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BUSINESS ETHICS**  
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## Verizon

Visiting Professorship  
in Business Ethics  
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Technology

# Data, Dollars and the Unintentional Subversion of Human Rights in the IT Industry

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**CENTER FOR  
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**FEBRUARY 12, 2007**

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The Center for Business Ethics at Bentley College is a nonprofit educational and consulting organization whose vision is a world in which all businesses contribute positively to society through their ethically sound and responsible operations. The center's mission is to give leadership in the creation of organizational cultures that align effective business performance with ethical business conduct. It endeavors to do so by the application of expertise, research, education and a collaborative approach to disseminating best practices. With a vast network of practitioners and scholars and an extensive multimedia library, the center provides an international forum for benchmarking and research in business ethics.

The center helps corporations and other organizations strengthen their ethical culture through educational programming such as the Verizon Visiting Professorship.



The Verizon Visiting Professorship in Business Ethics and Information Technology epitomizes Bentley's commitment to advancing education and knowledge at the intersection of business and the liberal arts. For more than eight years, Verizon's generous support of this initiative has furthered the work of the Bentley Center for Business Ethics, continuing to engage students, faculty and the corporate community in an important dialogue about the ethical dimension of business — especially at the limits of technological advancement.

We were honored to welcome Professor Thomas I. White as our ninth visiting professor in the Verizon series. Professor White is the Hilton Professor of Business Ethics and Director of the Center for Ethics and Business at Loyola Marymount University in Los Angeles, California. He received his doctorate in philosophy from Columbia University. He is the author of five books (*Right and Wrong*, *Discovering Philosophy*, *Business Ethics*, *Men and Women at Work* and *In Defense of Dolphins: The New Moral Frontier*) and numerous articles. Professor White's most recent research has focused on the ethical implications of scientific research on dolphins and the ethical issues arising in human/dolphin interaction.

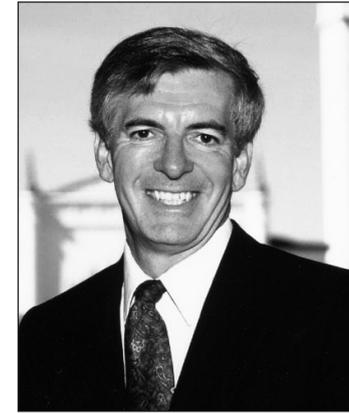
The Center for Business Ethics will continue to strengthen the business ethics movement through programming such as the Verizon Visiting Professorship in Business Ethics and Information Technology. We are grateful to the Bentley community, to Verizon, to Professor White and to everyone connected with the center, whose support makes these initiatives a success.

W. Michael Hoffman  
*Executive Director*  
 Center for Business Ethics  
 and Hieken Professor of Business and Professional Ethics  
 Bentley College



Michael Hoffman (right) founding Executive Director of the Center for Business Ethics and Hieken Professor of Business and Professional Ethics at Bentley College, with (from left): Gregory K. Miles, Director, Ethics and Business Conduct, Verizon Communications; Thomas I. White, Hilton Professor of Business Ethics, Director of the Center for Ethics and Business, Loyola Marymount University, Los Angeles, California.

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### THOMAS I. WHITE

Thomas I. White is the Conrad N. Hilton Professor of Business Ethics and Director of the Center for Ethics and Business at Loyola Marymount University in Los Angeles, California. Professor White received his doctorate in philosophy from Columbia University and taught at Upsala College and Rider University in New Jersey, before moving to California in 1994.

Professor White is the author of five books (*Right and Wrong*, *Discovering Philosophy*, *Business Ethics*, *Men and Women at Work* and *In Defense of Dolphins: The New Moral Frontier*) and numerous articles on topics ranging from 16th-century Renaissance humanism to business ethics.

His most recent research has focused on the philosophical implications — especially the ethical implications — of the scientific research on dolphins. Professor White's latest book, *In Defense of Dolphins*, addresses the ethical issues connected with human/dolphin interaction — for example, the deaths and injuries of dolphins in connection with the human fishing industry and the captivity of dolphins in the entertainment industry.

Professor White is a Scientific Adviser to the Wild Dolphin Project, a research organization studying a community of Atlantic spotted dolphins in the Bahamas. He is also an Adviser to the Oxford Centre for Animal Ethics in the United Kingdom.

## Data, Dollars and the Unintentional Subversion of Human Rights in the IT Industry

VERIZON VISITING PROFESSORSHIP IN BUSINESS ETHICS AND INFORMATION TECHNOLOGY AT BENTLEY

February 12, 2007

### **Thomas I. White**

Hilton Professor of Business Ethics, Director of the Center for Ethics and Business, Loyola Marymount University, Los Angeles, California

### **Introduction**

The title of my talk is “Data, Dollars and the Unintentional Subversion of Human Rights in the IT Industry.” But I would like to begin with a few preliminary remarks because I suspect that this talk is going to be somewhat different from the others in this lecture series.

First, this talk is going to be fairly broad. Accordingly, because of the large amount of territory I would like to cover, it’s more the case that I will be making assertions than offering the detailed arguments needed to support those claims.

Second, the general issue that I’m working with is the problem of unintended negative consequences that result from otherwise well-intentioned actions. Accordingly, much of what I’m talking about has to do with the belief system that underlies how all of us operate in business: corporations, consumers, regulatory agencies, and the like. So I’m talking about actions that we believe (according to the way that business is *supposed* to work) will have only (or largely) positive results — yet, in reality, have a negative side that eventually surfaces.

Third, I am going to begin with an example of unintended negative consequences from a non-IT industry, because this will illustrate the long-term dimension of the problem. After that, I will move on to some issues and events in the IT industry that I consider troubling and that contain the threat of similar serious, long-term, unintended negative consequences.

### **Unintended Negative Consequences: Energy**

The first example of unintended negative consequences that I want to discuss comes from a combination of the petroleum and auto industries. I think this is a good example of the problem I’m concerned with because, in retrospect, we can identify a variety of actions that: 1) people believed would have positive consequences at the time they did them, but 2) turned out to have a seriously negative side that wasn’t appreciated at the

time, and 3) thus turn out to be actions that people would not have chosen to do had they known all of the consequences.

This example begins with the Arab oil embargo of 1973-1974. OPEC was unhappy with American foreign policy, and they expressed their unhappiness by turning off the spigot. Those of us who experienced this event — particularly in the northeast — remember it as a cold, dark and difficult winter. Even after the petroleum started flowing again, the “energy crisis” continued. And the seriousness of the matter is probably best represented by a major address by President Jimmy Carter, shortly after he took office.

### *Carter said:*

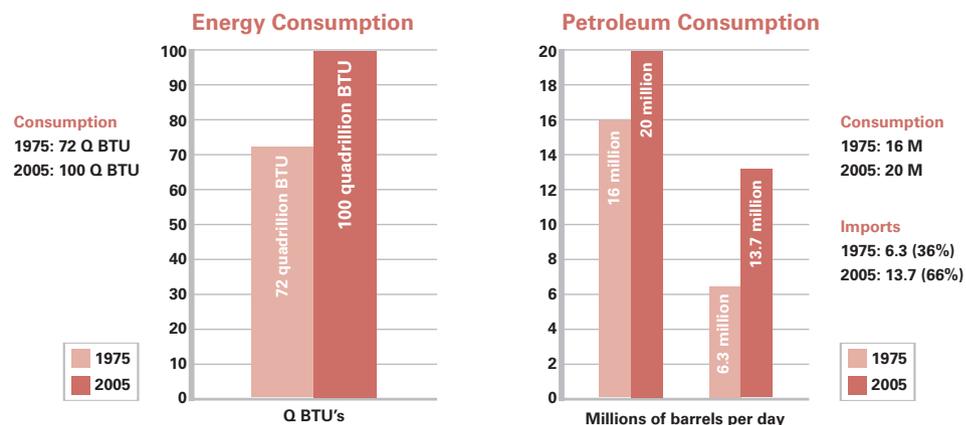
*Tonight I want to have an unpleasant talk with you about a problem unprecedented in our history. With the exception of preventing war, this is the greatest challenge our country will face during our lifetimes. The energy crisis has not yet overwhelmed us, but it will if we do not act quickly. It is a problem we will not solve in the next few years, and it is likely to get progressively worse through the rest of this century. . . . We simply must balance our demand for energy with our rapidly shrinking resources. By acting now we can control our future instead of letting the future control us. . . . This difficult effort will be the “moral equivalent of war” — except that we will be uniting our efforts to build and not destroy.<sup>1</sup>*

Given the seriousness of the problem and the fact that the “energy crisis” was now simply part of everyone’s daily life, it would seem virtually impossible that the country would not respond effectively. So let’s look and see what happened.

By the 1980 presidential campaign, the attitude about how serious a problem this was had started to shift. The oil was flowing again, and Ronald Reagan claimed that America had “more than enough energy resources to meet our needs until the fuels of the future . . . are developed.”<sup>2</sup> Reagan won that election, so it’s no surprise that the attitude of his administration was very different from President Carter’s. Consumers responded by buying SUVs and pickup trucks. Automakers took advantage of the fact that the CAFE standards (corporate average fuel economy) differentiated between passenger cars and light trucks. Because SUVs are light trucks, the MPG requirement is lower. And because the profit margin on SUVs is so much higher than passenger cars, automakers strongly pushed their sales. So the market — consumers and producers alike — responded to the situation in such a way that we ultimately end up with the Hummer, that 8,000-pound, 10-MPG behemoth of a vehicle, becoming extremely popular. Over 30 years, the price of gasoline went up. Of course, from a consumer standpoint, that was bad news. But, historically, the energy industry had always considered gasoline in the U.S. to be underpriced, so industry experts argued

that higher prices was good news. Higher prices would curb consumer appetite and they would generate more revenue for exploration that would find more reserves. So, on balance, everything was supposed to be working well. The dominant belief was that if we just let the market alone, everything would be fine. In the 30 years following President Carter's ominous warning, we had happy drivers, big cars, big houses and profitable energy and auto companies — at least until recently. The “energy crisis” had been solved. Or had it? Not surprisingly, I want to suggest that our response during these three decades was producing some important negative consequences, the impact of which was being overlooked.

If we look at energy consumption in the U.S. between 1975 and 2005, it increases dramatically. In 1975, we were burning 72 quadrillion BTUs. In 2005, that was up substantially to 100 quadrillion. Not surprisingly, petroleum consumption also



increased. In 1975, we used 16 million barrels per day, importing about one-third of that. In 2005, we used 20 million barrels per day, importing two-thirds of that.

From this perspective, then, the situation is quite problematic. Not only does it look like the “energy crisis” had *not*, in fact, been addressed in any significant way, but there were also unintended consequences that have made things even worse. For example, it can be argued that increased reliance on imported petroleum was a contributing factor to two oil wars, which will likely produce a total of at least 500,000 deaths.<sup>3</sup> More depressing is the fact that U.S. energy consumption could have been a contributing factor in the terrorist attacks of September 11.<sup>4</sup> And we even find President Bush saying, “We have a serious problem: America is addicted to oil, which is often imported from unstable parts of the world.”<sup>5</sup> In other words, 30 years after President Carter's warning, we have another president saying something fairly similar.

It's also important to see that our actions have had significant, unintended negative consequences for future generations. Petroleum and all fossil fuels are limited and irreplaceable, but we use them as though there's an infinite supply. We have built the economy of the entire planet on this fuel, and we're content saying to future generations, “We've created a serious problem; although we have enjoyed the benefits, you will have to bear the costs.” None of us had any intention to make life harder for anyone else. We believed that if we did business according to ordinary market forces, everything would work out well. However, it's clear that isn't going to happen. When it comes to issues of energy and economic growth, future generations will have a much more difficult time of things. One need mull over only one question to begin to appreciate the problems our descendants will face: What are the likely global social, political, military and health-related consequences of the continuing economic growth by China?

And how does any of this relate to “the unintentional subversion of human rights”? First, there should be little question that the rights of millions of people to life and safety have been compromised by the fact that the U.S. has only increased our imports of such a critical resource from such a politically volatile part of the world. Next, the rights to healthy living conditions of billions of people have been undermined by exporting to the rest of the planet a model of industrial activity that considers economic development to be more important than clean air. Finally, a variety of rights of countless people yet to be born will be threatened because we will hand succeeding generations a planet that is less habitable for humans than it was a century ago. Our descendants will have a more difficult time providing themselves with safe and healthy physical conditions. In addition, the social and political tensions resulting from an accelerating planetary energy crisis will probably also compromise rights to political freedom and democracy.

We may all have had the *intention* of addressing the energy crisis, and we may have *sincerely believed* that letting producers focus on profits and letting consumers focus on convenience would give us a market solution, but this isn't what happened. Instead, good intentions and sincere beliefs made a bad situation worse.

### Unintended Negative Consequences: Causes

How does this happen? How does it happen that so many well-intentioned people, trying to do good things, end up with such a problematic outcome? While there are obviously a variety of causes, I believe that among the most important are: 1) a combination of *poverty of the imagination* and *ethical illiteracy* and 2) a faulty conception of the purpose of business, particularly in a democracy.

### Poverty of the imagination and ethical illiteracy

What is *poverty of the imagination* and *ethical illiteracy*? To put it simply, it's the inability to grasp fully the intricacies of complex ethical issues and to see all of the

consequences of one's actions. It is understanding ethical issues from a fatally narrow and limited perspective. Poverty of the imagination produces a form of tunnel vision that makes an accurate analysis of complex ethical issues impossible. Moreover, sophisticated ethical analysis is more technical and more difficult than most people recognize. Basing decisions about one's actions on only an elementary and superficial understanding of ethics virtually guarantees unintended negative consequences.

In the issue we've just been examining, I believe that this combination of poverty of the imagination and ethical illiteracy was a significant factor in both consumer and corporate behavior in the petroleum and auto business — and led directly to serious unintended negative consequences.

First, I believe that consumers and companies alike operated from a very short-term perspective. Companies thought in terms of quarterly returns. Consumers thought in terms of a year or two (if that). None of the major players thought about the impact their actions could have 10, 20 and 30 years later. Second, there was a collective failure to recognize and fully appreciate the wider — ultimately global — implications of what seemed to be only local actions. There is a connection between what we do at the gas station around the corner and where the oil comes from. Seeing such connections and assessing the risks requires broad, imaginative thinking. But our society failed dramatically to think broadly, to recognize the risk of harm from our actions, and to take appropriate action to reduce any risks.

Poverty of the imagination and ethical illiteracy are epidemic in our society. And when you can't think broadly and imaginatively, and when you can't think perceptively about ethical issues, you end up being blind to issues that sooner or later will catch you (or your descendants) from behind.

### **A faulty conception of the purpose of business**

A second factor that I believe contributed to the problems I've been describing is what I consider to be a faulty conception of the nature of business — particularly the proper role of business in a democracy.

Let's start this way: Why do we have business? Now you may be tempted immediately to say "to make a profit" or "to increase shareholder wealth." But resist the temptation, because that's not why we have business. Profit or shareholder wealth may be important, but they're only means to an end — not the end of business in itself.

Perhaps a better place to start is: Why do humans live together in the first place rather than lead solitary, autonomous lives? Living together increases our odds of survival. Furthermore, by employing division of labor and specialization of labor, we end up with easier, more secure and more comfortable lives. Life is better for human beings when we specialize. So humans have come to organize societies in ways that let

different people focus on meeting a particular category of need, and, in that way, more people are likely to get what they need in order to survive.

A convenient shorthand way of describing what I'm talking about is that human societies have "institutions" with different, but clearly identifiable goals organized around basic *needs* of the people who live in those societies. We might say that the "job" of each type of institution is to meet a particular set of needs for the people who live in that society. So, we have: *medical* institutions, whose job is to provide for the *health* of the community; *educational* institutions, whose job is to provide members with the *knowledge and skills* needed to function in that society; *cultural* institutions, whose job is to satisfy members' *artistic* needs and provide some degree of *coherence* to the society; *religious* institutions, which are to provide for the *spiritual* needs of the members of the community; *military* institutions, which are designed to provide for *protection from enemies*; and the job of *governmental* institutions is to provide for a wide variety of needs — everything from physical safety, to the fair resolution of disagreements among members, to the need for guarantees that public power is used in a way that promotes the vital interests of the members of the society. Business, of course, is an *economic* institution. So its "job" is to make it possible for members of a society to get their material needs met and to have an outlet for their productive energies.

The "job" of every institution in society, then, is to make life better for those of us who live there — to make it possible for us to have the kind of life the society is committed to provide for its members. And that means that all of the institutions in society are required to operate under certain restrictions — the laws and values of the society.

Now in any democratic society, a commitment to human rights is central. Therefore, respecting human rights becomes a fundamental restriction on the activity of any institution in a democratic society. Seen in this light, the job of business then becomes to provide for the material welfare of the members of the society in a way that is not only consistent with human rights, but is also especially respectful and protective of the rights that make a democracy possible in the first place.

I would argue, then, that one of the causes of the problems I described above — the unintentional negative consequences of actions related to energy — is that too many actions flowed from a faulty conception of business. Consumer behavior and corporate strategy alike were driven more by self-interest and narrow financial interest than by meeting the needs of the members of the society in a way that was consistent with the central values of a democratic society. If business had done its job properly, the interplay of consumer, producer and governmental forces would have produced a situation where there would be a safe and dependable supply of energy and fair access to it. What happened, however, is that energy not only became more expensive for everyone, but it has become less affordable for the people in the lowest economic

strata — sometimes with tragic consequences. (When people die from the cold because they can't heat their homes, or when they die from the heat because they can't afford air conditioning, it's fair to say that "business" failed to do its job.)

The actions of the energy and automobile industries produced substantial profits for some. But the unintended negative consequences of these actions — significant compromises to domestic safety, economic justice and the rights of future generations, for example — were serious costs that were passed on to others.

The moral of the story, then, is that the combination of good intentions, happy consumers and profitable companies does not necessarily mean that everybody lives happily ever after. People thought they were doing the right thing, but there were serious unintended negative consequences.

### Unintended Negative Consequences: the IT Industry

As I explained at the outset of this lecture, I wanted to start with a non-IT example because it could better illustrate the phenomenon of unintended negative consequences — particularly over the long term. With petroleum, we could look at what happened over 30 years. So, now let's move on to the IT industry and consider the possibility of unintended negative consequences there.

I want to make it clear that when I say "the IT industry," I mean anything connected with digital technology — computers, cell phones, iPods, RFID tags, satellite television and the like. So I'm talking about a very broad range of economic activity. The common element, however, is that the underlying technology is *digital*. That is, unlike analog technology, information is stored and transmitted as numbers — which is one of the reasons a digital technology is so efficient. However, it is also one of the reasons the technology brings with it such ethical risks.

As far as the benefits of digital technology are concerned, I think there is no way we can exaggerate the upside. We have a healthy and vibrant industry. With ongoing technological advances, consumers receive great services and convenience. We've also seen significant increases in productivity in business. There is no shortage of "wow factor" to digital technology. And the products and services available are going to get better in the future.

One recent example of a variety of interesting benefits that can come from this technology is an initiative from Virgin Life Care that is aimed to help businesses address the expense of health insurance for their employees. Virgin's HealthMiles program makes it possible for companies to provide incentives for employees to improve their health, and for the companies to get data about the improvements so that they can then negotiate a better package with their healthcare insurance provider.

Employees need only wear a pedometer throughout the day and then upload the data from the pedometer to their HealthMiles web site. Employees also occasionally upload data about weight, body fat and blood pressure via a special HealthMiles kiosk located at a health club associated with the program. As employees' daily steps add up, they receive rewards (gift cards from selected retailers, for example). So this looks like a proverbial win-win scenario. Employees become healthier; they also receive rewards; and the company can either reduce its premium or afford better coverage. And it's all made possible by the ease with which digital data can be recorded, transmitted and analyzed.

With such great benefits from digital technology, it's probably difficult to see any unintended negative consequences. But the reason it's important to look for them is — as I tried to show with the example of the energy and automobile industries — some problems do not surface until it's too late to find a simple solution. So what are some such risks connected with the IT industry?

First, although this is not as current an issue as some others I'll talk about, there is the matter of how the record industry handled illegal downloading. After ignoring illegal downloading for a significant amount of time, the Recording Industry Association of America (RIAA) decided that they were going to get very aggressive. They took legal action against downloaders, and they started using a law that allowed subpoenas to be issued by clerks, not judges. They also asked all the ISPs for information to identify the end users who might be doing illegal downloading. (I'm happy to say that Verizon, as far as I know, is the only company that resisted the requests of the RIAA. They engaged in what I'm sure was an expensive legal tussle with the RIAA, until it was declared that the RIAA did not have the legal right to that information.) Not only was it troubling that the RIAA took such a heavy-handed approach on this, but it was just as troubling, if not more so, that the other companies simply handed over the information. That is to say, in my opinion, both the RIAA and the ISPs showed little regard for a variety of rights ranging from simple fairness and due process to privacy.

A more recent set of issues that has already gotten a fair amount of attention in the last couple of years has to do with the way that Microsoft, Google, Cisco and Yahoo are doing business in China. In 2006, for example, the House Committee on International Relations questioned executives from these companies about why their search engines censored such terms as "freedom" and "democracy."<sup>6</sup> Similarly, in 2005, Yahoo was universally criticized for providing information about the e-mail account of a Chinese journalist that resulted in a ten-year prison sentence.<sup>7</sup> In other words, these American companies appeared to do business in a way that actively supported the Chinese government's campaign against democracy. So, the negative impact of these companies on some critical human rights is clear.

Closer to home, it was revealed last year that the National Security Agency had asked a number of telecommunication companies for information on the phone activity of millions of Americans.<sup>8</sup> The Department of Justice has asked all ISPs to hold all search information for two years.<sup>9</sup> It was revealed that America Online posted three months' worth of query logs of 650,000 customers.<sup>10</sup> And the recent case involving TJX here in Massachusetts is a reminder that hardly a week goes by in which there's not a new case of some company failing to protect their customers' confidential information. Again, it should be clear how easily the use or abuse of digital technologies can undermine rights to privacy.

Perhaps even more troubling for the future, however, is the expanding use of RFID (radio frequency identification) tags. This is a small device that can be implanted in anything from a credit card to an article of clothing — even to something as small as the tag on a piece of clothing — that makes it possible to match the tagged item with the identity of the person who bought it. Although this may be a marketer's dream — making it possible to do much more selective and effective target marketing — it is a civil libertarian's nightmare. As California State Senator Debra Bowen expressed the concern, “How would you like it if, for instance, one day you realized your underwear was reporting on your whereabouts?”<sup>11</sup>

And, as if the fact that digital technologies can undermine fundamental human rights weren't troubling enough, even more depressing is the fact that companies feel so much financial pressure to set aside any such concern. For example, imagine the following scenario. After Yahoo found out that the information they handed over to Chinese authorities led to a prison sentence for a journalist, senior management went to the board and said that they'd decided that Yahoo would no longer do business in China because of Yahoo's negative impact on human rights in that country. What do you think would have happened? I believe that management would have either been fired outright or at least told that, because so much money was at stake, this was not a viable option and they should learn to live with the Chinese government's demands. But even if the board went along, I think there's no doubt that Wall Street — everyone from huge pension funds to individual investors — would have hammered the stock. In other words, the issue is not simply that digital technologies can undermine human rights. The problem is that they can be so profitable that human rights take a back seat. There would surely be appropriate hand-wringing, with everyone involved saying, “We really hate to dump the stock, but we have no choice.” But the bottom line would be that profits would trump freedom, privacy and democracy.

Note, too, that a highly problematic relationship involving business, consumers and government is starting to emerge. The IT industry has made it possible for businesses to track and store a tremendous amount of information about dimensions of our lives traditionally considered to be “private” or “personal”: what we buy, how and when

we pay for it; which web sites we visit; which terms we search for information about; whom we telephone and when (and, of course, digital technology makes it easier to record, store and analyze the content of our calls); which television shows and movies we watch; the state of our health; which medicines we take; what medical procedures we've undergone; which causes we donate money to; where we lean politically. Most of this information is either freely volunteered by consumers, or we at least tacitly consent when we check the “I have read and understand the conditions” box whenever we download or install software. And this means that we are already living in a “surveillance society” — but one that was created by an *economic*, not a *political* agenda. Nonetheless, because businesses so readily hand over such information when governments ask them, it should be clear that a dangerous framework is in place that could undermine a variety of basic rights. Indeed, many would argue that government requests for private information have already been used to advance political agendas.

### Poverty of the Imagination and Faulty Conception of Business

How does the well-intentioned pursuit of corporate profit and customer convenience produce such serious negative consequences? Once again, let's consider the role of poverty of the imagination, ethical illiteracy and a faulty conception of business in a democracy.

Sadly, the combination of poverty of the imagination and ethical illiteracy are prominent in the IT industry's defenses of some of the questionable actions I've just described.

One standard defense from IT firms under public scrutiny is that the company is simply obeying the local law in China, thereby acting as a “good corporate citizen.” However, as students learn in the first weeks of virtually every basic ethics class, the legal and the ethical are not necessarily the same. Particularly in the case of governments with a poor record on human rights, ethically questionable actions cannot be defended by citing a legal obligation.

Another common defense is that companies argue that, over the long term, the benefits connected with compromising human rights will outweigh any harms. While this is a slightly better argument than the need to obey local laws, this also reflects an inability to think about ethics in a sophisticated fashion. First, any corporate practice that strengthens the hand of undemocratic governments makes it less likely that there will, indeed, be the long term benefits imagined. As has been demonstrated repeatedly, the presence of market economies in politically repressive societies does not necessarily lead to democracy and the protection of human rights. Second, this defense makes sense only by failing to recognize the *qualitative* differences between material benefits (goods and services) and the more important, but intangible harms (such as a loss of freedom and privacy). Even an elementary understanding of utilitarianism recognizes

that a large amount of lower-quality good does not outweigh a smaller amount of higher-quality harm. Third, in some cases, arguing that the long-term benefits will outweigh near-term harms can easily become an attitude that the ends justify the means — which virtually every basic ethics course points out as a fundamental flaw to utilitarianism.

As in the case of the example we started with involving energy, the inability to think in a sophisticated and imaginative way about the ethical dimensions of actions invariably leads to unintended negative consequences.

### Faulty Conception of Business in a Democracy

I claimed earlier that a faulty conception of the “job” of business in a democracy also contributes to unintended negative consequences. So how does that surface in the IT issues I’ve been talking about?

Recall that the “job” of business in a democracy is to meet the material needs of the members of a society — but to do so in a way that is consistent with the values of that society. That is, in a democracy, business can reasonably be expected not to operate in a way that violates the commitment to human rights which is at the heart of democratic societies. In the examples I cited above, however, I believe that there has been a failure to recognize the limitations on business placed by the need to respect fundamental human rights that are critical to democracy. For example, the fact that marketers have been so ready to gather personal information about consumers — even refusing to let consumers know when they’ve been “tagged” with an RFID device — shows a troubling subversion of privacy and a blindness to the fact that people obviously have a right to know if they’re being tracked. I believe that one of the most important restrictions on business in a democratic society is to operate in a way that respects the dignity of the human person. However, it is now possible to make so much money by tracking, storing and selling information related to matters traditionally considered to be “personal” or “private,” that we have, in effect, “commoditized” our inner lives.

Just how problematic standard corporate practices actually are when examined from the perspective of what’s appropriate in a democracy is clear from the following example. Imagine that before Google launched “Gmail,” the U.S. Postal Service came up with the idea first. They announced they were providing free e-mail (let’s call it Pmail) to anyone who wanted it, and that the service would be paid for by advertising revenues. The only catch was that, as Gmail does now, all mail would be scanned so that ads could be matched to consumer preference. (Having e-mail discussions with a friend about X, for example, produces ads for X on the edge of the screen.) It is difficult for me to imagine that the resulting uproar — in Congress, newspapers, among political commentators and the like — would focus on the fact that “the Post

Office will be reading our mail.” Indeed, this idea so violates the Post Office’s historical respect for the sanctity of the mail that I believe that Pmail would be killed by Congress as a direct assault on the freedoms that make democracy possible. Of course, there was no dramatic hue and cry over Gmail. The service was provided by a business, not the government. But this doesn’t change the fact that serious questions can be raised about the propriety of content scanning of personal communications in a democratic society — even if the waiver we click legally allows it.

A second example of how current business practices fail to respect the restrictions that go with operating in a democracy is the speed with which businesses provide personal information on their customers to governments. It can be argued that, in many ways, business has become an arm of the government. The default position of most corporations is to provide information requested by legitimate legal authorities. However, in light of the potential of governmental abuse of such information, it is reasonable to argue that businesses have as much of an obligation as any other citizen to protect the principles on which a democratic society is based. That is, I would argue that a proper respect for human rights means that the default position of any corporation is to refuse to release any confidential information unless there are appropriate guarantees for the protection of the rights of consumers.

Once again, the moral of the story is that the combination of good intentions, happy consumers and profitable companies does not necessarily mean that everybody lives happily ever after. We are all so enamored with the upside of digital technology that we haven’t been sensitive enough to the downside.

### Conclusion

What, then, do we do to improve the situation in the future? How do we avoid — or at least minimize — unintended negative consequences connected with the IT industry?

First, I would argue that we have to take a more sophisticated approach to ethics and business. I think that this goes for all of us — consumers and corporations alike. As I believe I have shown, the combination of ethical illiteracy and poverty of the imagination virtually guarantees very serious long term problems.

Second, we all need to recognize that we have a role in making sure that economic activity does not inadvertently subvert critical human rights. That is, we all need to recognize better the potentially negative consequences of our actions. Consumers have to appreciate the risks connected with giving away so much personal information. Because global corporations have in many ways transcended the nation state, management must accept the role its actions play in strengthening or weakening human rights in the countries in which it does business. Similarly, Wall Street must recognize the impact of its actions in rewarding companies who profit from ethically

questionable practices. And democratic governments need to see if there is legislation that could help IT companies when they feel irresistible financial pressure to do business in countries which are less sympathetic to the protection of human rights.<sup>12</sup>

The bottom line, however, is that we must all remember that the combination of good intentions, happy consumers and profitable companies does not necessarily mean that everybody lives happily ever after.

Thank you.

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- 2 “Getting Feverish about Oil,” *New York Times*, September 19, 1980, Section A, page 26, column 1.
- 3 In 1991, *Harper’s* magazine reported that between 1945 and 1991 there were 23 times in which one country invaded another, but the United States sent troops to repel the invasion only three times. In other words, it’s not unreasonable to suggest that petroleum was a factor behind the U.S. military actions against Iraq. “*Harper’s Index*,” *Harper’s*, April, 1991, p. 15.
- 4 The 9/11 Commission report points out that Usama Bin Laden had been singling out the United States for attack since 1992. The Commission notes that in August 1996, Bin Laden condemned “the presence of an army of infidels in a land with the sites most sacred to Islam” (*The 9/11 Commission Report: Final Report of the National Commission on Terrorist Attacks Upon the United States*, [New York: W. W. Norton, 2004], p. 48). The U. S. military established a presence in Saudi Arabia, of course, because of the first Iraq war.
- 5 State of the Union Address, January 31, 2006.
- 6 “The Internet in China: A Tool for Freedom or Suppression?” Joint Hearing Before the Subcommittee on Africa, Global Human Rights and International Operations and the Subcommittee on Asia and the Pacific of the Committee on International Relations, House of Representatives, One Hundred Ninth Congress, Second Session, February 15, 2006. Serial No. 109–157.
- 7 As Joseph Kahn explains the case, “The journalist, Shi Tao, was sentenced to 10 years in prison in June for sending an anonymous posting to a New York-based, Chinese-language Web site that authorities said contained state secrets. His posting summarized a communication from Communist Party authorities to media outlets around the country.” “Yahoo Helped Chinese to Prosecute Journalist,” *The New York Times*, September 8, 2005.
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- 9 “Feds Put Squeeze on Internet Firms,” CNN.com, May 31, 2006.
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- 11 Alorie Gilbert, “Privacy Advocates Call for RFID Regulation,” *CNET News.com*, August 18, 2003. For an excellent discussion of the issues related to RFID tags, see: Katherine Albrecht and Liz McIntyre, *Spychips: How Major Corporations and Government Plan to Track Your Every Purchase and Watch Your Every Move*, (New York: Penguin, 2006).
- 12 Some revised version of the Foreign Corrupt Practices Act comes to mind as a possibility.

**Below are the highlights of Thomas White’s question-and-answer session with Bentley students, faculty and guests.**

### Question

You mentioned the need to get corporations to recognize and practice basic business ethics. What advice would you give someone about to enter the business world on how to contribute to the achievement of that goal?

### Thomas White

I think that the contribution that anyone going into business can make toward promoting ethical business practices depends on the business function that you’re going into. Particularly as it relates to the sort of issues I’ve been discussing, the role of IT is different depending on the functional area you’re talking about. So you need to be sensitive to the ethical issues that come up in that part of business.

In Human Resources, for example, there are significant issues with storage of private information. Accordingly, anyone in that area must become conversant enough with the technology to understand, for example, what promises you can and can’t make to employees about how secure any personal information will be.

If you’re in marketing, on the other hand, you have to be sensitive to privacy issues related to consumers. Let’s look at marketing in a little more detail. If you’re going into that part of a business, one of the important questions you have to ask is: Where does our ability to get information about consumers become too invasive? Let me give you an example. [Holds up small device] This is a pedometer. Let’s say I’m a new marketing person at Dunkin Donuts, for instance. I have a feel for new technologies and I want to impress my boss. So I come up with this plan whereby Dunkin Donuts will partner with Verizon and VISA or American Express. We’ll put an RFID tag in the pedometer and figure out how to track our customers’ movements. We’ll give the pedometer away at our stores as part of a “Get Healthy” campaign, and then we’ll find a way to track our customers’ movements as they walk around Boston. Ideally, we’d be able to get information on their credit card purchases in other stores — so that gives us more information. Then, whenever they go within, say, 300 yards of a Dunkin Donuts store, a special promotional text message — we’ll call it Dmail — will go to their phone telling them that if they stop in within the next 10 minutes, they’ll get a discounted coffee. From a marketing standpoint, I’m thinking, “My boss is going to love this. I’ve found a way to get consumers to come into our stores more frequently and to get information on their buying that we might be able to use ourselves — or, if not, at least be able to sell to other retailers.” In terms of trying to impress my boss, I think I’ve got something. On the other hand, however, realize what I’ve just described is a process by which we stalk our customers around and get as much information on them as possible.

I think that anyone going into business has a responsibility to know the technology, master the technology, recognize how it works in different areas in business and then know where the line is that shouldn’t be crossed. Also, keep in mind that, if you’re in

your 20s, you probably have a much better feel for the technology than most people in their 40s and 50s. So when you bring in ideas, you may have a better sense of what's too extreme. And you're in a much better position to make it plain to people to whom you report what the vulnerabilities of the technology are.

### **Question**

During the 1980s, the British Phonographic Industry [now known as the BPI] ran a campaign similar to the recent RIAA campaign, creating a now-famous logo of a cassette tape with crossbones and the slogan, "Home Taping is Killing Music — And It's Illegal." They threatened legal action against people who infringed their members' copyrights. When the VCR came out, many movie companies claimed that it would be the death of movies. When cable came out, many movie theaters said it would be the death of movie theaters, and, obviously, it hasn't been. What do you think the correct response of the RIAA and the MPAA [Motion Picture Association of America] should be in this case?

### **Thomas White**

The gentleman [asking the question] has ticked off precedents for how various technologies — the cassette tape, the VCR, online file-sharing and others — have successively been touted as the doom of a particular industry. He asks what should be the appropriate response of the RIAA (in the case of music file-sharing) and the MPAA (in the case of film downloading)? As he pointed out in the first part of his question, the predictions that particular developments are going to kill an industry tend to be exaggerated. But this does highlight the ability of technology to bring about significant shifts in where your revenue stream can come from and how you manage that. For example, AOL launched itself as a business that would make money by giving people access to the Internet. Now, most of their services are free. They've recognized that there are better ways for them to make money. So that's one of the reasons I'm always skeptical of the "doom and gloom" predictions.

The simplest answer to your question is that I think the RIAA and MPAA need to focus more on a market-based solution to the problem and less on legal action and trying to get everyone thinking that unauthorized downloading is the same thing as "stealing" something out of a store.

Earlier, I alluded to the idea of "poverty of the imagination" — and I think that's been one of the problems with how illegal downloading has been handled. Look at how long it took for us to get from the original Napster to iTunes and other sites where you can buy songs for 99 cents. I believe that if the industry had launched something like iTunes as a head-to-head competitor to Napster, music downloading would never have been as big a problem as it became. Or think about this: back when Napster was a big story, I remember reading an unsettling story about how one of the major record industry executives found out about Napster. I read it as a news story, but maybe it was apocryphal. In any event, one night this executive was having dinner and his

granddaughter asked, "Grandpa, what's your favorite song?" He told her and she went upstairs, downloaded the song from Napster, brought back her laptop and played the song. Amazed, he asked his granddaughter, "How did you do that?" Well, if you're in the industry and you don't know about digital technology, there's something seriously wrong. With the RIAA, in particular, there was a lack of appreciation of the nature of the technology and how users regard it. When you have digital technologies involved, you need to appreciate that business can constantly change, and you've got to be nimble. Digital technologies can change the way you make money. It will end some possibilities and open up some others.

### **Question**

In your opinion, what is the biggest issue that business leaders still just don't get when it comes to ethics?

### **Thomas White**

I've been involved with business ethics since the 1970s. I've followed the development of corporate ethics programs and have been very interested in the way ethics has and has not been addressed. I think the biggest challenge for business leaders is not simply to have a more sophisticated understanding of ethics, but to understand what it means to "do" ethics all the way through the organization.

While I believe that current corporate ethics programs do much good, I believe that these programs are too limited in their reach. That is, I think that the abilities of corporate ethics officers are not used sufficiently at the highest levels of organizations. Ethics needs more of a seat at the table when senior management engages in discussions about, for example, corporate strategy and corporate governance (including board membership and executive compensation). In fact, I believe that most of the ethical problems that I described earlier in my talk could have been identified as serious risks to the companies involved — if people with the appropriate expertise were involved at an early stage. So I believe that one of the most important challenges is how to overcome the current, limited view of ethics in organizations.

In many ways (and others have argued this), the multinational corporation has eclipsed the nation-state, and has much greater reach on the planet than most individual nation-states do. With that reach, however, comes responsibility. This is a new role for corporate executives to play, and one they can't back away from. You can't simply say, "Well this is what the laws of China tell us to do, and this is what the laws in the United States tell us to do. We'll just do things according to what the local law allows." If you're a global company, you're the same company everywhere you do business. You have to have a commitment to a set of values that are in everything you do all over the planet. It's tough, but I think it's a challenge that must be faced.

**Question**

I'd be interested in your perception of the role our government has been playing, particularly in the last 10 years — where partisanship and special interests seem to have increased — in sending a message to Corporate America, and the American consumer, as to who has primary responsibility in grooming our society, if you will.

**Thomas White**

That's an excellent question because it speaks to the fundamental relationship among business, government, and us as citizens. I'm not a fan of the way things have gone in the last decade. I don't think the position that has tended to dominate at the Federal level has helped either consumers or businesses. As sympathetic as I am to the criticisms that were leveled at the U.S. companies operating in China, Congress then didn't do anything to help. There's certainly nothing stopping the Congress from establishing rules that all U.S. companies have to operate by in countries that don't have enough of a respect for human rights. Similarly, I think the Federal government put the telecommunications companies and the Internet Service Providers in a terrible position by asking them for private information that consumers believe the companies have promised to protect. In effect, the Feds said, "Look, we're asking you to do something that, ten years down the road, you may find out is illegal in terms of what your privacy promises already are." That didn't help consumers; that didn't help the companies involved.

We need an environment in which business is supported. Business is as critical as government, medicine, education and the like in order for us to have the kind of life that is meaningful for us. I think that the policies that we've been seeing, particularly at the Federal level, have not consistently promoted appropriate standards when it comes to respecting human rights. Companies and consumers, for example, have regularly been placed at odds with each other. There's been no sense of mutual partnership, which is critical to make society work. You can tell from the way I use this technology that I'm a huge fan of the IT industry. But I am very sensitive to the risks associated with the technology, and I don't think that the industry has gotten adequate support from the government in terms of how to operate using these technologies while still respecting basic human rights. I think that the government abdicated its responsibilities in many ways, and has often left companies and consumers going against one another, when really we all have the same interest.

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