**Chapter 1**

Discussion Questions

1. **A common ethical dilemma used to distinguish between philosophical reasoning methods is the following. Imagine that you are standing on a footbridge spanning some trolley tracks. You see that a runaway trolley is threatening to kill five people. Standing next to you, in between the oncoming trolley and the five people, is a railway worker wearing a large backpack. You quickly realize that the only way to save the people is to push the man off the bridge and onto the tracks below. The man will die, but his body will stop the trolley from reaching the others. (You quickly understand that you can’t jump yourself because you aren’t carrying enough weight to stop the trolley, and there’s no time to put on the man’s backpack.) Legal concerns aside, would it be ethical for you to save the five people by pushing this stranger to his death? Use the deontological and teleological methods to reason out what you would do and why.**

**Is it Ethical to Save Four People at the Expense of One?**

**Lessons from the Talmud**

The Trolley Problem is a thought experiment in ethics, first introduced by Philippa Foot in 1967. Others have also extensively analyzed the problem including Judith Jarvis Thomason, Peter Unger, and Frances Kamm as recently as 1996. The authors used these problems in ethics class to challenge students’ moral intuition.

The choice is between saving five lives at the cost of taking one life. Before I get to the “answers,” I want to explain how one researcher is using MRI technology to map brain response while analyzing the dilemma. Joshua Greene at Harvard University was more concerned to understand why we have the intuitions, so he used functional Magnetic Resonance Imaging, or fMRI, to examine what happens in people’s brains when they make these moral judgments.

Greene found that people asked to make a moral judgment about “personal” violations, like pushing the stranger off the footbridge, showed increased activity in areas of the brain associated with the emotions. This was not the case with people asked to make judgments about relatively “impersonal” violations like throwing a switch. Moreover, the minority of subjects who did consider that it would be right to push the stranger off the footbridge took longer to reach this judgment than those who said that doing so would be wrong. Interesting results to say the least.

Many do not believe it to be ethical to intentionally end someone else's life whether it is to save others or not.  Most do not believe it is a moral responsibility to sacrifice one life in order that others may go on.  If you push someone in the way to save others, you may as well say you killed a man.  How could you forgive yourself? The man has a family and people who love him, so how could you explain your actions to his family?

We have no right to sacrifice the life of one person to save others. There is a saying from the Talmud, an authoritative record of rabbinic discussions on Jewish law, Jewish ethics, customs, legends and \stories: “Whoever destroys a soul, it is considered as if he destroyed an entire world. And whoever saves a life, it is considered as if he saved an entire world.”

We have no right to decide who lives and who dies. Yes, if we can save one person without harming others we have a moral obligation to do so. However, to save one life while sacrificing others is an arbitrary act in many ways. What if the one sacrificed is a humanitarian, well-respected and well-known person who works tirelessly for the poor and others who can’t help themselves? What if those saved are criminals who committed murder and escaped from prison. You see the dilemma? Who are we to judge who is a good person, and be saved, and who is a bad person? We should focus on leading the best possible life we can; to serve others whether through medicine, the clergy, the law, a teacher, nurse, or first-responder. (Even though the case said you couldn't save the five people by jumpring on the tracks yourself, if this was possible then an ethical argument could be made for making the self-less act of jumping off yourself to save the others.]

1. **Another ethical dilemma deals with a runaway trolley heading for five railway workmen who will be killed if it proceeds on its present course. The only way to save these people is to hit a switch that will turn the trolley onto a side track where it will run over and kill a worker instead of five. Ignoring legal concerns, would it be ethically acceptable for you to turn the trolley by hitting the switch in order to save five people at the expense of one person? Use the deontological and teleological methods to reason out what you would do and why.**

Again, like above in number 1 you should not intentionally take a life, but if your intentions were to save the other five men and you were unaware of the damage it would do to the sole man, then you acted out of goodwill and that is more admirable.

1. **The following statements about virtue were made by noted philosophers/writers:**

 **a. MacIntyre, in his account of Aristotelian virtue, states that integrity is the one trait of character that encompasses all the others. How does integrity relate to, as MacIntrye said, “the wholeness of a human life”?**

Integers are whole numbers. This is the base word for integrity. Things with integrity are the same all the way through or whole throughout. Thus, integrity equates with the consistency of one's actions. We must be consistently ethical to become an ethical person. If we can assume that everyone knows good treatment of their own interests and everyone knows good choices for their own short run, integrity might mean applying those same best choices to situations which affect others or affect the long run of all concerned.

A person of integrity acts with courage, sincerity, and honesty. Integrity encompasses all the other traits or values of character because it also implies action. Integrity requires a person to be honest, but to also act on that honesty. Integrity requires that a person have courage but also to act on that courage. Integrity requires that people not only have principles and values, they also have to stand by those principles and values and not bow to pressure thereby foregoing those principles.

Students often think that integrity is synonymous to honesty. Many dictionaries even state that honesty is the synonym for integrity and vice versus. Yet, just because a thief is being honest in one circumstance does not mean that he has integrity. A thief may admit to stealing only after being caught. We might say it is an honest act but it lacks integrity because the thief failed to consider the consequences of his actions on those he stole from or their rights not to be robbed. A way to consider integrity is how consistently honest a person is, not just whether that person was honest in one circumstance.

 **b. David Starr Jordan (1851–1931), an educator and writer, said, “Wisdom is knowing what to do next; virtue is doing it.” Explain the meaning of this phrase as you see it.**

This quote addresses the fact that it is not enough to know what is right or wrong; one must also act on that knowledge. Knowledge without action would be hollow. Maya Angelou (1928 - ), an author has said that “Courage is the most important of all the virtues, because without courage you can't practice any other virtue consistently. You can practice any virtue erratically, but nothing consistently without courage.”

Ethical dilemmas are situations where deciding what is best requires weighing ethical arguments between alternatives. Deciding what the best thing to do is almost always easier than actually doing it. Josephson Institute refers to moral temptations as a choice which is clear but still unattractive. The ratio of moral temptation to ethical dilemma might be four to one. Even those of us with the worst eating and exercise habits seem to know a lot about healthy alternatives. However, making yourself eat vegetables when you are hungry for chocolate is difficult and making yourself consistently prefer vegetables to cheeseburgers might require something beyond our abilities. Wisdom is mostly knowledge but virtue is mostly desire, and habit. Wisdom means giving thought and deliberation to one's actions before acting.

 **4. a. Do you think it is the same to act in your own self-interest as it is to act in a selfish way? Why or why not?**

Acting selfishly and in your own self-interest is not the same thing. Normally acting selfishly is only being concerned with self, not others, and being very short sighted; it is being concerned with immediate gratification of some sort. Acting in one’s best interest may also mean acting in the best interest of all involved. For instance, I can turn up the television loud while I study because that is what I like, who cares if it is bothering my roommate or anyone else. Or, I have the television at a moderate volume so as not to disturb my roommate or anyone else. I do this in hopes that I am not disturbed by loud volumes at 3 am while I’m trying to sleep and my roommate is coming in from a job. In the former case I am acting selfishly and in the other I am acting in my self-interest while considering others.

 **b. Do you think “enlightened self-interest” is a contradiction in terms, or is it a valid basis for all action? Evaluate whether our laissez-faire, free-market economic system does (or should) operate under this philosophy.**

“Enlightened self-interest” may seem like a contradiction in terms. Nevertheless, an individual has to be “enlightened” to consider the long term effects of a choice upon self, others, and the whole of humanity. For example, an individual may want the road near his house to be free of litter out of self-interest (resale value, dislike of clutter and untidiness, etc.), but can extend that desire to wanting all the roads of a neighborhood or city to be free of litter for the good of the community. In fact, long term self-interest requires that an individual consider others, since an individual does not live in a vacuum without interaction with others. A person who uses enlightened self-interest as a basis for ethical actions hopes others will consider her interests when making a decision that affects that person. A totally selfish person will probably face negative consequences from others.

The doctrine of laissez-faire, free market system is based upon the belief that economies should not be encumbered by regulation; an economy works best with enlightened self-interest, competition, and the laws of supply and demand. Adam Smith used the term “invisible hand” to describe how enlightened self-interest, competition, and supply and demand worked to self-regulation markets without needing regulation. The 2007-2008 financial crisis has raised questions as to whether the invisible hand works. There are many cases during in the crisis where enlightened self-interest gave way to greed and egoism. Such cases have raised cries for new/stricter regulations of the free markets. Although competition and, sometimes, supply and demand can be regulated, can self-interest, egoism or greed really be regulated? If those could be regulated, then regulations alone could create and protect a moral economy.

1. **In this chapter we discuss the Joe Paterno matter at Penn State. Another situation where a respected individual’s reputation was tarnished by personal decisions having nothing to do with performance on the job is the resignation of former U.S. military General and Head of the CIA, David Petraeus. On November 9, 2012, Petraeus resigned from the CIA after it was announced he had an extramarital affair with a biographer, Paula Broadwell, who wrote a glowing book about his life. Petraeus acknowledged he used poor judgment by engaging in the affair. When F.B.I. agents investigated the matter because of concerns there may have been security leaks, they discovered a substantial number of classified documents on her computer. Broadwell told investigators she ended up with the secret military documents after taking them from a government building, No security leaks had been found. In accepting Petraeus’ resignation, President Obama praised Petraeus’ leadership during the Iraq and Afghanistan wars and said: “By any measure, through his lifetime of service David Petraeus has made our country safer and stronger.” Should our evaluation of one’s lifetime of hard work and success in their careers be tainted by one act having nothing to do with job performance?**

Although at first glance adultery has nothing to do with Petraeus’ job, an officer in the military is subject to the Uniform Code of Military Justice (UCMJ). Under article 133 an officer can be court-martialed for conduct unbecoming to an officer and a gentleman. Article 134-2 identifies adultery as an act unbecoming to an officer and a gentleman. The timing of the affair between Broadwell and Petraeus is not known, but many have opined that had the affair been during his time as general he would have been subject to court-martial and possibly dishonorably discharged from the Army.

Conduct unbecoming to an officer and a gentleman is premised upon the fact that leaders cannot be seen as willing to violate their own rules, principles and those of the organizations they represent.

Under the Six Pillars of Character, Petraeus violated the pillar of trustworthiness. Leaders cannot enforce rules that they violate, and they cannot maintain trust by showing that they are willing —as in adultery—to betray others to whom they have promised fidelity. And when a leader breaks the rules of his own organization, the message sent throughout the organization is that breaking rules is really OK. Lying is fine. Integrity doesn’t matter. Once that cultural norm is inflicted on an organization by its leader, the organization itself will become dysfunctional, untrustworthy and corrupt. A leader must be trusted to mean what he says, and to act according to the stated rules of the organization he leads.

A similar situation is the Lance Armstrong affair where he repeatedly lied about not using performance enhancing drugs. His good reputation was tarnished by this one, albeit very significant, act and a lifetime of being a role model and doing good works through his Live Strong organization went down the tubes. The Joe Paterno situation is another such case. Remind students that it takes a long time to build a reputation for trust but not very long to lose it.

 **6. One explanation about rights is that “there is a difference between what we have the right to do and what is the right thing to do.” Explain what you think is meant by this statement.**

Having a right to do something allows one to be concerned with one’s self interest only (egoism). Doing the right thing often requires one to consider others besides one’s self (at a minimum enlightened egoism, but also utilitarianism, deontology, justice, and virtues). An example is shouting there is a fire in a crowded movie theater. We have the right to do so but it is not the right thing to do.

 **7. Steroid use in baseball is an important societal issue. Many members of society are concerned that their young sons and daughters may be negatively influenced by what apparently has been done at the major league level to gain an advantage and the possibility of severe health problems for young children from continued use of the body mass enhancer now and in the future. Mark McGwire, who broke Roger Maris’s 60-home-run record, initially denied using steroids. He has never come close to the 75 percent positive vote to be in the Hall of Fame. Unfortunately for McGwire, his approval rating has been declining each year since he received 23.7 percent of the vote in 2010 and only 16.9 percent of the sportscasters voted in 2013 to elect him into the Hall. Some believe Barry Bonds and Roger Clemens, two potential future hall-of-famers who were the best at what they did, should be listed in the record book with an asterisk after their names and an explanation that their records were established at a time when baseball productivity might have been positively affected by the use of steroids. Some even believe they should be denied entrance to the baseball Hall of Fame altogether. The results for Bonds (36.2 percent) and Clemens (37.6 percent) in their initial year of eligibility (2013) were not close to meeting the 75 percent requirement and that led some to question whether these superstars would ever be voted into the Hall. Evaluate whether Bonds and Clemens should be elected to the Hall of Fame from a situational ethics point of view.**

Using steroids is cheating. What theories would support cheating? Virtue ethics would want doing the right thing to become a habit. Deontology would emphasize the duty of doing the right thing. Fairness would emphasize equals competing against one another. When athletes compete against one other, each one should have the same advantages and disadvantages. Another concern with steroids is safety. If competition is pressuring some individuals to do dangerous things, agreeing about what EVERYONE will not do protects all from that pressure.

Steroids might increase speed and strength if well administered and athletes could make a case that if every baseball player had access to them competition would be equalized; similar to giving every one access to good shoes or the weight room. There are two dangerous issues to consider. A steroid-using batter facing an equally enhanced pitcher might seem fair, and steroid-using Yankees against steroid-using Red Sox might seem fair, but faster pitching hit by stronger hitters might create a danger to spectators and players.

 Underneath an almost cult like reverence for athletes is the celebration of sporting, unearned luck of birth talent, healthy respect for the virtues of diligence, courage, dedication, discipline, and sometimes teamwork. Baseball is different from some other sports in that until very recently, it looked like a sport anyone could play. Baseball looks like a fair game in that short guys, fat guys, skinny guys, and athletic looking guys got to play. We celebrate the virtues of sports which we ought to celebrate in ordinary life, where we are not all born with talent and not all born with inherited resources but we all can be diligent, brave, honest, and fair. Students may argue that cheating has become part of our culture so why should sports be any different. They may argue using ethical relativism. A useful response is that if everyone were allowed to use steroids, where would it stop? What about 'corked bats.' What about 'juiced up' baseball balls to allow for more home runs? What about pitchers throwing 'spit balls'? All of these things have happened over time and steroid use is just the choice method of cheating in today's sports society, or so the student argument may go. The problem is ethical relativism allows each person to decide for herself what is right or wrong, a clear violation of the universality perspective in Rights Theory.

**8. Your best friend is from another country outside the United States. One day after a particularly stimulating lecture on the meaning of ethics by your instructor, you and your friend disagree about whether culture plays a role in ethical behavior. You state that good ethics are good ethics and it doesn’t matter where you live and work. Your friend tells you that in her country it is common to pay bribes to gain favor with important people. Comment on both positions from a relativistic ethics point of view. What do you believe and why?**

The basic moral principles of respect, fairness and kindness are timeless and worldwide; although different circumstances can affect how they are implemented. There have to be certain ways of treating people that almost always hurt and are almost always wrong; you might mention a few obvious ones, like robbery, rape, and murder. Likewise there are cultural practices of great importance without moral significance. An example is which side of the road you drive on. Left and right sides might be morally equal, but once everyone promises to drive on the left side, the wrong side becomes promise-breaking and deadly. Playing “football” in any country besides the United States implies a promise not to use one’s hands, and doing so would be considered cheating. Touching the ball and thereby breaking the rules might ruin the game, but is not often a life and death betrayal. In many countries, restaurant staffs are not tipped, in other countries, nearly everyone tips the same percent and in some places how much you tip influences how well you are treated. A lot, but not all of cultural morality differences are unwritten rules and expectations that seem fair if applied to and by everyone. Arbitrary choices become moral obligations when other peoples’ well-being depends on keeping promises to follow those choices. Some cultural differences in morality have to do with beliefs more than differences in ethical reasoning. In some places, people are accorded better treatment according to their sex, age, race, wealth, or status. This mixes personal traits which are earned with traits that unearned or due to birth. If you believe wealth and power are earned, then their privileges seem fair, but if you believe children do not choose or earn their parents, then those very same privileges are unfair and discriminatory. Hofstede's cultural variables might be discussed. In countries with a low score on Individualism, it might be argued that cheating is ethical because it brings benefits to the entire society. This is the argument sometimes used in some countries where software piracy is tolerated and even encouraged.

**9. Hofstede’s Cultural Dimensions in Exhibit 1.2 indicate that China has a score of only 30 in Uncertainty Avoidance while the U.S. score is 46. Does this seem counter-intuitive to you? Why or why not? Be sure to include an explanation of why China’s score is relatively low compared to the U.S.**

Uncertainty Avoidance (UAI) is the tolerance for uncertainty and ambiguity within society. A high UAI ranking indicates that a country has a low tolerance of uncertainty and ambiguity and is likely to institute laws, rules, regulations, and controls to reduce the amount of uncertainty. Although the U.S. score is higher than China’s, it may not be significant as compared to Russia (95), Japan (92), or Brazil (76). Many have been critical of Hofstede’s study including its validity, limitations, and inconsistencies. Caution must be exercised in reading the scores as absolutes rather than as relatively in comparison to other countries. It may seem like China has a lot of rules and regulations in place to avoid ambiguous or uncertain situations, however, they are willing to bend and change the rules as situations or pragmatism require it. The Chinese are comfortably with ambiguity; the Chinese language is full of ambiguous meanings that can be difficult for others to follow. The Chinese are adaptable and entrepreneurial, much like the U.S.

 **10. a. What is the relationship between the ethical obligation of honesty and truth telling?**

Ask Students to differentiate between telling a lie and breaking a promise. List some lies no one believes and therefore are not very harmful and list some lies that people might believe and thus could be hurt by believing them. List some promises no one believes and some people might believe and could count on, to their detriment.

Have we sometimes “promised” to tell the truth and other times “almost warned” people that we weren't going to tell the truth? Telling the truth reveals our respect for the other person’s decision making ability when he is provided the truth. We lie to people we think would misuse the truth in unfair or dangerous ways. Keeping the truth secret or deceiving people is only effective when those people believe we are providing them with the truth. Lies only work if we lie infrequently enough, to be believed and relied on when we do lie.

Honesty is about keeping promises to tell the truth. Accepting our promise to tell the truth puts someone is a relationship of trust with us. In the terms of Robert Fulghum in *All I Really Need to Know, I Learned in Kindergarten*, a promise is like riding the teeter-tauter: Believing promises puts you at risk of a hard fall, but breaking promises leaves you alone and unable to play.

 **b. Is it ever proper to not tell someone something he or she has a right to know? If so, describe under what circumstances this might be the case. How does this square with rights theory? If you believe it is never right to withhold such information, consider the virtue of caring or empathy to evaluate your action.**

The conflict of not telling someone something that he may have a right to know is choice between two rights. This situation may cause a person to tell a lie. For example, assume John works in payroll for PQR Inc. PQR has announced that it will be laying off 100 people from its workforce. Due to the need to prepare all the separation paperwork and final payroll for the employees being laid off, John knows who the 100 employees are. He has sworn to keep the list secret until management has told each of the employees. One of his co-workers is on the list. This co-worker comes to John and asks if she is on the list. She is a single mother and wants to start looking for another job if she needs to do so. How does John choose between his co-worker and the requirements of his job?

If John decides that his co-worker has the right to know the pending lay-off, he may be using the virtue of caring or empathy to justify his action. He will have chosen loyalty to his co-worker over loyalty to his employer. However, since confidentiality and trustworthiness are important principles for accountants, choosing loyalty to his co-worker over his employer could limit his career. Also, using rights theory why does the co-worker have a right to know the impending lay-off result but not the other 99 employees? What if another employee has even more compelling concerns that John is unaware of? This is a good question to discuss justice. Equals should be treated equally and unequals, unequally. Does his co-worker have a higher claim (i.e., right) to know the truth than other workers? If John tells his co-worker because of her personal situation, should he make an effort to find out about that of other workers? What about a worker with a sick child or parent and loads of bills to pay? Where do we draw the line?

**11. Is there a difference between cheating on a math test, lying about your age to purchase a cheaper ticket at a movie theatre, and using someone else’s ID to get a drink at a bar?**

All are examples of lying and affect one’s character through honesty and integrity. Many will use many rationalizations to justify the lying. Virtue ethics would want doing the right thing to become a habit. Deontology would emphasize the duty of doing the right thing and telling the truth, not just when it is convenient or does not intervene with personal desires of making a better grade without studying, paying more for a movie ticket or a minor obtaining an alcoholic beverage. Ethical behavior requires consistency of action and not a relativistic or situational perspective.

 **12 . Assume you have been hired by the head of a tobacco industry group to do a cost–benefit analysis of whether the tobacco firms should disclose that nicotine is addictive. Assume this is before the federal government required such disclosure on all packages of cigarettes. Explain how you would go about determining what are the potential harms and potential benefits of disclosing this information voluntarily. Is there any information you feel cannot be included in the evaluation? What is it? Why can’t you include it? If you could include it, would it impact your recommendation to the head of the industry group? Analyze the situation from a rights perspective, justice, and virtue theory. How might these considerations affect your recommendation to the head of the industry group?**

Remind Students that the Cost/benefit analysis of this very question was actually considered by tobacco companies and that cost/benefit analysis of tobacco taxation is still being done. Three steps of cost benefit analysis are critical: listing costs and benefits, creating dollar estimates for each cost and benefit, and calculating present value discounting those dollar costs and benefits.

Listing the benefits of revealing the information is easier than assigning dollar numbers to the information. Two big benefits to consider are: (i) benefits to potential smokers who would read the warning and choose not to start smoking and (ii) litigation savings to the company on not being blamed for secrecy or deceit. It is possible that warnings do not deter hardly any smokers. However, a company, or industry, keeping secrets can cost a lot in consumer confidence and trust, and in government and judicial reactions.

Putting dollar figures on smokers’ illness or death is difficult but it must be done. Whether to include what the company might be sued for, all out of pocket costs of illness, or even psychological costs to relatives of watching slow painful death makes a big difference in the results.

Listing costs of revealing the addiction potential include the out-of-pocket cost of warnings, the loss of sales profits for any smokers who take heed, and the outrage of betrayal by consumers to the other tobacco companies. Being the deadly product seller who tells the truth might cost sales but being the deadly product seller who gets caught in lies and deceit might be much worse. In general, the cover-up is more reacted to than any bad news.

Most critical to the cost benefit analysis is the present value discounting. In the case of smoking dangers, the health risks are discovered and measured after years of smoking or living with smokers. Dead former smokers and second hand smoke victims stay dead for many years that they might have lived, so discounting at a fair present value rate is essential.

Five key rights ought to be considered: Truth, Promises, Personal Property, and Personal Bodily Health and Privacy. Respect for Smokers’ autonomy requires that we let intelligent and rational adults make up their own mind one cigarette at a time. Chemical addiction provides an argument for taking away the free choice of even adults, so we often outlaw addictions even from adults. If your body belongs to you and your money belongs to you (assuming you have no duty and have made no promises to your children to raise them, to a spouse to love, or parents to not watch you die) then you ought to be able to make up your own mind…..with full truth available to help you decide. (Plenty of products do not reveal all the possible consequences of the misuse of the product, but other than guns, tobacco is about the only product, which kills 33% of the time when used as expected, directed, and intended.)

Justice is often measured as fairness. We might compare tobacco to other products in safety market freedom and requirements of disclosure. Cars might be an example of products, which might be partly analogous to tobacco. Cars kill and while we rarely call driving an addiction, it is certainly a habit, which on any one occasion is by percentages safe but across large numbers and across time deadly. We argue by fairness that products equally dangerous might be treated differently by earned difference or by needed difference. Slippery slope arguments are made that if tobacco is restricted, red meat and lack of exercise ought to be likewise, but slippery slope arguments can be seen through. Few people die from second hand fatness, and there are healthy amounts of every food. Tobacco has no safe amount and few benefits to earn it a place in the marketplace.

We ought to treat tobacco fairly compared to other drugs or compared to other addictions. We regulate gambling and pornography to protect people who might not be old enough to make up their own minds. A fairness issue certainly ought to be the age of consent. Is eighteen years too old or young? Why?

The key virtues of a disclosure decision are truthfulness, kindness and diligence. Disclosing the consequences of the addictive property of a deadly product is the legal liability that results from admitting that the secret had been kept for years. People smoking because the secret was revealed will lead to more blame placed on the tobacco company, and people starting to smoke after the addictive property is revealed will have more of the blame shifted to them for assuming that known risk. If we could claim that we had no idea it was addictive until the day before we disclosed that knowledge, it would help out in court and in public opinion.

The key moral issue is: Respect for autonomy requires that we allow adults to hurt (only) themselves, but addiction negates their free will and thus their right and ability to decide. The moral bankruptcy of tobacco is, knowing nicotine is addictive.

An interesting current societal issue about warnings, restrictions, and the right to make personal choices is the controversy over banning sugary drinks over a certain size. New York City’s ban on large-size soda drinks was adopted by the Board of Health in September 2012 and approved by Mayor Michael Bloomberg. The plan was to limit the size of sugary soft drinks sold in restaurants, movie theaters, stadiums and arenas to no more than 16 ounces a cup. In October 2012, groups representing beverage makers, restaurants and theaters filed a petition in state court, seeking to block the measure. They called the ban “unprecedented interference” with consumer choice. In March 2013, a state judge blocked the ban following a challenge from industry groups including the American Beverage Association.

Groups opposing the large-size soda drink ban said the decision by the Board of Health to approve the ban was overreaching and ignored the rights of New Yorkers to make their own choices. Thus, should soda drinkers be allowed the right to choose whether they buy a 32-ounce drink or eight ounces, or should health considerations, higher health costs, and the risk of diseases such as diabetes be given more ‘weight’ in a utilitarian analysis?

Students might be asked to read an ethics blog by Steve Mintz on this matter at: http://www.ethicssage.com/2013/04/ban-on-large-sugary-drinks-personal-liberty-vs-personal-responsibility-issues.html.

 **13. How does virtue theory apply to both the decision maker and the act under consideration by that party? Explain.**

Virtue theory basically says you are what you do. Goodness is habitual practice of good choices. One might decide what a desired virtue is by looking at people to emulate that virtue or a person might decide what to do by following a chosen virtue. It is a circular theory in that deciding what is right might be defined as what good people do and good people might be defined as people who do those kinds of things.

Aristotle’s virtue was success based. Therefore, his virtues are those traits which, when combined with good fortune, allow and promote success. Benjamin Franklin’s virtue list is written as if instructions for becoming what he valued becoming. Virtues are defined as success promoting traits that change across time and circumstances in priority. The foundation for Kant’s hypothetical imperatives is virtues. The different imperatives are based on different virtues. Virtues of highest importance in one sport, say endurance or hand eye coordination might be less important than rhythm or size in another sport. If you want to succeed at something, then you practice the traits that make you successful.

**14. Distinguish between ethical rights and obligations from the perspective of accountants and auditors.**

Ethical rights describe how a person is entitled to be treated by another person. Ethical obligations are the duties to treat others in an ethical manner. Ask students what they think are their rights. Now which of those rights have ethical basis? Have the students make a list of their ethical rights. If a student’s ethical right conflicts with the student’s ethical obligation, what should a student do? From the perspective of accountants and auditors, obligations to the public are integrity, independence, objectivity, and responsibility. The public has a right to receive accurate and reliable financial information to make informed decisions. Thus, the rights of stakeholders and the obligations of accountants and auditors to those stakeholders are the flip sides of the same issue.

 **15. Assume in the DigitPrint case that the venture capitalists do not provide additional financing to the company even though the accrued expense adjustments have not been made. The company hires an audit firm to conduct an audit of its financial statements to take to a local bank for a loan. The auditors become aware of the unrecorded $1 million in accrued expenses. Liza Doolittle pressures them to delay recording the expenses until after the loan is secured. The auditors do not know whether Henry Higgins is aware of all the facts. Identify the stakeholders in this case. What alternatives are available to the auditors? Use the AICPA Code of Professional Conduct and Josephson’s Six Pillars of Character to evaluate the ethics of the alternative courses of action.**

The stakeholders in the DigitPrint case are the stockholders and employees of the company, the local bank, suppliers and customers of the company. The auditors may try to get Ms. Doolittle and Mr. Higgins to record the expenses; tell the board of directors of the situation; issue a qualified or adverse opinion if the expenses are not recorded; or they could do as Ms. Doolittle is pressuring them to do. Caving into the pressure from Ms. Doolittle would be unethical and would violate the AICPA principles of integrity, independence, responsibility, public interest and due care. Using these principles and the Six Pillars of Character, the auditors should meet with the board of directors to try and get support for the recording of the expenses. If that fails, then the auditors should issue a qualified or adverse opinion. This would be in keeping of the AICPA principles. Under the Six Pillars of Character, the auditors would be displaying trustworthiness, responsibility, fairness, and citizenship.

**16. IFAC, the global organization for the accountancy profession dedicated to serving the public interest, issued IFAC Policy Position Paper #4, titled *A Public Interest Framework for the Accountancy Profession,* on November 4, 2010*.* In that paper IFAC identifies three criteria for the accounting profession serving the public interest:**

* **Consideration of costs and benefits for society as a whole**
* **Adherence to democratic principles and processes**
* **Respect for cultural and ethical diversity**

**Review the policy statement and any changes since it was first issued and explain how these three criteria enable us to assess whether or not (and the degree to which) any policy, action, process or condition is in the public interest.**

The IFAC Policy Paper #4, now titled *Public Sector Financial Management Transparency and Accountability: The Use of International Public Sector Accounting Standards,* was issued March 19, 2012. The IFAC Policy Paper #5, titled *A Definition of Public Interest*, was issued June 2012, continues the discussion of public interest from the previous policy position paper #4. The paper may be found at [http://www.ifac.org/sites/default/files/publications/files/PPP%205%20(2).pdf)](http://www.ifac.org/sites/default/files/publications/files/PPP%205%20%282%29.pdf%29). This policy statement closely follows the previous policy statement #4. IFAC’s Policy Position Papers are issued as “dynamic” documents, subject to review and revisions, as thinking on topics evolves, as circumstances change, and as feedback is received. In light of the range of diverse views on this subject, and the expectation of considerable comment, IFAC undertakes to review and reissue this paper two years after being issued, and to consult with those affected by its public interest activities.

The Policy Position Paper #5 sets up assessments (instead criteria) to judge whether an action or policy aids the public interest as follows:

* “The Assessment of Costs/Benefits – The extent to which, for society, as a whole the benefits of the action, decision, or policy outweigh the costs; and
* The Assessment of Process – The extent to which the manner of considering the action, decision or policy was conducted with the qualities of transparency, public accountability, independence, adherence to due process, and participation that includes a wide range of groups within society.”

In addition for institutions operating internationally, differences in cultures, societal values and ethical systems should be considered in the assessments. “Culture and ethics vary from one society to another and influence how each society regards the costs and benefits of a public interest issue. They also determine how each society approaches the procedural aspects of policymaking, and the extent to which the procedural qualities described in this paper are considered appropriate.”

**17. The *2011 National Business Ethics Survey*, *Workplace Ethics in Transition,* issued by the Ethics Resource Center (ERC) reports the following results[[1]](#endnote-1):**

* **The percentage of employees who witnessed misconduct at work fell to a new low of 45 percent, compared to 49 percent in 2009 and well below the record high of 55 percent in 2007.**
* **Those who reported bad behavior reached a record high of 65 percent, up from 64 percent in 2009 and the record low of 53 percent in 2005.**
* **Retaliation against whistleblowers rose with 22 percent who reported misconduct saying they experienced some form of retaliation compared to 15 percent in 2009 and 12 percent in 2007.**
* **The percentage of employees who perceived pressure to compromise standards in order to do their jobs climbed five points to 13 percent, just shy of the all-time high of 14 percent in 2000.**

 **These results show a declining rate of instances of misconduct in workplace behavior, and increase in reporting it, and increase in retaliation against whistleblowers, and an increase in pressure to compromise standards. How should we interpret these somewhat contradictory findings with respect to corporate culture and ethics in the workplace?**

The results may likely be driven by a weak economy and the use of social networking at work. Often companies behave differently during economic difficulties (hopefully more ethically). During economic downturns there may be less pressure to commit financial statement fraud as the analysts expect a downturn in earnings. Employees may perceive the decisions and behaviors of their leaders as a heightened commitment to ethics and then adopt a higher personal standard of conduct. As the economy recovers, misconduct may rise along with increase in pressure to commit fraud and retaliation of whistle blowing conforming to historic patterns.

The full report indicates that the increase in retaliation may be due to employees who conduct social networking in their workplaces. These social networking employees show a higher tolerance for questionable activities. These networkers report more negative experiences in the workplaces and are likely to experience pressure to compromise ethics standards. These networkers are more likely to experience retaliation for whistle blowing than non-networking co-workers.

**18. In the discussion of loyalty in this chapter a statement is made that “your ethical obligation is to report what you have observed to your supervisor and let her take the appropriate action.” We point out that you may want to take your concerns to others. The IMA Statement of Ethical Professional Practice includes a Confidentiality standard that requires members to “keep information confidential except when disclosure is authorized or legally required.”**

 **Do you think there are any circumstances when you should go outside the company to report financial wrongdoing? If so, to what person/organization would you go? Why? If not, why would you not take the information outside the company?**

Whistle blowing has had a bad name since before Rolf chose his duty to Nazi youth over his affection for the Von Trapp family in the “Sound of Music.” Telling to get someone in trouble is called tattling. Tattling often has the bad reputation due its mean-spirited motivation. Telling to prevent serious harm to someone is usually the right thing to do. The difference in the two situations noted turn on motives and has to consider future versus past harms. Whistle-blowing could stop something which is about to happen or will continue happening. It does matter whether whistle-blowing can change the future and it does matter how important those changes are in the lives of those in peril.

Whistle-blowing is different for Accountants because it violates client trust and break promises the profession has made on behalf of each of its members. Accountants, as professionals, have access to truth and knowledge BECAUSE we as a profession promise that clients can absolutely count on the Accountants not to violate that trust by sharing secrets. If the profession did not promise confidentiality and our promise was in doubt, clients would try to get professional accounting services while keeping secrets from their accountants. Alternative services would be weak or poor at best.

While there are situations where Professional Accountants have to go outside their chain of command, the whole profession’s reputation for reliability is damaged whenever that promise of confidentiality is broken. Whistle blowing for a Professional Accountant is promise breaking. The best justification for breaking promises is what we call an emergency: time sensitive, future changing, no one else can do it and it has to be done in some situations. It is easier to imagine corporations in its personnel, operations and marketing departments doing dangerous and harmful things that must be stopped in a hurry than in the finance or accounting departments.

There are circumstances where future harm to people who deserve our protection is so great that professional duty is superseded by duty as a human being. There are also circumstances where individual accountants are the only one person who can prevent or reduce that harm by acting. Accountants can almost always trust their supervisors to do the right thing and follow up on what needs to be investigated. If there is honesty, diligence, and adequate time to follow the chain of command, whistle-blowing for financial wrongdoing would not be justified. An organization truly corrupt to its top ought to be a stunningly unusual situation, although recent events might suggest otherwise.

There are times that accountants are expected to report wrongdoing to the authorities, such as under the Dodd-Frank Financial Reform Act that will be discussed in subsequent chapters. This would be the case if every effort has been made using internal means to correct for fraudulent financial statements to no avail. It may also be the case to prevent serious harm to others. Finally, it may be required by state law as well.

**19. Assume that a corporate officer or other executive asks you, as the accountant for the company, to omit or leave out certain financial figures from the balance sheet that may paint the business in a bad light to the public and investors. Because the request does not involve a direct manipulation of numbers or records, would you agree to go along with the request? What ethical considerations exist for you in deciding on a course of action?**

Would the omission of the information be misleading to investors and the public? If so, then the SEC would consider that information material and then should be disclosed. Many may consider the omission of information as a form of a lie. One may mislead by stating a lie or by keeping quiet about some information. Many religions consider one a sin of commission and one a sin of omission; since both are sins, they are both wrong. Omitting information goes to honesty, integrity and trustworthiness under the Six Pillars of Characters. Those values are also important using virtue or deontology reasoning.

 **20. Sir Walter Scott (1771–1832), the Scottish novelist and poet, wrote: “Oh what a tangled web we weave, when first we practice to deceive.” Comment on what you think Scott meant by this phrase.**

Lies often require stories which seem simple, but if examined, may call for further lies. In some cases, merely remembering a lie is more difficult than remembering the truth. Fiction is filled with stories of one lie leading to others. You might collect a list of those famous stories. This question provides an opportunity to remind students of the ethical slippery slope and once a lie is told, the person who tells it begins the slide and it is much more difficult to climb back up and regain the moral high ground.

1. [↑](#endnote-ref-1)