Hanna’s Dilemma

• The clothing industry is perhaps the most competitive in the world. It has been the first level of industrialization in most countries, including the sweatshop phase.
• Harwell and Jones (H-J) has only 1.5% Levi Strauss’s market share. It owns a plant in country X, employing young women at $0.80/day in a clean save factory. The young women say they prefer the work to village life. H-J employs no children under 14.

Two Problems

• Home country - engineers country of origin
• Host country - country other than the home country.
• One problem is when home and host country standards conflict.
• Lesser industrialized countries (LIC’s) = countries of a lower style of industrial development.
• What should be done when technology transfer threatens the traditions and values of the host country?

Two Extremes

Avoid two extremes in these boundary-crossing situations.

• Absolutism. Home-country values should always guide. But -
  – Our own values may not apply. May not be possible to do business with non-corrupt firms.
  – Host-country standards may be as good. (Is individualism better than group orientation?)
• Relativism. (“When in Rome…”) But-
  – May be illegal (FCPA, 1977)
  – Action may be too immoral (slavery, safety and health standards)

Search for Culture-Transcending (CT) Norms

1 Writings of major religions and ethical philosophers. (Golden rule, some things few would want, such as exploitation)
2 International documents (U.N.)
3 Professional codes. IEEE code refers to “the quality of life throughout the world.” NSPE’s BER says that the prohibition of bribery should apply in host countries.
4 RP and UT philosophies. Western and also other cultures embrace these ideas.
CT Norms

1. Avoid exploitation, especially of the weak and vulnerable.
   - Characteristics:
     - Imbalance of power
     - Exploited needs the money
     - Exploitative relationship is the only source
     - Exploiter controls the money
     - Inadequate compensation

   - Example of Coppergiant
   - Exploitation
     -Violates the Golden Rule
     -But may be the only way to development in some cases (still wrong for exploiter)

CT Norms cont.

   - Paternalism: substituting one’s own judgement for that of another, for the other’s (recipient’s) benefit
   - Dole Pineapple Case

   - Weak Paternalism: The recipient may not be exercising his moral agency effectively. This might be consented to by a rational person and would hence be justified by the Golden Rule. Situations in which paternalism might be exercised include:
     - Under undue emotional pressure
     - Ignorant of the consequences of action
     - Too young
     - Not enough time for the paternalist to know whether the recipient is making a free and informed decision

   - Strong Paternalism: The paternalist substitutes her judgement for the recipient’s, even when there is no reason to believe the recipient is not exercising full moral agency. The Dole Pineapple case is probably a case of strong paternalism, depending on the factual issue of just how much the villagers know about the greater health risks in the traditional villages.

   - Citizens of LIC’s are particularly likely to experience the conditions that might justify weak paternalism, and even strong paternalism

   - John’s firm markets an infant formula in Country X that must be mixed with water before it is ingested. John has good reason to believe many mothers of Country X will mix the supplement with contaminated water or dilute it.
CT Norms cont.

3 Avoid bribery and giving or receiving excessive gifts.
   • Many cases of presumed bribery are better classified as extortion of grease payments
   • Extortion: Threatening someone with harm (that the extorter is not entitled to inflict) to obtain benefits to which the extorter has no right.

4 Do not violate human rights.
   • People in many cultures appeal to human rights, and "rights talk" has become a near-universal vocabulary for ethical discourse. Rights are justified by RP morality, and even utilitarians can argue that respectively rights generally promotes human welfare.

   • Several UN documents list human rights as including the right...
     – to life
     – to liberty
     – to security of the person
     – to freedom of thought
     – to freedom of assembly
     – to education
     – to non-discrimination
     – to a minimal standard of living, etc
     – to free choice in marriage

CT Norm’s cont.

5 Promote the welfare of the host country, within reasonable limits.
   • The Golden Rule, utilitarianism, and the engineering codes require engineers to promote the welfare of the public within limits.
   • There are few indications as to how engineers interpret "welfare." The BER case 85-2, the Board held that promoting public welfare justified an engineer’s protesting employer policies that resulted in excessive costs and time delays in defense contracts. Promoting economic development and not participating in corruption might be implied here.
• Case: Your farm produces a drug that treats a form of dysentery that affects many people in Country X. The drug, however, has some serious side effects and can produce death. But it can save 10,000 lives for every life lost, and it is much cheaper than alternatives... (Utilitarianism?) (Golden Rule?)

CT Norms cont.
6 Respect the cultural norms and laws of host countries, in so far as this is compatible with the other guidelines.
• The Golden Rule and RP generally require that we respect the culture and traditions
• Case: Tonaka Steel in India has the policy of hiring one child of an employee. This looks like nepotism and may not result in the hiring of the best person for the job, but it agrees with cultural traditions. Is it justifiable?

CT Norms cont.
7 Protect the health and safety of citizens in the host country.
• This is directly required by the codes, RP, and utilitarianism. The Golden Rule also strongly supports it.
• The problem is balancing health and safety with economic and technological progress.
• One Test: “Is there anything more that can reasonably be done to eliminate the harmful features of the situation?” (HXJ case)

CT Norms cont.
8 Recognize an obligation to protect the environment.
• More and more engineering societies are introducing environmental provisions into their codes.
• Case: Joyce is a civil engineer employed at a fertilizer plant in Country X. Her plant emits sulfur dioxide pollution at a level far higher than would be allowed in her home country. The plant is working overtime to produce fertilizer in a country with a malnourished population. Imposing stricter standards would drastically curtail production.

CT Norms cont.
9 Promote a society’s legitimate background institutions.
• Background institutions are the laws, practices, and institutions that are necessary for a stable and economical successful society. They include such things as laws that regulate commerce and contracts, the tax system that provides essential revenue, and the banking and justice systems.

• Case: James works for a US firm in Country X, where it is customary for the government to assess taxes at an exorbitant rate because it expects firms to report only half their actual earnings. If a firm reported its actual earnings, the tax rate would force it out of business. James’ firm has adopted the local practice of under reporting its actual earnings, but James wonders whether the practice is ethically acceptable.
Applying The CT Norms
Some suggestions: may be useful in applying the CT Norms.

• Proportional Responsibility: Engineers need not take responsibility for decisions over which they have little or no control. Engineers do not usually make decisions on where to locate plants, what products to manufacture, how to interact with local government, whether to install new pollution equipment, etc. However, engineers may often be asked for advice, and they must always decide whether a policy is so odious that they cannot comply with it.

• Avoiding Laxism and Rigorism: The laxist says that when a moral rule cannot be clearly applied, we may do what we want. The rigorist says that moral principles must always be strictly applied, no matter what the circumstances.

• Choosing Among Competing Local Practices: Most of us recognize that some practices of host countries (etiquette, dress) are as valid as ours. This may be true of some other practices as well.

• How do we decide which to follow?
  a The presumption should be in favor of the host-country practice. This helps your firm, honors the host country, and makes communication more effective.
  b Often creative middle ways are the answer. Tonaka steel used this approach.

• Should CT Norms Always Prevail? Often a CT Norm conflicts with local Norms, if it may be infringed rather than violated. Safety or environmental protections might only be infringed by practice.

Bribery, Extortion, Grease Payments, and Gifts
This is the single most important concern in international ethics.

1 Bribery: The 1977 FCPA prohibits bribing government officials. A bribe is “a payment of money (or something of value) to another person in exchange for his giving one special consideration that is incompatible with the duties of his office, position, or role.”

There are good reasons for not accepting or giving bribes.

• Corrupt professional judgement and tarnishes reputation of the profession.
• Violates the obligation to promote the welfare of the public.
• Induces the person taking the bribe (e.g. a government official) to break the obligation to act on behalf of his/her own clientele.
• Undermine the efficiency of the market.
• Give one an unfair advantage over one’s competitors.

John Noonan, Federal Judge and authority on the history of morality, holds that the anti-bribery ethic is growing.
2 Extortion: Let us say it is “the act of threatening someone with harm (that the extorter is not entitled to inflict) to obtain benefits to which the extorter has no prior rights.

Many of the most famous cases of corruption seem to lie near the border between bribery and extortion. Between 1966 and 1970, Gulf Oil paid $4 million to the ruling Democratic Republican Party of South Korea. If this money gave Gulf special advantages over other firms, it was a bribe. If the money merely assured Gulf equal treatment and avoided unfair reprisals, it was extortion.

Paying Extortion is generally less morally culpable than asking for a bribe:
• Extortion payments by Engineer Joe will not usually corrupt Joe’s professional judgement.
• Paying extort will not usually tarnish one’s professional reputation as much as paying a bribe.
• Paying extort will no cause one to act contrary to the best interests of his employer or client by, for example, selecting an inferior product.
• Paying extort does not undermine the efficiency of the market by promoting inferior products.
• Paying extort does not give one unfair advantage over others.

3 Grease Payments: These are offered to facilitate routine bureaucratic decisions, such as hastening the passage of goods through customs. They are a form of petty extortion, sometimes because the officials do not have adequate salaries. There is, however, a slippery slope from grease payments to payments intended to gain special consideration over others. A fee to get telephone service in 3 weeks rather than 6 months gives one an advantage over others.

4 Gifts: In some cultures, and exchange of gifts is a way to comment personal relationships. How do we specify a general prohibition against “excessive” gifts? Consider…

“TI [Texas Instruments] generally follows conservative rules governing the giving and receiving of gifts. However, what we consider to be an excessive gift in the US may differ from what local customs dictate in other parts of the world. We used to define gift limits in terms of US dollars, but this is impractical when dealing internationally. Instead, we emphasize following the directive that gift-giving should not be used in a way that exerts undue pressure to win business or implies a quid-pro-quo.”

The process of deciding what is an appropriate gift in another culture involves 3 phases:
• Examining the gift-giving practices in a given culture.
• Looking at the original intent of the norm governing gifts (preventing undue influence and unfair competition).
• Coming up with a norm that takes proper account of these two considerations.

Giving “normal” gifts in country X would not violate the original intent of the prohibition, even though the gifts might be excessive by home-country standards.

Sweatshops in Asia
• The most likely candidates for violation of CT Norms are the human right to a minimal standard of living and the prohibition of exploitation.
• The young women are probably living better than they did in the villages, so the main question is whether the wages are exploitative.
• Recalling the definition of exploitation, the main question is whether HOJ exercise control over the pay they can offer the young women. If they can, the treatment of the young women is exploitative. If they cannot, their treatment of the workers is at least not paradigm case of exploitation, since it does not fulfill all of the conditions, even though it fulfills most. So the factual issues are crucial.
• If we conclude that the relationship of Harwell & James to the young women is indeed exploitative, there is still the question whether the exploitation is justified. The justification would be that the exploitation is a necessary- or almost necessary - part of economic development.