Three Kinds of Ethics

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Abstract

Utilitarian, Kantian and Aristotelian ethics are explained. They differ, but because they address different problems, it is possible to see each as contributing to an overall understanding of ethics as integrity.

1 Introduction

Normative ethics comes in many varieties, but three stand out:

- utilitarian or consequentialist ethics,
- deontological ethics, and
- Aristotelian ethics.

All are based on ideas at least 150 years old, and one is 2300 years old. Because they are often presented as competing theories of ethical obligation, one may get the discouraging impression that there is a permanent lack of consensus among people who think about ethics.

In reality, however, these three theories undertake different tasks. They conflict if each claims to tell the whole story about ethics, but when applied only the questions that primarily motivated them, they can be viewed as complementary.

Utilitarianism, which grew out of the so-called enlightenment period of European history, was intended to put public policy on a rational basis. Deontology, from roughly the same period, focused on personal ethical decisions. Both tried to deduce the nature of ethical obligation from the fact that decisions should be rational and consistent. By contrast, Aristotle tried to

identify the lifestyle that realizes the highest potential of the human species, and he gave advice for how to attain it. All three viewpoints remain very much with us.

The aim here is to give a brief introduction to these three normative traditions, with emphasis on what questions they address as well as how they answer them. Afterwards they will be applied to an ethical dilemma from the business world.

2 Utilitarian Ethics

Perhaps the best way to understand utilitarianism is to understand the situation it tried to address, namely the criminal justice system of eighteenth-century England. A key issue was the justification and rationale for criminal penalties.

At the time, punishment was based on the ancient idea of retribution, or literally, paying back. Inflicting capital punishment on a murderer evens the score. The murderer in some sense gets what he deserves. Thus in classical jurisprudence, criminal penalties literally avenge the state for crimes against it. The popularity of this view was buttressed by its acceptance in religious doctrine.

Retribution is firmly rooted in human emotions. The offending act stirs a desire for revenge that seems to be requited only when the offender pays his due. Jeremy Bentham, however, believed that England's criminal justice system should not be rooted in such primal emotions [2]. His reform efforts were based on the belief, characteristic of the intelligentsia of his age, that social policy should be grounded in reason, rather then religious precept or emotional reaction. Policies should be dispassionately designed to maximize the overall welfare of society. Criminal penalties in particular should aim to deter crime rather than make the criminal suffer. In fact, the criminal's agony counts against punishment and must be offset by much greater evil that would result if crimes went unpunished. The underlying ethical philosophy is *utilitarianism*, which holds that one should try to obtain the greatest good for the greatest number, and that this goal should not be diluted by any other concerns, such as a desire for retribution.

A utilitarian and a retributive view of punishment sometimes lead to similar results. A retributivist wants more severe punishments for more serious crimes because of a principle of just deserts. A utilitarian generally wants the same because if the punishments for petty theft and grand larceny

were equalized, petty thieves would become grand ones. On the other hand, a retributivist may insist on a miserable incarceration to make criminals pay for their sins, whereas a utilitarian may find more benefit in training and rehabilitation, even if this allows the inmates to enjoy undeservedly pleasant lifestyles. The issue obviously remains unresolved in the public mind to this day.

Of concern here is general idea that policies should maximize utility. This obviously presupposes an understanding of what utility is. In Bentham's *hedonistic* utilitarianism, utility is equated with pleasure, and disutility with pain. The utilitarian John Stuart Mill, however, recognized that one may want to value the pleasure some derive from listening to a symphony more than the pleasure others derive from vandalizing buildings [9]. (The two cases can also be distinguished by the fact that concert-goer helps pay the musicians' salaries and thereby increases overall pleasure, and the vandal inflicts pain on property owners, but this is a separate point.) To push the issue to the extreme, one can imagine a Brave New World in which drugs maximize pleasure and wonder whether Bentham would endorse it [5]. The prospect is not so remote, as even now many people turn to drugs for hedonistic reasons.

Whatever state of affairs one may value, the core idea of utilitarianism is an injunction to be rational and consistent. It is irrational to say that pleasure is all that matters and then to act with other things in mind as well. Rather, one should decide what is important and act so as to maximize it.

3 Act- and Rule-Utilitarianism

Utilitarianism quickly runs into difficulties when stretched beyond its original role as a public policy criterion. When applied to personal decisions, it can prescribe acts that seem clearly wrong.[1] My vote in the next election, for instance, will have no impact on the election and no noticeable effect on participation rates. But it is inconvenient for me to travel to the polls, and I may even suffer an accident on the way. Unless I take pleasure in the act of voting, which we may suppose I do not, the utilitarian choice is to stay home.

Students sometimes makes a utilitarian calculation when tempted to cheat on examinations. Suppose for the sake of argument that grades are

[1] See Chapter 15 of Brandt [3] for a more careful discussion of some of these issues.

determined simply by the number of right answers, regardless of the distribution of scores. Then one person's dishonesty has no effect on the welfare of others and boosts his own. The utilitarian act is therefore to cheat. The calculus may change if the cheater is demoralized by his act or is propelled into a career for which he is unqualified and therefore ultimately ends in failure. But it unclear that the utilitarian choice is correct even if these eventualities could be avoided.

The missing element is fairness.[2] The reason I should vote is that if no one voted, democracy would give way to despotism. It seems unfair for me to be a free rider; i.e.,to shirk my duty and let others bear the burden of supporting a system from which I benefit. The reason a student should not cheat is that if everyone cheated, grades would be a worthless indication of ability. The cheater gets a free ride by benefiting from a grade whose value depends on the fact that most people are honest.

Rule-utilitarianism can be viewed as introducing an element of fairness. Rules of action, rather than individual actions, are examined for their utilitarian consequences. If more utility results when people follow the rule, "vote," than when people follow the rule, "don't vote," then I should vote, and similarly for cheating. Rule-utilitarianism is contrasted with *act-utilitarianism*, which examines the consequences of the single act in question.

Unfortunately, rule-utilitarianism creates more problems than it solves. Perhaps the most serious is that there is no guidance for how to define the scope of a rule. Clearly if a serious illness would make my trip to the polls a mortal risk, I should stay home. In fact the rule I should follow presumably has a number of qualifications: "if you are not seriously ill, and are registered to vote, are not called out of town unexpectedly, have some knowledge of the candidates, etc., etc., then vote." But what is to prevent me from adding the proviso, "...and if your name is not John Hooker, ..."? By following this rule I increase utility even more, because democracy is preserved and I personally am relieved the burden of traveling to the polls. The obvious

[2]Bentham's own solution to this problem was to distinguish primary from secondary goods, which are goods that affect the general public rather than any particular person. He argued that if exceptions are made for small groups, this may increase the sum total of primary goods but will contribute to the sort of public cynicism and insecurity that results when such exceptions are made, and it will therefore reduce secondary goods. But this response suggests that it is all right to be a free rider if no one else finds out about it. It has therefore persuaded few. The idea of secondary goods is useful in rule utilitarianism, however.

response is that it is *unfair* for me to make an exception for myself. But fairness is what the rule-based criterion is supposed to provide. Instead it merely postpones the problem.

One step toward solution of the problem is to require that rules never make reference to specific persons but only to the person's circumstances. The problem of scope resurfaces, however, in such concocted rules as, "You should vote unless you own precisely 134 old issues of *National Geographic*." (I happen to own 134 old issues.) Again, democracy is preserved, but utility is further increased by exempting a few subscribers to this magazine. Here a possible corrective is to require *relevance*: the provisions of a rule should all be morally relevant to the choice at hand. But because rule-utilitarianism as such offers no guidance as to what is morally relevant, the theory is left with little content and therefore little practical value.

A reasonable solution can be found, however, by returning to the problem that motivated utilitarianism: the formulation of public policy. Utilitarianism can guide the formulation of policy because policy is already in the form of a rule, and because the problem of scope solves itself. For example, an optimal voting policy might be constructed as follows. Order all potential voters according to how much pain or pleasure voting entails. Persons at the lower extreme can vote only by risking life and limb, and those at the upper extreme find voting easy and enjoyable. Now divide the continuum into two parts, and make exceptions for those in the lower part; they are not required to vote, and the remainder are so required. The cut point can now be located so as to maximize overall utility.

This approach does not necessarily give reasonable guidance for individual decisions. Suppose, for instance, that the democratic process has become a sham because only a small fraction of the electorate has voted over the last few decades, and real power has passed to special interests. Voting is meaningless and only exposes the voter to crime in the streets. To be sure, the utilitarian policy-maker should make voting a meaningful, safe and widespread practice again. But it seems silly for a private citizen, who has no influence on public affairs, to vote as dictated by such a policy.

This does not mean that utilitarianism is relevant only to governments that are in a position to dictate national policy. Corporations and other organizations make policy in a limited sphere. This will be illustrated in the case study at the end of the paper.

The reversion to a policy-making role solves the problem of scope but does not completely solve the problem of fairness. It is true that there is already a strong principle of justice in utilitarianism simply because every-

one's utility is given equal weight in the calculation. It is not permissible to give greater weight to members of the upper class or of a certain race, for instance. But despite this, and despite the fact that rules may not mention individual persons, utilitarian calculations may nonetheless endorse a highly unequal and apparently unjust distribution of utility. They may determine, for example, that the well-born should receive the lion's share of resources because they are best equipped to use them productively.

The utilitarian recognizes that gross inequality can be unjust but insists that it is unjust only because it results in disutility. Inequality can breed resentment, crime and even rebellion, or else it can require an oppressive government to maintain control. Furthermore, as Bentham himself pointed out, utilitarian solutions give at least some weight to equality because of the principle of decreasing marginal utility. As one acquires more resources, their utility rises at a decreasing rate. A fixed amount of resources may therefore bring more utility when they are distributed equally than when concentrated in a few persons. This introduces a bias in favor of more equal distributions.[3] But even if the utilitarian were right in saying that inequality is unjust only when it is disutilitarian, this would only be a matter of empirical fact. It seems clear that unequal distribution may at least in principle be unjust even when it results in greater utility than justice.

This is no mere academic dispute. It is often maintained that overall wealth and therefore presumably utility is maximized by reducing taxes on the wealthy, by paying exorbitant salaries to chief executives, by reducing

[3] Bentham would approve of a mathematical analysis like the following. Let the utility that results from giving x units of some resource to person i be $c_i x^p$. The exponent p is less than 1 when there are decreasing marginal returns. The coefficient c_i indicates the person's ability to use the resources; c_i is presumably larger for persons who are intelligent, well positioned in society, or advantaged in other ways. The goal is to maximize $\sum_i c_i x_i^p$ subject to $\sum_i x_i = R$, where x_i is the amount of resource allocated person i and R is the total amount of resource available. If $p = 1$ (i.e., marginal utility is constant), then the most advantaged person gets all of the resources. Otherwise the problem can be solved by associating Lagrange multiplier λ with the constraint. The optimal solution satisfies the Lagrangian equations $pc_i x_i^{p-1} = \lambda$ for each i and $\sum_i x_i = R$. It is therefore

$$x_i = R \frac{c_i^{1/(1-p)}}{\sum_j c_j^{1/(1-p)}}.$$

This gives more resources to the more gifted persons but no longer gives everything to the most gifted. As the exponent p drops to 0, the allocation becomes proportional to c_i. So the most nearly equal distribution that a utilitarian can endorse is to give each person resources in proportion to that person's ability to use them.

the minimum wage, and so forth. If this is true, then it must be decided whether the utilitarian criterion is the only one, or a further criterion of distributive justice must be applied.

4 Deontological Ethics

Deontology literally means "the science of duty," but in ethical theory it has a more specific meaning. It begins with the idea that good and evil reside in the individual's intentions rather than in the consequences of the act.

One should not think, however, that the deontological sense of "good intentions" is the colloquial sense. A person who "intends" to visit his mother but never gets around to it might be said to have "good intentions." But in any ethically interesting sense he did not intend to visit his mother, or else he would have done it. Intending an act implies doing it, unless the act is thwarted or bungled. For instance, if the son arrives at his mother's hospital room only to find that she has been discharged, or if he has an automobile accident on the way to the hospital, he can correctly say that he intended to visit his mother even though he did not do it.

The deontological analysis of what makes intentions good is basically the Kantian analysis, because Immanuel Kant is the grand master of this approach [6, 7]. He begins with the premise that one should always act for a reason. There should be something that one takes to justify the action.[4] For example, if I choose not to vote, there must be some reason I so choose. Perhaps it is because voting is inconvenient.

Kant derives enormous leverage from this seemingly innocuous assumption. He begins by pointing out that I must regard my reason for not voting as a reason for anyone's not voting. I might protest that my reason may not work for others. A person who really enjoys voting, for instance, might decide to vote regardless of the inconvenience. But this response can be taken in two senses. If it means that a reason I consider sufficient may be a reason that others do not consider sufficient, then this is true but irrelevant. Kant's claim is that if I consider a reason sufficient for me, then *I* must consider it sufficient for anyone. If the response means that I would not consider inconvenience a good reason to avoid the polls if I enjoyed voting, then I really have two reasons for not voting: it is inconvenient, and I don't

[4] In fact Kant can be read as saying that action is not really action, as opposed to mere behavior, unless it is chosen for a reason. For a defense of this position and a more complete exposition of Kant's view, see my paper, 'Kant and Cultural Relativism' [4]

enjoy it. If these are my reasons, then I am committed to saying that they are reasons for anyone else (although that person may disagree). In reality there are probably many factors I take into account when deciding not to vote; they are my reasons.

So far there is nothing wrong with my decision not to vote. But suppose there is a another reason involved in my choice, which there very likely is: others will vote even if I do not, and democracy will be preserved. If it were otherwise, I would be first in line at the polls. So part of my reason for not voting is the assumption that others who have these same reasons not to vote *will* vote nonetheless. I accept these reasons as good enough for me, but I am unwilling to let them be good reasons for others. But this is irrational and inconsistent. If these are good reasons for me, I must regard them as good reasons for anyone. For Kant this is the tipoff that my intention is immoral. Kantian ethics, like utilitarianism, is at root a call to rationality.

Thus it is not my failure to vote that is wrong, on Kant's view. I might fail to vote for perfectly honorable reasons, such as a mishap that prevents me from reaching the polls. What is wrong is my inconsistent will. The intention matters, not its actual consequences. Kant expressed this by saying that the only unconditional good is a good will. In particular, neither pleasure nor any other kind of utility is good unconditionally; it is conceivable that one should reduce total pleasure in service of a higher goal.

A similar analysis applies to cheating. The student mentioned earlier cheats presumably because it will improve his grade and career prospects. But it will improve his career prospects only if most people are honest enough for grades to be meaningful, despite the fact that they have the same reasons to cheat. So part of the student's reasons for cheating is the assumption that other students will not cheat even though they have the same reasons to cheat. The students accepts these reasons as sufficient to justify his dishonesty but is unwilling to let them justify the dishonesty of others. This is irrational and inconsistent and therefore immoral.

Kant tried to summarize his view in a *categorical imperative*, which instructs one to act only according to a maxim that one can at the same time will to become universal law. For Kant, acting according to a maxim is acting for reasons; my maxim for voting is, "don't vote if it is inconvenient, unenjoyable, and others will vote anyway." By willing my maxim to be universal law I recognize that if my reasons justify the action in my case, they justify the action in anyone's case. The categorical imperative is categorical in the sense that it is not hypothetical; it is not an imperative that depends on desires, such as, "if you want to be healthy, eat well." It

commands all who are capable of acting for reasons to do so, regardless of their desires—even intelligent creatures from another planet.

Kantian ethics is similar to rule-utilitarianism in that it evaluates one's rule of action (i.e., one's maxim). But it solves the problem of scope in a different way. Utilitarianism solves it by restricting its attention to policy. It is all right to make exceptions to a rule, but those exceptions should themselves be part of an overall policy that maximizes utility. Kantian ethics simply examines one's reasons for acting, whether they be specific or general. If I refuse to vote because it is inconvenient and because I own exactly 134 old issues of *National Geographic*, then there is no apparent inconsistency in my will. I am perfectly willing to have all others in this situation stay home on election day (because there are so few). But I must also be willing to vote if I lose one of my *National Geographics*. In reality, of course, I would be equally reluctant to vote if I had 133 back issues, which shows that the size of my magazine collection is not one of my reasons after all. Again, I am unable to let my true reasons for nonparticipation justify the same behavior by others.

Although Kantian ethics resolves the scope problem in a different way, it is nonetheless similar to utilitarianism in that it expects individuals to make policies. They are personal policies rather than public policies, but they have a public aspect in that the individual must formulate a set of reasons that justify the decision for anyone. In fact this may seem to impose a burden only slightly less onerous than that of a legislature that formulates policy for a whole nation. Kant would wholeheartedly agree, as he regarded this as the price of rationality and often referred to personal decision-making as legislation.[5]

Whereas utilitarianism was unable to deal with the "fallen world" prob-

[5]In fact Kant took this notion of legislation quite literally, as he believed that the universality of reason ensures that all rational agents formulate the same set of basic moral rules. An individual can therefore legislate for the whole world. A society of rational beings can live in harmony without legal sanctions, because everyone freely chooses the same policy. A state should therefore aim to promote rational behavior with education and should in the meantime effect policies that everyone would endorse if they were rational. This is what Jean-Jacques Rousseau called the "general will" in his brilliant book on social contract theory [10]. In fact Rousseau profoundly influenced Kant, as well as Karl Marx, whose central idea of alienation is due to Rousseau. An interesting consequence of Kant's view for political philosophy, as shown by Robert Paul Wolff [12], is that anarchism is the only legitimate form of government. Anarchism (as opposed to anarchy) is the view that the only legitimate law is law on which there is universal agreement. This is assured if everyone acts freely, which on Kant's view is equivalent to acting rationally.

lem in individual decision making, Kant has a simple solution. First recall the utilitarian approach. If few people vote and democratic institutions are a joke, rule-utilitarianism cheerfully tells me to formulate the optimal voting policy for an ideal world. Act utilitarianism allows me to stay home, but it also tells me to stay home when democracy is healthy. Kant, by contrast, can deal with my individual decision. In a country where few people vote, my reasons for not voting do not include the assumption that others will ignore these same reasons and vote anyway. On the contrary, my reasons recognize that others will behave as I do. So, there is nothing immoral about my decision not to vote.

Does Kant therefore counsel resignation to an evil state of affairs? Kantian ethics is interested in reform, but its interest is driven by justice, whereas utilitarian reform is concerned with overall progress. When a government or corporate leader makes decisions, Kant wants her to to have reasons that she views as no less valid for others as for herself. Thus if she decides to reduce the minimum wage because it will increase aggregate income, she should regard this reason as equally convincing, whether she finds herself in her own privileged position or in the shoes of a fast-food employee with limited abilities. In John Rawls' vivid interpretation of Kantian ethics, she should make her decision behind a "veil of ignorance" as to which path she will walk in life. This kind of reasoning can obviously provide a powerful imperative for reform, as it motivates the privileged to struggle toward a world in which everyone enjoys the same advantages.

The world needs both progress and justice. Utilitarianism favors progress, because it wants public policy to settle on what is good and to maximize it rather than something else. Kantian ethics favors justice, because it wants individuals, including individuals in the policy-making apparatus, to make policies for themselves that they are willing for anyone to follow. This sets up a tension between the policy goals of an organization and the scruples of people in the organization. But it can be a creative tension that makes the world better.

5 Aristotelian Ethics

Aristotle's ethics[6] tend to be misunderstood or rejected out of hand by his Western descendants, because he had no notion of moral obligation. Aris-

[6] The definitive statement of Aristotle's ethics is generally taken to be the *Nicomachean Ethics* [1].

totle inhabited only one of the two major cultural streams that converged to produce the West. His thought represents classical Greek rationalism *par excellence* and is innocent of the moral preoccupations of the West's equally important Judeo-Christian heritage. The ethical theories of Bentham and Kant, although formally grounded in Greek rationality, derive duties that largely reflect Christian moral sensibilities. The classical Greek stream continues to flow, however, and Aristotelian values coexist with Christian norms in today's Western societies.

Aristotle's ethics is about how to live the good life. For him, a human life is good or bad in basically the same way that a tool is good or bad. A good tool is one that performs its function well. It has a sharp blade, is well-balanced, durable, safe, etc. A good life is one that performs its function well.

This of course presupposes that one can make sense of the notion that a human life has a function. This makes sense for tools because the tool's maker or user stipulates as to its function. Aristotle believed, however, that assigning functions to things, even human beings, is an integral part of how we understand the world. Western science now tends to emphasize causal explanation, but Aristotle had a larger conception of explanation that in fact seems more adequate. The scientific explanation of the human body, for example, makes reference to chemical reactions that transform nutrients to acetyl coenzyme A, which initiates the Krebs cycle, with produces adenosine triphosphate (ATP), etc. Causal explanation is legitimate and necessary, but the complexity of the human body would be unintelligible if we did not give it a *teleological* or functional explanation as well. The function of the heart is to pump blood, the function of the lungs is to provide oxygen to the blood, and so on. In fact the molecular biologists who tell us about the chain of reactions in respiration gained their first understanding of the body when their kindergarten teachers told them about the heart and the lungs.

Aristotle wanted to make sense of human life, and so he gave it a function. How did he do this? The modern understanding of function tends to emphasize the role of things in a system. The heart's function is to pump blood because the circulatory system needs a pump and the heart fills this role. Aristotle tends to identify a thing's function as the activity for which it is best and uniquely suited. On this view the heart's function is to pump blood because it is best and uniquely suited for this activity among the organs of the body. (The very notion of a bodily organ of course reflects teleological thinking.) Similarly, human beings are uniquely suited to certain kinds of activity. They are rational beings. They can apprehend

beauty. They are capable of trust, loyalty, friendship, honor and courage in a self-conscious way that characterizes no other creature (so far as we know). These, then, become human virtues.

It is absolutely essential to understand that, for Aristotle, a virtue is not a virtue in the moral sense. It is not something one is morally obligated to possess. Courage is a virtue in humans as sharpness is a virtue in knives. A good human life is one of excellence, one that performs its function well.

Humans are also uniquely capable of monstrous cruelty, and one may wonder why this would not also be a virtue on Aristotle's view. A satisfactory answer seems to require a return to systems thinking. No organ of the body can kill like the heart. A slight electrical disturbance, and the body is quickly dead. Rather than show that the function of the heart is to kill quickly, this only shows that the heart has a unique way of going haywire. It is the heart's pumping behavior that enables us to make sense of the body. Similarly, cruelty is one way a human being can go haywire and fail to live up to its function. It is by regarding human beings as the world's source of rationality, aesthetic sensibility, trust, loyalty, honor, friendship and courage that we are able to make some sense of things.

Aristotelian ethics is *naturalistic*. It does not say that human beings have a moral obligation to provide the world with rationality, etc. It simply states facts. It says that the function of human beings is as a matter of fact to provide these things, just as the function of the heart is as a matter of fact to pump blood. Teleological explanation of this sort requires some interpretation, but this is no less true of causal explanation.

Facts are important in utilitarian and deontological ethics, but in these theories, ethics is not reducible to facts as it is for Aristotle. The utilitarian must know what will in fact be the consequences of a policy, but facts will not settle the issue of what consequences ought to be maximized, if any. The Kantian also uses knowledge of facts when formulating reasons for action, but it is a further principle to say that these reasons ought to be generalizable to all agents.[7]

Aristotle works out the consequences of his theory in great detail. He is well known for his view that virtue consists of a middle position between extremes. Courage, for example, is midway between cowardice and foolhar-

[7]The utilitarian is required to be right about the facts, because the standard is whether the policy in fact generates utility, not whether it is believed to do so. The Kantian uses what he takes to be facts but can be wrong about them, so long as he is consistent. It is not hard to argue, however, that there is a Kantian obligation to try to get the facts right.

diness. This is a reflection of a characteristically Greek idea that reason is closely connected with balance and harmony.[8] The good life is therefore a life of balance and proportion, a life that appreciates beauty, a life that realizes the best of human virtues.

One can easily imagine an Aristotelian profile in our age. She is well educated, makes a comfortable living as a nuclear physicist in Boulder, Colorado, and plays Mozart[9] in the evenings. She designed her own modest but elegant country home, which is tastefully appointed with her art works and outfitted with a large window facing the Rockies. She is thin, attractive, maintains a healthy diet, and exercises regularly. She is loyal to her family. She enjoys a circle of good friends whom she defends in the hour of need, despite a reasonable amount of risk to herself.

One can also imagine an Aristotelian anti-hero. Before completing college she took a vow of poverty and joined a Christian base community somewhere in rural El Salvador. She inhabits a hut infested with vermin and suffers the effects of contaminated food and water. She lives in constant fear of both police and guerrillas and was in fact violated by someone in a military uniform. So far, little seems to have come from her efforts, but she feels an obligation to live in solidarity with the poor. In the Christian tradition hers is a life of faith and noble sacrifice. To an Aristotelian it is disgusting and perverse.

It is not hard to associate the Aristotelian lifestyle with aristocracy. The Greek *aristos* not only recalls the philosopher's name but means best or most excellent.[10] The classical aristocrat is loyal to friends and family but feels no compunction to improve the lot of lesser persons. Indeed, Aristotle and his fellow Greek aristocrats were waited upon by slaves. Perhaps the most famous modern exponent of this side of Aristotelianism is Friedrich Nietzsche, who extolled the superior life of the classical aristocrat and ridiculed what he regarded as the self-pitying "herd" mentality of Christian ethics.[11]

It is a bit a stretch, however, to insist that Nietzschean values necessarily follow from Aristotle's philosophy. The inefficient economy of ancient Greece

[8] Harmony not only in a metaphorical sense but in the literal sense of musical harmony, whence the connection between mathematical ratios and pleasing musical intervals. Rationality and music continue to be closely related in the West, as Max Weber, the preeminent interpreter of Western culture, recognized [11].

[9] The previous draft of the paper said Chopin, but Aristotle would prefer Mozart's classic balance to Chopin's melancholy.

[10] The name of Aristotle's teacher Plato is also revealing; the Greek *platon* means fatso.

[11] Nietzsche said in *The Birth of Tragedy* that "the *goal of humanity* cannot lie in the end [toward which history is moving] but only *in its highest specimens*." See [8].

make have required slavery in order to support the refined lifestyle that Aristotle enjoyed. But in general it seems plausible that one can live a fuller and more excellent life in the company of equals than in the company of some equals and some inferiors, if this is possible economically. Aristotelian ethics would therefore seem to frown on living in proximity to unnecessarily poor or disadvantaged persons, although it may be indifferent to poverty at a distance. In any case it is clear that the Aristotelian is repulsed by martyrdom or self-sacrifice.

6 Ethics as Integrity

Aristotelianism seems very different from utilitarian and Kantian ethics, but it is possible to find a common theme. All view ethics as integrity.

People often try to make choices that they can "live with" in the future. This is a kind of emotional integrity. It requires that one get clear on what his feelings are and make a choice consistent with those feelings. Kantian ethics emphasizes the rational side of integrity by requiring that one have a clear and consistent intellectual basis for his decisions. Utilitarian ethics is primarily concerned with institutional or social integrity, rather than personal integrity, and it emphasizes acting according to policies that reflect the society's values. Kantians want people to know "who they are" intellectually, and Benthamites want societies to know who they are with respect to their values. Aristotelians want people to know who they are as human beings, by acting in a way that is consistent with their fundamental nature.

If these three theories are not pushed too far individually, they can be seen as facets of a single gem. They all contribute to integrity. The Kantian can work with the utilitarian, if the Kantian grants that organizations have worthy policy goals over and above the justice-related concerns of its members, and the utilitarian recognizes that the members must nonetheless honor their principles. Even the Aristotelian and the Christian can reconcile, if the Christian is willing to learn from the more generous classical conception of human nature, and the Aristotelian is willing to expand his notion of integrity.

7 A Case Study

The three ethical theories may be applied to the following ethical dilemma from the business world.

> Corporation X, a large telecommunications firm, is faced with a major restructuring of the industry that calls for training and skills that are not ordinarily possessed by its more mature employees. Retraining is generally possible but expensive. The firm is considering a layoff of some 5000 technical and managerial employees who are in their early 50's. Over the next year or two it would quietly hire a roughly equal number of young college graduates who have more appropriate backgrounds. To avoid morale problems, the layoff would be announced only two weeks before taking effect, but it would provide generous severance packages in exchange for signed agreements not to take legal action. Recent experience suggests that the threat of a successful age discrimination suit is minimal. The labor market is favorable to the employer, and it is estimated that salary and benefit costs for the new hires would be about half those of the employees who are laid off. The savings would quickly offset severance costs, increased unemployment insurance premiums, and hiring costs. Labor Department statistics indicate that the released employees would either remain unemployed or eventually secure employment at 40% of their previous salaries on the average.

Although the case description contains a certain amount of factual detail, it is likely that a resolution will require more information. Ethical decisions turn on facts as well as values. Typically, an ethical analysis does not resolve an issue immediately but directs one's attention to the factual questions that should be asked.

7.1 The Utilitarian Analysis

As interpreted here, the utilitarian's task is to formulate a corporate employment policy that maximizes the aggregate welfare of all concerned. The corporate officers must use some other approach to decide whether they, as individuals, should support the utilitarian policy.

The case description does not clearly indicate whether utility in any reasonable sense is greater with the layoff than without it. The terminated employees will suffer 10-15 years of unemployment, or employment with greatly reduced salaries. Economic hardship often leads to alcoholism, illness and divorce as well as spouse and child abuse. In this case child and spouse

abuse are perhaps less likely because of the workers' age. The severance package can help only if it is quite large. Set against these considerations is the fact that many young people will get a better start than they would otherwise. The firm is much better off financially with a layoff. If the situation is serious enough, a soft-hearted employment policy could weaken the firm and force even greater layoffs in the future; the likelihood of this is unclear. It is very likely that a failure to take action will devalue the portfolios of the thousands who own the company's stock. The repercussions may be minor for most stockholders, but they are large in the aggregate, and this is what counts for a utilitarian.

Utilitarian calculations are complicated by the uncertainty of whether layoffs now would forestall layoffs later. The matter should be studied carefully, but in the end the best one can do is assign reasonable probabilities to a few possible outcomes. Classical utility theory deals with this situation by computing the expected utility. Each outcome's utility is multiplied by its probability, and the results are summed.

The utilitarian calculations could yield any of the following results:

a) A layoff would clearly be good for stockholders, but it does not maximize utility for all concerned.

b) A layoff maximizes utility for all concerned, but only because aggregate stockholder gains outweigh the disutility of terminated employees.

c) A layoff maximizes utility even if one does not consider stockholder gains, because present layoffs are likely to forestall even larger layoffs in the future.

The utilitarian recommends the layoff in cases (b) and (c).

Because the corporate directors have a specific fiduciary duty to stockholders to maximize profit, one may wonder whether this should influence the utilitarian calculation in case (a). It should not, unless a failure to observe this duty would bring lawsuits or a stockholder backlash that could harm the other stakeholders. The utilitarian is interested in utility, not in the principles of fiduciary obligation. It is true that if firms habitually neglected their fiduciary obligations to stockholders, there could be a loss of public confidence in corporate governance, and the system of joint stock ownership could even break down. A utilitarian may therefore favor a national policy that defines and enforces fiduciary obligations. But this is a separate issue. The issue at hand is the policy to be adopted by Corporation X.

7.2 The Kantian Analysis

The next question is whether it would be consistent with Kantian ethics for an individual within the company, such as the chief executive officer, to support the utilitarian policy.

It depends on the CEO's reasons for her decision. One possibility is that the CEO has not really thought it through and cannot say what circumstances, in her opinion, justify a massive layoff. Rather she is acting instinctively, is yielding to board pressure, or whatever. In this case the CEO does not have a clear reason for her action and is therefore immoral by default.

A second possibility is that the CEO acting purely out of self-interest. It happens that the utilitarian decision will ensure her job security, maintain the value of her stock options, and so forth. The sole fact that the decision is in her interest is enough to justify it. The morality of her choice now depends on whether her reasons involve an inconsistency; that is, whether her reasons include the assumption that others will not follow her own selfish policy. Suppose that at 12:01 am, everyone in the world will begin doing whatever is in his or her own interest. If her rationale would dictate the same decision—if she believes, for instance, that the firm would continue to exist and make a profit for her—then she is within the bounds of morality. If instead she would exchange all her assets for gold bullion and head for the Australian outback, which is perhaps the more prudent course, her layoff decision is immoral.

A third possibility is that the CEO goes along with utilitarian policy simply because it is utilitarian; it maximizes overall welfare. Here the analysis is different in cases (a), (b) and (c).

a) *The layoff is good for stockholders but does not maximize overall utility.* The fiduciary duty to stockholders now becomes relevant, because Kantian ethics is all about duty. The issue is whether Kantian principles allow a departure from the traditional duty to maximize profit. To begin with it would clearly be immoral to use stockholders' money to satisfy any whim of the directors or CEO, such as supporting the Irish Republican Army or excavating Maya ruins in Yucatan, even if utilitarian calculations would support these causes. Any rationale one might give for such expenditures assumes that the firms generally reject such whims. Otherwise there would be no confidence in corporate boards, few people would invest in stocks, and there would be little or

no stockholders' money to spend on anything. On the other hand, it is doubtful that the survival of the joint stock ownership system relies on strict adherence to financial criteria only. The legal system enforces no such adherence, as it intervenes only in cases of gross negligence or malfeasance, and several states already permit directors to consider ethical as well as financial criteria. Yet the present decision against a layoff is a significant deviation from the historical standard. The CEO can act morally in this situation only if she works out in her own mind a policy for how far and under what conditions corporate fiduciaries can depart from profit maximization. She must then check whether her rationale is consistent in the Kantian sense.[12]

b) *The layoff maximizes utility because stockholder gains outweigh employee losses.* There is clearly an issue of distributive justice here, because some will benefit from the layoff and others will suffer. Although this does not directly concern the utilitarian,[13] it is of central concern to the Kantian.

For distributive justice the crucial element is to make a decision behind Rawls' veil of ignorance. The CEO must formulate a rationale for the layoff that would make just as much sense to her if she were an "outplaced" and unemployable middle-aged parent with a mortgage and college expenses. This does not mean that she must *like* being laid off. It means that she would act on the same rationale even if she herself were in this predicament. (Recall that an intention to act implies that one in fact follows through with the act unless thwarted.)

It is a good deal easier to formulate such a rationale in case (c), where there is a good chance that she, along with an even larger group of middle-aged employees, would be laid off in a couple of years anyway if she did not take action now. In the present case, however, it is difficult to see how one can formulate a convincing rationale without some appeal to fiduciary duty. The unemployed CEO could perhaps tell herself that if firms in general departed far enough from profit maximization to avoid such a layoff, then the economy as a whole would be worse off and even Corporation X might have gone under years ago. Again, a moral decision requires that she formulate a coherent and consistent policy as to a corporate officer's fiduciary duties.

[12] Such a policy is proposed in my essay, "Toward Professional Ethics in Business."

[13] Aside from such secondary effects on utility as employee morale.

c) *The layoff maximizes utility because it forestalls what would probably be an even larger layoff later.* Suppose for the sake of argument that, in this case, the CEO can formulate a rationale for the layoff that she is willing to apply even is she suffers the worst effects of it. Her rationale is consistent to this extent, but it requires further examination.

Recall that the case description minimized the likelihood of a successful age-discrimination suit. The terminees presumably are willing to sign the waivers because they know that a suit is unpleasant and success is unlikely. But because the CEO's decision rests partly on this assumption, it is important to check whether it is consistent with a general application of her policy. There are two reasonable scenarios.

One is that the government and the courts are lax about preventing age discrimination because, by and large, employers police themselves. But if employers were regularly to abuse this situation with massive layoffs, there would likely be a public outcry and aggressive enforcement that would prevent the layoff being considered at Corporation X. In this scenario, the CEO's decision in favor of a massive layoff is inconsistent and wrong.

A second scenario, however, is that corporations already routinely lay off senior employees when it is convenient, while the public, government and legal system look the other way. This is perhaps due to a combination of skillful corporate public relations, aggressive political lobbying, and public apathy and ignorance. In this scenario the layoff in the present case seems to pass Kantian muster, although it remains questionable in case (b). This is not to say, however, that Kant would approve of current public relations and lobbying practices, or of public apathy.

This analysis is incomplete. For instance, there is the matter of corporate leadership. Massive layoffs attest to the harshness of the business world, but things could be worse. One reason they are not worse is that past business leaders have on key occasions set a positive example. The CEO's decision making is therefore predicated on a state of affairs that exists only due to the leadership of her predecessors at critical junctures. She must ask herself whether she is now at one of those junctures. If she is, Kantian consistency demands a similar response.

7.3 The Aristotelian Analysis

Aristotelian ethics places no obligations on the CEO or any one else in Corporation X. But it has something to say about job security.

The proposed layoff at Corporation X is part of a trend in the United States. Large firms have always used layoffs as an important and often unfortunate management tool for blue collar workers, perhaps more in the past than today. But employers have traditionally been inclined to take care of their white and gold collar workers. This is changing. A white-collar or managerial employee now tends to be regarded a free agent who moves from one firm to another in pursuit of better salary offers and advancement opportunities. The employee feels free to depart for greener pastures in the middle of a company project, and the firm feels free to terminate the employee in the middle of his career. Neither the firm nor employee exercises any particular loyalty to the other.

Loyalty is an Aristotelian virtue. Workers who share a commitment to a common project and to each other arguably live fuller lives than those linked only by transitory economic incentives, if only because they can develop their capacity for loyalty. One could enlarge this theme to encompass other virtues. In fact the commonly voiced complaint that life in a capitalistic society is somehow debased despite its affluence may derive partly from the realization that cooperation and mutual support help to nurture a side of human personality whose growth is stunted in a competitive setting. Aristotle, because of his concern for excellence, would not want to carry this so far as to tolerate sloth and shoddy work for the sake of maintaining the group. One must, in classic Aristotelian fashion, look for the happy medium.

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