

## Dilemma #1

### CASE 7.2

#### *Poverty and Pollution*

It is called Brazil's "valley of death," and it may be the most polluted place on Earth. It lies about an hour's drive south of São Paulo, where the land suddenly drops 2,000 feet to a coastal plain. More than 100,000 people live in the valley, along with a variety of industrial plants that discharge thousands of tons of pollutants into the air every day. A reporter for *National Geographic* recalls that within an hour of his arrival in the valley, his chest began aching as the polluted air inflamed his bronchial tubes and restricted his breathing.<sup>93</sup>

The air in the valley is loaded with toxins—among them benzene, a known carcinogen. One in ten of the area's factory workers has a low

white-blood-cell count, a possible precursor to leukemia. Infant mortality is 10 percent higher here than in the region as a whole. Of the 40,000 urban residents in the valley municipality of Cubatão, nearly 13,000 suffer from respiratory disease.

Few of the local inhabitants complain, however. For them, the fumes smell of jobs. They also distrust bids to buy their property by local industry, which wants to expand, as well as government efforts to relocate them to free homesites on a landfill. One young mother says, "Yes, the children are often ill and sometimes can barely breathe. We want to live in another place, but we cannot afford to."

A university professor of public health, Dr. Oswaldo Campos, views the dirty air in Cubatão simply as the result of economic priorities. “Some say it is the price of progress,” Campos comments, “but is it? Look who pays the price—the poor.”<sup>94</sup>

Maybe the poor do pay the price of pollution, but there are those who believe that they should have more of it. One of them is Lawrence Summers, director of the National Economic Council and formerly president of Harvard University. He has argued that the bank should encourage the migration of dirty, polluting industries to the poorer, less-developed countries.<sup>95</sup> Why? First, Summers reasons, the costs of health-impairing pollution depend on the earnings forgone from increased injury and death. So polluting should be done in the countries with the lowest costs—that is, with the lowest wages. “The economic logic behind dumping a load of toxic waste in the lowest-wage country,” he writes, “is impeccable.”

Second, because pollution costs rise disproportionately as pollution increases, it makes sense to shift pollution from already dirty places such as Los Angeles to clean ones like the relatively underpopulated countries in Africa, whose air Summers describes as “vastly *under*-polluted.” Third, people value a clean environment more as their incomes rise. If other things are equal, costs fall if pollution moves from affluent places to less affluent places.

Critics charge that Summers views the world through “the distorting prism of market economics” and that his ideas are “a recipe for ruin.” Not only do the critics want “greener” development in the third world, but also they are outraged by Summers’s assumption that the value of a life—or of increases or decreases in life expectancy—can be measured in terms of per capita income. This premise implies that an American’s life is worth that of a hundred Kenyans and that society should value an extra year of life for a middle-level manager more than it values an extra year for a blue-collar, production-line worker.

Some economists, however, believe that Summers’s ideas are basically on the right track. They emphasize that environmental policy always involves trade-offs and that therefore we should seek a balance between costs and benefits. As a matter of fact, the greatest cause of misery in the third world is poverty. If environmental controls slow growth, then fewer people will be lifted out of poverty by economic development. For this reason, they argue, the richer countries should not impose their standards of environmental protection on poorer nations.

But even if economic growth is the cure for poverty, other economists now believe that sound environmental policy is necessary for durable growth, or at least that growth and environmental protection may not be incompatible. First, environmental damage can undermine economic productivity, and the health effects of pollution on a country’s workforce reduce output. Second, poverty itself is an important cause of environmental damage because people living at subsistence levels are unable to invest in environmental protection. Finally, if economic growth and development are defined broadly enough, then enhanced environmental quality is part and parcel of the improvement in welfare that development must bring. For example, 1 billion people in developing countries lack access to clean water while 1.7 billion suffer from inadequate sanitation. Economic development for them means improving their environment.

Still, rich and poor countries tend to have different environmental concerns: Environmentalists in affluent nations worry about protecting endangered species, preserving biological diversity, saving the ozone layer, and preventing climate change, whereas their counterparts in poorer countries are more concerned with dirty air, dirty water, soil erosion, and deforestation. However, global warming—heretofore of concern mostly to people in the developed world—threatens to reverse the progress that the world’s poorest nations are gradually

making toward prosperity. Or so concludes a 2007 U.N. study.<sup>96</sup> It offers a detailed view of how poor areas, especially near the equator, are extremely vulnerable to the water shortages, droughts, flooding rains, and severe storms that increasing concentrations of greenhouse gases are projected to make more frequent, and the authors call on rich countries to do more to curb emissions linked to global warming and to help poorer nations leapfrog to energy sources that pollute less than coal and oil.

**Update** According to a World Bank report, environmental conditions have improved in Cubatão, where, thanks to state action and an aroused population, pollution is no worse today than in other medium-size industrial cities in Brazil. True, it's no paradise, but some days you can see the sun, children are healthier, and fish are returning to the river (though their tissues are laced with toxic metals).<sup>97</sup>

### Discussion Questions

1. What attitudes and values on the part of business and others lead to the creation of areas like the “valley of death”?
2. Should the third world have more pollution, as Lawrence Summers argues? Assess his argument that dirty industries should move to poorer and less-polluted areas.
3. Some say, “Pollution is the price of progress.” Is this assertion correct? What is meant by “progress”? Who in fact pays the price? Explain the moral and the economic issues raised by the assertion. What are the connections between economic progress and development, on the one hand, and pollution controls and environmental protection, on the other?
4. Do human beings have a moral right to a livable environment? To a nonpolluted environment? It might be argued that if people in the “valley of death” don't complain and don't wish to move, then they accept the risks of living there and the polluters are not violating their rights. Assess this argument.
5. Assess the argument that people in the third world should learn from the errors of the West and seek development without pollution. Should there be uniform, global environmental standards, or should pollution-control standards be lower for less-developed countries?
6. Even though they will probably be hit hardest by it, poor nations are less able than are rich countries to deal with the consequences of global warming. As a result, do rich nations owe to it to poorer nations to curb their own emissions more than they otherwise would be inclined to do? Do they have an obligation to provide poorer nations with, or help them develop, greener industries and sources of energy? Explain why or why not.

## Dilemma #2

### Case study 2.4

#### Child labour in developing countries

The use of child labour by multinational companies, in their factories in the third world, to produce cheaply the products they sell in western markets became an international issue in the 1990s and the first decade of the new millennium. The United Nations' Convention on the Rights of the Child, and the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work (United Nations 1989) condemn the use of child labour. NIKE in particular has been the subject of public campaigns against its labour practices in South East Asia.

The Adidas-Salomon group is a sportswear retailer and manufacturer. Many of its shoes are made in six factories in Vietnam. The factories are not directly owned. They are owned by Taiwanese businesses. The factories are all modern, light, spacious and equipped with the basic facilities that people need at work.

Adidas became aware of child labour issues during the 1998 football World Cup when it was alleged that its footballs were stitched by child labourers in Sialkot, Pakistan. In response it set up a department of social and environmental affairs and developed a code of conduct known as SOE (Standards of Engagement). On child labour the SOE states:

Business partners shall not employ children who are less than 15 years (or 14 years old where the law of the country of manufacture allows), or who are younger than the age for completing compulsory education in the country of manufacture where such age is higher than 15.

In Vietnam the local managers made a decision that they would introduce a minimum age for employment of 18 years. This was not only a more stringent policy than the company required globally; it was also tougher than Vietnamese law that specified that children should not be in full-time employment until they finished their compulsory education at 15 or 16.

The reasons for adopting a more demanding ethical stance were not necessarily entirely altruistic. The local managers were anxious to avoid bad publicity and the two-year margin of safety made it less likely they would unintentionally employ child labourers because of difficulty in establishing their ages. The local managers also argued that the rigours of the footwear production line were inappropriate to people less than 18 years old.

An audit of labour practices was carried out in the Vietnamese factories. In one particular factory it was found that, out of 3,500 employees, there were 12 girls aged 14 and 15 years. Most of these had already worked in the factory for between one and three years. They had obtained the jobs by presenting false documents that belonged to aunts or sisters. In addition there were 130 staff of 16 and 17 years. The employment of this latter group was of course legal.

The local management decided that the children in the younger age group would be provided with a full-time, two-year education programme but would continue to be paid a basic wage. The older group of child workers would be provided with some part-time educational input. The company was keen to adhere to the SOE requirements because it valued the contract with Adidas for which 80 per cent of their output was made. The educational programme was being delivered by the USA-based NGO that had carried out the initial labour practice audit although the cost was borne by the local factory management. The visibility caused by the NGO's presence may have encouraged the company to pay the cost of educating the 12 employees. They would have been entitled to dismiss the children and free them to attend school in the normal way.

A Vietnamese teacher in a well-equipped classroom next to the factory floor taught the 12 children. There was formal tuition in the morning. The children were expected to return to the classroom in the afternoon for private study. This expectation did not become practice and the children disappeared after lunch. The factory had decided to teach the children in the factory because it was feared that, if they were sent to normal school, they would truant and find employment in another factory. The children believed they were in 'paradise'. The notion of being paid to be educated was almost impossible to believe. What the other workers thought was not recorded.

(Source: Based on Winstanley, Clark and Leeson, 2001)

### Discussion activity 2.4

What action do you think companies should take when they find their suppliers use child labour contrary to their company policy?

## Dilemma #3

### **CASE 3. *Facilitation or Bribery: Cultural and Ethical Disparities***

Geletex, Inc., is a U.S. telecommunications corporation attempting to expand its operations worldwide. As Geletex begins its operations in other countries, it has discovered cultural, governmental, and ethical standards that differ significantly from country to country and from those in the United States. Geletex has had a code of ethics for its U.S. operations since 1975. The company's director of compliance, Jed Richardson, provides ongoing

training for employees, runs a hotline through which employees can report problems and is well known and respected throughout the company for his high standards and trustworthiness. As Geletex's international operations grow, Jed is becoming increasingly uncomfortable with what appear to be double standards for the company's U.S. operations and its operations in other countries. Jed, who has been traveling to

each of the Geletex international offices, has found the following situations, which since have been causing him some sleepless nights:

- In the Lima, Peru, office, Jed, in reviewing financial records, discovered that the commissions expense for the branch is unusually high. Geletex pays its salespeople commissions for each commercial customer they recruit for cellular or long-distance services. Jed knows from experience that some companies pay unusually high sales commissions to disguise the fact that salespeople are paying kickbacks in exchange for contracts. In the United States, such payments would be commercial bribery and a violation of Geletex's code of ethics. When Jed confronted the Lima, Peru, district manager and questioned him about the high commissions, he responded, "Look, things are different down here. We've got a job to do. If the company wants results, we've got to get things moving any way we can."
- In the Stockholm, Sweden, office, Jed noted a number of college-age student employees who seemed to have little work to do. Again, Jed questioned the district manager, who responded, "Sure, Magnus is the son of a telecommunications regulator. Caryl is the daughter of a judge who handles regulatory appeals in utilities. Andre is a nephew of the head of the governing party. They're bright kids, and the contacts don't hurt us. In the Scandinavian culture, giving jobs to children is part of doing business."
- In the Bombay, India, office, Jed noted that many different payments had been made to both the Indian government and government officials. When Jed voiced his concern, the district manager responded, "I can explain every payment. On this one, we needed the utilities [water and electricity] for our offices turned on. We could have waited our turn and had no services for ninety days, or we could pay to get moved to the top of the list and have our utili-

ties turned on in forty-eight hours. On the check for licensing, again, we could have waited six months to get licensed or pay to expedite it and be licensed."

Jed is an expert on the Foreign Corrupt Practices Act (FCPA). The act permits "facilitation" or "grease" payments but prohibits bribes. Facilitation opens doors or expedites processes; it does not purport to influence outcomes. Jed is unsure about Geletex's international operations and compliance with the law. He is very unsure about Geletex having an international code of ethics.

### Questions

1. Do any of the offices' actions violate the FCPA?
2. Must a business adopt the ethical standards of a host culture in order to succeed?
3. Are all of the actions in the various offices ethical?
4. If you were Jed, what ethical standards would you develop for international operations?
5. Does Jed's firm create any internal problems by allowing different conduct in different countries and cultures?
6. The American Bar Association reports that there have been only 16 bribery prosecutions under the FCPA since 1977. However, thousands of others have settled voluntarily rather than go to trial. Is the FCPA necessary for international business operations? Does it impede U.S. businesses' success in other countries?

## Dilemma #4

### CASE 9.5

#### *The Mommy Track*

“The cost of employing women in management is greater than the cost of employing men. This is a jarring statement, partly because it is true, but mostly because it is something people are reluctant to talk about.” So begins a provocative article by Felice N. Schwartz.<sup>123</sup> Schwartz goes on to contend that the rate of turnover in management positions is two-and-a-half times higher among top-performing women than it is among men. Moreover, one-half of the women who take maternity leave return to their jobs late or not at all. “We know that women also have a greater tendency to plateau or to interrupt their careers,” she writes. “But we have become so sensitive to charges of sexism and so

afraid of confrontation, even litigation, that we rarely say what we know to be true.”

Schwartz’s article exploded like a bombshell. What really upset her critics was the distinction Schwartz drew between two types of women: the career-primary woman and the career-and-family woman. Those in the first category put their careers first. They remain single or childless, or if they do have children, they are satisfied to have others raise them. The automatic association of all women with babies is unfair to these women, according to Schwartz—after all, some 90 percent of executive men but only 35 percent of executive women have children by age forty. “The secret to dealing with such women,” Schwartz

writes, “is to recognize them early, accept them, and clear artificial barriers from their path to the top.”<sup>124</sup>

The majority of women fall into Schwartz's second category. They want to pursue genuine careers while participating actively in the rearing of their children. Most of them, Schwartz contends, are willing to trade some career growth and compensation for freedom from the constant pressure to work long hours and weekends. By forcing these women to choose between family and career, companies lose a valuable resource and a competitive advantage. Instead, firms must plan for and manage maternity, they must provide the flexibility to help career-and-family women be maximally productive, and they must take an active role in providing family support and in making high-quality, affordable child care available to all women.

Schwartz's various suggestions of ways for organizations to serve the needs of working mothers and benefit from their expertise seem humane and practical. But her feminist critics see her as distinguishing between the strivers and the breeders, between women who should be treated as honorary males and those who should be shunted onto a special lower-paid, low-pressure career track—the now-notorious “mommy track.” Former congresswoman Patricia Schroeder of Colorado says that Schwartz actually “reinforces the idea that you can either have a family or a career, but not both, if you're a woman.” And other women worry that Schwartz's article will encourage corporations to reduce pay and withhold promotions in exchange for the parental leave, flextime, and child care that they will sooner or later have to provide as they become more and more dependent on female talent.

Barbara Ehrenreich and Deirdre English challenge Schwartz's data and call her article “a tortured muddle of feminist perceptions and sexist assumptions, good intentions and dangerous suggestions—unsupported by any

acceptable evidence at all.” What they resent is that Schwartz makes no mention of fathers or of shared parental responsibility for child raising. Schwartz is also accused of assuming that mothers don't need top-flight careers and of taking for granted the existing values, structures, and biases of a corporate world that is still male dominated. “Bumping women—or just fertile women, or married women, or whomever—off the fast track may sound smart to cost-conscious CEOs,” they write. “But eventually it is the corporate culture itself that needs to slow down to a human pace ... [and end] work loads that are incompatible with family life.”

“What's so disturbing about Felice Schwartz's article,” adds Fran Rodgers, president of Work-Family Directions, a Massachusetts research and referral group, “is that it is devoted to fitting women into the existing culture, instead of finding ways to change that culture.” And Rodgers rejects the idea of “dividing women into two groups, but completely ignoring the diversity among men.”

Other observers fear that men will simply leave the mommy trackers in the dust. “In most organizations, the mommy track is a millstone around your neck,” says Richard Belous, an economist at the National Planning Association. “CEOs and rainmakers don't come out of the mommy track,” he warns. “If you go part-time, you're signaling to your employer you're on the B-team.” Traditionally, men who make it to the upper ranks have relied on their wives to raise the kids and to take full responsibility at home. A fast-track woman who wants children, however, gets caught in a time and energy squeeze, even if her husband is an equal partner at home. And even though more men today are willing to share child-raising responsibilities, most still seem hesitant about making significant career sacrifices for spouse and family. There's no analogous “daddy track,” it seems.

In fact, the evidence points to what's been called a “daddy penalty”—at least for dads in

dual-career families. Two recent studies have shown that male managers whose wives stay home to care for their children earn more than their counterparts with working wives. Even when differences in the numbers of hours worked, years of experience, field of employment, and career interruptions are taken into account, men who are the sole breadwinners for their families enjoy incomes at least 20 percent higher than those of married men with children whose wives have careers.<sup>125</sup> Why? No one knows for sure. Some observers suggest that men who are the sole income earners work more, produce more, and push harder for raises and promotions. Others suggest that having a wife at home is a significant career resource, allowing the man to perform more effectively in his job. Yet others speculate that men who are strongly career oriented choose wives who support that choice in the first place, whereas men who want more balance between work and family are more likely to marry women who want to work. And, finally, there are those who believe that the data reflect a corporate prejudice in favor of traditional families.

### Discussion Questions

1. Do you think Schwartz is correct to assert that the cost of employing women in management is greater than that of employing men? If you agree, what are the implications for corporate policy?
2. Can working women accurately be divided into Schwartz's two categories? Is it desirable for companies to distinguish the different types of career paths followed by female employees?
3. Do you think there already is such a thing as a mommy track? Is the idea of a mommy track a good one? Is it somehow discriminatory against women? Against men?
4. Should special organizational arrangements be made for workers who wish to combine career and child raising? Identify the steps that companies can take to accommodate parental needs more effectively.
5. Does a firm have an obligation to give employees the flexibility to work out the particular balance of career and family that is right for them? Or does this go beyond the social responsibilities of business?

## Dilemma #5

### CASE 3.1

#### *Eminent Domain*

Susette Kelo's nondescript, pink clapboard house sits above the Thames River in the Fort Trumbull area of New London, Connecticut. It's surrounded by vacant lots, where neighbors once lived. One by one, these neighbors have left, and their homes have been razed. Their property has been taken over by the City of New London, which has used its power of eminent domain to clear the land where dozens of homes once stood in order to prepare the way for new development.<sup>76</sup>

*Eminent domain* is the ancient right of government to take property from an individual without consent for the common good—for example, to build a highway, an airport, a dam, or a hospital. The U.S. Constitution recognizes that right, permitting private property to be taken for “public use” as long as “just compensation” is paid. In this case, however, New London is taking land from one private party and giving it to another. By tearing down Susette Kelo's old neighborhood, the city hopes to attract new development, which,

in turn, will help revitalize the community and bring in more tax revenue. “This isn't for the public good,” says Kelo, a nurse who works three jobs. “The public good is a firehouse or a school, not a hotel and a sports club.”

Connecticut officially designates New London a blighted area. When the Navy moved its Undersea Warfare Center away from New London in 1996, taking 1,400 jobs with it, the city's already high rate of unemployment only got worse. Much of its housing stock is old and second-rate. The Fort Trumbull area, in particular, is—or was, anyway—a rather gritty neighborhood, where earlier generations of immigrants struggled to get a start. But New London saw a chance to turn things around when the pharmaceutical company Pfizer built a \$350 million research center along the river below historic Fort Trumbull. Since then, city and state governments have created a park around the fort, cleaned up the Navy's old asbestos-laden site, and opened the riverfront to public access. Now the city

wants to build a hotel, office buildings, and new homes to fill the riverfront blocks around Fort Trumbull. And it's not talking about new homes for people like Susette Kelo.

"We need to get housing at the upper end, for people like the Pfizer employees," says Ed O'Connell, the lawyer for the New London Development Corporation, which is in charge of the city's redevelopment efforts. "They are the professionals, they are the ones with the expertise and the leadership qualities to remake the city—the young urban professionals who will invest in New London, put their kids in school, and think of this as a place to stay for 20 or 30 years." And housing developers want open space to work with; they don't want to build around a few old properties like Ms. Kelo's and that of her neighbors, Wilhelmina and Charles Dery.

Age 87 and 85, respectively, they live in the house Wilhelmina was born in. The city is willing to pay a fair price for their home, but it's not an issue of money. "We get this all the time," says their son Matt. "How much did they offer? What will it take? My parents don't want to wake up rich tomorrow. They just want to wake up in their own home."

Unfortunately for the Derys, the U.S. Supreme Court in 2005 upheld the city's condemnation rights. In a close, 5-to-4 decision, it ruled that compulsory purchase to foster economic development falls under "public use" and is thus constitutionally permissible. "Promoting economic development is a traditional and long accepted function of government," Justice John Paul Stevens wrote for the majority. Intended to increase jobs and tax revenues, New London's plan "unquestionably serves a public purpose." In her dissenting opinion, however, Justice Sandra Day O'Connor objected: "Under the banner of economic development, all private property is now vulnerable to being taken and transferred to another private owner, so long as it might be upgraded.... Nothing is to prevent the state from replacing any Motel 6 with a

Ritz-Carlton, any home with a shopping mall, or any farm with a factory."

The Supreme Court's decision pushes the debate over eminent domain back to the states and local communities. Although many cities have successfully used eminent domain to rebuild decayed urban areas or spark economic growth,<sup>77</sup> resistance to it is now intensifying, with political and legal battles being fought far beyond Susette Kelo's home in New London. For example, in Highland Park, New Jersey, the owners of a photography studio worry that a plan to redevelop their street will force them out of the location they've occupied for twenty-five years. In Port Chester, New York, a state development agency wants the site of a small furniture plant for a parking lot for Home Depot, and its owners are resisting. And in Salina, New York, twenty-nine little businesses—with names like Butch's Automotive and Transmission, Syracuse Crank and Machine, Gianelli's Sausage, and Petersen Plumbing—are battling local government's use of eminent domain to pave the way for DestiNY's proposed 325-acre, \$2.67 billion research-and-development park.

Like New London, Salina desperately needs big ideas and big development, and it may not get another chance soon. But is tearing down these businesses fair? "We're here," says Philip Jakes-Johnson, who owns Solvents & Petroleum Service, one of the twenty-nine businesses in question. "We pay our taxes. We build companies and run them without tax breaks." Brian Osborne, another owner, adds: "Everything I and my family have worked for over the past 25 years is at stake because of the way eminent domain is being used in this state and across the country."

### Discussion Questions

1. Is New London treating Susette Kelo and her neighbors fairly? Assuming that the proposed development will help to revitalize New London, is it just for the city to

appropriate private property around Fort Trumbull?

2. Are towns such as New London and Salina pursuing wise, beneficial, and progressive social policies, or are their actions socially harmful and biased against ordinary working people and small-business owners?
3. Do you believe that eminent domain is a morally legitimate right of government? Explain why or why not.
4. “If ‘just compensation’ is paid, then by definition those who lose their property cannot claim that they have been treated unjustly.” Assess this argument. Can compensation be just if one of the parties is unwilling to accept it?
5. Is it fair to the community if an individual refuses payment and blocks a socially useful project? Putting legal issues aside, are there situations in which it would be morally permissible for government to seize private property for the public good with less than full compensation or even with no compensation at all?
6. Assess the concept of eminent domain, in general, and the plight of Susette Kelo and her neighbors, in particular, from the point of view of the different theories of justice discussed in this chapter. Is it possible to square the government’s exercise of eminent domain with a libertarian approach to justice?

## Dilemma #6

### **CASE 5. *Food Labels and Artful Sales***

Packaged foods in supermarkets contain a list of the ingredients on the package as well as other information. Much of that information is required by law. However, research has indicated that what is said or not said on the label has an important effect on the sales of the product.

**This case was written by Norman E. Bowie and Tom L. Beauchamp.**

Market research has shown that some consumers react *positively* to the word *granola* when marketing cereals and snacks. Granola bars saw retail sales grow 290 percent from 1980 through 1985 — the fastest growing segment of the candy bar market at that time. Granola bars were first introduced into the market as health food products, and the ingredients were fashioned for consumers concerned about nutriton. However, many complained that they tasted like cardboard. Manufacturers then changed the products by adding peanut butter, chocolate chips, marshmallows, and sugar. Although the bars gradually became more like candy bars than granola in their nutritonal value and sugar content, they are slightly more nutritious than conventional candy bars. They have a higher fiber content, slightly less fat, and a higher percentage of complex carbohydrates. Adverdsing has continued to present the product with a healthful image, strengthening the public's association of the term *granola* with such concepts as "health food" and "healthy." Quaker Oats, General Mills, and Hershey Foods have emphasized the "wholesomeness" and "goodness" of their granola bars in their advertising. In order to compete, conventional candy bar companies also decided to advertise their products as healthy snacks. This trend of the 1980s continued throughout the 1990s.

The amount of sugar is not the only concern of consumers. Also important is the amount of complex carbohydrates, protein, and vitamins a food contains, as well as its fat content, sodium content, and calories. Although this information is printed on the

label, the numbers found there are a function of serving size and are often presented in a way difficult for many persons to interpret. The consumer's information is specified in protein content, calories, and the like *per serving*, but the larger the serving size, the higher the numbers are likely to be. Reducing the serving size lowers the number of calories and the amount of sodium. Companies have therefore begun describing as a "serving" an amount that is much less than most people ordinarily serve themselves.

### Questions

1. Are such marketing practices by candy, cereal, and soup companies manipulative? Deceptive?
2. Should companies be permitted to change the name, contents, or serving size without changing the product or the amount of the product?
3. The term *sugar-free* literally means "free of sucrose." Since many people purchase sugar-free foods to assist them with weight loss, should a standard be required so that "sugar-free" means "free of any high-calorie sweetener"?
4. Flexi-labeling permits wording such as "contains one or more of the following." Hence, the statement that a product "contains sunflower oil, coconut oil, and/or palm oil" is legally permitted. However, sunflower seed oil is a polyunsaturated fat, whereas the other two are saturated fats. Since polyunsaturated fats are more healthy, should flexi-labeling be prohibited?

## Dilemma #7

### CASE 2.3

#### *Blood for Sale*

Sol Levin was a successful stockbroker in Tampa, Florida, when he recognized the potentially profitable market for safe and uncontaminated blood and, with some colleagues, founded Plasma International. Not everybody is willing to make money by selling his or her own blood, and in the beginning Plasma International bought blood from people addicted to drugs and alcohol. Although innovative marketing increased Plasma International's sales dramatically, several cases of hepatitis were reported in recipients. The company then began looking for new sources of blood.<sup>21</sup>

Plasma International searched worldwide and, with the advice of a qualified team of medical consultants, did extensive testing. Eventually they found that the blood profiles of several rural West African tribes made them ideal prospective donors. After negotiations with the local government, Plasma International signed an agreement with several tribal chieftains to purchase blood.

Business went smoothly and profitably for Plasma International until a Tampa paper charged that Plasma was purchasing blood for as little as fifteen cents a pint and then reselling it to hospitals in the United States and South America for \$25 per pint. In one recent disaster, the newspaper alleged, Plasma International had sold 10,000 pints, netting nearly a quarter of a million dollars.

The newspaper story stirred up controversy in Tampa, but the existence of commercialized blood marketing systems in the United States is nothing new. Approximately half the blood and plasma obtained in the United States is bought and sold like any other commodity. By contrast, the National Health Service in Great Britain relies entirely on a voluntary system of blood donation. Blood is neither bought nor sold. It is available to anyone who needs it without charge or obligation, and donors gain no preference over nondonors.

In an important study, economist Richard Titmuss showed that the British system works

better than the American one in terms of economic and administrative efficiency, price, and blood quality. The commercialized blood market, Titmuss argued, is wasteful of blood and plagued by shortages. In the United States, bureaucratization, paperwork, and administrative overhead result in a cost per unit of blood that is five to fifteen times higher than in Great Britain. Hemophiliacs, in particular, are disadvantaged by the U.S. system and have enormous bills to pay. In addition, commercial markets are much more likely to distribute contaminated blood.

Titmuss also argued that the existence of a commercialized system discourages voluntary donors. People are less apt to give blood if they know that others are selling it. Philosopher Peter Singer has elaborated on this point:

If blood is a commodity with a price, to give blood means merely to save someone money. Blood has a cash value of a certain number of dollars, and the importance of the gift will vary with the wealth of the recipient. If blood cannot be bought, however, the gift's value depends upon the need of the recipient. Often, it will be worth life itself. Under these circumstances blood becomes a very special kind of gift, and giving it means providing for strangers, without hope of reward, something they cannot buy and without which they may die. The gift relates strangers in a manner that is not possible when blood is a commodity.

This may sound like a philosopher's abstraction, far removed from the thoughts of ordinary people. On the contrary, it is an idea spontaneously expressed by British donors in response to Titmuss's questionnaire. As one woman, a machine operator, wrote in reply to the question why she first decided to become a blood donor: "You can't get blood from supermarkets and chain stores. People themselves must come forward; sick people can't get out of bed to ask you for a pint to save their life, so I came forward in hopes to help somebody who needs blood."

The implication of this answer, and others like it, is that even if the formal right

to give blood can coexist with commercialized blood banks, the respondent's action would have lost much of its significance to her, and the blood would probably not have been given at all. When blood is a commodity, and can be purchased if it is not given, altruism becomes unnecessary, and so loosens the bonds that can otherwise exist between strangers in a community. The existence of a market in blood does not threaten the formal right to give blood, but it does away with the right to give blood which cannot be bought, has no cash value, and must be given freely if it is to be obtained at all. If there is such a right, it is incompatible with the right to sell blood, and we cannot avoid violating one of these rights when we grant the other.<sup>22</sup>

Both Titmuss and Singer believe that the weakening of the spirit of altruism in this sphere has important repercussions. It marks, they think, the increasing commercialization of our lives and makes similar changes in attitude, motive, and relationships more likely in other fields.

**Update** Dr. Arthur Matas, a prominent kidney-transplant surgeon, is pushing for one change that it's doubtful either Titmuss or Singer would like. Lately, he's been traveling the United States making the case for lifting the legal ban on kidney sales. That ban was imposed in 1984 by an outraged Congress after a Virginia physician had proposed buying kidneys from poor people and selling them to the highest bidder. By contrast, Dr. Matas isn't trying to make money. He would like the government to handle kidney sales, and the kidneys to go to whoever is at the top of the current waiting list, whether the patient is rich or poor. And that list grows longer every year as the gap continues to widen—it's now nearly five to one—between patients in need and the number of kidneys available from either living or deceased donors.

With eligible patients often waiting for five or six years, more and more people are

taking Dr. Matas seriously, but many experts still balk at the idea of organ sales. One of them is Dr. Francis Delmonico, a professor at Harvard University and president of the network that runs the nation's organ-distribution system. He worries that Dr. Matas' plan would exploit the poor and vulnerable, that it would cause altruistic kidney donations to wither, and that wealthy patients would manage to find a way around a regulated market to get a kidney faster.<sup>23</sup>

### Discussion Questions

1. Is Sol Levin running a business “just like any other business,” or is his company open to moral criticism? Defend your answer by appeal to moral principle.
2. Did Plasma International strike a fair bargain with the West Africans who supplied their blood to the company? Or is Plasma guilty of exploiting them in some way? Explain your answer.
3. What are the contrasting ideals of the British and U.S. blood systems? Which system, in your opinion, better promotes human freedom and respect for people? Which system better promotes the supply of blood?
4. Examine the pros and cons of commercial transactions in blood from the egoistic, the utilitarian, and the Kantian perspectives.
5. Are Titmuss and Singer correct to suggest that the buying and selling of blood reduces altruism? Does knowing that you can sell your blood (and that others are selling theirs) make you less inclined to donate your blood?
6. Singer suggests that although the right to sell blood does not threaten the formal right to give blood, it is incompatible with “the right to give blood, which cannot be bought, which has no cash value, and must be given freely if it is to be obtained at all.” Assess that idea. Is there such a right?
7. Many believe that commercialization is increasing in all areas of modern life. If so, is it something to be applauded or condemned? Is it wrong to treat certain things—such as human organs—as commodities?
8. Do you believe that we have a moral duty to donate blood? If so, why and under what circumstances? If not, why not?