

VITAL SPEECHES *of the day*

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LIES, DAMNED LIES—AND BUSINESS ETHICS COURSES

What you do in your business life will affect many around you. And when the hard decisions come, those whose lives are most affected by your decisions are not going to ask how many business ethics courses you took. They will want to know whether you are an honest person who treats others fairly and does not hide behind evasions.

Address by WILLIAM MCGURN, *Wall Street Journal* columnist, former chief speechwriter for President George W. Bush



Delivered as the inaugural speech at Iona College's Hagan School of Business Series, "Advancing Ethical and Moral Leadership," New Rochelle, N.Y., Oct. 17, 2015

Good morning. I'd like to start by thanking President Nyre and Dean Cante for inviting me here this splendid autumn day. The last time I was among the Gaels, I was just starting college myself. I was pursuing a young lady who was then an Iona freshman.

Let me just say, I hope my visit this time will prove more successful than that one.

When the Dean asked me to speak, I took the opportunity to ask him his definition of a good speech. He told me it was simple. You want a good beginning, and a good ending. Most important, he said, you want to put the two very close together.

My topic today is moral and ethical leadership. But the venue is significant. We meet under the auspices of Hagan Business School ... at a college named for an island off Scotland in the Inner Hebrides.

That island is only 1.5 miles long and 3 miles long. There Irish monks nurtured faith and learning at a time when the European continent was going through the Dark Ages. I don't think it a stretch to say that one reason we enjoy the blessings of Western civilization today is because of the prayers and work of centuries of these now forgotten monks.

The Iona community ought to take encouragement from this legacy. Your college name is no accident. It is a testament to founders who thought big—and understood the lasting impact that a little institution with large convictions can make on our world.

This college is also a legacy of Blessed Edmund Rice and the order he founded to provide education for those who otherwise would never get one. Indeed, at the time Brother Rice set up his schools for Catholic children in Ireland, they were illegal.

As I prepared for this speech, I wondered what Brother Rice would have made of the word "ethics." I have a hunch old Brother Rice would prefer simple "right" and "wrong." And I do too.

I come to this topic as a newspaperman who majored in philosophy as an undergrad. I'm sure some of the parents here today will relate to my dad. I think he looked at my decision to major in philosophy as a guarantee that I would end up living over his garage for the rest of my life. Happily for us both, I managed to find gainful employment.

My talk has three parts. First, I will talk about the field of ethics, and why the increase in ethics courses doesn't seem to be producing more ethical business leaders. Second, I will spend a little time on the shortcomings of profession-based ethics. Finally, I will come to my main proposition, which is that strong business ethics cannot be had without strong personal character.

Let me start with perhaps the biggest problem with the teaching of ethics today. Relativism.

At so many universities today, students do not emerge from the college ethics courses they take with a greater ability to distinguish between right and wrong—and offer a rational explanation for why. To the contrary,

all too often they come out believing that it's all subjective.

Some of this has to do with a popular misreading of science. As we come to know more about the human brain, growing numbers of people posit that free will is an illusion ... and that what we think of as right and wrong are really just brain impulses over which we have little or no control.

That is a crude oversimplification, of course. And it has more to do with a distortion of science than actual science. But it is real, and it is palpable.

Now couple this with the schools of philosophy that reject the idea of objective truth about man and his nature. Once you do, you begin to appreciate why the most lethal thing you can do for a young man's sense of morality is subject him to a college ethics course.

These courses do not turn good people into bad ones. But often it leaves otherwise good people confused and unsure of themselves, so that even when they do the right thing, they are not confident they can explain in rational terms why their chosen course was right.

This is not the place for a philosophical counterattack on the idea of relativism. But I will say this:

I've never met a relativist who lives that way. A wronged relativist, for example, does not say "Under my subjective code stealing is bad" or "my brain impulses tell me you should not have misled me."

To the contrary, he says, "This guy robbed me" or "That guy promised to re-do our bathroom for \$2,000 but

he lied and ripped me off.” These are appeals to others based on some implicit and objective recognition that a great wrong has been done.

This is a healthy and natural instinct. But it is undermined by de facto relativism when unformed minds are introduced to various—and often contradictory—schools of ethics and left to fend for themselves.

This leads to my second point. I am suspicious of business ethics. I am also suspicious of values.

It is not because I don’t believe people in business should behave ethically. It’s because I believe that ethics modified by adjectives—whether it be business ethics, lawyer ethics, journalistic ethics—have too been reduced to a regulatory code separate from character.

Ditto for values. When my wife and I teach our children, we don’t teach values. We work to instill virtues.

I appreciate that each field has unique circumstances that lend themselves to unique ethical dilemmas. Let me give you an example from my own field. In the news business, we have practices that good journalists are expected to follow. Years ago I took a course in such ethics. And it included some wise and practical guidelines.

For example, a reporter is supposed to get both sides of the story. The instructor reminded us that when you call someone for his side of the story at 4 pm after your story is already written and right before your piece is going into the paper, you are not really getting his side. To be fair, you have to give people a reasonable time to answer.

But so much of the course turned out not to be about right and wrong at all. It was really about best ways to protect ourselves from being sued. That’s good and useful, and it will keep you away from some unethical behavior. But it has less to do with doing the right thing than how to steer clear of legal trouble.

Ditto for the idea that business ethics is about paying for your profits by checking off some social boxes—i.e.,

contributing to some charity or supporting some cause. These charities and causes may well be worthy. But when character is taken out of the equation, business ethics can become a cynical exercise in buying off bad behavior with contributions to some popular social cause, a latter day form of buying indulgences.

Let me give another example of what I mean by confused reasoning. Many years ago, while on a long train ride through Vietnam with an old college friend, he told me about an ethics exercise he had taken at his Fortune 500 company. It began with a hypothetical: 30 people are stuck below the sea in a sub ... you have two hours to get them out ... and the arithmetic says you don’t have enough time to get them all out.

Those trapped had all sorts of stories. One was a man with six kids who was about to cure AIDS—but he cheated on his wife. (My friend told me many of the women put him last). There was a handicapped elderly person. There were young children. There were men and women who were making tremendous contributions to humanity ... in medicine, in charitable work, and so forth.

It turned out that the answer the company wanted you to give was to bring them out by age, with those youngest going first. I asked how that was any more objective than my proposal.

My proposal was this: the strong defer to the weak.

This is one of the bedrocks of civilization. The weakest and most vulnerable go first.

In this sense I believe the wheelchair-bound grandmother in Iowa goes before the Stanford brain surgeon. It’s a variation of women and children first. But I don’t think you would get that from any ethics textbook today. And I find that alarming.

My point is simply this. You cannot have business ethics without ethical businessmen, in the same way you can’t have journalistic ethics without ethical journalists or medical ethics

without ethical doctors and nurses.

The more we try to substitute regulation for character, the further we get from the goal. The flier for this series speaks about how to navigate a complex world where “ethics and values often conflict with business situations and decisions.”

In fact, I believe complexity can be an excuse. Dilemmas may well be complex and involve many factors. But the principles that we need to apply are usually pretty simple: honesty, integrity, and the willingness to do unto others as you would have done to yourself.

Was it really all that complex what Bernie Madoff did to deceive his investors? Or when the dean of the Stanford Business School chose to have an affair with a professor who was not only a subordinate but married to another Stanford Business School professor? Are the issues of right and wrong here really difficult to discern?

Let’s look at this from another direction. My nephew recently graduated from West Point. As an officer in the United States Army, at some point he will be responsible for the lives of men and women under his command.

West Point takes this responsibility seriously. What people do not appreciate is that West Point is not designed to produce the most brilliant generals.

West Point is a pact between the American people and the United States Army. It says to this nation’s moms and dads: you pay for the training of these officers. In exchange, when your son or daughter in uniform is in harm’s way, we promise they will be led by men and women of character and ability.

The honor code reflects this. It’s pretty simple: “A cadet will not lie, cheat or steal or tolerate those who do.” That covers a lot of ground. It’s not just taught in an ethics course. It’s meant to infuse a cadet’s entire approach to his military career.

Ask yourself this: If the Army believes that character is essential on the battlefield, can it be any less important in the boardroom?

So what is the answer?

Again, I think the answer is what it's been at least since Aristotle: character.

What's more, this is in fact how we live in reality. In the marketplace, we are often unsure of whom we are dealing with. So when we have to go to someone we don't know—to buy a car, to hire a plumber, to find a babysitter for our children—what are the two things we want to know most apart from price?

The first is whether the person is competent. The second is whether we can trust them. Put it this way: if you are making a big purchase, what gives you more reassurance: a multipage guarantee in fine print ... or the comfort that comes from knowing you are dealing with a person you can trust?

When I was at the White House, we used to have a saying: If it wouldn't look good on the front page of the *Washington Post*, probably you shouldn't do it. That's not bad advice. Because if you are doing something in the shadows, it's a pretty good sign it's not the right thing. But character is much larger than this.

Let me end with a story about an engineer and a corporate leader who were faced with a huge ethical challenge of their own. The engineer's name was William LeMessurier. The businessman was Walter Wriston, the chairman of Citicorp.

In 1978, a year after Citicorp's brand-new signature skyscraper opened in Manhattan, its engineer received a call from a student who asked him a question about how the building would hold up under pressure. Mr. LeMessurier went back to his calculations and realized he'd

miscalculated: under certain strong winds—which came every 16 years—the building could be knocked down. He investigated further, brought in other engineers, and consulted with the architect.

They decided to go to Mr. Wriston with the bad news. Mr. Wriston, said Mr. LeMessurier, was “fantastic.” He asked only needed to be done. They came up with a plan to quietly strengthen the building over a few months, floor by floor. And they did it, too, at a cost of millions.

They had many other choices. Mr. LeMessurier could have kept the info to himself, worried that exposing his mistake would ruin his career and invite lawsuits. When Mr. Wriston found out, he could have berated Mr. LeMessurier, and threatened ruin and lawsuits to absolve himself of any liability.

But they didn't.

Instead, they did what needed to be done ... and they spent what it took. In the end they were rewarded for doing the right thing when people learned what had happened. But there was no guarantee it would come out this way. I'd say the difference was simple: these were men of character.

My friends, most of you will never find yourselves in such a position. Most of you won't even have to make those gut-wrenching decisions, such as closing down a factory that is essential to a town's economy ... or taking responsibility for an industrial accident and the damage it has inflicted.

But what you do in your business life will affect many around you. And when the hard decisions come—for example, firing a person who just isn't up to the job—those whose lives are

most affected by your decisions are not going to ask how many business ethics courses you took.

They will want to know whether you are an honest person who treats others fairly and does not hide behind evasions.

If you are a person of character, they may still disagree with your decisions. But they will respect you as someone who asks the right questions and steps up to his responsibilities. Just as important, you will respect yourself.

Not everyone asks these questions. But we are discussing right and wrong at Iona today because this is an institution that expects its sons and daughters to be leaders and not followers.

As Pope Francis reminds us, business is a noble vocation. For a healthy, thriving business not only makes profits for its owners, it gives men and women the opportunity to provide for their families and achieve their dreams as they produce the goods and services society wants.

So as the sons and daughters of Iona make your way in the world of business, I ask you this:

Regard your work life as a calling and not just a job.

Treat everyone you deal with the way you would like to be treated yourself.

And when it comes to complex ethical challenges, know that the right thing to do will become more clear if you remember that those on the receiving end of your decisions are human beings with the dignity that comes from being fashioned in the image and likeness of our Creator.

Thank you for having me, and thank you for listening. I'm happy to answer any questions.