

A low-angle, upward-looking photograph of several modern skyscrapers against a dramatic sky at sunset or sunrise. The buildings are covered in glass and steel, reflecting the warm orange and yellow light from the low sun. The sky is a mix of deep blue, purple, and orange. The perspective makes the buildings appear to converge towards the top of the frame.

ETHICS LECTURE

DR CAROLINE JAWAD 2021















VICTORIA'S SECRET

H&M

VICTORIA'S SECRET



بوابة غراند أفنيو

GRAND AVENUE GATE













منطقة
تحميل فقط
Drop-off only
منطقة
لا تقف
No Parking

Critical Disclosure

- Ethical issues at work can be a cause for alarm AND they are a normal part of work/the organisation/the world/how we play.
- Ethics test our moral identity, which makes us emotional, less effective, maybe vulnerable etc.
- It is vital to recognise an ethical situation and learn how to discuss concerns.
- Sensitive.
- Open, safe environment.





Crane et al. *Business Ethics* (5th Edition)

TEXTBOOK

Global Ethics

There is an ethical dimension to nearly all issues and activities that we encounter at one time or another in our lives.

This module seeks to understand these issues and activities in order to offer new perspectives, understand and shape policy and behaviour and contribute to further understanding.







of ^{parties} trade ^{change human} and ^{wellbeing}
^{Donald} justice ^{health} countries ^{about}
intervention ^{diversity}
^{marginalisation} in ^{war} and ^{the other}
environment ^{rights} and ^{anti-democratic}
global ⁱⁿ bioethics ^{Syria}
^{political} to ^{the} election ^{electoral} in European ^{Germany} of the
the gender and
^{issues} and ^{innigration} globalisation ^{via} success
justice the discourse

Global Ethics (again)

There is an ethical dimension to nearly all issues and activities that we encounter at one time or another in our lives.

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Kim Kardashian



More Kim

- Why has beauty and appearance become so important to the point that we now have an epidemic of body image anxiety? Prof Heather Widdows reveals why the moral pressure to 'do' beauty is growing.



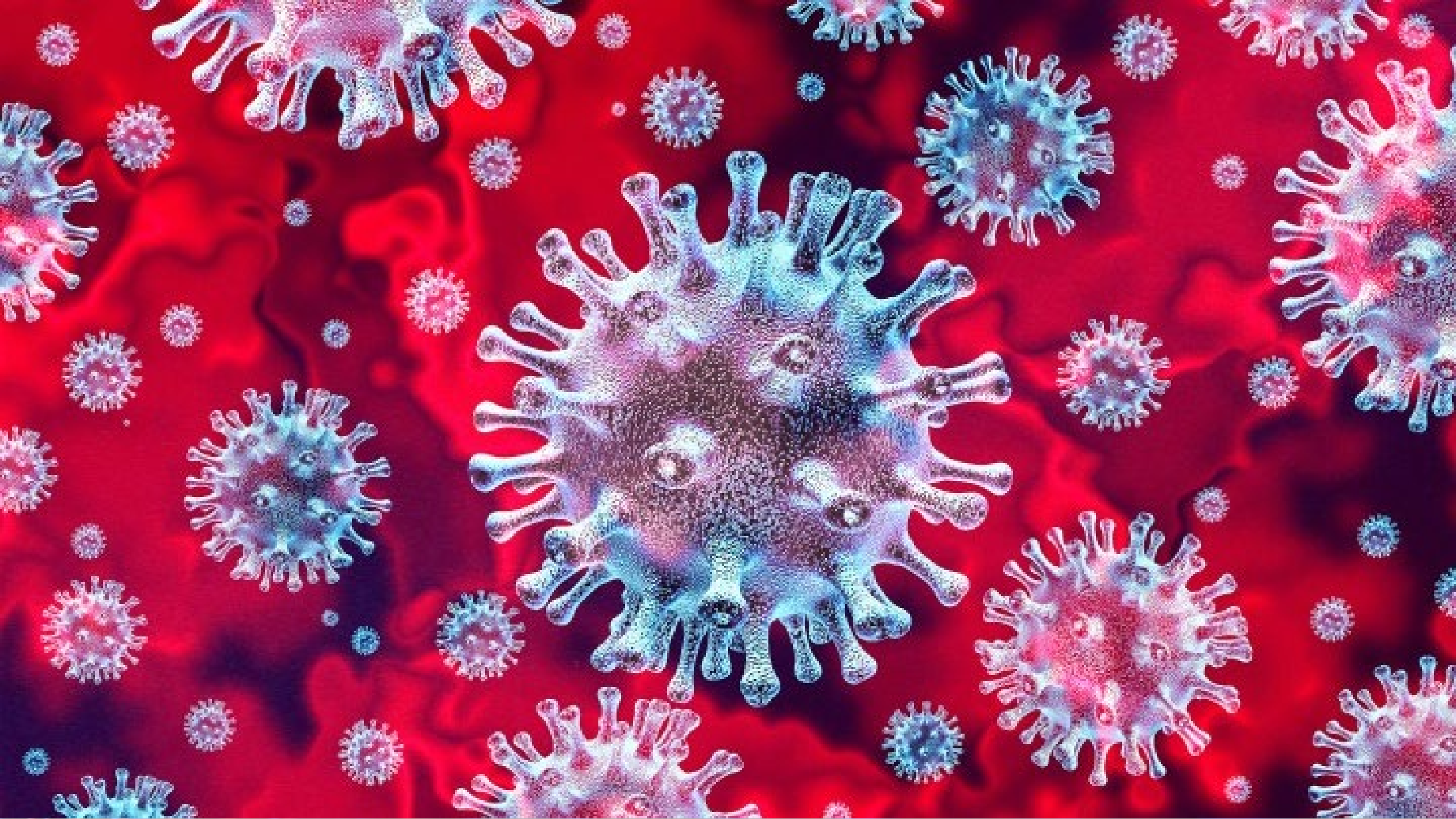


SWEATSHOPS

Sweatshops

- Do you know how your clothes are made ?
- Do you care ?
- Should you care ?
- Think about abstracts not just from your individual perspectives and motivations.





Track and trace and contain but don't keep our data !

Ethical and legal worries of an NHS Covid App



Are you concerned ?

- If you donate your data, you give up your control.
- The subsequent use of the data, what exactly it will be used for or what harm it might cause in the future from its use – we don't know
- And we all want to help the NHS !!
- But we are giving our personal data for unknown future research, by unknown researchers and without clear additional and ethical mechanisms.

BEFORE IT GETS WORSE

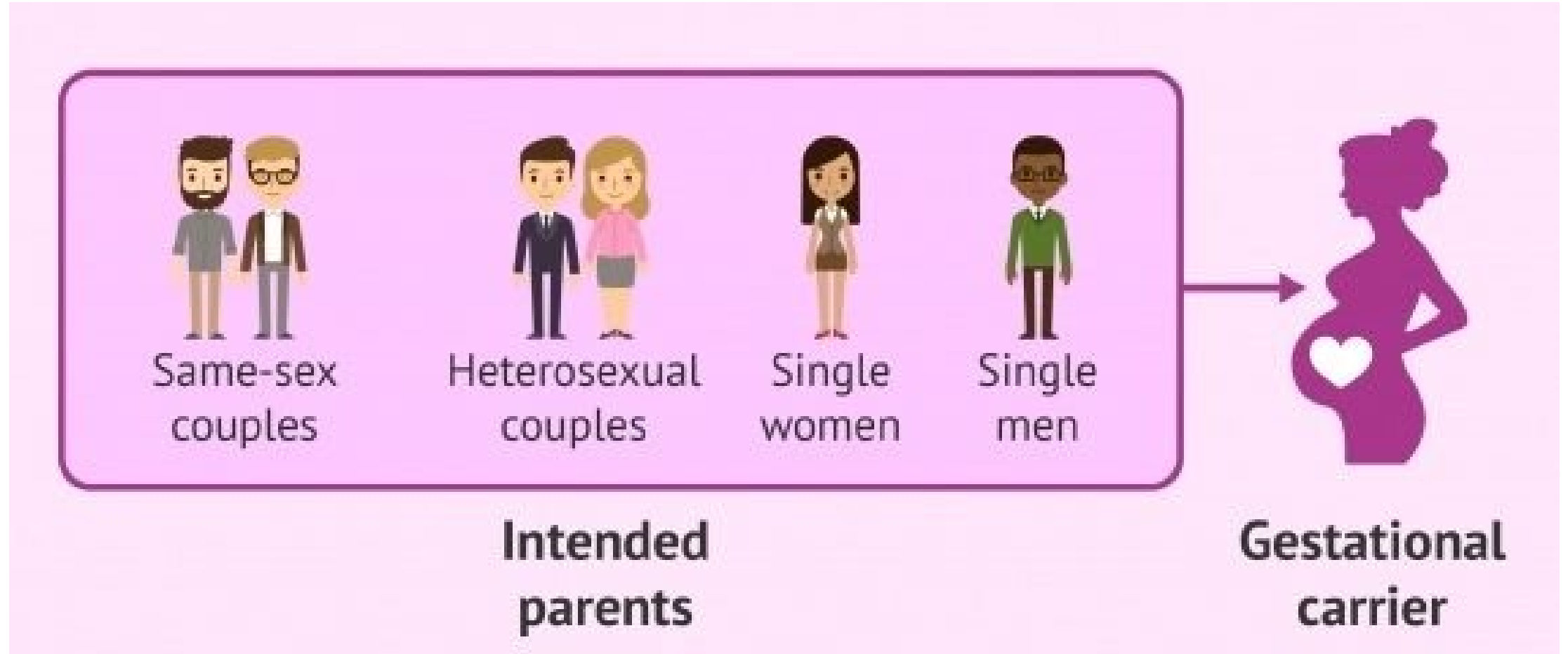
Informed consent

- Researchers (like you ...) must obtain informed consent. According to the Declaration of Helsinki, which governs ethical research, for consent to be informed the participant must be “informed of the aims, methods, sources of funding, any possible conflicts of interest, institutional affiliations of the researcher, the anticipated benefits and potential risks of the study and the discomfort it may entail, post-study provisions and any other relevant aspects of the study.”
- Regarding the app - the word ‘consent’ does not appear *and the* omission of ‘consent’ from the document might be deliberate – as clearly the standards for valid consent cannot be met – but even if deliberate it is startling not to mention consent when research on data is discussed.

Consent

- Consent is intended to respect individual autonomy and dignity and human rights.
- Covid-19, as a public health emergency, might legitimise all kinds of actions which we wouldn't normally accept, including limiting freedom of movement (requiring self-isolation) and some monitoring and a reduction of privacy (the App). Exceptional times need exceptional measures.
- But is 'future research' exceptional?
- If not why assume that individual consent can effectively be bypassed?
- Why should "collective consent mechanisms" be used after the initial emergency at all?
- Should we not be asked for *informed* consent at the time when we can know what our data is going to be used for?

Surrogacy

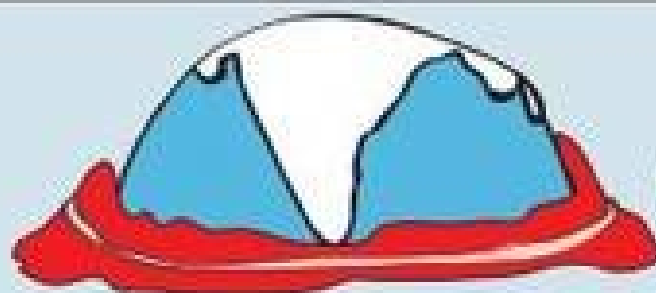




Ethics of surrogacy

- Surrogacy is often thought to be a 'treatment' option for the infertile or an alternative to adoption, and so to be celebrated in fulfilling people's desires to be parents.
- However, surrogacy also brings a wealth of more complex ethical issues around gender, labour, payment, exploitation and inequality.

BOOM TIME FOR RENT A WOMB



Commercial surrogacy
now a **\$2.3 billion**
industry in India



Nearly **25,000**
children born to surrogates
each year



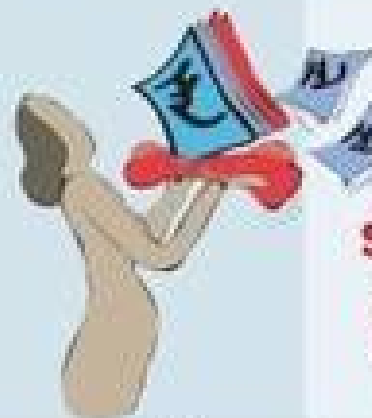
50 per cent of
them are of clients
from the West



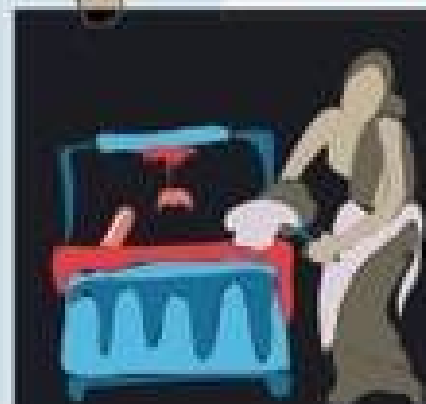
**What makes
India a
lucrative centre:**
cheap medical fa-
cilities, advanced
reproductive
technological
know-how, poor
socio-economic
conditions, lack
of regulatory
laws



Payment to
surrogate
mothers ranges
from
**Rs. 3 lakh to
Rs. 3.99 lakh**



However, some claim
that while couples pay
Rs. 2 lakh to Rs. 5 lakh,
**surrogate mothers get
paid only between Rs.
75,000 and Rs. 1 lakh**



Most of
these women
work as
domestic
help



Normally
earn just
about
Rs. 3,000
a month

Ethics – Dollar

- Take the issue of payment: surrogacy involves literal labour (physical and often emotional effort in both gestating and birthing). However, many see it as distinct from labour (working in a factory or teaching a class).
- Some argue that surrogacy is unique when compared to other work. For instance, pregnancy and birth are special and should not be bought, or that being pregnant requires an unusual time commitment, 24, 7, 9 months.
- Others argue that there is equivalence to traditional work. Various occupations demand control over the body (ballerinas and astronauts are heavily controlled in what they can eat and how much they exercise, just as surrogates are) and longevity of work (writing a book can take longer than gestating and delivering a baby). All this work should be paid, so the argument goes.
- Is the difference – producing a life and not a doll ?

Gender

- Biologically, a surrogate is a female.
- As gendered labour, surrogacy triggers important feminist concerns, such as about bodily autonomy, vulnerability, inequality and rights.
- Trans rights.
- Only 'real women' can breastfeed ??
- <https://www.bbc.co.uk/bbcthree/clip/2237b1ff-f932-4893-9827-5917b636e96c>

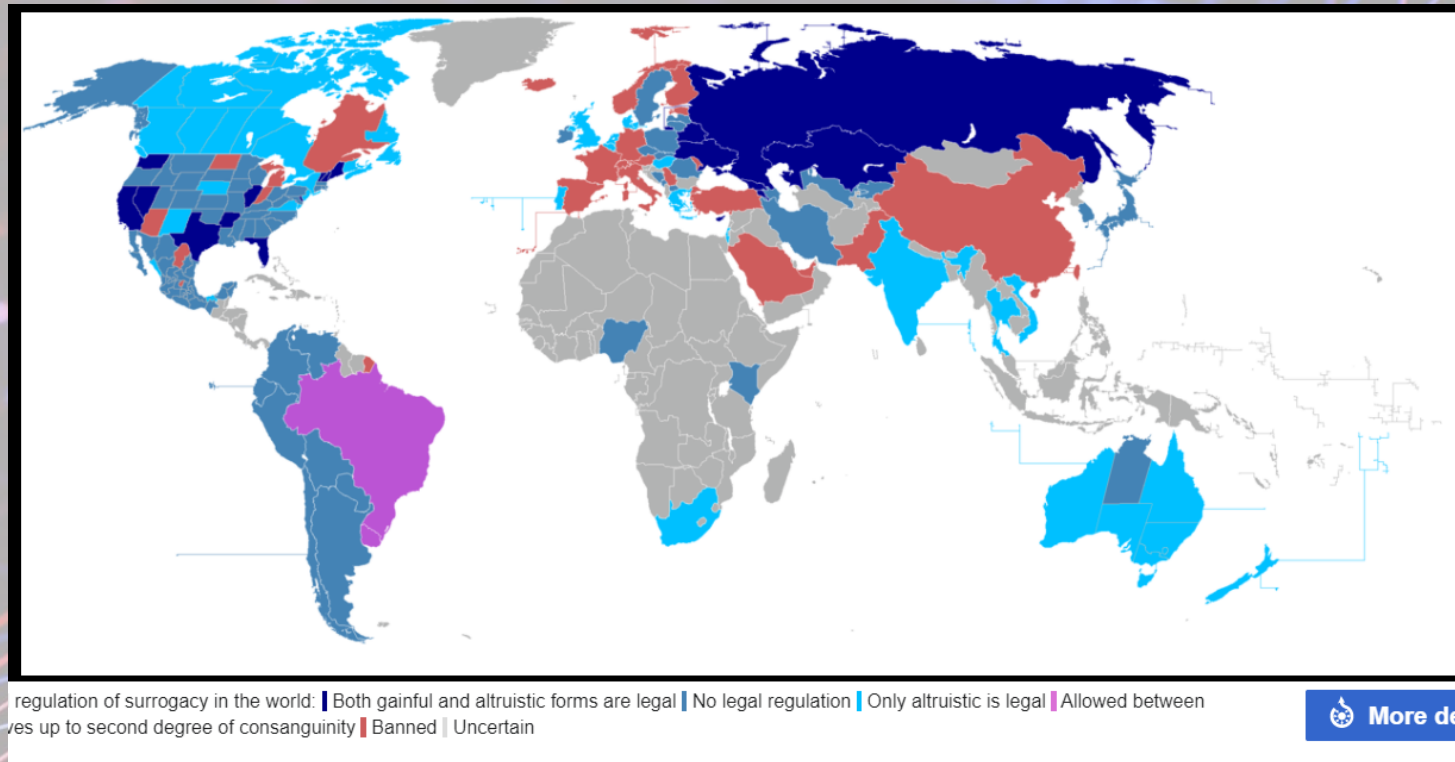
Exploitation

- There are good reasons to worry about a country-specific approach to surrogacy.
- In particular, the country-specific approach opens up the potential to exploit legal loopholes, intended parents, and, ultimately those doing the majority of the labour – surrogates.

Surrogacy

- https://en.wikipedia.org/wiki/Surrogacy_laws_by_country#/media/File:Maternidad_subrogada_situaci%C3%B3n_legal.PNG

https://en.wikipedia.org/wiki/Surrogacy_laws_by_country#/media/File:Maternidad_subrogada_situaci%C3%B3n_legal.PNG



Viewer Discretion Advised

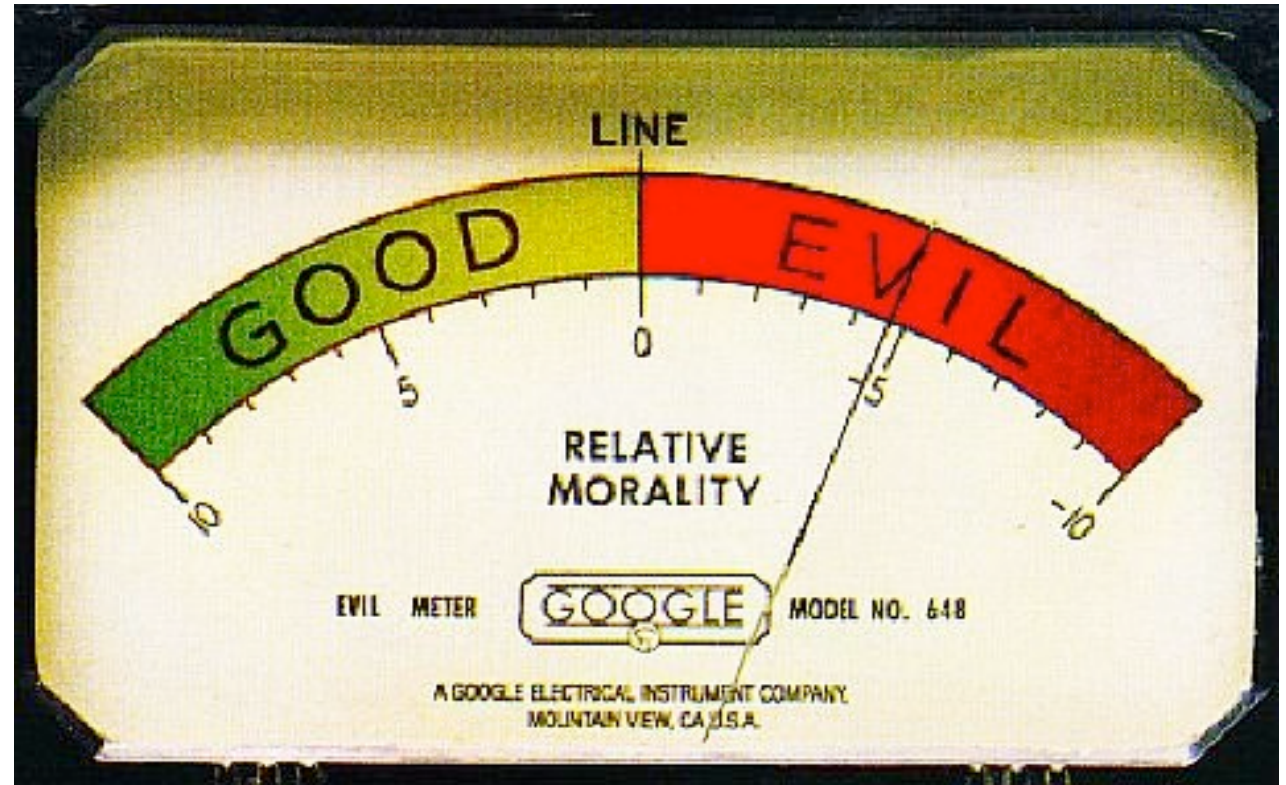


Global Ethics

- Definition

True universal moral judgments

- Please fill in the gaps:
 - ___ is wrong
 - ___ is right
 - ___ is obligatory
 - ___ is good
 - ___ is bad

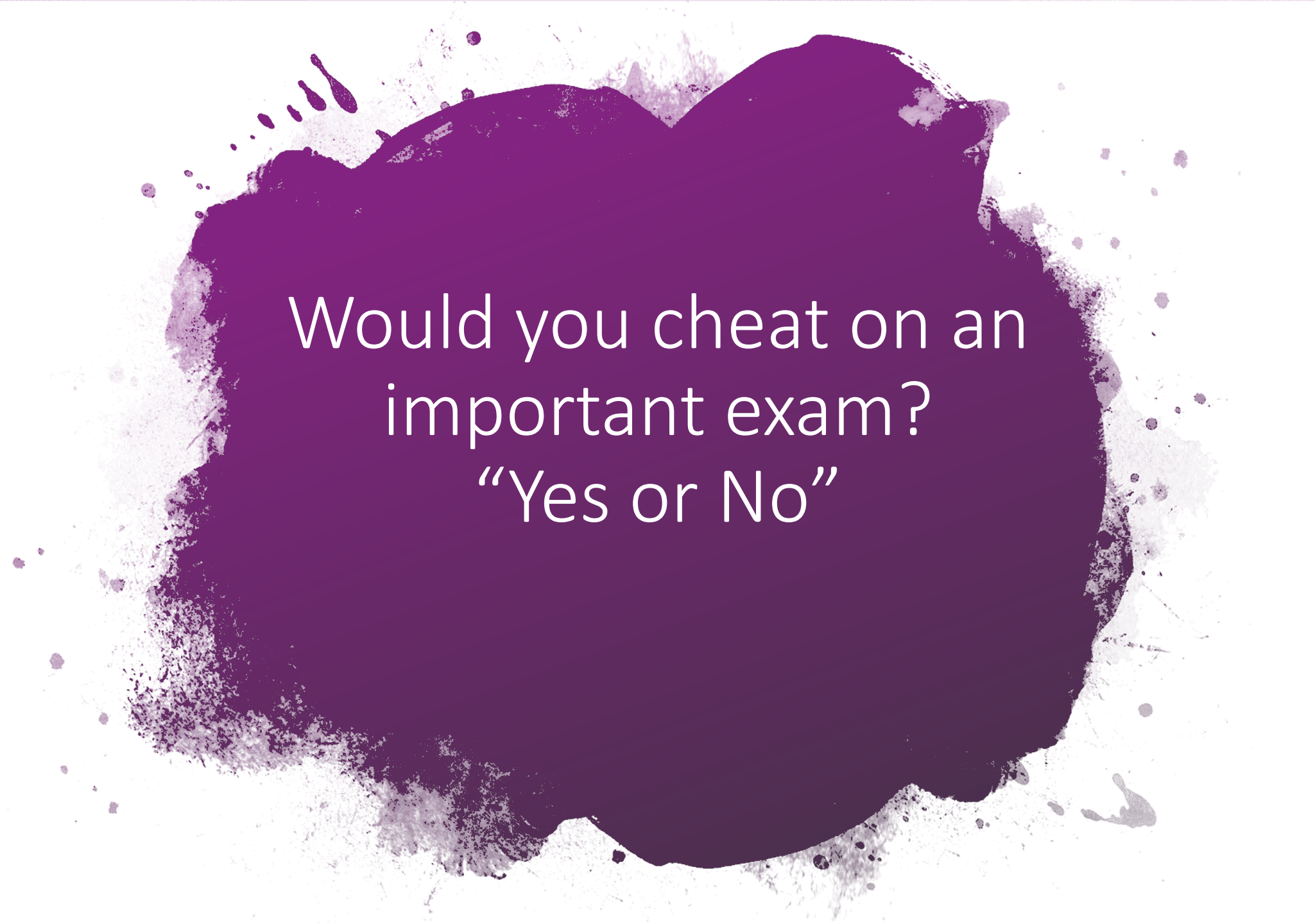


Ethics

Ethics is not a
universal language.

Ethical universalism.

Ethical relativism.



Would you cheat on an
important exam?
“Yes or No”

Answers

- A survey of American students showed that 65% would cheat!
- Were you truthful? Is it ethical to answer truthfully? Who gets hurt when people are unethical?
- What if Volkswagen cheated you when they built your car?
- Oh yeah, that's right, they did.



Where does your
morality come from?

Where does your morality come from?

- Parents/family
- Religion
- Peers
- Law
- Technology

Parents

- Parents instill ethics and morals in children.
Example: A child yells at their friend – calling them a name.
- How does the parent respond?
- Other ways?

Religion

- Most religions set guidelines on how to make moral judgments. Example: In the Christian religion the ten commandments serve as guidelines for making ethical and moral judgments.
- What do Muslims, Hebrews, and other religions use?

The Ten Commandments (Exodus 12: 1-17 & Deuteronomy 5: 6-21)	Confirmation in the Quran (Chapter: Verse)
1. Thou shall not take any God except one God.	1. "There is no other god beside GOD," (47:19)
2. Thou shall make no image of God.	2. There is nothing that equals (like) Him. (42:11) "My Lord, make this a peaceful land, and protect me and my children from worshiping idols. (14:35)
3. Thou shall not use God's name in vain.	3. Do not subject GOD's name to your casual swearing, that you may appear righteous, pious, or to attain credibility among the people. (2:224)
4. Thou shall honor thy mother and father.	4. and your parents shall be honored. As long as one or both of them live, you shall never say to them, "Uff" (the slightest gesture of annoyance), nor shall you shout at them; you shall treat them amicably. (17:23)
5. Thou shall not steal.	5. The thief, male or female, you shall mark their hands as a punishment for their crime, and to serve as an example from GOD. GOD is Almighty, Most Wise. (5:38 - 39)
6. Thou shall not lie or give false testimony.	6. incur GOD's condemnation upon him, if he was lying. (24:7) Do not withhold any testimony by concealing what you had witnessed. Anyone who withholds a testimony is sinful at heart. (2:283)
7. Thou shall not kill.	7. anyone who murders any person who had not committed murder or horrendous crimes, it shall be as if he murdered all the people. (5:32)
8. Thou shall not commit adultery.	8. You shall not commit adultery; it is a gross sin, and an evil behavior. (17:32)
9. Thou shall not covet thy neighbors wife or possessions.	9. You shall regard the parents, the relatives, the orphans, the poor, the related neighbor, the unrelated neighbor, the close associate, the traveling alien, and your servants. (4:36)
10. Thou shall keep the Sabbath holy.	The Sabbath was relinquished with the revelation of the Quran. The Sabbath Abrogated [16:124] The Sabbath was decreed only for those who ended up disputing it (Jews & Christians). Your Lord is the One who will judge them on the Day of Resurrection regarding their disputes. God, however, ordered us to make every effort and drop all businesses to attend the congregational (Friday) prayer. The Submitters may tend to their business during the rest of the day. 10. O you who believe, when the Congregational Prayer (Salat Al-Jumu'ah) is announced on Friday, you shall hasten to the commemoration of GOD, and drop all business. . (62:9)

The Ten Commandments

20% Concern Idolatry

-  1. I am the Lord your God
-  2. You shall have no other gods beside Me. You shall not make for yourself any graven image, nor bow down to it
- 3. You shall not take the name of the Lord Your God in vain
- 4. Remember the Sabbath, to keep it holy
- 5. Honor your father and mother
- 6. Do not murder
- 7. Do not commit adultery
- 8. Do not steal
- 9. Do not lie
- 10. Do not covet your neighbor's house or wife



10 Commandments of Hinduism

1. Dheeraj Rakhna – Patience
2. Kshama Karna – Forgiveness
3. Man ko kaabu me Rakhna – control of mind
4. Chori na karna – non stealing
5. Shudhatta Rasna – Cleanliness
6. Indriyo ko vash me rakhna – Control of senses
7. Budhi ko Jagaana – Seek knowledge
8. Vidya Parna – Education
9. Satya Bolna – Truthfulness
10. Krodh na karna – Avoid anger



Buddha's 14 Commandments

One's most valuable asset in life is good health

One's worst enemy in life is himself

One's greatest offering in life is forgiveness

One's worst debt is unrequited love

One's worst failure is arrogance

One's greatest stupidity is dishonesty and insincerity

One's deepest sorrow is jealousy

One's worst mistake is to lose oneself

One's most painful state of mind is to feel inferior

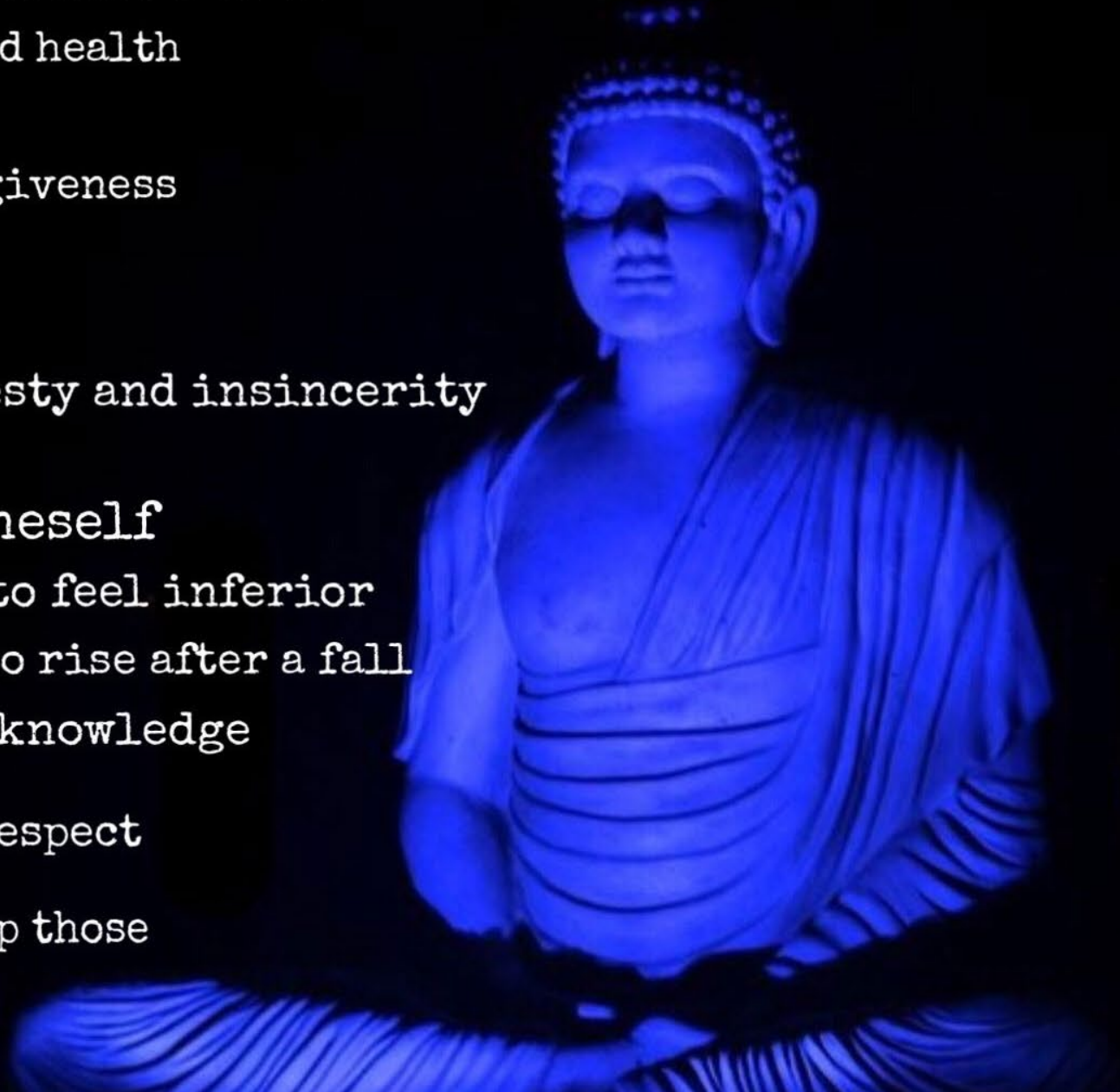
One's most admirable achievement is to rise after a fall

One's worst depravation is lack of knowledge
and understanding

One's worst sin in life is a lack of respect
for others

One's greatest comfort in life is to help those
less fortunate

One's worst bankruptcy in life is
to live in despair



Peers

- Friends effect your moral judgments.
Example: A friend or acquaintance might coax you to speed, to be abusive, to use drugs.
- Peer pressure can sometimes cause people to make moral and ethical decisions.
- Others?

Technology

- Technology provides many opportunities to make moral and ethical decisions. Example: Copying computer games and violating copyright laws.
 1. Does having a radar detector give you the right to break the law and speed?
 2. Is it ethical to slash and burn the rain forests to feed more people?
 3. Should you drive your car to work or school when it is in within waling distance?

Law

- You do not break the speeding limit, because of a fine and points on your licence.
- You do not rob a bank, because you will go to jail.
- You do not use hate crime language, because you want to avoid punishment.

Right, Wrong and Grey areas?

- Unclear situations in ethics, many times they are personal and hotly debated in politics.
- Black* and white – Fairly clear – straight forward, most people feel the same way about: stealing, murder, honesty, charity.
- Others?



Black = bad

- Black mark (disrepute)
- Black sheep (social exclusion)
- Black market (illicitness)
- Blackmail (extortion)
- Ball ball (exclusion)
- <https://youtu.be/Oh579oeOQQuM>





Grey areas!

- Abortion
- Separation of Church and state
- Environmental impacts of technology
- Internet
- Crime
- Gun control
- Others?

What about these?

- Drunk driving
- Radar detectors
- Illegally dumping pollutants
- What would you do?
- Summary: Morals and Ethics, do you know what are they now?

Definitions of Ethics

Ethics is a science of human choice concerned with the basic guidelines for how one ought to live one's life. It answers the question, "How should I live?" (Machan & Chesher, xiii.)

A light blue downward-pointing arrow indicating a flow from the first definition to the second.

Ferrell, Fraedrich and Ferrell (p 8) define ethics as the study and philosophy of human conduct with an emphasis on determining right and wrong.

A light blue downward-pointing arrow indicating a flow from the second definition to the third.

Ethics is the systematic study of general principles of right and wrong behaviour (Craig, xxii).

Ethics Defined



A science of human choice concerned with the basic guidelines for how one ought to live one's life. It answers the question, "How should I live?"



The study and philosophy of human conduct with an emphasis on determining right and wrong.



The systematic study of general principles of right and wrong behaviour.

Are Ethics and Morals the Same?

- Ethics refers to the systematic study of general principles of right and wrong behaviour.
- Morals and morality describe specific, culturally transmitted standards of right and wrong.
- Both ethics and morality involve decisions about right and wrong.

Johnson, (2007).

Quite simply

Morality governs
private, personal
interactions.

Ethics governs
professional
interactions.

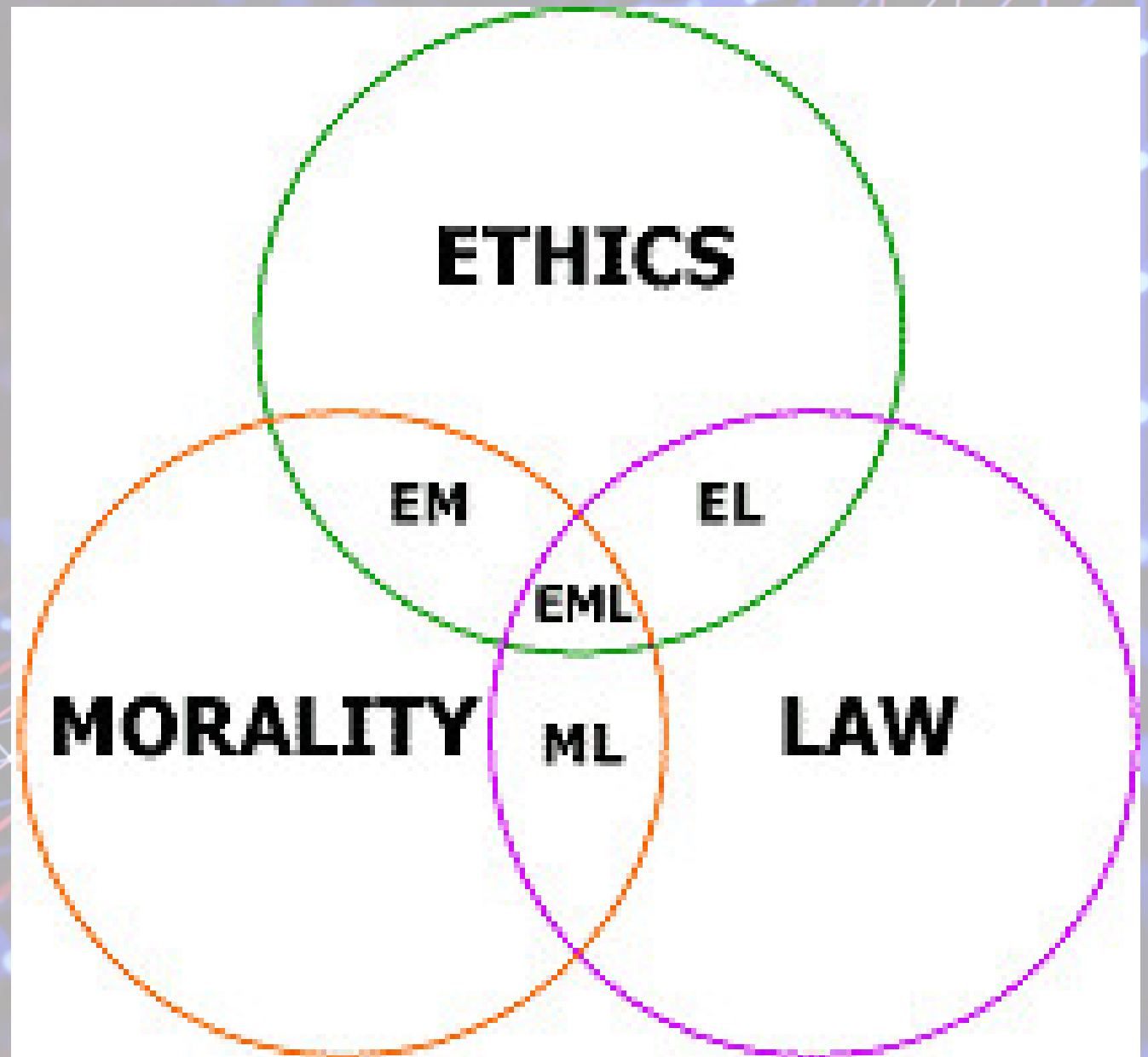
Continued

Ethics refer to rules provided by an external source, e.g., codes of conduct, codes of ethics, codes of practice.



Morals refer to an individual's own principles regarding right and wrong.

Ethics, morality and law



Continued

- Ethics is the moral principles that govern a person's behaviour or the conducting of an activity.
- Morals are concerned with the principles of right and wrong behaviour and the goodness or badness of human character.
- Law is the system of rules that a particular country or community recognizes as regulating the actions of its members and may enforce by the imposition of penalties.

Continued

- Morality governs private, personal interactions.
- Ethics governs professional interactions.
- Law governs society as a whole, often dealing with interactions between total strangers.

Why are ethics important in business?

1. Power and influence of business in society
2. Potential to provide major contribution to society
3. Potential for businesses to inflict harm on individuals, society and the environment
4. Increasing demands from stakeholders
5. Lack of business ethics education or training
6. Continued occurrence of ethical infractions
7. Businesses face a trust deficit
8. Evaluating different ways of managing business ethics
9. Interesting and rewarding

Jan 2018, trump referred to Haiti, El Salvador and parts of Africa as “shithole countries” during a white house meeting about immigration reform



• [Link](#)



Racism

“Don’t talk to me in a foreign language, you stupid ugly cow.”

Link

https://www.youtube.com/watch?time_continue=2&v=exlcaG9mBmg

Link

- <https://www.theguardian.com/business/2018/oct/22/passenger-filmed-racist-tirade-on-ryanair-flight-to-show-world>
- Ryanair is registered in Dublin and the plane was on the ground in Spain, UK law did not apply.



Incident

Discuss

Moral framing

- A frame of reference, or point of view, refers to the way we look at a given situation. How a person views that situation can affect her understanding of the facts and influence how she determines right from wrong.





Some frames minimize or even omit the ethical aspects of a decision -
Discuss framing of Ryanair incident.



For example, studies show that if people are prompted to frame a situation only in terms of money or economic interests, they often leave out ethical considerations.

A group of young children are sitting at a table in a classroom, engaged in a craft activity. They are using various colored papers, markers, and scissors. The background shows a wall with several colorful drawings or paintings. The image is dimmed to allow text to be overlaid.

<http://rady.ucsd.edu/faculty/directory/gneezy/pub/docs/fine.pdf>

- In a famous study, a day care center having difficulty with parents picking up their children on time started charging a fine for being late.



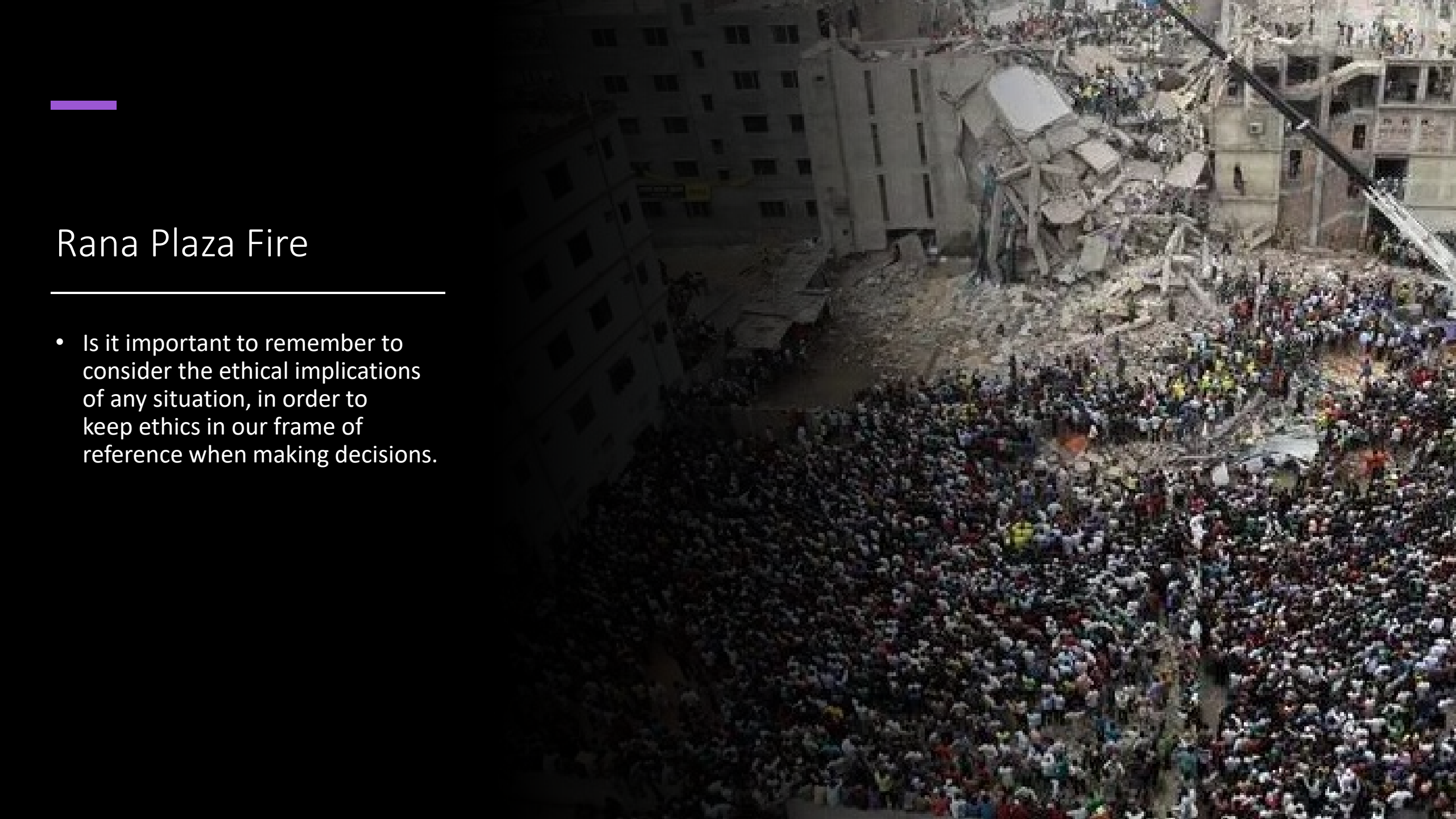
Parents then reframed the issue from an ethical one (“It’s not nice of me to burden the staff in this way”) to a business one (“I can buy the staff’s time by paying this fine”).

Did late pick-ups
increase or
decrease due to the
change in parents'
frame of time ?

Well ?





A large crowd of people is gathered in front of a damaged building, likely the Rana Plaza in Dhaka, Bangladesh, after a collapse. The building is heavily damaged, with debris visible. The crowd is dense and fills the foreground and middle ground. The background shows other buildings and a clear sky.

Rana Plaza Fire

- Is it important to remember to consider the ethical implications of any situation, in order to keep ethics in our frame of reference when making decisions.



Ethical fading

- Ethical fading occurs when the ethical aspects of a decision disappear from view.



This happens when people focus heavily on some other aspect of a decision, such as profitability or winning

- People tend to see what they are looking for, and if they are not looking for an ethical issue, they may miss it altogether.



What you see ??



bribery

- Psychologist Anne Tenbrunsel and colleagues find that innate psychological tendencies often cause us to engage in self-deception, which blinds us to the ethical components of a decision.
- For example, euphemisms like “We didn’t bribe anyone... we just ‘greased the wheels,’” help people disguise and overlook their own wrongdoing.



The same but different

Both ethical fading and moral disengagement help people minimize the guilt they feel from violating ethical standards.

Ethical fading is common, we can try to counteract it by learning to recognize when we put ethical concerns behind other factors in making decisions.

Open-Ended Questions?

Are ethical decisions important?
Why?

What happens without ethics?

What is the relation between society
– ethics – morals – moral judgment?





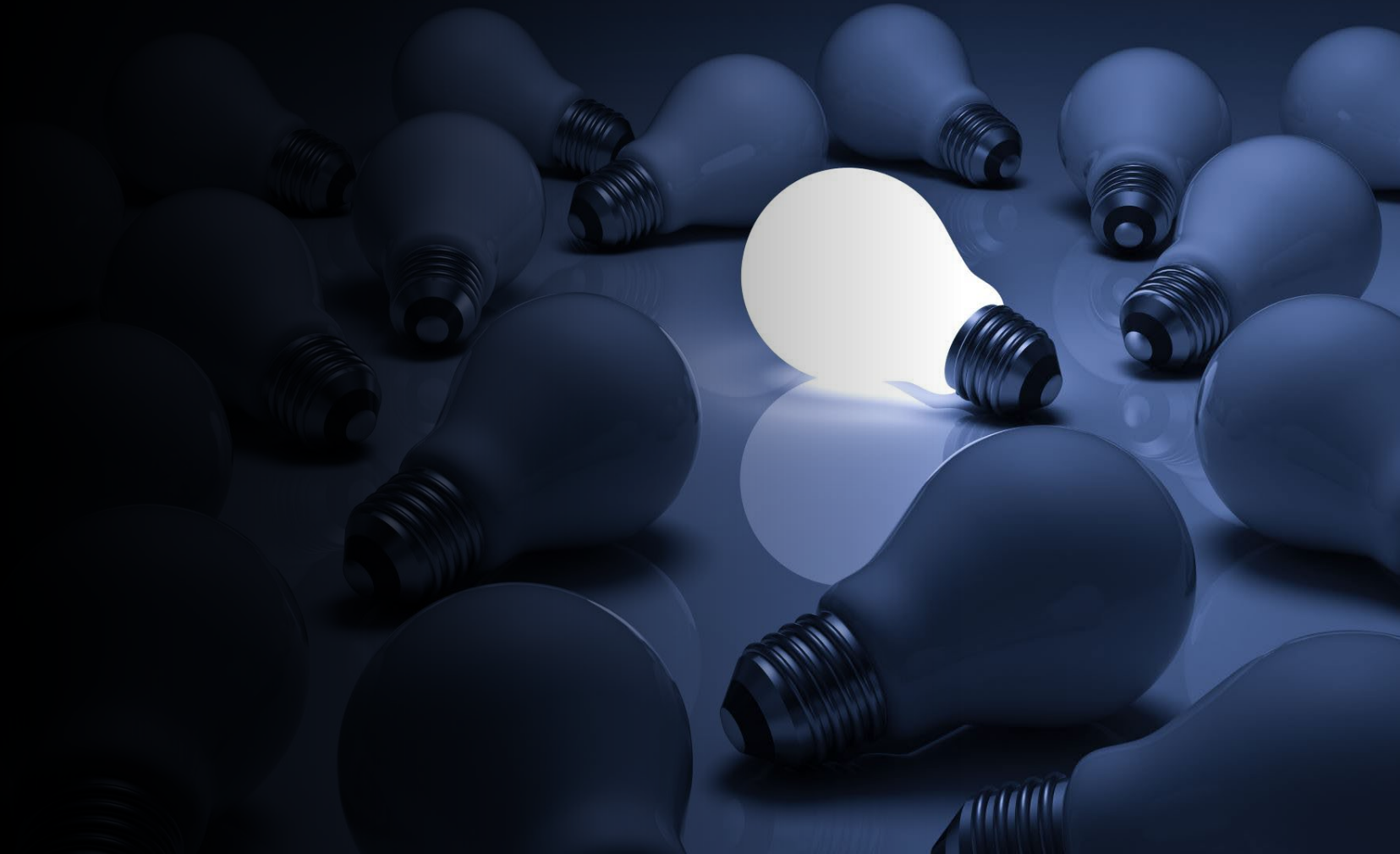
Examples of Ethical Decisions

- An American journalist, the first, to visit the Soviet Union after the Chernobyl accident found a very provocative story. He was taken on a tour of the plant with some American engineers after the 1986 explosion. What he found out about what happened the night the reactor exploded, was frightening. It seems that night two of the engineers were playing around with one of the reactors, in what later the Soviets described as an "Unauthorized experiment." The engineers were trying to see how long a turbine would free-wheel if they took the power off it. To do this they had to take reactor four off-line. They bypassed six different security systems with warning lights saying "extremely dangerous do not continue." They shut off the alarms rather than the experiment. The engineers even padlocked open the valves on the reactor so they wouldn't automatically close. These engineers were two of the people considered above excellent in their field.

- 
- What ethical decisions were involved in this story?
 - What kind of ethical decisions did the engineers make?

Think back to the Engineers

- How ethical were the Engineers?
- How moral were the Engineers?
- What is the difference?



Peers

- Friends effect your moral judgments.
Example: A friend or acquaintance might coax you to use drugs.
- Peer pressure can sometimes cause people to make moral and ethical decisions.
- Others?

Technology

- Technology provides many opportunities to make moral and ethical decisions.
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Right, Wrong and Grey areas?

- Unclear situations in ethics, many times they are personal and hotly debated in politics.
- Black and white – Fairly clear – straight forward, most people feel the same way about: stealing, murder, honesty, charity.
- Others?

What about these?

- Drunk driving
- Radar detectors
- Illegally dumping pollutants
- What would you do?
- What ethical issues can you identify in your sector of IHM ?

Task 1

- Imagine that you are the corporate manager of a company. You have been hired by the board of directors to make the company more profitable. Across your desk is a proposal from a local charity urging you to donate £800 of the company's money to help the local soup kitchen that provides food for the homeless and there is another letter from an environmental activist group that wants a donation of £500 to help clean up a local river. There is no direct benefit for the company in this.
- Do you divert funds from the company to help either of these groups? If so, why?

Continued

- The mantra: that the strong must look after the weak! That the responsible thing to do is to take care of the planet and make it sustainable.
- Breach of fiduciary responsibilities.
- Charity – do it in your own time with your own money.

Task 2

- You are the corporate manager of a company and that you can hide company debt through “creative financial reporting” to keep the price of stocks up and get more people to invest in your company. Should you maximize profits this way, after all it is your duty towards the company to increase profits?

Continued

- This was the case of Enron, one of the biggest business-scandals in recent years. When the scandal was uncovered the stocks fell from \$90 to 4 cents. The stockholder theory holds as a side-constraint that deception and fraud is prohibited in the pursuit of profit. Behaving as Enron did, a company that before the scandal was much heralded for its environmentally friendly agenda and its CSR profile, is unacceptable in the pursuit of profit according to the stockholder theory.

Task 3

- You are an executive in a corporation located in India pumping up water to make soft-drinks, where your explicit corporate purpose is to maximize profits. Pumping up the water in large quantities in order to earn more profits has the effect that local villagers are being deprived of their much needed water as well as having negative health-consequences.
- What do you as a corporate manager do?
- Do you continue to increase profits by depriving the villagers of their water?
- How do you as a corporate executive deal with the issue of negatively affected third parties?
- Do you as an executive of a corporation have any social responsibility to the affected parties?

Continued

- This was the case of Coca-Cola in Kerala province, India, and they decided to continue pumping up the water. This is against another side-constraint of the stockholder theory; that a person or company should avoid exposing others to negative externalities and also abide by the law. Western countries would not accept such behaviour, but what then if the place of business is in a country that would like a big corporation to come in and provide jobs and tax-money, and would be willing to look away from adverse consequences to a part of its poor population. Does it morally alter anything, since the action seems to be sanctioned by the government?

Task 4

- You are an executive in the oil business and that in order to get a lucrative oil contract you have to pay a bribe to local officials, bureaucrats and politicians. This is the social norm and the industry norm and it is practiced by everyone. The consequences of not paying the bribe is that somebody else, who is willing to pay the bribe will get the contract, corruption will continue and you will be forced to reduce the number of employees at your company, which again will have negative effects for the families involved, some of which will not be able to pay of the mortgages on their houses.
- What should you do?



RESERVE
G7 85566320 B



THIS NOTE IS LEGAL TENDER
FOR ALL DEBTS, PUBLIC AND PRIVATE

Mary Schuler Wilson
Treasurer of the United States

100

FEDERAL RESERVE
HC 3855374 C3



THIS NOTE IS LEGAL TENDER
FOR ALL DEBTS, PUBLIC AND PRIVATE

Anne S. Escobedo Cabral
Treasurer of the United States

100

93 A
100

Money

- Milton Friedman's philosophy "the social responsibility of business is to increase its profits"

But

- “Profit is like health. You need it, and the more the better. But it’s not why you exist.”
- I would agree with this quote 100%.
- A successful company is not defined by its profits.
- With resources becoming more finite, companies need to re-evaluate the core of their business purposes – is it simply just profits that matter, or is it finding a win-win solution that would correspond with the triple bottom line **‘people, planet, profit?’**

Continued

- Milton Friedman's philosophy "the social responsibility of business is to increase its profits" no longer holds true because society increasingly demands corporate conscience.
- Michael Porter "The old models of corporate strategy and capitalism are dead... [there is a need for a] paradigm shift from hurting to helping, with externalities turned into opportunities."
- Richard Branson "Those that continue with 'business as usual', focused solely on profit maximisation, shall not be around for long (and don't deserve to be.)"
- It's not only about profits anymore...



Ethics is not just profits



STOCKHOLDER THEORY

Milton Friedman: The purpose of business is to make money for the owner or stockholders.

Managing for Stakeholders

- **“Managing for stakeholders is about creating as much value as possible for stakeholders, without resorting to tradeoffs.”**
- “The basic idea is that businesses, and the executives who manage them, actually do and should create value for customers, suppliers, employees, communities, and financiers (or shareholders). And, that we need to pay careful attention to how these relationships are managed and how value gets created for these stakeholders.”



Grenfell Towers



BEFORE



AFTER



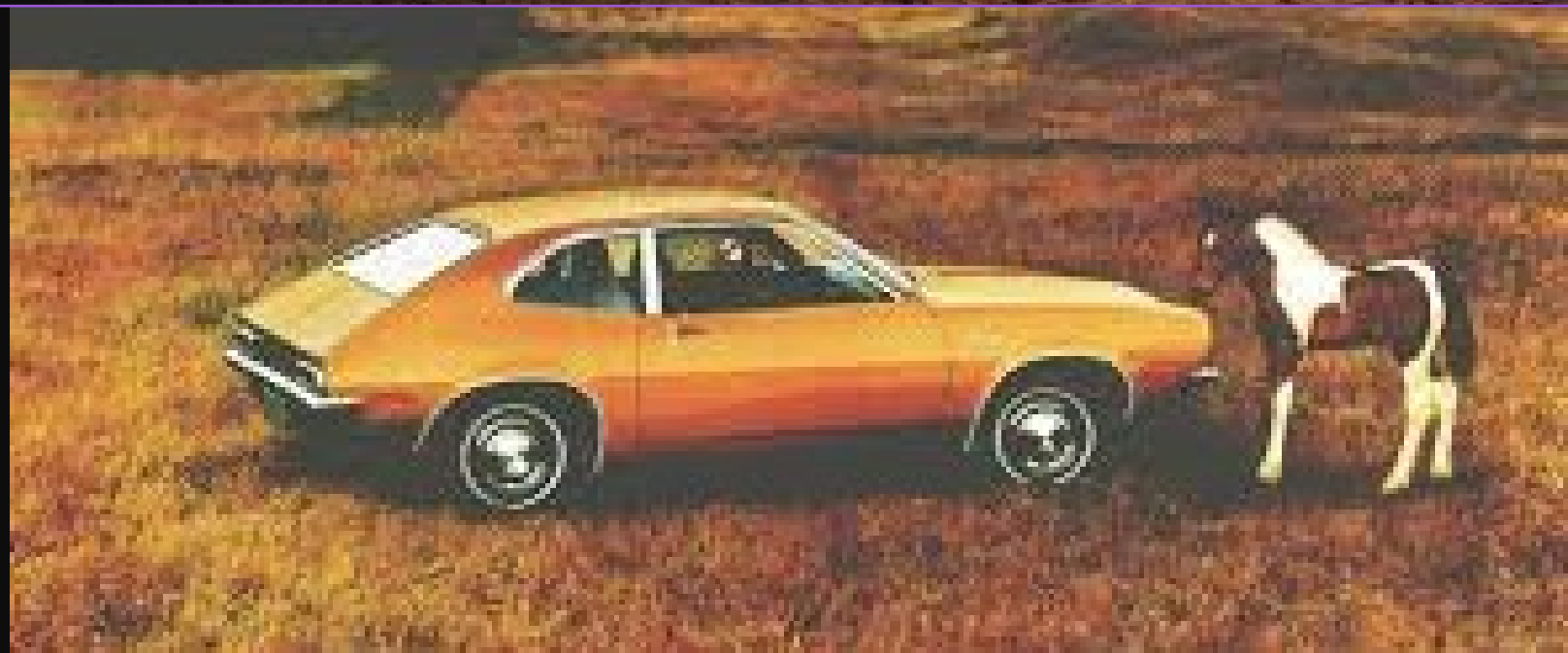
Utilitarianism and business

A cost benefit analysis.

To know if something is morally preferable for a utilitarian, we must ask, “Will it lead to more benefits and less harms than the alternatives?”

If the answer is, Yes, then it is morally preferable.

Ford Pinto



Questions in business

- Basic questions in business tend to be quantitative, and money is frequently the bottom line:
- *How much is it worth? What's my salary? What's the company's profit?*
- The basic question of utilitarianism is qualitative: *how much happiness and sadness is there?*
- Inevitably, it's going to be difficult when businesses accustomed to bottom-line number decisions are forced to cross over and decide about general happiness.
- One of the most famous attempts to make the transition easier occurred back in the 1970s.

Background

- With gas prices on the rise, American car buyers were looking for smaller, more efficient models than Detroit was manufacturing.
- Japanese automakers were experts in just those kinds of vehicles and they were seizing market share at an alarming rate.
- Lee Iacocca, Ford's president, wanted to rush a car into production to compete. His model was the Pinto.

Continued

- Ford rushed the car through early production and testing.
- Along the way, unfortunately, they noticed a design problem: the gas tank's positioning in the car's boot left it vulnerable to rear-end collisions.
- In fact, when the rear-end hit came faster than twenty miles per hour, not only might the tank break, but petrol could be splattered all the way up to the driver's seat.
- Fire, that meant, ignited by sparks or anything else could engulf those inside.

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- No car is perfectly safe, but this vulnerability raised eyebrows.
- At Ford, a debate erupted about going ahead with the vehicle.
- On the legal end, the company stood on solid ground: government regulation at the time only required petrol tanks to remain intact at collisions under twenty miles per hour.
- What about the ethics, though? T
- The question about whether it was *right* to charge forward was unavoidable because rear-end accidents at speeds greater than twenty miles per hour happen—every day.

Decision was made in utilitarian terms

- On one side, the company added up the financial cost of redesigning the car's petrol tank.
- They calculated 12.5 million automobiles would eventually be sold.
- \$11 would be the final cost per car to implement the redesign total \$137 million with the money coming out of Pinto buyers' pockets since the added production costs would get tacked onto the price tag.
- It's a big number but it's not that much per person: \$11 is about \$70 today.
- This option meant only a little bit of suffering for specific individuals, but there are a lot of them.

On the other side of the Pinto question

- If the decision is made to go ahead without the fix, there's going to be a *lot* of suffering but only for a very few people. Ford predicted the damage done to those few people in the following ways:
- Death by burning for 180 buyers
- Serious burn injuries for another 180 buyers
- 2100 vehicles burned beyond all repair
- That's a lot of damage, but how do you *measure* it?
- How do you compare it with the hike in the price tag?
- More generally, from a utilitarian perspective, is it better for a lot of people to suffer a little or for a few people to suffer a lot?

Ford answered both questions by directly attaching monetary values to each of the injuries and damages suffered

- At the time, 1970, US Government regulatory agencies officially valued a human life at \$200,000. (That would be about \$1.2 million today if the government still kept this problematic measure.)
- Insurance companies valued a serious burn at \$67,000.
- The average resale value on subcompacts like the Pinto was \$700, which set that as the amount lost after a complete burnout.
- The maths coming out from this is $(180 \text{ deaths} \times \$200,000) + (180 \text{ injuries} \times \$67,000) + (2,100 \text{ burned-out cars} \times \$700) = \$49 \text{ million}$. The result here is \$137 million worth of suffering for Pinto drivers if the car is redesigned and only \$49 million if it goes to the streets as is.

Ford's decision

- Ford sent the Pinto out.
- Over the next decade, according to Ford estimates, at least 60 people died in fiery accidents and at least 120 got seriously burned (skin-graft-level burns).
- No attempt was made to calculate the total number of burned vehicles.
- Shortly thereafter, the Pinto was phased out.
- No one has final numbers, but if the first decade is any indication, then the total cost came in under the original \$49 million estimate.
- According to a utilitarian argument, and assuming the premises concerning dollar values are accepted, Ford made the right decision back in 1970.

Pinto conclusion

- If every Pinto purchaser had been approached the day after buying the car, told the whole Ford story, and been offered to change their car along with \$11 for another one without the petrol tank problem, how many would have handed the money over to avoid the long-shot risk?
- The number might've been very high, but that doesn't sway a utilitarian conclusion.
- The theory demands that decision makers stubbornly keep their eye on overall happiness no matter how much pain a decision might cause certain individuals.

| Would this happen in 2021 ?

- Yes
- Why?

- No
- Why?



Madoffs

- Duties
- “Should I steal that?”
- “No, stealing’s wrong.”

If we're
supposed to
obey our duties,
then what
exactly are they?

- That's a question Andrew Madoff faced in December 2008 when he learned that maybe most, maybe all of the money he and his family had been donating to the charitable Lymphoma Research Foundation and similar charities was stolen.
- Andrew, it should be noted, was not only a cancer altruist; he was also a victim, and the charitable money started flowing to the researchers soon after he was diagnosed.
- It's unclear whether Andrew knew the money was stolen, but his dad did. Bernard "Bernie" Madoff—was the one who took it. The largest Ponzi scheme in history, they call it.

Two and a half men

- <https://www.youtube.com/watch?v=M5TDy8QLkno>

A Ponzi scheme

- Named after the famous perpetrator Charles Ponzi, makes 'fools' of investors by briefly delivering artificially high returns on their money.
- The idea is simple: You take \$100 from client A, promising to invest the money cleverly and get a massive profit. You spend \$50 on yourself, and at the end of the year, you send the other \$50 back to the client along with a note saying that the original \$100 investment is getting *excellent* results and another \$50 should come in next year and every year from then on. Happy client A recommends friends, who become clients B, C, and D. They bring in a total of \$300, so it's easy to make good on the original promise to send a \$50 return the next year to client A. And you've now got \$250 remaining from these three new clients, \$150 of which you will soon return to them (\$50 for each of the three new clients), leaving you with \$100 to spend on yourself. The process repeats, and it's not long before people are lining up to hand over their money. Everyone makes off like bandits.

Madoff

- Madoff ran his Ponzi empire for around fifteen years.
- So many people handed over so much cash, and the paper trail of fake stock-purchase receipts and the rest grew so complicated that it's impossible to determine exact numbers of victims and losses.
- Federal authorities have estimated the victims were around five thousand and the losses around \$65 billion, which works out to about \$13 million squeezed from each client.
- People also found him a genius, trustworthy.
- He sat on the boards of several Wall Street professional organizations and was known on the charity circuit as a generous benefactor. Health research was a favourite, especially after Andrew's cancer was diagnosed.

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- Exactly how much money Madoff channeled to Andrew and other family members isn't clear.
- By late 2008, however, Andrew knew that his father's investment company had hit a rough patch. The stock market was crashing, investors wanted their money back, and Madoff was having trouble rounding up the cash, which explains why Andrew was surprised when his father called him in and said he had decided to distribute about \$200 million in bonuses to family members and employees.
- It didn't make sense. How could there be a cash-flow crisis but still enough cash to pay out giant bonuses? The blunt question broke Madoff down. He spilled the truth: there was little money left; it was all a giant lie.
- The next day, Andrew reported the situation to the authorities.