

Unredistributable Corporate Moral Responsibility *Jan Edward Garrett*

ABSTRACT. Certain cases of corporate action seem especially resistant to a shared moral evaluation. Conservatives may argue that if bad intentions cannot be demonstrated, corporations and their managers are not blameworthy, while liberals may insist that the results of corporate actions were predictable and so somebody must be to blame. Against this background, the theory that sometimes a corporation's moral responsibility cannot be redistributed, even in principle, to the individuals involved, seems quite attractive.

This doctrine of unredistributable corporate moral responsibility (UCMR) is, however, ultimately indefensible. I show this in several steps. After first locating UCMR in the context of the evolving debate about corporate moral agency, the paper reexamines cases cited in defense of UCMR and takes up the attempt to defend it by identifying corporate moral agency with corporate practices. A further section explores the claim that UCMR is a convention distinct from, yet compatible with, traditional "natural" notions of responsibility. The final section develops a notion of combined akratic agency to provide an alternate explanation, compatible with rejection of UCMR, of the phenomena which make the doctrine attractive.

I. The problem

Certain significant cases studied in business ethics resist resolution by appeal to shared moral intuitions concerning responsibility for voluntary actions. As so often with issues of justice, contemporary society is divided between liberals and egalitarians, on the one

side, and conservatives and libertarians on the other. One's position on whether individuals or corporations redescrivable as individuals are morally blameworthy for disasters such as Bhopal or the 1974 crash of McDonnell-Douglas DC-10 Ship 29 will reflect one's basic sociopolitical orientation. Conservatives will argue that if bad intentions or deliberate negligence cannot be demonstrated, then corporations and their managers are not blameworthy, while egalitarians and liberals will incline towards blame on the ground that the disasters were predictable. The former will insist that the managerial oversight average for the culture of the industry is all one could reasonably demand, or that moral blame or guilt should not be attributed unless it can be shown that in principle foreseeable consequences were actually foreseen. The latter will want to hold corporations and managers responsible for failing to exercise better than average oversight, inasmuch as nothing in principle prevented them from so doing and foreseeable consequences were grave enough to warrant much more care than they employed.

Now, what if it could be shown that corporations are a new breed of moral agent? What if, in just those cases where our moral intuitions are so divided, the new moral agents can be held blameworthy and this blameworthiness cannot be reassigned entirely — in some cases cannot be reassigned at all — to employees or agents of the corporation? The liberals would have a legitimate target for their moral outrage and conservatives could rightly insist on the innocence of individual managers. The moral consensus whose absence today is so effectively lamented by critics of modernity like Alasdair MacIntyre¹ could be at least in part restored.

The success of such a solution depends upon the viability of the claim, defended independently by Patricia H. Werhane and Peter A. French, that sometimes a corporation's moral responsibility for its actions cannot be redistributed, even in principle, to

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the individuals involved.² I call this the thesis of unredistributable corporate moral responsibility (UCMR).³ For Werhane, UCMR is the key step in her analysis of corporations as moral agents of a kind she calls collective secondary agents.⁴ For French it is intended as indirect evidence for his thesis that corporations are full-fledged persons, or as he puts it technically, “noneliminatable subjects of responsibility ascriptions.”⁵

UCMR does not necessarily imply that no part of a corporation’s moral responsibility for an event can be redistributed to individual managers. French and Werhane appear to hold that to cases of corporate moral responsibility there normally corresponds also individual responsibility of corporate employees or agents, although Werhane believes that there may be corporate moral responsibility without individual blameworthiness.⁶ But they believe that frequently the total moral responsibility of individuals associated with the corporation does not “add up to” the moral responsibility of the corporation.

This paper argues that even this moderate version of UCMR is false. Section II sets UCMR in the context of the evolving debate about corporate moral agency. Sections III and IV reexamine cases cited by Werhane and French in defense of UCMR. Section V looks at an attempt to defend it by locating the moral agency of corporations with corporate practices. Section VI explores the possibility that UCMR is a convention distinct from, yet compatible with, traditional “natural” notions of responsibility. Section VII develops a notion of combined akratic action to provide an alternate explanation, compatible with the rejection of UCMR, of the phenomena which I take to motivate UCMR. My strategy throughout is to show that to every attempt to establish UCMR we may say: not proven.

II. The philosophical context

Belief in UCMR is sometimes confused with holding that corporations as such are moral agents. This is understandable inasmuch as both controversial doctrines have been defended by Peter French and it would follow that there must be corporate moral agency if UCMR is true. But one reason for some writers’ vigorous resistance to accepting French’s

position that corporations are moral agents is that they assume that the existence of corporate agency implies UCMR.⁷ But this is not obvious.

One might hold, as I do, that corporations are moral agents because the reciprocal adjustment of individual intentions and plans that takes place in such organizations yields a corporate intentionality that is more like human intentionality than it is like the efficient causality that might be attributed to blindly operating social wholes such as markets. One might hold that corporations are moral agents because to say so “saves the phenomena” of many things we say about corporate actions entirely apart from the issue posed by UCMR.

Manuel Velasquez denies that corporations are moral agents in any sense.⁸ For this reason, the question concerning redistribution of corporate moral responsibility does not arise explicitly for him. If corporations cannot be morally responsible then, of course, there is no corporate moral responsibility to be redistributed. At the opposite extreme, French holds that corporations are moral agents and persons in the same sense as human beings. If this is true, it is difficult to separate the problem of corporate moral agency from the question whether UCMR is true, inasmuch as it would be an embarrassment for French’s univocality thesis that corporate moral responsibility could be completely reassigned to corporate associates when obviously human responsibility is not reassignable to the parts of the human being at all. But French’s *practice* supports the claim that UCMR is a distinct issue, for he does not introduce UCMR until chapter 10 of his book on our topic, *Collective and Corporate Responsibility*, while he explicitly argues for corporate moral agency from at least chapter 3.

The problem of UCMR, therefore, could not be isolated until a middle ground had been staked out in the debate about corporate moral agency. According to my version of the middle ground, moral agency, moral responsibility, and moral action can be attributed in distinct but related senses to natural persons and corporations. The senses attributable to individuals are the primary ones, while the senses attributable to corporations are, as Aristotle would say, attributed in virtue of a similarity.⁹ Because the senses involved are not the same, the existence of unredistributable *human* moral responsibility neither entails, nor generates conceptual pressure to claim,

that UCMR is true. Let us see what “the phenomena” say!

Werhane and French introduce their claim for UCMR in discussions of specific cases, and the crux of my challenge to the doctrine will be a reconsideration of these cases. My test of UCMR begins by reexamining the cases Werhane and French cite in defense of UCMR.

III. The AT&T case

According to Werhane, AT&T’s pre-1973 discrimination practice is an example of UCMR. This practice came to light in a 300-page report of the Equal Employment Opportunity Commission, backed by 5000 pages of statistics and 25 000 pages of documents.¹⁰ The company never admitted that it discriminated against women and minorities, though, in response to a pending government suit, it did pay \$15 million to 15 000 individuals who “possibly” suffered from past promotional practices and agreed to institute an affirmative action program to correct perceived race and gender imbalances in low- and high-paying job classifications.¹¹

An “action” such as AT&T’s discrimination can occur, according to Werhane, when, in the context of corporate internal decision procedures and corporate culture, a corporate policy emerges although no individual may have had substantial input in shaping the policy. Perhaps the policy takes shape almost anonymously as a proposal passes from committee meeting to committee meeting, or manager to manager. Perhaps thousands contribute to the result, each deliberator inheriting and not significantly changing the sediments of prior deliberations.¹² Werhane claims that the AT&T case shows the incorrectness of insisting that responsibility for every collective action can be reattributed to the individuals that caused it to occur. “It is possible that there could be corporate immoral ‘action’ that is the result of a series of blameless primary actions.”¹³

The AT&T case is an example of a long-term corporate “action,” perhaps better described as a “practice,” which involved institutionalized discrimination against women and minorities. For example, the EEOC evidence showed that company managers employed stereotypes that precluded consideration of women for management jobs; advertised only in

“Help Wanted – Women” classifieds for the low-paying operator and service representative positions, and used, in recruiting brochures, only the female gender to describe the occupants of such jobs. Devices analogous to those directed at women tracked male job applicants into jobs which paid better and were more likely to lead to managerial positions.¹⁴ Werhane’s temptation to excuse the many individual managers involved over the years might be explained by the recognition that they were products of a culture infected with racism and sexism that went far beyond the corporation itself. Indeed, this fact may reduce the propriety of outside white males’ singling out AT&T and its management for strident moral condemnation; it does not imply that AT&T managers bore no responsibility for the firm’s discriminatory practices or that government commissions, speaking for the society’s present and improved moral judgment, should not criticize them.

Werhane seems to ask us to imagine a situation in which large numbers of individuals just happen to produce an immoral collective result because of the ways their individually negligible actions dovetail with one another. But this picture ignores the special moral dimensions of an emergent social evil. In many such cases of corporate responsibility the degree of the evil, or, in the case of catastrophes like chemical or nuclear power plant disasters, the probability of the evil, increases the longer a system is in place. While the later participants may not be responsible for initiating the flawed or unjust structure, they are responsible for refusal to challenge patterns of conduct whose likelihood of producing a disaster increases, or whose discrepancy with morally defensible *and socially recognized* norms becomes more obvious, day by day. Moreover, to the extent that participants enjoy increased material abundance compared with their predecessors (as a result, say, of living in a more prosperous era), they have less recourse to the excuse that survival concerns took legitimate priority over confronting problems which conventions and moral laziness conspire to keep on the fringe of consciousness.

Are there exceptions to this general rule in cases where large investment decisions are made on insufficiently examined assumptions that a new product or production system design is adequate or that market judgments are accurate?¹⁵ After investment

moneys have been spent, desperate managers may try to save themselves by cutting ethical corners, hoping that they will not be found out. Those who made the initial misjudgments may have been grossly negligent and thus responsible for placing those who must then make decisions between the Scylla of economic failure or the Charybdis of immoral action. But if the latter then *choose* immoral action, their deliberate decision makes most of the responsibility theirs. If the initial misjudgments were not in any way negligent, the latter may bear full responsibility.

IV. The case of McDonnell-Douglas DC-10 Ship 29

French draws a conclusion supporting UCMR from his study of the March 1974 Paris crash, caused by defective doors, of a DC-10 manufactured by McDonnell-Douglas. The company was aware of the defect and the peril it posed to the safety of the DC-10's passengers.¹⁶ The central event prior to the crash on which French focuses is the appearance on work records of three McDonnell-Douglas inspectors' inspection stamps. These stamps signified falsely that the problem doors had been modified.¹⁷ French attributes the crash not so much to the inspectors as to the lax inspection procedures which, he says, reflected long-established bureaucratic practice at McDonnell-Douglas.¹⁸ He refrains from seeking to distribute to individuals the responsibility for inadequate procedures and concludes, "the aggregate of justifiable individual responsibilities for the production of Ship 29 [the plane that crashed] simply does not 'add up to' that [the responsibility?] for its crash."¹⁹

The study of the DC-10 crash by the authors of *Destination Disaster* lets us focus more precisely upon the persons who contributed to the DC-10 disaster. In their depositions to lawyers for relatives of the crash victims, two of the three inspectors categorically denied having used their stamps to certify Ship 29's doors as modified, and one of them insisted that his stamp never left his possession during the time in question. The lawyers could not follow up the possibility of forgery since McDonnell-Douglas lawyers objected to questioning concerning the matter during pretrial deposition and the relatives'

liability suits against McDonnell-Douglas were settled before the case came to trial.²⁰

Either the inspectors were lying (and thus bear a heavy burden of responsibility as a result of their originally certifying that modifications never made had been made) *or* their superiors approved the flight-readiness of the plane without checking to verify it. (On the latter alternative, the hypothesis of a later forgery of the inspectors' records to cover up managerial omission before the crash becomes fairly plausible.)

Other facts make managerial omission seem likely. The DC-10 was one of six wide-bodied jets originally meant for Japan. When the Japanese, under the influence of Lockheed bribes, chose to break off their initial agreement with McDonnell-Douglas and purchase similar jets from Lockheed, McDonnell-Douglas was left with several medium-range DC-10's and no buyers. After intensive sales efforts, the company persuaded Turkish Airlines to purchase four, but Turkish Airlines stipulated that the planes had to be in operation within twelve weeks (to pick up the Christmas *Gastarbeiter* trade between Europe and Turkey). The normal period for introduction of wide-bodied jets into an airline's operation was roughly two years.²¹ Under such pressures, managerial failure to verify that needed changes had been made would be at least intelligible.

Consider now the following observation by the authors of *Destination Disaster*:

The plane's history reveals that the 'responsibility' system at the Douglas plant had become virtually meaningless. Responsibility had been so subdivided as to drift away like sand between the fingers. At times, as we examine the strange history of Ship 29, the Douglas plant appears as a place where everybody is responsible for something particular — when he can remember, amid the lattice-work, exactly what it is — but in which nobody at any level in the company would accept any general responsibility for anything.²²

If this picture of what occurred at the Douglas plant does not reflect self-interested postcrash forgetfulness on the part of the company's managers and employees, one can surely fault the firm's management for failure to realize that the integrity of inspection procedures must be maintained if the integrity of the product is to be ensured. French's

attribution of blame to lax inspection procedures appears to minimize the fact that corporate practices such as inspection procedures are established and passed on by individuals. Though the unreliability of procedures may have reflected a widely shared absence of integrating vision on the part of McDonnell-Douglas management, acting out this basic attitudinal defect and transmitting it to one's subordinates and successors in office are nonetheless voluntary phenomena. They were "up to" the managers.

To be sure, French claims that various psychological phenomena such as "the Law of Diminishing Control" and 'Cognitive Dissonance' . . . in such large decentralized firms . . . belie any simple reductionism to the beliefs, reasons and intentions of human beings associated in the corporation."²³ But granting this, it does not follow that a *complex* redescription of corporate agency in terms of historically and organizationally related individual actions is impossible.

In an early chapter of his book, French supplied a premise which a defender of UCMR in the DC-10 case might be tempted to use, though French correctly does not. He argued that a corporation's identity is distinct from the identity of its members, inasmuch as the departure of some employees or managers from a corporation does not make it a different corporation.²⁴ The argument might be continued as follows: UCMR is present in the DC-10 case because the company is responsible now for the results of actions of managers no longer employed. Thus, "piercing the corporate veil" immediately following the Paris crash would not allow us to "get our hands on" all the individuals whose actions constituted corporate responsibility for the crash.

We must distinguish between moral responsibility for an action and moral (responsibility for) liability for its consequences. Suppose individual corporate personnel A_1, A_2, \dots, A_n and B_1, B_2, \dots, B_n , and only they, contributed negligently or deliberately to the occurrence of catastrophe C . Suppose further that the A 's are no longer with the firm, but the B 's remain. We can easily grant that corporate moral responsibility for C exceeds the sum of the individual B responsibilities. Now suppose that society is able to translate the corporate responsibility for C into a legal liability — a loss of some sort that the corporation must take. It would

be morally fitting to divide this loss among the B 's. For example, it might come out of the value of stocks they own or out of their salaries. The B 's might complain that this assignment of liability is unfair — others, the A 's, voluntarily acted in a way that led to C , yet only the B 's are made to suffer for it. The response is that in accepting membership in such an association, the B 's took the chance that they might have to take over the association's unmet or even unrealized moral debts, even though they are literally innocent of — not morally responsible for — the *actions* of their predecessors. This responsibility to take over unmet moral debts is especially strong if the B 's benefited significantly in acquiring the association from the A 's. *But these considerations do not imply that the A 's have ceased to be partly responsible.* If, contrary to our hypothesis, they could not possibly have known or could not have done otherwise, it would seem that both aggregate individual responsibility and corporate responsibility would be diminished. In sum, moral responsibility for legal liability for an action does not imply complete moral responsibility for the action. Those who can be punished or fined may not exhaust those who are responsible.

V. Corporate practices as moral agents?

Both French and Werhane seem to locate the unreassignable portion of corporate moral responsibility with the corporate practices or policies as such. Werhane has interpreted French as arguing that "because policies and practices that are the source of corporate action are themselves products of corporate intentional activities, the actions that result are not *solely* distributable to individuals."²⁵ Speaking for herself, she says, "moral responsibility has to be attributed both to the individuals who create and carry out corporate policies and practices and to the policies and practices themselves."²⁶

The view Werhane attributes to French will not effectively defend his endorsement of UCMR, for if the voluntariness of corporate intentional activities that created and maintained the policies and practices may be redescribed as the voluntariness of individuals, no unreassignable corporate moral responsibility is generated when those policies and practices contribute in turn to future corporate actions. The critic of UCMR need only insist that

the individual moral responsibility for corporate action directly caused by collectively determined policies lies with individual actions further back in time, perhaps spread over many years.

Unlike French, Werhane does not wish to attribute action to corporations although she admits that we conventionally attribute “action” to them because of things human beings who have certain recognized corporate roles do. Yet, she wishes to call corporations moral agents, presumably because of the fact that we can attribute responsibility to corporate policies and practices.²⁷

Her defense of UCMR against my criticisms locates moral responsibility directly with policies and practices. French’s own focus on “lax inspection procedures” in the McDonnell-Douglas case seems consistent with this. But is it open to French to adopt Werhane’s defense at this point? A corporate policy is the corporate analogue of a personal ethics, in the sense of a set of maxims adopted by an individual agent. French’s view that corporations are persons in the same sense as human beings would seem to require that we sometimes rightfully attribute moral responsibility to a person’s *code of conduct*, rather than (as we actually do) holding the *person* responsible for action on the basis of his or her code of conduct.

The point may be set out in Aristotelian terms. The moral agents with whom we are typically concerned are concrete human beings. Human beings are composites of matter and form, body and soul. Though beliefs and thought-patterns are more an issue of soul than body, nobody acts and nobody is punished for her action without the involvement of the body in some way. (Punishments involving reduction of the punished person’s material possessions typically diminish one’s life chances or opportunities for embodied activity.) If the parallel between human and corporate agency is to be maintained, the primary subject of action and the primary object of responsibility ascription in the corporate arena must be the corporation’s form-matter unity.

Of course, we might attribute “responsibility” for an action to corporate policies or practices. But this “responsibility” is the causal responsibility associated with *formal* causes. Policies and practices give shape to actions, much as virtues and vices do. But we do not primarily praise or blame the virtues or vices for the actions; we praise or blame the actions in which

the virtues or vices are expressed or the persons in whom such character traits inhere.

VI. Is UCMR a defensible convention?

Defenders of UCMR might object that I confuse moral agency with moral responsibility. One might construct such an objection out of a distinction Thomas Donaldson notes between control and answerability for conduct in large bureaucratic organizations.²⁸ On the one hand, responsibility for action seems to rest with the voluntary or deliberate conduct of individuals in control (for the actions are, in a strict sense, “up to them”). On the other hand, bureaucratic institutions are designed so that superiors may be “held accountable” for subordinates’ actions or omissions. Defenders of UCMR may believe that some organizations are designed so that some moral responsibility for actions of subordinates is shifted away from individuals to the organization as such. Indeed, if French is right that corporations are moral agents or persons in the same sense as individual human beings, we should almost expect him to draw this conclusion.

Do the notions of natural and positive justice shed light on these issues? Natural justice concerns what is right independently of any particular human institutions. The task of positive justice, a product of human convention, is to complete natural justice, perhaps by directly enforcing it, perhaps by transforming it within certain limits.²⁹ It might be claimed that natural justice, taken by itself, would assign responsibility to the voluntary actors who were more or less immediately in charge. But perhaps positive justice may “reassign” this “natural responsibility” along lines agreed to by the community. This reassignment is compatible with natural justice so long as it tends to improve general well-being.

“Improvement of well-being,” however, should not be understood as permitting an increase in material comfort at the cost of a decrease in just conduct. Well-being always includes an ethical component. Under this constraint, natural justice would not permit a convention creating executive accountability for subordinates’ action if so doing would make the subordinate less accountable. True, one of the reasons for “reassigning” accountability is

to free the subordinate for more craftsmanlike attention to the details of her work while lodging with the superior the primary task of understanding and monitoring the subordinate's impact on the actions of the organization. But this "freeing" of the subordinate is offset in a healthy social context by the provision of incentives for supervisors to oversee their subordinates' activity from moral as well as instrumental points of view, and thus to maximize, not diminish, subordinates' accountability all things considered. Now there are at least two accountabilities, the executive's to the public and the subordinate's to the superior. There are also at least two points of control. The view that actual moral responsibility can be separated from actual control cannot be defended. Donaldson's distinction turns out to grant too much validity to legalisms which mask the actual distribution of responsibility behind the corporate veil.

If a CEO is held morally accountable for subordinate's actions or omissions in cases where no reasonable person would attribute to the CEO the power to have prevented those actions or omissions, one might justifiably accuse of scapegoating those compiling the moral account. Analogously, if a corporation is held nondistributively morally responsible for actions of an employe, perhaps a similar moral scapegoating is occurring; for if the corporation is nondistributively responsible, then there will be no individual superior(s) who had the responsibility to prevent the subordinate's action and it is impossible to see how, in such circumstances, the corporation itself could be expected to prevent it.

Still, it might be argued, the responsibilities of a CEO are emergent from her subordinates in the sense that those actions for which she is accountable are determined by her corporate relationships with the subordinates. As she may be held responsible for actions of her subordinates (under suitable redescription as actions within her sphere of control), so perhaps may corporations as such be held responsible for actions of their employes.

Werhane believes that an account of natural and conventional justice supports her defense of UCMR. In creating corporations, we have created a new locus of moral responsibility. In so doing, we have expanded the scope of the term, but, she says, we have not shifted away from individuals any responsibility that properly belongs to them.

The nature of collective action precludes that . . . policies and practices can always be traceable to those individuals who developed them even if they are still with the corporation, and . . . unless one holds liable corporate policies and practices as well as individuals, these practices and policies will continue despite punishment of individuals.³⁰

But how can one argue that the nature of collective action precludes the tracing of policies and practices to their authors, unless one is arguing from the admitted empirical and legal difficulties of so doing? Werhane has rightly rejected such pragmatic arguments for UCMR.³¹ However much such arguments may appeal to lawyers who operate under the constraints of time and limited investigative powers, philosophers discussing ethical issues must take the god's eye view.

VII. Combined akratic action in corporations

French recognizes that in cases like that of McDonnell-Douglas' DC-10 Ship 29 the moral agency of the corporation parallels human moral agency which is not fully intentional. He introduces his discussion of the case with a reflection on Hamlet's reckless stabbing of Polonius, an innocent person standing behind the arras in the Queen's room.³² Hamlet, of course, falsely thought that the person behind the arras was King Claudius, his father's murderer, and did not intend to kill Polonius. Yet we would wish to hold Hamlet accountable and even blameworthy for his action. After all, he should have recognized that it was reasonable to be uncertain about what was behind the curtain. Since he failed to check, we may say that he was willing to have an innocent person killed, even if he did not so intend.

French uses this example to extend his definition of moral accountability to include our being accountable for those effects that we were willing to have occur. For the corporate parallel, his extended principle of accountability (EPA) includes accountability for the actions of other persons one was willing to have occur under different descriptions of one's own action.³³

But it is hard enough to pinpoint what a moral agent is willing to have happen when that agent is a

human being; it is especially so when it is a corporation. Without bringing into play a moral psychology that allows for the possibility of a split psyche, EPA seems difficult to make precise. It did not help French to notice, for example, that the attempt to move, via EPA, from Hamlet to McDonnell-Douglas, might run aground on a disanalogy: Hamlet might be described as acting precipitously from anger or hatred, yet corporations may rarely be so described. Still, French's discussion of Hamlet reflects a worthy attempt to come to grips with action which is not fully and focally intentional. I propose an alternate approach, one which works with the notion of *akrasia* and inquiries how corporately organized *akratics* can multiply their opportunities for morally significant harm.

In a 1987 talk, Control Data Chairman Emeritus William Norris said, "I believe most executives have a conscience." But Norris added that he believes that under certain conditions many of those executives will not respond in accordance with their consciences.³⁴ Aristotle's term for failure to respond in accordance with one's conscience is "*akrasia*". The word is often translated incontinence, lack of self-control, or weakness of will.

Because these phrases are misleading in the present context, I shall keep the original term. For me "*akrasia*" is a condition in which moral agents have split motivation: they are divided between what they should do, morally speaking, and their nonmoral desires, and it is the latter on which they act. The *akrasia* with which I am concerned is not "unqualified" *akrasia* on which Aristotle focused, caused by an inability to resist the desire for physical pleasure which one knows one ought to resist; it is not physical pleasure, but pleasures associated with wealth and status at which the relevant desire aims.³⁵

This sort of *akrasia* has several features that make it hard to spot before it produces significant social harm. Whereas the *akrasia* discussed by most philosophers is relatively isolable and unstable,³⁶ this form is typically (1) shared by group members, (2) rationalized, (3) compartmentalized, (4) in its own way constrained, and (5) relatively stable.

(1) The inappropriate desire for status-security and its associated honors is often *shared* by members of a given management team. It is expressed in their willingness to underweigh the moral constraints on their collective pursuits of project success. The very

absence of discussion of these moral constraints is symptomatic of such a moral error.

(2) Unless we suppose the team members to be vicious rather than merely weak-willed, we must also suppose that this omission nags at their conscience from time to time. But after a while this nagging may be barely noticed inasmuch as they have developed a shared rationale which underplays the claims of conscience. *Akratic* rationalizations differ from the vicious person's in this: *akratics* argue against the right course in order to convince themselves; vicious people argue against the right course only in order to justify themselves against others. To speak in terms of self-deception, *akratics* work on deceiving *themselves* above all, while vicious persons only work on deceiving others.

(3) The *akrasia* with which we are concerned may be limited to one of the several roles which an individual adopts, and within that sphere to one of the several activities associated with the role. For examples, *akratic* managers may conform to moral principle in their relations with their spouses and children but depart from justice in their business activities; or they may conform to morality in their relations with each other or with direct consumers of their firm's products, but depart from the correct course with respect to, say, third world customers or third parties (likely, for example, to be affected by pollution).

(4) A related point is that this *akrasia* may be limited by various constraints, such that it will seem to escape the criticism of moralists since Plato that evil is unlimited and hence subject to self-destruction. The *akratic* corporation may tell itself that only in a crisis will it depart from moral rectitude; or that it will depart from what is morally right but still stay within the law; or that it will, say, pollute the environment only if it seems that the pollution is scattered and likely to have but negligible health effects; or that it will depart from the right course only when its competitors would be expected to do so as well. To some extent such claims, when addressed to oneself, actually exercise a restraining influence.

(5) For all these reasons, the *akrasia* with which we are concerned is stabler than the "unqualified" *akrasia* upon which most philosophers have focused. Since this form of *akrasia* is shared and rationalized, such *akratic* agents may not encounter negative

feedback from their co-workers and their own consciences may be relatively silent. Compartmentalization may reduce the likelihood of the akratic's being challenged directly outside the work sphere. The fact that departure from the correct course is partly self-limiting may delay the emergence of negative consequences. Moreover, because *akrasia* of this sort is not involved with self-indulgence in physical pleasures, it is relatively immune to the swift biological retribution which often follows on actions of unqualified *akrasia*.

The cumulative effect of these features is to institutionalize *akratic* conduct and to make correcting it prior to the occurrence of social tragedy very difficult.

Though the ancient Stoics denied the possibility of *akrasia*, they well understood what was required cognitively to be a virtuous person: where moral obligations are at stake, one must be able to regard wealth, health, and reputation as *irrelevant*. One can set oneself goals — financial success, the status associated with it, etc., but where these conflict with right action, one must be able to say "I desired these things only if nothing prevented them, and if it is possible to attain them only through less than virtuous means, then *that* condition prevents them."³⁷ No managers who fail to practice this philosophy and, so far as possible, teach their subordinates, can be considered free from blame for the consequences of corporate actions to which they have contributed.

A vast number of *akratic* acts and omissions have minor consequences, scattered among the vast majority of people, themselves morally imperfect. It would hardly make sense to make such persons the targets of public criticism. But when *akratic* individuals are brought together in systematically organized contexts and provided with modern technology, the possibility for enormous, suddenly emergent harm is increased. Conduct which might have been ignored had it not been integrated in a systematic context may now represent a major social problem.

One common expression of the *akratic* character in business today is the view of the bottom line formulated in the categorical proposition: we *must* break even (or make the standard profit) on project X. But it literally follows from this proposition that less than virtuous means are tolerable. Even if the top managers who utter such statements do not

command or anticipate the means by which their subordinates will act upon them, their individual speech acts may be part of an injurious corporate act.

McDonnell-Douglas, following the bottom line mentality, sold Ship 29 to Turkish Airlines under conditions which invited trouble. The fact that third world airlines are less safely run than European and American airlines should have given the American company pause to begin with. That issue aside, it agreed to permit introduction of the planes into service in a fraction of the usual time. As the investigation following the crash suggested, unreasonable deadlines encouraged the American company to omit work which was legally and morally required. While the decision to sell the airplane to Turkish Airlines was a top-level decision, the failure to complete morally required work may have been a subordinate's action or omission. Perhaps the subordinates intended no harm, but it is unlikely that their actions arose from natural causes such as short-term amnesia or insanity; probably they too acted against their better judgment, even if the twinge of conscience was barely felt and soon forgotten in the press of other demands on their attention.

In the AT&T case collective *akrasia* probably took a somewhat different form. The white, male managers undoubtedly shared with many of their colleagues in other corporations the very stereotypes they were perpetrating at the expense of their minority and female employees. But the activity of the civil rights movement from the 1950s on should have provoked their consciences to action considerably before 1973. What undoubtedly happened was that individual managers, who recognized this, chose not to risk their "respect" with their colleagues and their comfortable positions by insisting on reform. They permitted the less conscientious (and more prejudiced) managers to determine the company's moral outlook.

We can now grasp how moral faults shared by nonvicious individuals can produce blameworthy corporate actions. The reluctance of Werhane and French to blame individual managers whose attitudes and conduct were in some cases no worse than the average is understandable. But such managers *are* as blameworthy as any *akratic* when their moral imperfections produce harm.

To be sure, as Aristotle suggests, our moral intuitions blame the *akratic* who yields to physical

pleasure more than the *akratic* who pursues wealth or honor, and the *akratic* who pursues wealth more than the *akratic* who pursues honor.³⁸ If Simon and Galbraith are right, our corporate leaders are more motivated by desire for recognition for success than for wealth (they have plenty of that already).³⁹ Still, any form of *akrasia* is a legitimate subject of blame-attribution, especially in circumstances where it could predictably produce massive harm.

Because the flawed actions of corporations in such cases flow not from vicious character and strictly intentional wrongdoing but from *akrasia*, and not from *akrasia* of the most unqualified kind, but from *akrasia* concerned with position, prestige, and status, juries may be reluctant to convict individual corporate managers of wrongdoing and to insist upon criminal sanctions. At the same time it may be fairly clear that corporately and collectively those same managers bear moral responsibility for their actions. When corporations are held strictly liable for their actions and required to pay compensation to their victims, the idea may be that the least such blameworthy *akratics* can do to atone for their deeds is to compensate the victims out of their earnings or the corporate assets they control.

If the moral responsibility public institutions are willing to attribute to individuals in corporations hinges on their actions being judged fully intentional, individual liability for actions redescribable as corporate may indeed not “add up to” the entire liability. But the difference can often be understood as corresponding to this recognition: a harm so terrible that in a world in which agents were not organized in corporations and similar structures, only vicious persons could produce it, is in fact the product of the combined *akratic* action of corporately organized individuals. The metaphysical and legal solutions come apart — moral responsibility may still be redistributable in principle, while corporate liability may not always be redistributable in practice. But the difference is easily explained and the thesis of unredistributable corporate moral responsibility finds no support from it.

VIII. Concluding observations

Plato observed that to various kinds of state characters there correspond similar types of individual

human character, for from where else could the former come?⁴⁰ My point concerning UCMR is similar: to various kinds of corporate moral error there correspond various kinds and combinations of individual human moral error. From where else indeed could the former come?

French himself introduced the principle that an organization’s internal decision structure licenses us to redescribe as a corporate action certain actions of human individuals.⁴¹ If we believe that organizations are *more real* than individuals, we might have reason to think that this redescription license should not be reversible, at least in some cases. But neither Werhane nor French does. Werhane calls herself an ontological individualist and declares corporations fictions.⁴² French distinguishes his theory of organizations from what he takes to be Plato’s and F. H. Bradley’s more radical holist theories of the state and implies that he prefers an analogue to Rousseau’s social contract theory insofar as it holds that the state “is not more real or morally more significant than the citizen.”⁴³

If the principle that we may redescribe certain individuals’ actions as corporate actions is reversible, then a corporation’s knowledge and ability to do otherwise cannot exceed individuals’ knowledge and ability to do otherwise taken collectively, the corporation’s voluntariness amounts to no greater voluntariness than that of individuals taken collectively, and the corporation can incur no moral blameworthiness which is not also individuals’ blameworthiness. If this is right, we ought not to slide from granting the redescription of certain human actions as corporate action to the conclusion that corporate moral responsibility might altogether exceed human responsibility.

Notes

¹ MacIntyre (1981).

² Werhane (1985); French (1984), p. 15 and chapter 10.

³ UCMR corresponds to the corporate variety of what Joel Feinberg calls “contributory group fault: collective but not distributive” (1970).

⁴ Werhane, pp. 54–59.

⁵ French (1984), p. 47.

⁶ Werhane, p. 56.

⁷ Velasquez (1983), 1.

⁸ Velasquez (1983), 9.

⁹ For a fuller justification of analogous predication of personalist terms with respect to corporations, see Garrett (1988).

¹⁰ See Velasquez (1982), p. 291. Werhane's source is Earl Molander (1980).

¹¹ Velasquez (1982), p. 298.

¹² Werhane (1985), p. 55.

¹³ Werhane (1985), p. 56.

¹⁴ Excerpts from the EEOC report on AT&T in *Congressional Record*, 118, part 4, February 15, 1972 to February 22, 1972, cited in Velasquez (1982): pp. 293–94.

¹⁵ The B. F. Goodrich aircraft brake scandal and perhaps the Ford Pinto case exemplify the former. See Kermit Vandivier, "Why Should My Conscience Bother Me?" and W. Michael Hoffman, "The Ford Pinto," in Hoffman and Moore (1984).

¹⁶ French (1984), pp. 137–140.

¹⁷ French (1984), p. 140.

¹⁸ French (1984), p. 141.

¹⁹ French (1981), p. 12. The corresponding sentence in French (1984), chapter 10, says ". . . simply does not add up to an individual's responsibility for its crash," which makes no sense in the context.

²⁰ Eddy *et al.* (1976), pp. 222–228.

²¹ Eddy *et al.* (1976), pp. 201–205.

²² Eddy *et al.* (1976), pp. 217–218.

²³ French (1984), p. 139.

²⁴ See French (1984), chapter 2.

²⁵ Werhane (1988). Werhane was the official commentator on an earlier version of this paper.

²⁶ Werhane (1988).

²⁷ Werhane (1988).

²⁸ Donaldson (1982).

²⁹ The concepts of natural and positive justice, suggested by Aristotle, are worked out by Thomas Aquinas (1988). My treatment is partly modeled on Thomas' treatment of property rights. I assume that moral responsibility assignments are judgments of "moral fact" no more and no less than judgments regarding property rights.

³⁰ Werhane (1988).

³¹ Werhane (1988).

³² French (1984), pp. 131–133.

³³ French (1984), p. 134.

³⁴ Center for Business Ethics (1987).

³⁵ Aristotle, *Nicomachean Ethics*, VII, 1147b29–35, 1148a22–28.

³⁶ Aristotle, 1145a16, 1145b1.

³⁷ See Brad Inwood (1985).

³⁸ Aristotle, 1148a2–4.

³⁹ Galbraith (1979).

⁴⁰ Plato, *Republic* 435e.

⁴¹ French (1984), pp. 41–42.

⁴² Werhane (1985), p. 40.

⁴³ French (1984), pp. 94–101 and p. 107.

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