Gerard Elfstrom's *Moral Issues and Multinational Corporations* (New York: St. Martin's Press, 1991.)

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An increasing number of philosophers trained in ethical theory have been turning their attention to business practices. In the past, philosophers writing on this topic were as often as not motivated by an anti-business, anti-capitalistic ideology. It is unlikely that such is true today. This is not to say that works in business ethics are filled with pro-business sentiments or any great love for the market. Rather, the writers of today seek merely to apply the tools of "moral theory" to the business context. It does not follow from this, however, that the *effect* of recent analyses is much different than it was in the bad old days of ideology; but at least now authors cannot be accused of bad faith.

Gerard Elfstrom's book, *Moral Issues and Multinational Corporations,* is the quintessence of the current approach to business ethics. The book does is not ideological because Elfstrom makes a scrupulous effort to look for what can be said on behalf of corporations as well as against them. This unbiased examination proceeds, nevertheless, within a set of parameters that is itself skewed in a certain direction. For example, other than a perfunctory reference to Milton Friedman - whose piece on corporate social responsibility is apparently

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the only thing the profession believes has ever been written from a "conservative" perspective - no pro-market authors are cited or referenced in this work. Indeed, Elfstron's own colleague, Tibor Machan, who has authored a business ethics text and written numerous articles in the field is no where to be found. This is not to say that one finds a litany of leftist scholarship being cited either. No, the scholarship is all "mainstream" and herein lies the problem of skewed parameters.

The book is sensibly structured. Each chapter deals with a moral topic in business ethics such as "Corporate Moral Accountability," "Corporate Size and Power," "Cultural and Economic Diversity," and the like. But moral theory comes first and business conduct second throughout the book. What this means is that business is not an experiential base *from* which one derives appropriate moral norms, but rather that *to which* one ascribes moral rules or modes of conduct. It also means that multinational corporations and international trade are more the objects of the theory than the subjects. Consequently, the moral framework becomes all important to the movement of this work.

Elfstrom describes himself as a utilitarian, but because the only preferences that really count are those that are consequent upon "reasoned deliberation," the actual tone of the book is deontological. Yet the broad philosophical framework is not what is critical here anyway. What really drives the argument is Elfstrom's concept of a "mature moral order" (MMO). The MMO is described in the following way:

> In a mature moral order the members of a community have a distinct sense of accepted standards of conduct: are aware of how responsibility and accountability are assigned to participants; understand that there are effective sanctions for use against those who fail to uphold recognized standards; acknowledge that there are means of recognizing those whose conduct is exemplary; and, most importantly, collectively recognize that they are part of a *moral* enterprise. (p. 7)

This description of the MMO, found in the introduction to the book, may appear innocuous enough, but various phrases contained therein should tip the reader off to what will be coming as the chapters unfold. Responsibilities are *assigned*, conduct must be *acceptable*, moral recognition must be *collective*, and so on. Apart from such questions as who will be doing the assigning, the vision expressed by the MMO is one of moral conservatism. The ideal would be to have all roles, functions, and positions well defined so that no matter what occurs we will know exactly who is responsible, whether the conduct is acceptable (i.e., fits pre-established acceptable rules), and what sanction any infraction may call for. We have then a neat, static, and closed system that rotates evenly around itself. It is a conservative vision because innovation, indeterminateness, and individual judgment are either signs of defectiveness or impossible to reconcile with the vision.

Of course, in the real world we are some distance away from the vision described by the MMO. The author notes that:

> Present circumstances of multinational commerce still fall distinctly short of a mature moral order. Among these lapses are the absence of clearly established and authoritative procedures to identify those who breach standards or to initiate remedial action. Neither are there means to acknowledge or reward those whose conduct is exemplary. Further, the evolution of a genuine international moral community of commercial activity is hampered by the great flux of participants. (p. 10)

As the book continues, we learn that at least the United Nations, if not a new centralized world government, would be the ideal institutional form to remedy the "great flux" that now surrounds international commerce. It perhaps goes without saying that this whole vision, and its institutional expression, are anathema to a market approach to both international commerce and ethics. For apart from any empirical evidence one may have for indicating the inverse relationship between markets and centralized government, and however much this book would benefit from a dose of public choice theory, the vision itself runs counter to the inherent dynamic and spontaneous character of market phenomena. This is why the moral theory appropriate to the regulation of market conduct must in some significant way be strictly procedural and issue in political minimalism. If central authorities have a role, it is the reactive one of protecting rights, not the proactive one of defining duties.

Elfstrom's endorsement of Peter French's notion that corporations are themselves moral agents (rather than a collection of moral agents) further strengthens the vision of the MMO just provided. If our goal is to centrally assign responsibilities and monitor results, then the whole task is much more easily managed when there is one agent to deal with rather than a collection of them. But of course corporations cannot be agents in quite the way you and I are, because they are not individuals. If that is so, then corporations are either agents in a very limited and circumscribed way or they are agents analogously. Either way, the theory suffers, because where the limits are set or where the analogy ends is completely ad hoc, having more to do with a person's own moral predilections than with the nature of the corporate "agency." In Elfstrom's case the *dis*similarities between corporate agency and individual agency are more numerous and significant than the similarities. It is as if Elfstrom wants to give corporations just enough agency status to justify controlling their conduct, but not more. Consider, for example, how this would sound if given as advice to an individual:

> Corporations should not undertake projects which are designed to make the world a better or more humane place. Neither should they attempt to mold the world in their own image or shape it to their own ideals. Their role in the economic and technological progress of nations has become, and should remain, essentially that of passive collaborators with national governments. (p. 43)

In old-fashioned language anyone who behaved this way would have been regarded as a "slavish" (in more modern terms a "wimp")! And why corporations should behave this way is plausible only if one buys the parameters of the MMO (and I have my doubts even then). Since the MMO is interpreted to prefer bureaucratic to corporate leadership and meddling (I prefer neither), we are led to want passive corporations rather than passive governments.

Now the "good puppy" theory of corporations has been around for years - at least since Laura Nash named it as such in a *Harvard Business Review* article.[1] In Elfstrom's book we see the idea applied to the international arena with the obvious consequence that "good puppies" need strong leashes. While there is some balance with respect to how long or short the leash should be, the drive to attach the leash leaves a number of the supporting examples in the book suspect. For example, the frequent mention of Bhopal fails to mention that Union Carbide was forced by the Indian government to hire (less than qualified) Indian workers in sensitive and technical areas. The discussion of Nestle and the infant formula controversy makes no mention of the fact that *all* the data regarding deaths due to formula are dubious. And South Africa, which is given its own chapter, is unconvincingly presented as a "genuinely different and genuinely special" (p. 96) case for corporate soul searching and thus more deserving of our attention than other rights violating nations such as China or the former Soviet Union.

Once again, then, it is one's response to the MMO that is likely to determine one's response to this book on any level. In this respect, Elfstrom is at least consistent in the application of his vision to any given topic. And as I noted at the outset, he provides us with clear picture of the sorts of moral and political perspectives to be found in business ethics today. While those perspectives lead to rather predictable conclusions on policy questions, they are directly in line with what the profession regards as acceptable work in the field. In this respect, I suspect that Elfstrom's book will make most of the bibliographies of future works by business ethicists. I also suspect that those other equally deserving perspectives that nevertheless remain outside of accepted parameters will continue to have no influence on the mature intellectual order of business ethics today.

1. Laura Nash, "Ethics Without the Sermon," *Harvard Business Review* 59 (Nov.-Dec. 1981), p.89. See also my response in the letters to the editor section of the following issue of HBR.