

## ***Beyond the Ivory Tower: From Business Aims to Policy Making***

Richard Tudway\* & Ana-Maria Pascal†  
Huron University USA in London, UK

### ***Summary***

This article explores the provenance of some of those deepest heat-felt anxieties of modern times – and offers a practical response. There is a pervasive sense of *angst* in OECD countries about where we are headed. Somehow the values, public and private, we once thought we all stood for are compromised. The democratic process looks tired and *shop-soiled*. This backdrop plays upon deeper existential fears. Do we have any real control over our individual or collective destinies? The effect is morally and spiritually debilitating. This is, in brief, the core of the *Argument* from the first section. It is followed in section two by a presentation of the *Facts* that support this rather uninviting scenario. After looking at how things are shaping up on the socio-economic and political fronts, one provisional conclusion is that values and beliefs, along with policies and institutions, are in a state of *poor repair*. Section three on *Findings* adds to the sense of existential woe. It does so by exploring the real or imagined psychological *disjunction* which is common in the today's work-place and everyday living. The alienation and the loss of direction that affects the wellbeing and even the balance of otherwise normal people is striking. We are left with unanswered questions at many different levels. Why are the prospects of progress in dealing positively and constructively with these problems so uncertain? Is there any all-in-one solution, or are we simply to address each symptom as it comes along, and disregard the wider context? Section four of the paper tries to provide a holistic *Prognosis* of the situation, seen from an all-level encompassing perspective. It does so in the belief we cannot meaningfully begin to address specific symptoms outside the context of the wider whole. It concludes with a few simple, in some ways ageless aspirations of mankind, whose aim is to equate *what we say* with *what we do*.

**Keywords:** policy, deregulation, social responsibility, accountability, *normative* vs. *performative* ethics

---

\* Correspondence to: Richard Tudway, Director, Centre for International Economics, Huron University USA in London, 46-47 Russell Square, Bloomsbury, London WC1B 4JP, UK, richardtudway@compuserve.com

† Dr. Ana-Maria Pascal, Associate, Centre for International Economics, Huron University USA in London, apascal\_ro@yahoo.com

## I. ARGUMENT

A summary of the situation, as it looks today, at more than just one level of existence is presented below. Real per capita income has risen sharply and consistently within OECD since the Second World War. The three decades 1950 – 1980 are often referred to as the *belle époque* – a golden age of unparalleled prosperity, peace and purposeful development. The democratic process then appeared to deliver worthy societal and economic achievements. The establishment of health, education and social protection and renewal programmes, served a powerful unifying social and political purpose. Progress then had an uncomplicated meaning. Small wonder we now look back with nostalgia.

In the subsequent two decades to the millennium global competitive forces sharply intensified. Destabilising shockwaves were unleashed throughout the economic system. Wealth nevertheless, continued to grow though income distribution became increasingly skewed. The rich grew richer, for many, obscenely so. The poor grew poorer – at least in relative terms. Unemployment – especially youth unemployment – rose in all countries throughout much of this period along with other related problems of economic and social decline. The *commoditisation* of values saw the gradual unravelling of the social and political consensus of the *belle époque*. Politicians, after all, were businesspeople dealing in votes. Catch as catch can! Do whatever is necessary. Fight to win. On unpalatable choices Margaret Thatcher, a former British Prime Minister once said *there is no alternative* from which the infamous acronym *TINA* was born. *TINA*, in its wake, brought with it public bewilderment, disillusionment and alienation.

In contrast, the collapsing of the Berlin Wall in the late 80's lifted the yoke of totalitarianism from the shoulders of a vast oppressed people. Or so it seemed. New OECD-type market-driven social democracies blossomed in the former states of Eastern Europe. The Soviet Union collapsed in 1992. New independent states emerged and are struggling to establish sustainable democratic institutions. The recent, *Orange Revolution* in Ukraine is striking moral testimony to the determination of the human spirit to *prevail*. For good or ill, the world is a much changed place.

How do we find? The past achievements of the OECD cannot be denied. Yet people's hearts today are heavy with uncertainty and scepticism - even alienation. The OECD, once united under the truly benign progressive coalition-building leadership of the US, is deeply divided as never before. The war against Iraq has failed, unambiguously, to win hearts and minds anywhere in OECD, or further afield. Paradoxically US voters have recently extended the term of office of the incumbent president. Confidence in the British Prime Minister, compromised as a result of arguments he used about the existence of Weapons of Mass Destruction, to justify invasion, has also suffered. Though threatened with impeachment, he too has recently been re-elected. There is a sense of bafflement and disbelief about the place.

The *connectivity* we once took for granted – whether in government, business or society at large – seems now to be permanently *disconnected*. The lodestone of the moral compass appears to have been tampered with. Matters of right and wrong, good and bad are no longer issues of clear choice. Everything depends on presentation, *spin* and context. The affirmative language of moral and political choice has disappeared. Confidence has been profoundly shaken. Notwithstanding, people always have the power to change things for the better. The inexhaustible spirit of humanity will find a way if people will it to happen.

### ***Dealing with faith, belief and morality***

It may be instructive to remember something Harold Macmillan, a former British Prime Minister, once famously stated. He made clear that issues of what he termed *morality* were not really matters for government or the members of it<sup>1</sup>. They were, he said, properly the province of Archbishops. What he meant by this is that ordinary humans strive, as best they can, to develop and implement policies that have been developed through some sort of process of consensus. But we should not expect to view, as from some lonely crag on high, the deeper issues of morality that may be seen to flow from this or that decision.

In making this claim he was not saying that making and implementing policy is a *non moral* or an *amoral* activity – far from it. He was reminding us that *received morality* informs the way in which we view things and the decisions we take. He was also perhaps warning that we should, in wisdom, accept to live within these natural moral, if evolving, parameters and not seek in the processes of normal decision taking to try to establish separately the particular moral merits of the decisions and actions we might be taking<sup>2</sup>.

What this seems to drive home is that wearing morality *on ones sleeve* is not only something to be avoided. It is something that also carries with it definite perils. These perils we are all familiar with. They have the effect of polarising opinion – even of driving people and their arguments to extremities. A few simple examples illustrate well how this happens. The *troubles* in Northern Ireland, throughout their long, terrible and bloody history, have for much of the time been fought by bigots and zealots. Their moral beliefs, far from taking the argument forward, always succeeded in clouding the real issues in the debate, magnifying the differences that naturally and understandably divide people, making mutual accommodation thereby impossible to attain. A prescription for certain failure.

People do feel uneasy about the proselytising of beliefs, faith and morality. The political situation in the *UnUnited States of America* is an outstanding, indeed frightening example, of this kind of thing<sup>3</sup>. The ultra right of American politics has managed to bring *Faith and Beliefs*, wrapped up carefully in *morality* with a *Capital M*, to the forefront of everything. Election debates about the major issues facing America have been swept aside by a deep outpouring of public *faith and beliefs*. *Facts* have been swamped by *faith and beliefs*.

What is so chilling about this confrontation between those *arguing a position* and those *declaring a belief* is that we witness the retreat from *rational discussion* about *means and ends* to a another place where the only thing that counts is the fervour with which the *only* beliefs that really count are held and, of course, the amount of the cheque to finance the spreading of the *faith*! Hence in the case of the US, well founded reasoning about the failures of US policy in Iraq and elsewhere have had no impact whatsoever on the *Believers* in particular, and ultimately the broader church of the Republican party<sup>4</sup>. For many outsiders looking in at the operation of the world's largest democracy, it is disturbingly incomprehensible.

### ***Is there ever a place for beliefs and faith?***

Of course there is a place for belief and faith. But we are suddenly faced with a new, unwelcome situation. We are faced with a situation where there is an argument going on between those who believe in *rational analysis* as opposed to those who rely on *dogma and mantras* to progress their own arguments. In the case of the US this might be symptomatic of what happens in elections in many other places. Politicians are warned against complicating the story. "Keep it simple" is the watchword. During the recent Presidential elections in the US one of John Kerry's closest aides is reported as having advised him not to raise a certain issue ... "there's no point ... they [the public at large] simply won't understand it". In the case of President Bush he has a natural tendency to reduce complex issues to a series of *simplistic* mono-syllabic *faith* - based jingles. Easily understood; easily remembered; easily repeated<sup>5</sup>. What, unhappily this leads to is *dumbing down*: a situation where debate about complex issues is reduced to meaningless trivia so that the unsophisticated public *get the message* and can be relied to vote on it. George W Bush is certainly a master of this particular art. Those sophisticated enough to feel uncomfortable about accepting broad unproven claims are gently, and sometimes not so gently *joshed* as doubters of the grand cause. Remember the slogan. "You're either with us or *agin* us!"

There is, of course, no easy proof of the argument that *rational analysis* is after all *rational* or that being *rational* necessarily means that the conclusions reached by this process can be proven to be more worthwhile than conclusions reached by some other process. Like so much in this life what counts as proof is very empirical, very approximate and arrives after some lag of time. It is, sad to say, very *hit and miss* but the best way we have of moving ideas forward.

It is this *hit and miss* quality that ensures that we spend so much time in our lives examining and re-examining the validity of the decisions we have taken or approved of in the past in the light of new perspectives. Perhaps this is one of the key essences of what we call the *democratic process*. An outstanding philosopher of the stature of the late Isaiah Berlin would not have much to quarrel about in this as a broad conclusion. The debate and discussion about fundamental matters of value can ever be finally settled. All our conclusions about these matters are in the nature of things provisional. Some conclusions are more durable than others. But they are all at least susceptible to questioning following fresh thought and discussion<sup>6</sup>.

How does this view of *rational analysis* sit alongside *dogma and mantras*? Here we do face new challenges and new conflicts of a radically different type. The greater the reliance on *beliefs and faith* the more fundamental in orientation that holders of those views inevitably become. There is no room for what might be termed *revisionism*. There is no space for doubt or uncertainty. The *truth* is there to be perceived, grasped, and embraced – by all. Those who can't or won't, can at first be safely ignored. But in the fullness of time the point will be reached when such intransigence can no longer be tolerated. The forces of *totalitarianism* will inevitably reach out to silence dissent. We know this process all too well as a historical phenomenon in European history – from the Spanish Inquisition and its parallels elsewhere in Christian Europe, to 20<sup>th</sup> century Nazi, Fascist and Soviet *totalitarianism*. We also know that this intolerance is born of the belief that there are only certain *true beliefs* and that anything else is an impostor. The *true beliefs* are true beyond any question of doubt. Doubt them if you will – but do so at your mortal peril!

One of the disturbing aspects of contemporary US politics is the capacity of both the Bush administration and those Republican voters who have re-elected him, to brush aside any arguments highlighting policy weakness and failure. They rely instead on the *belief* that the incumbent President will continue to do the right thing for the American people by defending national security against terrorists. At the same time, so the argument runs, the US has set sail to some destination in the historic past, in economic, social and political terms<sup>7</sup>. How true this reading turns out to be, time alone will tell.

### ***Is honesty the best policy?***

What do we understand by this best known of all moral virtues – our belief in *honesty*? It is worth sharing a curious insight in the English language about how we discuss the issue of *honesty*. Mothers have occasion to say to their off-springs that *honesty is the best policy*. What this perhaps means is that, in a tight corner, under close examination the best thing to do is to make a *clean breast* of things: in short - tell the truth. The reality is something a bit different. Making a *clean breast* is often, in today's world, a matter for something we call risk assessment: “*will I get caught out if I don't tell the truth or can I brazen the thing out by deception?*”

Most of us will understand this point. There are many examples every day of the week, especially in public life<sup>8</sup>, where people defend actions when we all know that if they were telling the truth their positions would be different. This applies to politicians, business people, and ordinary people – including the poor old Archbishops mentioned earlier. The current Archbishop of Canterbury is seemingly a straightforward fellow. He appears to tell the truth as he sees it, without fear or favour. But can we be sure? The events that recently led a gay clergyman to withdraw his candidature for a senior Church position may suggest otherwise. He was first supported by the Archbishop who then appeared to change tack and then pressed him to change his mind. In the fullness of time the events in this case may reveal something subtly different about what telling the truth really means<sup>9</sup>.

But there is another angle on all of this. The truth of the matter is that anyone who says *honesty is the best policy* is revealing something else rather more disturbing. If *honesty* is a matter of policy – then what in heaven’s name is *honesty*? At best something relative in the overall scheme of things and certainly, it appears, not an absolute. At worse a process of assessing things during which we look at the *upside* and the *downside* of the matter and if *honesty* appears to be the best option then we pursue it, otherwise we backslide and do the other thing. The famous prisoner’s dilemma well illustrates the problem. Yet when we examine an official, high-level document like the Nolan Report on Standards in Public Life [in Britain] it makes explicit that honesty, the sixth out of seven core principles of British public life, is to be regarded as a duty, rather than an instinct (or a behaviour based on heart-felt convictions). “*Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest*”<sup>10</sup>. One may argue that this is just one context against which honesty may be perceived. However, given the scope of the context and what is at stake in Nolan, it is also fair to say that we are actually dealing with more than just one context. Honesty in matters of business must also be part of this context even though public administration is the most representative one in terms of how values and norms are perceived – simply because it affects everyone, everyday. Thus if honesty is seen as a duty – or as a policy in discharging certain duties – then this is likely to become *the* ‘common’ and official meaning of it in fields other than public administration such as business.

So how does Harold Macmillan’s dictum about moral issues being the domain of Archbishops fare when we assess it alongside the claim that *honesty is the best policy*? Our answer to this may explain why our world today appears increasingly divided between those who defend the realm of reasoning and rational assessment as a way of ordering things, and others who feel they want to take refuge in a world of simple incontestable *beliefs*, grounded unshakeably in *faith* - and to shout it from the roof tops!

## II. FACTS

### *The mismatch between policy goals and outturns*

Perhaps the reason for this divide is cynicism about *before the event intent* and *after the event happenings*. A common observation is that the starting point in debate is often well defined in terms of intention but once we get to the point of implementation something else has come along and what we see, once things start to happen, doesn’t always resemble what we expected. This sort of feeling does infect many of us when we ask ourselves the question – are we moving forward?

The response is not so much that we may have got the policy wrong in the first place. Rather more it is that somehow worthy intentions were lost along the way, and that this is more a result of accident than some sort of devilish plot. If we try to particularise this to topical events we will see more clearly the *dialectic* at work. In the immortal words of Donald Rumsfeld, the accident-prone US Secretary of Defence – *stuff happens*.

Out of many examples we will restrict ourselves to one or two simple, well known ones where *stuff happens*. In Britain we might begin with *deregulation* and *privatisation* – two of the highest profile policy objectives of the past half century. *Deregulation* aimed first and foremost at lifting the panoply of restrictions concerning various commercial and industrial activities that had gradually evolved and were designed to protect consumers and producers alike. *Privatisation* was the policy thrust aimed at taking ownership of these assets out of the control of the state into the hands of private shareholders.

Take water as an example. The conventional wisdom spanning three quarters of a century, at least in Britain and other European countries (from the early 20<sup>th</sup> century onwards), was the water and its supply to households, businesses and the rest of the community would be better served by suspending, or relaxing the assumption that markets had a pivotal role to play in either pricing or investment. This meant that for the most part water utilities were nationalised or otherwise state controlled industries. They secured their investment direct from the state (in the case of Britain through something called the Public Works Loans Board) and the price of supply was largely regulated. The Water Boards themselves, in their enabling Acts of Parliament, had a duty to supply quality water to their local communities within a comprehensive set of controls and regulations.

This arrangement worked in the sense that water was collected purified and piped to consumers for well over eight decades until suddenly nationalised industries across the board in Britain were seized upon as being entities that would work better and more efficiently if they were *deregulated* and *privatised*. This would ensure that proper investment levels were maintained and that competitive pricing would allow the privatised entities to operate profitably within competitive capital markets and provide a better service to consumers. And so – it happened. In Britain the water industry was *deregulated* and *privatised* leaving shareholders owning the businesses and those businesses pursuing commercial policies consistent with their new status as publicly quoted corporations.

When we come to assess the consequences of these moves at least two observations are warranted. First the public see evidence of *privatisation* in the form of new glossy logos, gleaming new corporate headquarters with the senior management of those businesses being paid salaries commensurate with their new status as private sector enterprises – and nothing much else. That is one lasting perception. On the other side they see that prices at the point of consumption have risen with no tangible evidence that the quality of the product or its availability could justify higher prices. The reality of the situation is that very significant new investments are being made in the industry both in terms of collecting and purifying water but also in the treatment and recycling of sewage. What is also happening is that a *battle-Royal* for ownership is taking place within the industry as suppliers strive to exploit *economies of scale* in their operations through mergers and acquisitions as they seek to establish privately-held regional monopolies<sup>11</sup>.

What can we say about the consensus view on the wisdom of these various decisions and how far do people think they have taken society forward? Though this is just one opinion amongst doubtless many others it may be argued that many people feel that there hasn't been the benefit they expected. Putting it another way the benefits they were assured would come from the changes proposed are not immediately visible. Others would argue that there were other more important issues of social and economic development which were neglected in the rush to *deregulation* and *privatisation*. One of those might have been the positive settlement of the long drawn out debate on *co-determination* and *industrial democracy* (Bullock, 1977, Cmnd. 6076), which was shelved in Britain as the great roll-out on *deregulation* and *privatisation* unfolded in the 1980's.

### III. FINDINGS

#### *The problem of workplace alienation*

Perhaps the British have had more than their fair share of disappointments. This might explain why Britain sees itself as a country in which a large number of people are dissatisfied for the most part with existing social and political arrangements. The so called middle classes feel increasingly threatened by pervasive negative anti-social behaviour – ranging from *crass vulgarity*, through to *yobbish behaviour* and onward to *everyday violence* – most of it alcohol or drug fuelled<sup>12</sup>. They look at most countries in Europe and wonder how it comes about that these countries do not suffer from the same corrosive culture which destroys everything in its wake and is seemingly irreversible. They also look with envy at the outstanding public services in those countries – transport, education, health and income protection in old age - and ask themselves how they in Britain have managed their affairs so badly to be in the position that they feel they are in.

In everyday working life this is seen to operate alongside values and norms within the business enterprise sector, and elsewhere, which are seen by many to be cynical and exploitative<sup>13</sup>. Ordinary people feel that they are not esteemed or respected in the least by those who employ them. They are accustomed to work far longer hours than their European colleagues and to receive fewer non wage benefits such as paid leave. Employers, whether in the public sector or private sector, are often criticised for being cynical and hypocritical. Public sector organisations that are expected to uphold progressive standards in terms of employment practice are frequently criticised for falling short<sup>14</sup>. Business enterprise sector corporations are also seen as acting cynically on the *social responsibility* front. Corporations claim that they are committed to those communities to which they are one way or another connected. Often the reality points to something different. The food retail sector is rightly criticised for showing little real respect for weaker parts of the food supply chain<sup>15</sup>. Farmers complain of being squeezed by retailers “till the pips squeak”. Food industry analysts point out that many of the security problems in the British food industry can be traced back to rapacious habits and oligopolistic practices by the food retail supermarket giants and the food processors<sup>16</sup>.

### ***How moral and ethical behaviour is affected by changing values?***

There is plenty of anecdotal evidence that changes in values in British society in the past twenty years have had a negative impact at all levels and in all spheres. Though it is difficult to generalise about the this sort of claim it is probably not unreasonable to claim that shifts in values resulting from *deregulation* and *privatisation* have encouraged a drift away from the fixity of old established values like *honesty*. This is seen to manifest itself in greater interest in *risk assessment* in a great many areas. *Honesty* along with a number of other moral qualities such as integrity trust and respect for others, have become subject increasingly to informal forms of *risk assessment* in a bid to *sail close to the wind* if the chances of being called to book are tolerably low and the punishment for being caught fairly token.

It is not unreasonable to claim that power hierarchies in many different organisations have responded as one would expect to the challenges of the *risk assessment* culture. Success, promotion and ultimately patronage has moved to support those who are able to deal with the tricky business of *risk assessment* especially in this complicated domain of moral and ethical values. Those that have risen to the top have, it appears, done so because they have been willing to take calculated risks in these areas<sup>17</sup>. Another more cynical way of viewing the matter is that they have succeeded because they have not been caught out. They have earned recognition and reward at the expense of those more scrupulous who have perhaps refused to play the game. All of which makes one wonder afresh about the significance of the motherly incantation about honesty being the best policy. Perhaps, after all, it isn't that *honesty is the best policy*. Rather more it is the willingness to use *risk assessment* to determine *whether or not* honesty is the best policy.

There is no doubt that many, who regard themselves as scrupulous, tell themselves that when they know that something is wrong they don't need to and won't make an *assessment of the risks* of being found out doing it. They will not get involved in *risk assessment* because they don't see this as being a matter to be settled by *risk assessment* when it is a matter of *right and wrong*. To take a topical example from banking – how should we react to the claim of a top commercial banker, the head of a Blue Chip public corporation that he knows that credit card charges are not only high - but difficult, if not impossible, for ordinary people to fathom in calculating the real cost of credit. How do we feel when he further admits that he has warned his own children not to use credit cards, because they are expensive, when credit card profits are a major contributor to total profits of the organisation he leads?<sup>18</sup> Another industry leader, the former chairman of BAT the tobacco multinational admits that cigarettes are harmful and has counselled his own children not to smoke cigarettes<sup>19</sup>. He admits, with evident relief, that they are a non smoking family though he failed to get his father to “kick the habit”. Though the admissions have been made with commendable honesty in both cases it is perhaps not surprising that the public is left wondering quite what is happening around them.

What do these experiences tell us? For some observers what these events seem to suggest is a decline in moral and ethical standards within all organisation – public and private alike. The contents of the Hutton Report and the Butler Report in Britain bear witness to this in different ways. The Hutton Report (led by a senior High Court Judge) is forced to perform linguistic acrobatics in a bid to avoid saying that neither ministers nor civil servants *deliberately* misled the public over official claims that Iraq possessed weapons of mass destruction. The Butler Report avoided stating in so many words that ministers were deliberately using the civil service to give *spin* to particular announcements but did state that the integrity and impartiality of the civil service was threatened by these developments. Oddly enough, it was exactly such problems that the Nolan Report addressed ten years earlier. Its conclusions stress that objectivity, accountability and openness are to be guiding principles in all public business. Its aim was to foster respect for these principles. What happened to Nolan along the way one may ask?

The number of scandals in the US, Britain and Europe arising from abuses in corporate governance point to continuing defects in the mechanisms of transparency and *accountability*<sup>20</sup>. Taking governance in its most literal sense Nolan identifies the mechanisms of transparency and accountability as being core principles. Even though Members of Parliament, Ministers and Civil Servants, *Quangos* (Quasi Autonomous Non Governmental Organisations) and NHS bodies were the primary focus of the enquiry there is, as already stated, a wider context. Scandals in corporate governance inevitably raise important questions about the quality of leadership and the moral and ethical reliability of leadership elites. If those at the top, whether in government, public administration or industry, cannot be relied upon to show moral and ethical leadership then these setbacks will never be reversed. The existing peer group *norms* will continue to reward those that have the stomach to *trim*, and pass over those who raise doubts and concerns about the pursuit of unethical administrative or commercial policies<sup>21</sup>.

#### IV. PROGNOSIS

##### *Trying to chart a course forward*

Returning to our thoughts at the beginning of this paper, *Beliefs* and *Values* have to be handled with extreme care for they too, if used by the wrong people in the wrong way, can lead to abuse and disillusionment. There are many examples that support this general conclusion<sup>22</sup>. *Beliefs* and *Values* are however important and perhaps more so today than when Harold Macmillan commented the way he did over the question of morals. The challenge is to find how best to give expression to these core values. Organisations of all types often choose to write up their core beliefs in the form of a *Mission Statement*. Whilst this is perhaps a step in the right direction the experience of companies who are trying to develop approaches to *CSR* (corporate social responsibility) is that issuing a *Mission Statement* or setting out the aims and objectives of the *CSR* initiative is only the first, and perhaps very uncertain, step along a difficult road.

The real challenge to every organisation is to ensure that the core values and beliefs reflected in the *Mission Statement* or *CSR* initiative are thereafter shared as widely as possible within the organisation and acted upon. They must become *embedded* and part of the culture of the organisation. This is time consuming and has to be done seriously and thoroughly if it is to be done at all. It certainly cannot be done without the full endorsement of the board of directors. Only if there is *buy-in* at the highest level will anything happen. But the task of moving things forward is also difficult.

Everyone has to be encouraged to participate and even, where appropriate, to feel that they can report failings or shortcomings without victimisation. The awful fate of the Enron *whistleblowers* has to be avoided at all costs. This exercise has to be carefully planned and rolled out within the organisation. It also has to be monitored and independently verified<sup>23</sup>. It is worth remembering that there is no automatic, measurable or immediate benefit to the organisation. The very significant potential benefits are longer term ones only. They will come to fruition often long after the top management that launched the initiative have moved on.

There has been a good deal of progress in this field though there is yet a long way to go. Every organisation has a duty to prepare an *independent audit* of how far its actual behaviour measures up to the standards it believes it stands for. This process will enable and empower employees and other stakeholders who are affected by the organisation to be consulted and to comment on what they think. Slow and painstaking we realise it offers none of the attractions of the *Big Gesture*. We will, however, defend the slow and painstaking approach any day of the week to the *Big Gesture*. Only by careful consideration of what our *core values* are and how they reflect themselves in purposeful, lasting change will change be achieved. Relying on making public our private commitment to beliefs and values will not. All it will do is to make us feel personally better for having taken part in a public declaration of what we believe. Or personally a lot worse once we realise that we are mostly preaching to the converted!

Let us try to summarise, in conclusion, what we think a more suitable solution (than the *Big Gesture* kind) would be for improving the ethical *substance* – not just appearance – of *governance* of all types and at all levels.

- First, we advocate a change in how the core values are conceived – namely, they should be perceived as *active* principles, rather than as merely passive labels. More than two millennia ago, the Greek philosopher Aristotle thought of existential principles this way, which is why he used verbs (e.g. predicates of action!) instead of nouns, in order to name them. Administrators and corporate managers should, for instance, ponder *the process of becoming accountable* to others and what it implies for everyday activity, rather than simply stressing the far-too-general concept of *accountability* in the Mission Statement – a concept which is so lofty and abstract, that no one gives much more than a second thought as to how to live with it on a day to day basis.

- Second, once such *active* principles are identified as most suitable to guide a public organisation or a company, they should become vividly manifest in each and every policy that is adopted, in each and every decision made at whatever level therein. If for example, honesty (or truth-telling) is considered to be the guiding principle of a company (say, in the pharmaceutical industry), then that principle should be so fiercely implemented that it becomes the first, most striking attribute of all products and services provided by that company. But in order for that to happen, truth-telling must come first in all actions and relationships within all organisations – regardless of the personnel hierarchy, power relations and business aims (e.g. profit maximisation or other performance targets, and the like). Once such a hard stand is taken, we are likely to witness companies’ and organisations’ guiding principles become quantitatively fewer, but progressively more effective in everyday terms.

In turning back the pages of history we will be reminded that those rare personalities who embody the very essence of humanity we have in mind were once so hard to find, that the magus in ancient Persia used to look for them by carrying a torch in the midday sun. Rare they may be in today’s world, as they were then. But with the right sort of *climate change* their presence will become more evident and their impact more widely felt. The tide will turn if people will it to happen.

Turning Margaret Thatcher’s infamous injunction to a better and more constructive purpose – *there is no alternative*. If you’re going to do it, do it. Don’t just write the words and talk the talk! Walk the talk.

---

<sup>1</sup> By implication, the public at large involved in the same process.

<sup>2</sup> For clarity we would want to make explicit that this would not exclude one’s moral duty to oppose measures that one felt were morally wrong or to make ones view publicly known on those matters.

<sup>3</sup> The situation following the 2004 Presidential elections in November 2004.

<sup>4</sup> Though there is little doubt that John Kerry succeeded beyond reasonable doubt in highlighting the failure of the Bush administration to have taken into account the formidable difficulties of *nation building* in post-war Iraq, this was dismissed by the *Believers* on the grounds that Bush was right and resolute to stand firm against the terrorists who threatened US security, in particular al Qaeda! Though the response is an irrelevant *non sequitor* this represents the commonly expressed reaction.

<sup>5</sup> The justification for the invasion of Iraq falls into this category. The downing of the twin towers on 11 September was an act of terrorism by al Qaeda. Iraq has weapons of mass destruction and sponsors terrorism Therefore the Iraqi leadership must be toppled.

<sup>6</sup> It may be instructive to remember what Isaiah Berlin has to say in his essay ‘The Concept of Scientific History’: ‘It is not a vain hope for an ideal beyond human powers, but a chimera, born of lack of understanding of the nature of natural science, or of history or of both’ (Gray, 1995: 76).

---

<sup>7</sup> This may turn out to be, in some ways, a fundamental misreading, of the US social and economic development model as Professor James K Galbraith [not John Kenneth] points out in a recent article on the US economy. He sees the US economy benefiting directly and indirectly from income transfers in the provision of a range of educational, welfare and community services which belie the description of the modern US economy as being driven by anti-union, rapacious multinational corporations, with a God-fearing President hell bent on putting back the clock. This stereotype, he argues, is based mostly on fantasy. (Galbraith, 2003: 6-7).

<sup>8</sup> Prime Minister Blair has faced an onslaught from the public over what are widely viewed as deceitful claims over evidence of Iraqi weapons of mass destruction – claims used to justify the war against Iraq.

<sup>9</sup> Though the Archbishop was reportedly sympathetic to the idea of an openly gay member of the clergy being elevated to a Suffragan Bishopric he was forced to distance himself from that opinion as a result of pressure elsewhere within the Church of England.

<sup>10</sup> Cf. the summary of the *Nolan Committee's First Report on Standards in Public Life* (1995)

<sup>11</sup> There is a curious irony in all of this. Water as with other former public services such as Electricity, Gas and Rail many of the bidders in the battle for control are from other European countries and from industries that still remain in their own countries under state control. Electricity de France, Gas de France, Generale des Eau and the SNCF (the French railways) are examples. They are all active in the British market.

<sup>12</sup> The recent reaction to government proposals to change the law on gambling is an example. Middle class groups fear that this will lead to an increase in casinos, and increase in gambling and an extension of the gambling culture in Britain - a development which will only add to social problems.

<sup>13</sup> The CBI (the British Employers Association) makes much of the claim that the British model of deregulated market driven enterprise has created new wealth and employment. British citizens remain on the whole sceptical about these claims.

<sup>14</sup> Complaints in the teaching and medical profession about standards of employee care are a constant reminder, rightly or wrongly, that something somewhere is wrong. Too often government inspired performance indicators are used as a weapon to coerce employees into changing their working practices. Too often those performance indicators are themselves being deliberately manipulated in a bid to achieve targets.

<sup>15</sup> *Buy one get one free* practices are too often “paid for” by suppliers, but presented by the supermarket chains as a gift from the company.

<sup>16</sup> Mad cow disease was almost certainly caused by pressure on farmers to increase productivity and lower costs in a bid to survive with supermarkets paying scant regard to the major food safety threats this posed.

<sup>17</sup> The story of one policeman is worth re-telling. There were certain matters in detective work over which he was not prepared to compromise his principles on the basis of *risk assessment*. His failure to play the game would almost certainly ensure that he was overlooked for promotion.

<sup>18</sup> The former chief executive and now chairman of Barclays Bank Plc admitted this in a recent press interview.

---

<sup>19</sup> Martin Broughton, former executive chairman of BAT Plc makes this admission in a recent interview in *Management Today* (Broughton: 2004, 64). At the same time he defends the right of adults to decide if they want to smoke or not.

<sup>20</sup> The Enron scandal, in particular, provides insight into how senior board members of that corporation, chairman, CEO and CFO, all appear to collude in misinforming the public about “goings on” within Enron. The whistleblowers that saw fit to make known their concerns were unceremoniously, if not ignominiously, discharged by their employer. The web of corruption was not limited to Enron and its senior employees. It appears to have been widely pervasive, embracing banks, investment banks, other corporations and most seriously, the gatekeepers, the auditors and lawyers acting for the corporation.

<sup>21</sup> The problems of misselling in the British financial services industry well exemplify the scale of the predicament. Though firms, (and sometimes though rarely, individual directors), are being punished by hefty fines the appetite for misselling has not diminished. The forms that it takes have just become more subtle and less easy to detect.

<sup>22</sup> This was reported in confidence to Richard Tudway: “My own limited experience of working with evangelical charity-oriented church groups warns me of how potentially dangerous this can be. I recall one experience where the lay pastor and leading light was urging others to get behind the mission to liberate the poor in their chosen geographical areas. He did so with great charisma. One couldn’t help but admire him. But I also recall raising questions about certain aspects of their legal charitable status and the control of the bank accounts associated with fund raising. When I pressed what I thought were legitimate concerns I felt I was being asked not to raise matters in a way that might cast doubt on those in charge and distract others from the task of fundraising. Others who I know had latent concerns about these matters would have been persuaded that it was wrong to undermine the leadership by asking for answers to such questions - when in the end everything would probably be alright”.

<sup>23</sup> The Enron Social Report, which addresses the corporation’s commitment to CSR is fearful reminder of the abuses that come from senior executives within corporations writing about moral rectitude whilst frauding those around them. It is also a telling reminder that claims that are not independently verified are as likely to turn out to be bogus as truthful.

---

## REFERENCES

Broughton, Martin, "Interview. with", in *Management Today*, October 2004, p. 64

Bullock (1977), *The Report of the Committee on Industrial Democracy*

*Enron Social Report*, available at [www.mallenbaker.net/csr/nl/index.html](http://www.mallenbaker.net/csr/nl/index.html)

Galbraith, James K. (2003), "What is the American Model Really About", in *Public Policy Brief*, The Levy Economics Institute of Bard College, No 72.

Gray, John (1995), *Berlin*, Fontana Modern Masters.

Nolan Committee's First Report on Standards in Public Life (1995), summary available at [www.archive.official-documents.co.uk/document/parlment/nolan/nolan.htm](http://www.archive.official-documents.co.uk/document/parlment/nolan/nolan.htm).