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FOR FURTHER REFLECTION

1. To what extent do our moral ideas reflect the society around us, and to what extent are we free to think for ourselves about moral matters?
2. Describe a situation in which you felt pressured to act against your moral principles or where you felt torn between conflicting moral values, rules, or principles. What did you do?
3. How do you explain the fact that in the business world basically good people sometimes act immorally?



CASE 1.1

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## Made in the U.S.A.— Dumped in Brazil, Africa, Iraq . . .

**WHEN IT COMES TO THE SAFETY OF YOUNG** children, fire is a parent's nightmare. Just the thought of their young ones trapped in their cribs or beds by a raging nocturnal blaze is enough to make most mothers and fathers take every precaution to ensure their children's safety. Little wonder that when fire-retardant children's pajamas first hit the market, they proved an overnight success. Within a few short years more than 200 million pairs were sold, and the sales of millions more were all but guaranteed. For their manufacturers, the future could not have been brighter. Then, like a bolt

from the blue, came word that the pajamas were killers. The U.S. Consumer Product Safety Commission (CPSC) moved quickly to ban their sale and recall millions of pairs. Reason: The pajamas contained the flame-retardant chemical Tris (2,3-dibromoprophyl), which had been found to cause kidney cancer in children.

Because of its toxicity, the sleepwear couldn't even be thrown away, let alone sold. Indeed, the CPSC left no doubt about how the pajamas were to be disposed of—buried or burned or used as industrial wiping cloths. Whereas just

months earlier the manufacturers of the Tris-impregnated pajamas couldn't fill orders fast enough, suddenly they were worrying about how to get rid of the millions of pairs now sitting in warehouses.

Soon, however, ads began appearing in the classified pages of *Women's Wear Daily*. "Tris-Tris-Tris . . . We will buy any fabric containing Tris," read one. Another said, "Tris—we will purchase any large quantities of garments containing Tris." The ads had been placed by exporters, who began buying up the pajamas, usually at 10 to 30 percent of the normal wholesale price. Their intent was clear: to dump\* the carcinogenic pajamas on overseas markets.<sup>21</sup>

Tris is not the only example of dumping. There were the 450,000 baby pacifiers, of the type known to have caused choking deaths, that were exported for sale overseas, and the 400 Iraqis who died and the 5,000 who were hospitalized after eating wheat and barley treated with a U.S.-banned organic mercury fungicide. Winstrol, a synthetic male hormone that had been found to stunt the growth of American children, was made available in Brazil as an appetite stimulant for children. DowElanco sold its weed killer Galant in Costa Rica, although the Environmental Protection Agency (EPA) forbade its sale to U.S. farmers because Galant may cause cancer. After the U.S. Food and Drug Administration (FDA) banned the painkiller dipyrone because it can cause a fatal blood disorder, Winthrop Products continued to sell dipyrone in Mexico City.

Manufacturers that dump products abroad clearly are motivated by profit, or at least by the hope of avoiding financial losses resulting from having to withdraw a product from the U.S. market. For government and health agencies that cooperate in the exporting of dangerous products, sometimes the motives are more complex.

For example, when researchers documented the dangers of the Dalkon Shield intrauterine device—among the adverse reactions were pelvic inflammation, blood poisoning, tubal pregnancies, and uterine perforations—its manufacturer, A. H. Robins Co., began losing its domestic market. As a result, the company worked out a deal with the Office of Population within

the U.S. Agency for International Development (AID), whereby AID bought thousands of the devices at a reduced price for use in population-control programs in forty-two countries.

The agencies involved say their motives are humanitarian. Because the death rate in childbirth is relatively high in third-world countries, almost any birth-control device is safer than pregnancy. Analogous arguments are used to defend the export of pesticides and other products judged too dangerous for use in the United States: Foreign countries should be free to decide for themselves whether the benefits of those products are worth their risks. In line with this, some third-world government officials insist that denying their countries access to these products is tantamount to violating their countries' national sovereignty.

This reasoning has found a sympathetic ear in Washington, for it turns up in the "notification" system that regulates the export of banned or dangerous products overseas. Based on the principles of national sovereignty, self-determination, and free trade, the notification system requires that foreign governments be notified whenever a product is banned, deregulated, suspended, or canceled by a U.S. regulatory agency. The State Department, which implements the system, has a policy statement on the subject that reads in part: "No country should establish itself as the arbiter of others' health and safety standards. Individual governments are generally in the best position to establish standards of public health and safety."

Critics of the system claim that notifying foreign health officials is virtually useless. For one thing, governments in poor countries can rarely establish health standards or even control imports into their countries. Indeed, most of the third-world countries where banned or dangerous products are dumped lack regulatory agencies, adequate testing facilities, and well-staffed customs departments.

Then there's the problem of getting the word out about hazardous products. In theory, when a government agency such as the EPA or the FDA finds a product hazardous, it is supposed to inform the State Department, which is to notify health officials in other nations. But agencies often fail to inform the State Department of the product they have banned or found harmful, and when it is notified, its communiqués typically go no further than U.S. embassies abroad. When foreign officials are notified by U.S. embassies, they sometimes

\**Dumping* is a term apparently coined by *Mother Jones* magazine to refer to the practice of exporting to other countries products that have been banned or declared hazardous in the United States.

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Andrew McConnell/Fanos

Another hazard dumped in third-world countries is what has become known as ewaste: toxic electronic products and parts.

find the communiqués vague or ambiguous or too technical to understand.

But even if communication procedures were improved or the export of dangerous products forbidden, there are ways that companies can circumvent these threats to their profits—for example, by simply changing the name of the product or by exporting the individual ingredients of a product to a plant in a foreign country. Once there, the ingredients can be reassembled and the product dumped. The United States does prohibit its pharmaceutical companies from exporting drugs banned in this country, but sidestepping the law is not difficult. “Unless the package bursts open on the dock,” one drug company executive observes, “you have no chance of being caught.”

Unfortunately for us, in the case of pesticides, the effects of overseas dumping are now coming home. In the United States, the EPA bans all crop uses of DDT and dieldrin, which kill fish, cause tumors in animals, and build up in the fatty

tissue of humans. It also bans heptachlor, chlordane, leptophos, endrin, and many other pesticides, including 2,4,5-T (which contains the deadly poison dioxin, the active ingredient in Agent Orange, the notorious defoliant used in Vietnam) because they are dangerous to human beings. No law, however, prohibits the sale of DDT and these other U.S.-banned pesticides overseas, where thanks to corporate dumping they are routinely used in agriculture. In one three-month period, for example, U.S. chemical companies exported 3.9 million pounds of banned and withdrawn pesticides. The FDA now estimates, through spot checks, that 10 percent of our imported food is contaminated with residues of banned pesticides. And the FDA’s most commonly used testing procedure does not even check for 70 percent of the pesticides known to cause cancer. With the doubling of exports of Mexican produce to the United States since the signing of the North American Free Trade Agreement (NAFTA), the problem of pesticide-laced food has only grown worse.<sup>22</sup>

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**DISCUSSION QUESTIONS**  
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1. Complete the following statements by filling in the blanks with either "moral" or "nonmoral" (e.g., factual, scientific, legal):
  - a. Whether or not dumping should be permitted is a \_\_\_\_\_ question.
  - b. "Are dangerous products of any use in the third world?" is a \_\_\_\_\_ question.
  - c. "Is it proper for the U.S. government to sponsor the export of dangerous products overseas?" is a \_\_\_\_\_ question.
  - d. Whether or not the notification system works as its supporters claim it works is a \_\_\_\_\_ question.
  - e. "Is it legal to dump this product overseas?" is a \_\_\_\_\_ question.
2. Explain what dumping is, giving some examples. Does dumping raise any moral issues? What are they? What would an ethical relativist say about dumping?
3. Speculate on why dumpers dump. Do you think they believe that what they are doing is morally permissible? How would you look at the situation if you were one of the manufacturers of Tris-impregnated pajamas?
4. If no law is broken, is there anything wrong with dumping? If so, when is it wrong and why? Do any moral considerations support dumping products overseas when this violates U.S. law?
5. What moral difference, if any, does it make who is dumping, why they are doing it, where they are doing it, or what the product is?
6. Critically assess the present notification system. Is it the right approach, or is it fundamentally flawed?
7. Putting aside the question of legality, what moral arguments can be given *for* and *against* dumping? What is your position on dumping, and what principles and values do you base it on? Should we have laws prohibiting more types of dumping?



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**CASE 1.2**  
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## Just Drop Off the Key, Lee

**HINDSIGHT, THEY SAY, IS 20/20.** So, in retrospect, it is not so surprising that the boom in real estate prices of just a few years ago was followed by a painful collapse. Encouraged by low interest rates and a willingness of banks to lend money to almost anybody, many people had jumped into the housing market, sometimes buying expensive homes with mortgages they could barely afford, based on the belief, celebrated in

television shows like "Flip This House," that housing prices would continue to go up and up and up. But the law of gravity applies to housing prices, too, it seems. Inevitably, the housing market cooled down, and housing prices stopped rising; then they slowly reversed direction and began steadily declining. As a result, many people found themselves making mortgage payments on homes worth far less than what they had

originally paid for. He talked into taking an example, mortgage "balloon" payments due in 2008 and the recession. Faced with months of these borrowers' Widespread foreclosures, lower, leaving mortgage estimated 5.4 million mortgage balances of their homes.

Consider 30-year paid \$340,000 for years later, its value he still owed the bank to stop paying his walked away from Koellmann. He paid Beach, which threatened. Although still paying, lowering Figg's example.

What distinguishes other homeowners are in mortgage trouble could afford to keep they chose to. More what they were doing bought their homes years for their profit that renting would be number of homeowners their mortgages or but because doing call this "strategic Paul Simon song, "Just self free."

As any financial good reasons not to