Case Studies in Business Ethics

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Questions for discussion

1. Ultimately, who is responsible for our natural resources?
2. Given the needs and demands of business, is it possible to manage our limited natural resources effectively?
3. Who are the real stakeholders, and what is really at issue in the Pacific Lumber case?
4. Is there a way to "save the trees" and "save the industry"?
5. Is it correct to assume that any harm to the environment is also a moral wrong?

• *Case Study* •

Exxon's Knee-Deep in the Big Muddy*

MICHAEL G. BOWEN • F. CLARK POWER

THE PREACCIDENT PERIOD

On Friday, March 13, 1968, a field containing an estimated 10 billion barrels of oil was discovered under the North Slope of Alaska at Prudhoe Bay. One year later, a consortium of seven oil companies, now named the Alyeska Pipeline Service Company, announced plans to construct an 800-mile-long underground pipeline to some point in southern Alaska where the crude oil could be transferred to tankers and shipped to refineries in the lower 48 states. The eventual choice for the oil terminal was an ice-free port, tucked away in the Chugach Mountains on the northern banks of Prince William Sound, that provided easy access to the Gulf of Alaska and shipping lanes to California: the town of Valdez.

The oil companies' original plans called for construction to begin on the trans-Alaskan pipeline in the following year (1970). They projected that the pipeline would be completed two years later. Approximately 2 million barrels of oil per day would be pumped from stations on the North Slope to Valdez Harbor, where tankers would carry the oil south. The companies, however, had not counted on the powerful reaction of environmental interest groups to their plans. Those groups forced Alyeska into protracted legislative and court battles.

Over the next four years, the environmental and economic effects of the proposed pipeline were subject to intense scrutiny. There was little substantive disagreement on the purely economic issues: The oil companies, the state of Alaska, and many Alaskans would make a great deal of money if the pipeline were built. Many other benefits would directly result from the pipeline project. Of these, perhaps the most important was the development of a major new domestic source of oil reserves which would reduce the United States' dependency on foreign energy sources. There was also surprisingly little disagreement on the environmental issues. The oil companies admitted that there was the possibility of accidents and spills, perhaps major ones. There was agreement that the permafrost along the pipeline would melt, that wildlife would be adversely affected, and portions of Alaska's wilderness and extraordinary scenery would be either defaced or destroyed.

There was substantial disagreement, however, on how to estimate the benefits and costs that would accrue from shipping oil across Alaska. How should the tangible benefit of economic development in the region be weighed against the intangible costs of defacing Alaska's pristine scenery; of disturbing

*"Exxon's Knee-Deep in the Big Muddy: Managerial Ethics and Decision Making During the 1989 Exxon Valdez Oil Spill," by Michael G. Bowen and F. Clark Power, University of Notre Dame.

the habitat of the vanishing bald eagles, bears, and caribou; of poisoning fish and damaging the food chain?

The trans-Alaskan pipeline was approved, however, in 1973 when the U.S. Congress, reacting to the possibility of fuel shortages in this country and to the repeated assurances of oil industry and government experts that policies and procedures would be put in place to meet environmental contingencies, cut off the court challenges that had delayed construction. At a U.S. Department of the Interior hearing held in Anchorage in 1971, for example, Alyeska representatives pledged that the environmental effects of the pipeline operations would be minimal, promising prompt and effective handling of any land or sea spill. They announced that an oil response plan would be prepared so that operations at the Port of Valdez and in Prince William Sound would be the safest in the world. While the Alyeska consortium would shoulder responsibility to clean up any spills, the task of monitoring Alyeska's preparedness would be handled by the Coast Guard and the state of Alaska. Behind the scenes, Alyeska officials recognized (as can be documented in their actual cleanup plan) that it would be impossible for them to clean up a major spill.

Only Once in 241 Years

For the first couple of years after oil began flowing through the pipeline in 1977, Alyeska's performance at responding to oil spills, as reported by state of Alaska officials, was excellent. Detailed records were kept on the cleanup of even very minor spills, such as crankcase oil dripping underneath a parked automobile. No doubt part of this vigilance was due to the public uproar over the 1978 sinking of the supertanker *Amoco Cadiz* off the coast of France, which resulted in a spill six times larger than that of the *Exxon Valdez.*

Alyeska's safety record for the first decade of the pipeline's operation appeared remarkably strong. Although 25 percent of the oil pumped from the ground in the United States passes through the Port of Valdez, by the end of 1988, 400 reported spills had leaked only about 200 barrels into the Alaskan waters. In the three-month period from November, 1988 through January, 1989, however, 43 spills were reported in Alaskan waters—ranging in size from 10,000 to 2 million gallons—including a 1,700-barrel leak (efficiently contained and cleaned up) from a tanker docked at the Valdez terminal. In spite of this increase in accidents, Alyeska officials still seemed content that a major spill was not a realistic possibility.

Their confidence was based on an independent consulting report conducted for the oil company consortium and approved by the state, which concluded that a spill of between 1,000 and 2,000 barrels (46,000 to 92,000 gallons) was the most likely disaster that would occur in the projected 30-year lifetime of the Valdez terminal. Because the route from Valdez Harbor to the Gulf of Alaska was relatively easy to navigate, and because of the safeguards to be put in place before shipping began, a catastrophic spill like that of the *Exxon Valdez* was thought to be extremely unlikely—it may happen only once in 241 years. Nevertheless, when it was time for Alyeska and the state to negotiate a new three-year contingency plan, the state requested that Alyeska develop a scenario for dealing with a major spill. Alyeska balked, as it had whenever regulatory demands had been made. The compromise left Alyeska geared up to

contain and clean up spills almost 175 times smaller than the one that occurred.

Why did the state of Alaska ever agree to such a plan? What had happened to the oversight that the state and the Coast Guard had promised? From the moment the pipeline opened, the people of Alaska had benefited from the approximately $400,000 per hour in state revenues that have accrued. In the ensuing years, as the state became more and more financially dependent on oil monies and as no major spill had occurred, vigilance over the pipeline operation slowly began to relax.

Warnings?

The first warnings concerning the deterioration of state monitoring and Alyeska's ill-preparedness came from Dan Lawn, Alaska's Department of Environmental Conservation (DEC) Inspector in 1983, who detailed his charges in a 1984 memo. For all practical purposes they were ignored. In 1984, Alyeska failed to contain a relatively small (60-barrel) simulated loading spill in a state-administered test of Alyeska's response capability. In a 1986 test, Lawn judged that Alyeska failed again, although other judges rated Alyeska's performance as marginally passable. As Lawn became more critical, Alyeska officials resorted to calling him a "jerk and a trouble maker"; and George Nelson, the President of Alyeska, admits trying to get Lawn fired. Lawn persisted in his warnings, predicting only three months before the Valdez incident that the odds favored a major spill and that no one would be prepared.

Why wasn't anyone listening, especially at the state and federal levels? Three reasons appear obvious. First, the collapse of oil prices that occurred between 1984 and 1985 dropped the state's oil income from over $4 billion per year to under $2 billion per year. Alaska, which generated over 80 percent of its revenues from oil, was forced to cut services. Subsequently, the agency charged with monitoring Alyeska and the operations at the Valdez terminal, the DEC, cut staff to the point where there was no full-time state monitor of the oil terminal operations.

Second, the relative absence of serious trouble seemed to justify reductions in preparedness. With the safe passage of so many vessels through the Sound, the Coast Guard came to believe that it could responsibly reduce its inspections of tankers coming into and leaving Valdez Harbor. Over time, staffing of the Coast Guard monitoring station was cut back; around-the-clock supervision at the radar console was eliminated; and to reduce paperwork, the Coast Guard stopped manual plotting of ships' courses in and out of the channel in 1987. Further, the Coast Guard also judged proposals for an advanced radar system and an additional navigation monitoring system that would have tracked tanker traffic through the channel more effectively (and would have included a radar site on Bligh Island) to be too costly for the added safety.

Third, as public attention shifted to other environmental concerns, pressure to develop technology to prevent and clean up low-probability spills eased. For example, the federal government decided in 1987 to shut down the Oil and Hazardous Material Simulated Environmental Test Tank (OHMSETT) research facility in New Jersey.

Exxon

The relatively sudden, drastic drop in oil prices hit oil companies hard. In contrast to foreign competitors, the domestic companies in the industry had added pressure on them to become more productive and efficient in order to meet heavy short-term financial performance requirements coming from the U.S. investment community. What this meant in general was that companies had to curtail what could be identified as "unnecessary" expenditures within their organizations so that profitability would be stabilized at an acceptable level. Precautionary measures, such as putting double hulls around tankers—effectively reducing cargo area by 25 percent and dramatically increasing the cost of oil vessels—were simply ruled out as not cost-effective.

Unlike many of its competitors in the oil industry that had resorted to heavy cost cutting and organizational restructuring in the early to mid-1980s, the Exxon Corporation initially turned to a diversification strategy to bolster sagging performance. During this time, Exxon invested heavily in nonoil ventures such as office automation and electrical equipment, both later proving to be costly failures. More drastic internal changes began at Exxon in late 1986 only a few months before Lawrence Rawl, a long-time Exxon employee who was described by coworkers as blunt and arrogant, became chairman. Armed with a reputation as a heavy-handed "cost-cutter," Rawl directed Exxon's downsizing. Within two years, he had cut employment 30 percent to around 100,000, slashing away at layers of bureaucracy, consolidating operations, and selling off unprofitable businesses.

Efforts to become more productive at Exxon during this time often meant large changes in the way the company did business and worked with employees. In addition to layoffs, reassignments, and job restructuring, Exxon looked to implement any technological improvements which would lower its costs of doing business. This led to, among other things, taking the industry lead in constructing new, more highly automated oil tankers (such as the *Exxon Valdez*), which functioned with smaller crews.

To implement plans for higher efficiency within the company, managers were given some latitude in devising the desired productivity improvements. Some embraced the ideas of noted management expert W. Edwards Deming. The chief importer of modern Japanese management techniques, Deming stressed commitment to change, continuous innovation and quality improvement, and removal of communication barriers between workers and supervisors. Other managers subscribed to the Japanese practice of finding and achieving maximum productivity through pushing work systems to their productive limits (i.e., to the point where they start to crack and workers can no longer handle the load). While implementing these changes, management discovered, as have many companies that have been put through similar restructuring, that predictable problems arose: serious complaints of overwork, an erosion of management confidence, and sagging morale. "The problem with restructuring," Rawl later said, "is the human factor: Can people perform the job they're given? You can't test a person like a computer chip."

The changes that were made at the Exxon Corporation in those days did, however, seem to "work" for the company's shareholders. In 1987, for example, a leaner and meaner Exxon netted $375 million more than it had the previous year. In total, Exxon earned a net profit of $48,400 per employee that year: more than double the profit of key competitor Amoco and five times more than Mobil in the same period.

March 23, 1989

On Thursday night, March 23, 1989, no one was particularly worried about the *Exxon Valdez* or any of the other tankers taking on crude oil in Valdez Harbor. The Alaskan economy, although still depressed, was recovering from its deepest financial woes. Its officials, nevertheless, had not deemed it necessary to enhance vigilance of oil operations there. Perhaps no one from the DEC knew about or was concerned with the fact that Alyeska's single oil spill emergency barge was in dry dock for repairs.

For the leaders of the Exxon Corporation, this also seemed like just another quiet night. Exxon Chairman Lawrence Rawl spent the evening at home. For Captain Hazelwood, his officers, and the crew, it had been another exhausting day. Having put in long hours, the usual double duty, as the ship was loading, all were very tired. Even so, Hazelwood and two of his mates stopped by a local tavern for a few drinks. At 9:25 P.M. the supertanker left the terminal at Valdez Harbor loaded with 1,250,000 barrels of crude oil.

There was nothing out of the ordinary going on in Prince William Sound that evening, not even the free-floating icebergs drifting through the waters of the Sound. As had become the routine timesaving practice, Captain Hazelwood steered around them rather than following the safer procedure of slowing down and staying in his traffic lane. For members of the U.S. Coast Guard on duty in Valdez, this seemed to be an uneventful night just like all of the other nights since the port was opened to oil traffic 12 years earlier.

AT THE TIME OF THE ACCIDENT

Four minutes after midnight on March 24, 1989, about two and one half hours into their journey south, with an inexperienced third mate in command, the crew of the *Exxon Valdez* felt a sudden jolt and the ship begin to shudder, a sickening 10-second shudder. Eventually more than 240,000 barrels, or about 11 million gallons, of crude oil would gush into the surrounding waters. Captain Hazelwood later said,

> I knew we'd struck something; something major had happened to the vessel. I didn't know, but over the years you feel different things. I'd had engines blow up, other groundings, but it's an unhealthy feeling.

Afterward, Captain Hazelwood recalled his feelings, "You don't know if you want to cry, throw up, or scream all at the same time; knowing at the same time you've got a job to do." Despite these mixed feelings, or perhaps because of them, the captain rushed to the ship's bridge from his quarters below and went to work. With the supertanker listing on its right side—oil gushing from a 600-foot tear in its hull—and apparently balancing precariously on a narrow ledge, the *Exxon Valdez*'s chief mate James Kunkel told the captain that he feared for all of their lives and that he thought the supertanker would capsize if it came off the reef.

At 12:26 A.M., 22 minutes after striking the reef, Captain Hazelwood (as he tells it: "trying not to cry, and [trying to] be reasonably businesslike") matter-

of-factly radioed the Coast Guard station at Valdez. He was later to be criticized by the state of Alaska for being so calm in his radio transmissions. In Valdez, the Coast Guard watchperson who took the call put down the paperwork he had been busy with, adjusted the radar so that the Exxon Valdez came into view, and confirmed that the supertanker was indeed aground on Bligh Reef. Several minutes later, the superintendent of operations at Alyeska's Valdez terminal was awakened with news of the accident. Following the "book" on such incidents, he told a subordinate to take charge and went back to sleep. When Coast Guard Vice Admiral Clyde Robbins was informed about the grounding, he responded, "That's impossible. We have the perfect system." As he watched the oil from his ship pouring into the water, Joseph Hazelwood thought, "My world as I had known it had come to an end."

At approximately 12:49 A.M., Captain Hazelwood radioed the Coast Guard that despite having a little trouble with the third mate, and the fact that the ship had been "holed," he was trying to get the ship off the reef and would get back in touch as soon as he could.

Exxon's Response

At 8:30 A.M. (4:30 A.M. Valdez time), the kitchen phone rang as Rawl was having breakfast in his Westchester County, New York home. He remembered asking the caller what had happened, if a rudder had broken, and if the ship had lost its engine.

> At that point I didn't even know what it hit. All I knew was that it hit something and it was holed pretty badly. . . . When you have a large ship on the rocks, and they tell you it's leaking oil, you know it is going to be bad, bad, bad.

To deal with the unfolding crisis situation, Rawl, deciding not to waste time driving to his New York City office, began setting up conference calls from his home while his wife canceled Easter plans with the family.

Right from the start, Rawl says he "knew" that human error was to blame for the accident. Later, hearing that blood alcohol tests on the ship's captain, administered more than 10 hours after the grounding, showed that the captain was legally drunk under Alaska law, Rawl said that he was not surprised. As events that day unfolded, he quickly began to deal with the corporate-level issues related to the growing disaster. Three critical policy questions had to be answered:

1. What should Exxon's official stance be on the grounding? Should the company assume responsibility for the accident?
2. Should he, as chief executive of the company that employed the tanker's crew and owned the ship and the oil pouring into Prince William Sound, immediately go to Alaska to take charge of the situation and demonstrate Exxon's concern for what was happening?
3. How should information about the spill and subsequent containment and cleanup efforts be disseminated?

Rawl and Exxon's other top managers decided that the company would immediately accept responsibility for the grounding and for cleaning up the damage. With regard to the second question, Rawl's initial instinct was to go to Alaska, but fellow managers later talked him out of the notion. They argued that if he went, he would probably just be in the way and that he could better serve the company's interests from his office in New York. It was a decision that, in light of subsequent intense criticism, he would later regret: "I wake up in the night questioning the decision to stay home."

His—Exxon's—decision to inform news organizations of events in Valdez on a "real time" basis was also a decision that he came to regret. Only Exxon employees in Valdez were to provide information as the information became available. Reacting to charges that Exxon had manipulated and suppressed information back in the oil shortage days after the Arab embargo in the mid-1970s, Rawl said that he just wanted to get the information out: "At least you can't be accused of distorting data or slicking it up before it's presented to the press." But his new strategy still left the media frustrated and suspicious. Phone lines to Alaska were constantly jammed, Exxon officials there were often unavailable for comment, and the news conferences that took place in the "real time" off-hours made it next to impossible for the media networks and newspapers to present timely reports. "It just didn't work," Rawl said in retrospect.

CONTAINMENT AND CLEANUP

From the beginning, attempts to contain and clean the oil slick from the waters and beaches of Prince William Sound were beset by many of the problems that often curse hastily assembled crisis organizations. There was even some confusion about who was in charge: Eighteen hours after the spill, Exxon took over control from Alyeska.

Technical, Legal, and Moral Issues

Alyeska's lack of preparedness and inability to cope with such a large spill almost immediately became the subjects of verbal sparring over technicalities in and interpretations of the cleanup contingency plan. When the *Exxon Valdez* ran aground, the oil spill emergency barge was unloaded and in dry dock; it took 12 hours (the plan called for 5) to mobilize and travel the 28 miles from port in Valdez Harbor to the site of the accident. Further complicating things, barges and pumps, which could have limited the spill by offloading the remaining oil from the stricken ship, were not immediately available. Because of these problems, Dennis Kelso, Commissioner of the Alaska Department of Environmental Conservation, called Alyeska's emergency plan "the biggest piece of maritime fiction since *Moby Dick*." An Alyeska official replied to this charge, "This was a joint plan. We did exactly what the state [and federal governments] wanted. We did not deceive anyone, and we responded very well."

As the spill spread, eventually fouling 1,200 miles of shoreline in the Sound, technological problems and questions plagued decision makers. Fears of legal liability also seem to have played a major role in hindering early cleanup efforts. Lawyers representing Exxon, Alyeska, the state of Alaska, and the Coast Guard, for example, all urged their clients not to risk taking the initiative in cleanup efforts because of potential for later liability claims. "The legal system crippled our ability to make decisions," Alaska's Governor Steve Cowper said at the time. "Protecting themselves [Exxon] from a lawsuit was more important than cleaning up oil." Exxon President Lee Raymond countered that the state had deliberately held up cleanup efforts to bolster its own legal case. "They have been preparing for litigation from day one," he charged.

Soon after the accident, in an apparent move to shift blame for the acci-

dent, Exxon released to the press private information regarding Captain Joseph Hazelwood's history of drinking problems, and then fired him. Rawl denied, however, that Hazelwood was fired for being drunk: "A lot of the public and press think we fired him because we thought he was drunk on the ship; but we never said that, and we have cautioned people not to assume it." Rawl clarified: "Hazelwood was terminated because he had violated company policies, such as not being on the bridge and for having consumed alcohol within four hours of boarding the ship." Hazelwood saw the situation differently; he asserted that it was a commonly accepted practice for a ship's captain to issue simple instructions to the crew and then leave the bridge. When asked why Exxon and the state of Alaska both attempted to focus the blame for the incident on him, he replied that he did not know, but then said,

> I could be a lightning rod, easy target, scapegoat to take the heat. I would say the same for the state of Alaska. They came after me, hammer and tong, figuring I'd fold like a cheap suit. I imagine they're a bit surprised I didn't.

The outcome of all of this sparring and legal wrangling was an expensive public relations war involving Exxon, the state of Alaska, and to some extent the former captain of the *Exxon Valdez*. More important perhaps than these, however, was the withholding of important scientific data about the effects of the spill, collected by the many scientists on the scene, which could not be shared until later used in court.

Problems with Cleaning Up the Oil

From the first day, Exxon argued that but for Alaska's bureaucratic fumbling it could have sprayed chemical dispersants (which reduce the surface tension of oil and allow it to break up into small droplets and scatter more easily into the water) on the spill that would have reduced subsequent damage. Not so, answers the state of Alaska, explaining that in the first few days after the spill when dispersants might have helped somewhat, Exxon had far too little chemicals available to do any good and the calm seas would have prevented the chemicals from mixing thoroughly enough to make them effective. There were also scientific questions raised about the toxicity of the dispersants and about their efficacy even under ideal conditions. The evidence shows that such chemically treated oil first scatters, then comes back together, sinks, resurfaces, and eventually washes ashore as tar balls: Even though the oil seems to disappear, it simply does not go away.

Another severe problem for those trying to contain the spill was that the physical properties of an oil slick change over time. While the most toxic parts of the oil evaporate within about 20 hours, the remainder mixes with the salt water and sea debris, creating after about 14 days a heavy, thick, reddish-brown mousse. As the mousse collects even more debris, however, that which does not amass on the beaches eventually can turn into an even thicker muck that will sink to the bottom.

The thickening of the oil made it very difficult for the 60 skimmer vessels to vacuum the mess from the surface of the water and pump it into barges. Exxon's water cleanup coordinator Jim O'Brien indicated that the cleanup operation was doomed from the start:

> There's an important thing people must realize in planning for a spill of this size: No amount of equipment will clean it all up, even if they give you a month's notice to get ready. Look at the expanse of water involved, and figure the time it takes to deploy boats and skimmers and support vessels at 12 knots. Skimmers need barges to collect their oil. Crews need food, ships need fuel, and somebody has to collect the garbage. And nothing works if the weather's bad.

The sticky mousse that ended up on the shores of Prince William Sound filled the nooks and crannies along the jagged coastal areas, saturating the surface and subsurfaces of the beaches and pooling in some places to depths of over four feet. The strategy for cleaning these from the rocky beaches quickly focused on removing the gross oil and then letting the residue biodegrade over time. On the beaches of Prince William Sound, where 90 percent of the oil went ashore, this meant that the mousse had to be first scooped up, mopped, or blotted up before the rocks could be scrubbed semiclean. Once this was done, the scrubbing was often done by hand but more generally by high-pressure hoses. The hoses would shoot scalding water to loosen and then flush the oil that had by now weathered to a substance somewhat like asphalt back into the water, where cold water hoses would direct it to off-shore skimmers. Another technique called bioremediation, used experimentally in places, involved spraying a special nitrogen-phosphorus fertilizer mix onto the shore in an attempt to stimulate oil-eating bacteria. It was hoped that this would double the pace of nature's self-cleanup efforts.

Controversy raged over every step of the cleanup effort, with critics finding fault in every technique. Some believed that the hot water scrubbing, by killing fish and surviving micro-organisms, wreaked greater environmental havoc than the oil. Others complained that bio-remediation, although it seemed to work in the few areas in which it was tried, would leave unsightly, nontoxic asphalt hydrocarbons to stain the beaches and would induce undesirable plankton growth in the Sound. Still others protested that the debris and garbage created by the cleanup crews were in themselves ecological disasters. Health experts voiced concerns that the cleanup workers were poorly trained, ill-equipped (many did not have breathing masks), and exposed to oil for long periods of time. They warned that exposure to oil and its vapors can lead to nausea, breathing difficulties, rashes, kidney and nervous system damage, and cancer.

For many critics, the cleanup efforts served no other purpose than the public relations interests of the principals (Exxon, the state of Alaska, and the Coast Guard) responsible for the mess in the first place. Many experts believe that, beyond the initial wildlife kills and the temporary (an estimated three to six years) destruction of the scenery, the lasting effects of the spill on the environment will be minimal. The cleanup had little beneficial effect on the environment, possibly added to the adverse consequences, and as a practical matter amounted to nothing more than a (multi) billion-dollar public relations campaign to assuage the anger of the people of Alaska, environmentalists, the larger general public, and Congress. The oil industry, in particular, had a lot at stake in public opinion. They greatly feared the potential political damage that any adverse publicity would have on requests for future off-shore drilling rights and for permission to explore for gas and oil in other environmentally sensitive areas in Alaska and elsewhere in the United States. One of the great ironies of the cleanup effort is perhaps best expressed on the most popular T-shirt sold in Valdez during the summer of 1989: "Cleanup '89. It's not just a job, it's a —ing waste of time."

In all, Exxon paid out anywhere from $1 to $3 billion (there have been several different numbers reported), while employing approximately 11,500 people in the cleanup effort. In addition, Exxon compensated Alaskan fishermen some $200,000 for lost income due to the spill. There was no compensation for the 980 otters, 138 eagles, and 33,126 other birds killed, nor even a reliable way of estimating the value of loss.

As the cleanup operation shut down on September 15, 1989, in advance of the harsh Alaskan winter, Exxon publicized its accomplishments: 60,000 barrels of recovered oil, and 1,087 miles of oiled beach now environmentally stable. The state of Alaska countered that the cleanup had actually recovered less than 30,000 barrels of oil and that only about 118 miles of beaches were safe for wildlife and new vegetation growth. Despite their release of an ambiguously worded memo on July 19, 1989 that seemed to state that, the job being finished, the company would not return again in the spring to resume cleanup efforts—a memo that had generated enormous public outrage—Exxon returned to Prince William Sound on May 1, 1990 to do what was necessary, as established by Coast Guard recommendations, to make things right.

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Questions for discussion

1. Did Exxon have an obligation prior to the accident to have a contingency plan in case of an accident?
2. No matter who is found at fault or responsible, how much cleanup is enough?
3. Should Exxon have supervised more closely the general conduct and action of Captain Hazelwood?

• FOUR •

Employee–Employer Relations

The relationship between employees and employers has undergone constant evolution. Today one would never see the kind of sign that was posted in a New York carriage shop in 1878, reading

> It is expected that each employee shall participate in the activities of the church and contribute liberally to the Lord's work . . . All employees are expected to be in bed by 10:00 P.M. Except: Each male employee may be given one evening a week for courting purposes . . .[1]

Today's employees are better educated and bring to the workplace a higher set of expectations than their counterparts in the nineteenth century. Old organizational habits are confronting new demands, and in turn, new ethical problems.

Many modern theorists insist that employers must modify their attitudes toward employees and be willing to grant an expanding and increasingly well-defined set of "employee rights." Among the rights that such theorists champion are:

1. The right of an employee to complain about dangerous products and practices without being penalized.
2. The right of an employee to participate in political and personal activities outside the workplace without being penalized.
3. The right of an employee to a hearing before being fired.
4. The right of an employee to refuse immoral orders without being penalized.

One of the most controversial employee-employer issues today is "whistle blowing." Whistle blowing is directly related to the first item in the list, since the right to "blow the whistle" is at bottom the right to complain about dangerous or immoral practices without being penalized. In other words, advocates of the right to whistle blowing argue that when employees write letters to local newspapers, or inform government authorities, or contact local television reporters in order to complain about company practices they believe are immoral, illegal, or dangerous, they should be protected from being fired or demoted as a consequence. Usually, the right to blow the whistle is assumed to