

The Slippery Slope

Dr. Gloria C. Duffy, President and CEO

ARE THERE CONFLICT of interest rules for the president of the United States? Must the president place his assets in a blind trust and avoid any business dealings while in office? Should there be anti-nepotism rules for the president or other officials, barring them from hiring their family members? Should Congress rescind the law prohibiting a member of the military from serving as secretary of defense within seven years of being on active duty, to permit a recently retired general officer to serve?

These are all topics of sharp debate in our country right now, and they fall under the general category of ethics rules. Ethics laws and rules are found throughout our society—in government, business, the media, professions such as medicine and law and in other sectors. They are enforced, often by special offices or agencies in various fields. Government officials, corporate executives and others are monitored and periodically punished for violating ethics requirements.

Strong ethics are certainly a moral good, supported and advocated by all of the major religious and secular philosophies developed over the millennia. Ethical standards have been written into law and administrative policies throughout our society, because people in positions of responsibility have not always been able to police themselves to adhere to ethical standards. Left to themselves, a certain number of people will have their hands in the cookie jar. Hence, there needs to be active oversight of ethics within our society.

Lack of ethical behavior causes real harm in society. In journalism, for example, if journalists can be bribed, then accurate reporting and public information suffer. In medicine, if doctors can be directly paid by or own interests in pharmaceutical companies, then they may, and have, avoided prescribing competitors' medications, resulting in suboptimum medical care. If corporate boards don't include independent, financially expert directors, and if they become too close to the accounting firms that audit them, they may, and have, provided skewed financial reporting that misleads investors and markets.

Ethical standards have also developed because they level the playing field, making American society more like our founders designed it, that is, supporting individual initiative, hard work, and the drive to succeed. In a society with ethical government and leadership, individuals have a chance to succeed no matter whether they start out rich or poor, are ill-connected or well-networked. In a corrupt society, who you know and how much you can pay often govern whether a person can succeed.

Maintaining ethical standards is not just something that makes us feel righteous. It is key to the ability of an economy and society to succeed.

Corrupt leaders and officials syphon money from the economy, often into their own pockets, which takes capital away from productive use in the business sector. Corruption promotes the advancement of enterprises that are not the most competitive or fiscally fit, skewing the economy away from maximum efficiency and undermining the ability of more capable businesses to succeed.

Ethics laws and rules don't prevent corruption or unethical behavior.

Many major ethical scandals have rocked the U.S. government and business leadership, despite ethics rules. Watergate, Enron, Arthur Anderson, Monica Lewinsky, Bernie Madoff, Tyco, Martha Stewart, Dennis Hastert . . . the list goes on. But ethics rules make such misbehavior less likely, expose it when it happens, and remove the person responsible or otherwise remediate the situation to eliminate the corruption or unethical behavior.

When ethical standards are relaxed or dismissed at the top, it doesn't just make it less likely that we will catch and eliminate corrupt leaders. It has an insidious effect on behavior throughout the society, allowing corruption to spread.

We have seen this in societies that have a relaxed attitude toward ethics. Ukrainian President Viktor Yanukovich presided over one of the most corrupt societies in history, where he set the tone by stealing or misdirecting what is estimated as \$100 billion during his tenure. The rest of Ukrainian society followed suite, where daily life was structured around the bribes required to get anything done, including, for example, receiving basic medical treatment or children's entrance to school. Corruption at the top in Mexico has given rise to the famous "mordida"—the "bite"—where officials right down to building inspectors and police demand bribes before providing every service that Mexican citizens should have available to them without having to pay a bribe.

I will never forget driving with a friend in his car in Moscow, when we were stopped by a policeman for a non-working tail light which was actually functioning just fine. A bribe was demanded, and then we could go on our way. This is what an unethical society looks like for average people on a daily basis.

Corruption is the enemy of all good things in society. It makes life for ordinary citizens irrational and unpredictable. It harms the economy. Let's not start down that slippery slope. 



Photo courtesy of Gloria Duffy