

# **Ethics and You**

## **A look at what Ethics means to the Individual**

An address to Rotary International District 9570 Conference by the

Hon Alan Demack AO, Queensland Integrity Commissioner

1 May 2004

---

Thank you for the invitation to speak to your district conference on the topic of ethics. In August 2000 I was appointed as the first Queensland Integrity Commissioner. My primary responsibility is to give advice to Government Ministers and Senior Managers within the public sector, about conflicts of interest. Requests for advice are made in writing and the advice is given in writing. It is all done confidentially so that people who see that they have a conflict of interest can take advice and avoid acting in a way that could destroy the integrity of a decision that they are making.

In the legislation under which I operate, conflicts of interest arise when there is a conflict between a person's personal interests and the official duty the person must perform. Ethics covers a much wider field than that. Unethical behaviour in the commercial sector of the United States of America and of Australia has presented us with some serious problems which have to be addressed through legislation. However, legislation will only succeed if the people who are affected by it are determined to act appropriately. They need to be committed to acting ethically.

Ethics is about doing the right thing to the right person or persons at the right time. This always involves factors that go beyond stating some moral precepts. Ethics is a matter of practical application of such precepts.

For example, tomorrow morning as you have your morning run, you notice that there is a person splashing about in the swimming pool, in obvious distress. You know that you should offer help. You pull out your well-filled wallet, and, with impulsive generosity, throw it to the struggling person. “Dear friend,” you call, “take this and buy whatever you need by way of a life jacket.”

Your action has been generous and it has cost you dearly. You have displayed considerable virtue, but it is unlikely to help the person in distress, unless the dollar is particularly buoyant. It was simply not the right time to be throwing money about.

This difficulty was recognised a long time ago by the Greek scholar Aristotle. He analysed our patterns of behaviour and realised that the right decisions that we want to make may vary according to the circumstances. His answer to this was to encourage us to lead an intellectually disciplined life, so that in making ethical decisions we know what we are doing, we choose the particular course for its own sake, and we act from a fixed and permanent disposition.

Although almost every aspect of our community life has changed in the 2200 years that have passed since Aristotle died, his analysis of how we should go about making ethical decisions remains appropriate today. We need to know what we are doing, we need to choose the particular course for its own sake, and we should act from a fixed and permanent disposition.

If you still hesitate to accept the idea that ethical decisions can vary with the circumstances, take a little time to reflect on your life in Rotary. We all accept the idea that we have a moral obligation to help people who are disadvantaged. Rotary has a proud record of this and the Polio Plus program is an expression of that. By 2005, Rotarians around the world will have contributed half a billion US dollars to this program.

How do you contribute? There is obviously a scale upon which your contribution can be measured ranging from nothing to absurdly generous. In the latter instance, the idea of the global eradication of polio may so fire your imagination that you spend such an amount of time in fundraising, that you neglect both your family and your work. Somewhere between a close-fisted miserly response and reckless prodigality, there is a truly generous response that is the right response at the time. That will vary according to all of your circumstances, and what is right at one time, may cease to be so as your circumstances change.

If you are now satisfied that ethics is about doing the right thing for the right person or persons at the right time, we can look at the Four Way Test, which states:

“Of the things we think, say or do:

1. Is it the truth?
2. Is it fair to all concerned?
3. Will it build goodwill and better friendships?
4. Will it be beneficial to all concerned?”

This test was created by Rotarian Herbert J Taylor in 1932 when he was asked to take charge of a company that was facing bankruptcy. He looked for a way to save the struggling

company, mired in depression-caused financial difficulties. He drew up the Four Way Test for all employees to follow in their business and professional lives. It became the guide for sales, production, advertising and all relations with dealers and customers, and the survival of the company is credited to this simple philosophy. The test was adopted by Rotary in 1943, and Herb Taylor later became president of Rotary International.

Before we look at the Test in detail, it is important to recall Aristotle's idea that we should choose a particular course of conduct for its own sake. Herb Taylor found that the Four Way Test was good for business. For some people that would be a sufficient reason for using the Four Way Test. It would not be enough for Aristotle. The conduct that the Test requires should be accepted for its own sake as conduct that a responsible member of the community would want to have as a basis for decision-making.

The Test begins with the words, "of the things we think, say or do." I have emphasised that ethics is expressed in the decisions we make. The Test recognises that there are thoughts and words that underline our decisions, and these also need the same scrutiny as our decision-making process does. This is, after all, part of the fixed and permanent disposition of which Aristotle spoke.

The first Test is, "Is it the truth?" Although people profess a good deal of interest in "the truth", it is often very difficult to determine the facts on which a decision must be made with sufficient certainty to be sure that you have the truth of the matter. Our distressed friend in the swimming pool may not be in danger of drowning. He may simply be throwing a tantrum because he has never been asked to join Rotary.

It is important in answering the question - “Is it the truth?” – to realise that we all tend to see events from our own perspective. <sup>1</sup>The story is told of an incident that occurred during a severe heatwave. Before she went to church, a young woman listened to a radio broadcast which warned of the serious effects the heatwave was having on elderly people. She listened to the advice about how to deal with elderly folk who experience fainting.

Seated in church she suddenly realised that the elderly man next to her was teetering forward. Quickly she knelt beside him, thrust a strong arm around his shoulders and pulled his head down between his knees. Softly and encouragingly, she whispered in his ear, “Try to breathe normally and the blood will soon flow back into your brain. In next to no time you will feel fine.” She could not understand why the man’s wife made no effort to help, but concentrated on trying to suppress her laughter. The elderly man whispered back, “Thank you very much for your concern. I really feel fine now although a little uncomfortable. I am simply trying to pick up my hymn book from the floor.”

We can be so convinced we know what is happening that we actually misunderstand events. If you doubt this, think of what our sporting commentators have said over the last three months.

If we are going to find out the truth, and the Four Way Test obliges us to try, it is important to listen and observe with an open mind, free of preconceptions. After a traffic incident has happened, it is common for people involved in it to react in one of two ways. A person may have an immediate sense of responsibility for the incident and may agree with things which, on reflection, did not occur. Or, a person may try to avoid responsibility by saying nothing, or very little, or by beginning a pattern of deceit. Of course, the third course, giving an honest

recollection of the incident, may be followed, but we should remain alert to the other possibilities.

It cannot be that it was easier in 1932 to answer this first Test. Telling the truth has always been as difficult. Human beings give unreliable accounts of incidents for a great variety of reasons. Sometimes they lie, sometimes they are confused, sometimes they think over the incident so much that reconstruction replaces recall, sometimes they tell only part of what they know.

<sup>1</sup>The story is told of a man who was arrested and taken to court on the charge that he was adding horsemeat to the chicken he was serving at his restaurant. Before passing sentence, the magistrate asked what proportion of horsemeat he was adding to the chicken. On oath the man said, “Fifty/fifty.” After sentence had been passed, a friend asked exactly what “Fifty/fifty” meant. The man replied, “One horse to one chicken.”

Of course we will always strive to tell the truth ourselves, but we should be careful to see in ourselves the same source of error that we notice in others.

The second Test – “is it fair to all concerned?” – would seem to be one which Australians would want to apply. “Fairness” is something which we hold to be important. But “fair to all concerned” is very inclusive. How can we balance all the conflicting interests so that it is fair to all concerned?

In this area, there have been significant changes since 1932. Many of you will be making decisions in business which concern industrial relations. Many rules, which have been

developed since 1932, come into play, as you know. Some, such as our unfair dismissal procedures, are still controversial. How is “fairness” to be determined when detailed rules have been developed? Is “fairness” achieved simply by the strict application of legal formulae?

Some of you will sit as company directors. In the years since 1932, there has been an increased awareness of the responsibilities of company directors. Directors should be well aware of their duties. Suppose you are a director of Ever Hopeful Pty Ltd, a company that is in a precarious financial situation. Your board begins discussions with the board of Doing Nicely Pty Ltd. Doing Nicely looks favourably on a request for funds and warms to the idea that it will buy shares in Ever Hopeful. To give effect to this you join the board of Doing Nicely. As a director of Ever Hopeful you have a duty to maintain confidentiality about its precarious financial state provided the company is not trading while insolvent. As a director of Doing Nicely you have a duty to act honestly towards that company. When you attend your first board meeting of Doing Nicely, knowing that the agenda includes the question of injecting funds into Ever Hopeful, what do you do to insure that your actions are fair to all concerned?

You begin by making it clear to your fellow directors that you have a conflict of interest and cannot take part in discussions about the proposed loan and share purchase. You have two duties which are in conflict, the duty to maintain confidentiality and the duty to act honestly. Should you also disclose to Doing Nicely what you know about the financial affairs of Ever Hopeful? Fairness to all concerned says yes and there is decision in the West Australian Court of Criminal Appeal to encourage this approach.<sup>2</sup>

You may recall that, in Gilbert and Sullivan's "The Pirates of Penzance", Frederick is faced with a similar problem of conflict of interest. He has been mistakenly apprenticed to a "pirate" instead of a "pilot" until noon on his 21<sup>st</sup> birthday. Until that time is reached his duty is to support the pirate cause. There are very few of our contemporary difficult points of ethics which are not aired by WS Gilbert.

The third test is "Will it build goodwill and better friendships?" There is a risk in all aspects of life that we lose sight of the importance of relationships. Goodwill and friendship build better relationships and help us to understand one another. This can help us to communicate with one another.

<sup>1</sup> The story is told of a manager who attended a motivation seminar. On returning to his office, he called in an employee and said, "Henceforth you are going to be allowed to plan and control your job. That will raise productivity considerably, I am sure."

"Will I be paid more?" asked the worker.

"No, no. Money is not a motivator and you will get no satisfaction from a salary rise."

"Well, if production does increase, will I be paid more?"

"Look," said the manager, "you obviously do not understand the motivation theory. Take this book home and read it, it explains what it is that really motivates you."

As the worker was leaving, there was one final question. "If I read this book will I be paid more?"

Within the community as within industry, it is easy to forget that our decisions affect people, particularly when we have no contact with them. That is why Herb Taylor's third test speaks of goodwill as well as friendships. People we never actually meet, people we never have as

friends, can still think well of us because of the decisions we make which affect them. This is the basis upon which goodwill is built. Although we know this, there is still a tendency to talk and think in ways which hide the fact that decisions are going to affect people's lives. We always need to be aware of the impact we have on other people's lives.

<sup>1</sup>The story is told of Gerald, who was in love with a very tall woman. Each night he would walk her home from work and each night he longed to kiss her but was too shy to ask.

One night he summoned up the courage. "Will you let me kiss you?" She agreed. But Gerald was exceptionally short in height, so they looked for something he could stand on. They found an abandoned garage with an old engine block in it that gave Gerald just the height he needed.

After the kiss they resumed walking and a few hundred metres later Gerald asked, "Could I have just one more kiss, darling?"

"No," said the woman, "I've given you one. That's enough for tonight."

To this disappointment Gerald replied, "Then why didn't you stop me from carrying this confounded engine block?"

The fourth test is "will it be beneficial to all concerned?" This is a reminder that within our tradition we have extolled the idea of contributing to the common good or commonwealth. To adapt John Donne's words, no one is an island unaffected by others and not affecting them. The principle of reciprocity is now generally recognised as a basis for ethical conduct. Confucius expressed it first – "what you do not want done to yourself, do not do to others".

Jesus of Nazareth put it in its positive form – “do for others what you want them to do for you”.

<sup>1</sup>The story is told of a couple of hunters who chartered a plane to fly them into mountainous forest country. Two weeks later the pilot came to take them back. He looked at the animals they had shot and said, “This plane won’t take more than one wild buffalo. You’ll have to leave the other behind.”

“But last year the pilot let us take two in a plane this size,” the hunters protested.

The pilot was doubtful, but finally he said, “Well, if you did it last year, I guess we can do it again.”

So the plane took off with the three men and two dead buffalos. But it couldn’t gain height and crashed into a neighbouring hill. The men climbed out and looked around. One hunter said to the other, “Where do you think we are?” The other inspected the surroundings and said, “I think we are about two miles to the north of where we crashed last year.”

Returning to where we began, in making ethical decisions we should know what we are doing, we should choose the particular course for its own sake and we should act from a fixed and permanent disposition. The Four Way Test provides a suitable basis for developing that disposition.

Each day we make countless decisions, some small, some profoundly important; do I smile or frown?, do I employ or retrench?, how do I advertise this product?, do I attend a Rotary meeting or a son’s swimming carnival?, and so on. Unless we develop a disposition such as the Four Way Test encourages, our decision-making can become arbitrary and chaotic. If we

follow the Four Way Test we have the real possibility of making the right decision affecting the right people at the right time. So it is important to ask of the things we think, say or do:

1. Is it the truth?
2. Is it fair to all concerned?
3. Will it build goodwill and better relationships?
4. Will it be beneficial to all concerned?

---

<sup>1</sup> The stories introduced by “the story is told” have been adapted from “The Prayer of the Frog” by Anthony de Mello SJ., 1998 Anand Press, Gamdi-Anand, Gujarat 388,001, India

<sup>2</sup> Fitzsommons V.R. (1977) 23 A.C.S.R. 355, at 364.