary on the state of our country's leadership in the current crisis." (Robin Snow, Heber City)

2) The second item in the news was headlined "Students cheat, lie but still say they are ethical." According to the Associated Press article:

In the past year, 30 percent of US high school students have stolen from a store and 64 percent have cheated on a test. . .35% of boys and 26% of girls acknowledged stealing from a store; one-fifth said they stole something from a friend; 23% said they stole something from a parent or other relative; 38% cheated on tests multiple times; 36% said they used the Internet to plagiarize an assignment; 42% said they sometimes lie to save money.

Despite such responses, 93% of the students said they were satisfied with their personal ethics and character, and 77% affirmed that "when it comes to doing what is right, I am better than most people I know."

As we review all the cases I've introduced, and consider the final two items—the letter to the editor about Timothy Geithner and the AP article about student morality—let's look for some patterns. We'll note that these are all about making choices that entail notions of loyalty, consideration of conflicting values, concerns over short-term and long-term

consequences, adherence to one or more principles, and willingness to “go public” with our decisions.

It takes work to get this stuff right. My humble contribution to the effort appears on the back side of today’s order of service. My students insisted I call it “The Black List,” since they’d been exposed to so many other decision-making models named after various professors. I’ve introduced it with good results to students, young professionals, high level academics, and real world business executives and CEOs. Let’s take a few minutes to look at it, to apply it, and to talk about it.

(Note: the congregation then applied the following six questions to two cases: the children’s story from that morning, in which a turtle named Franklin found a camera in the park and had to decide whether to keep it or search for its owner and return it; and the recent case of civil disobedience in which a University of Utah student bid up the prices on gas and oil leases for drilling rights near Utah’s southern parks even though he had no resources to pay for those bids. The abbreviated discussion revealed the fascinating challenges to “do the right thing” when carefully considering variables such as rules/policies, stakeholders, values, and principles...and the “test of publicity.”)

The Black List: Another way of doing ethics

Ask, and answer:

- 1. What’s your problem?**
 - 2. Is it bigger than the rules?**
 - 3. Who wins, who loses?**
 - 4. What’s it worth?**
 - 5. Who’s whispering in your ear?**
 - 6. How’s your decision going to look on MySpace, Facebook or YouTube?**
- 1. What’s your problem?** Spell out, in some detail, what makes this situation a moral dilemma. Leave yourself with a clearly stated question to be answered.
 - 2. Is it bigger than the rules?** Are there some precedents, guidelines, codes, or laws you should be bearing in mind? If so, are there reasons your dilemma can’t be resolved by them?
 - 3. Who wins, who loses?** Who are the stakeholders, and what impact is your

- decision likely to have on each of them in the short term and in the long term?
4. **What's it worth?** Prioritize your values—both moral and non-moral values—and decide which one(s) you won't compromise.
 5. **Who's whispering in your ear?** In general—and specifically in this case—which school of philosophy or set of moral principles provides you with a moral compass?
 6. **How's your decision going to look on MySpace, Facebook or YouTube?** State your conclusion, and imagine what your friends and people you respect will think about your decision making.

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