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Institutions, Principles and Judgement: The Relevance of the Natural Law Tradition for Articulating Business in a Global Context

Instituciones, principios y juicio: la relevancia de la tradición de la ley natural para articular negocios en un contexto global

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Institutions, Principles and Judgement: The Relevance of the Natural Law Tradition for Articulating Business in a Global Context

Abstract: In this article I argue the relevance of natural law for framing and addressing ethical issues raised by the practice of business in a global context. There are historical, as well as systematic reasons for this. *On the historical side*, it can be argued that the origin of modern economics is linked to a cultural context, still influenced by modern natural law theories. Thus, even if Hume's moral theory is everything but a natural law theory, either in the traditional or the modern sense, his "laws of nature" (fixation of property, rules for its transference, and promises) represent a systematization of the rules of justice necessary to preserve the space of economic freedom required for development of a commercial society. This systematization is in line with the classical approach to natural law, which nevertheless presents further advantages for developing an ethical approach to economic activity, since it brings with itself a conception of economic agency richer than that of Hume: a conception that is not necessarily linked to pursuit self-interest, but rather is inspired by ethical motives right from the start. Indeed, *on the systematic side*, the classical natural law is seen as the law of practical reason: a set of principles in charge of inspiring both virtuous action and legal practice, so that we can realize the human good. Assuming the embodied and social nature of human beings, as well as the various cultural realizations of humanity, a natural law approach to ethics is in a position to stimulate a dynamic and bottom-up articulation of the personal and common good, concern for progress and sustainable development, universal principles and cultural variations.

Keywords: Natural law; laws of nature; hume; moral regulation; virtues; globalization; common good.

Instituciones, principios y juicio: la relevancia de la tradición de la ley natural para la articulación ética de los negocios en un contexto global

Resumen: en este artículo argumento la relevancia de la ley natural para enmarcar y hacer referencia a aspectos éticos que surgen en el ejercicio de la negociación en un contexto global. Existen razones históricas, así como sistemáticas para esto. Desde el aspecto histórico, se puede argumentar que el origen de la economía moderna está ligado al contexto cultural, aún con influencia de teorías modernas de la ley natural. Por tanto, incluso si la teoría moral de Hume es todo menos una teoría de la ley natural, tanto en el sentido tradicional como moderno, sus "leyes naturales" (la fijación de la propiedad, las reglas para su transferencia y promesas) representan una sistematización de las reglas de

justicia necesarias para preservar el espacio de libertad económica requeridas para el desarrollo comercial de la sociedad. Esta sistematización está en línea con el enfoque clásico de la ley natural, la cual, no obstante, presenta más avances para desarrollar un enfoque ético de la actividad económica, ya que trae consigo una concepción de agencia económica más rica que la de Hume: una concepción que no está necesariamente ligada con la búsqueda de intereses personales, sino que está más inspirada por motivos éticos desde sus inicios. En efecto, desde el aspecto sistemático, la ley natural clásica es vista como la ley de la razón práctica: un conjunto de principios encargados de inspirar tanto la acción virtuosa como la práctica legal, de tal forma que podamos materializar el bien humano. Partiendo de la naturaleza encarnada y social de los seres humanos, así como de las varias manifestaciones culturales de la humanidad, un enfoque de ley natural a la ética está en posición de estimular la articulación dinámica y de abajo hacia arriba del bien personal y común, la preocupación por el progreso y el desarrollo sostenible, los principios universales y las variaciones culturales.

Palabras clave: ley natural; leyes de la naturaleza; Hume; regulación moral; virtudes; globalización; bien común.

Natural law is not the most popular moral theory in business ethics. A look at business ethics publications confirms this view. Leaving aside the increasing presence of virtue ethics approaches, the dominant theoretical paradigms in this field still reveal, for the most part, utilitarian or Kantian underpinnings. In spite of the renewal of natural law theory in the last decades (González 2008a), and the expected affinity between the sort of universalism advocated by natural law theory and the ethical challenges posed by globalization, references to natural law in the context of business ethics are still scarce, perhaps because the recent revival of natural law has taken place after business ethics was inaugurated, under different theoretical paradigms. However, this situation, is somewhat inconsistent, if we consider that modern economy owes its existence to natural law in fundamental ways (Schumpeter 1961; Angner 2007). From this perspective, at least, there is a reason to think that there should be a stronger affinity between natural law theory and business ethics.

The purpose of this paper, however, is to highlight the relevance of natural law not only for economic thought, but also for business practice. The term “natural law” is understood here broadly so that it encompasses not only traditional accounts of natural law, such as that of Thomas Aquinas, but also modern accounts of it, which retain the idea of universal moral principles, that inform all aspects of human behaviour, and have to be respected by positive legislation; and even moral theories that do not usually qualify as “natural law theories”, but nevertheless resort to the language of “natural laws” to refer to the existence and importance of a spontaneous social order and/or intrinsic principles of behaviour, such as virtues.

Thus, the idea of a “spontaneous social order” is preserved by Hume’s introduction of the “Laws of Nature”, which he conceived as basic social conventions that are necessary for the establishment of just and trustworthy relationships. From Hume’s perspective, the government is secondary; it is useful for securing the basic frame of trust generated by the so-called “laws of nature.” It is clear that this approach entails a liberal approach to the economy. However, Hume’s approach exhibits a poor conception of human agency, and can be found failing in other respects. Other features of traditional law, I

believe, should supplement these deficiencies. Specifically, I will insist on the need of keeping the common good in mind when defending economic freedom; I will also insist that natural law urges us not only to avoid evil, but also to search for the good; not only to avoid violations of human dignity, but also to develop a positive concern for personal virtue, and for the structural conditions of the common good. From this perspective there is a direct connection between natural law and virtue ethics. Since virtue is always contextual, this connection is relevant for harmonizing the need for a universal ethics with cultural diversity: respect for human beings, both as individuals and as social beings, is to be materialized in different ways in different cultures. Accordingly, in the final part of this paper, I will explore the relevance of this approach in the context of global business.

Traces of natural law in the origins of economic thought

Neither Adam Smith nor David Hume may be considered natural law theorists. However, both authors could have hardly developed their moral theories in the XVIIIth century if they were not in dialogue with natural law. This occurred only because XVIIIth century moral philosophy emerged in a climate dominated by a variety of natural law theories, and took different paths after the model provided by natural law.

Hume was very critical of modern natural law theories, he clearly rejected its voluntarism and rationalism in favour of a sentimentalist approach to moral life. Nevertheless his division of the virtues into artificial and natural virtues holds the structure of perfect and imperfect duties, which are characteristic of modern natural law theories (Haakonssen 1996).

He even chose the equivocal expression “laws of nature” –already used by Thomas Hobbes– to describe the three basic rules that precondition the virtue of justice. For him this was an artificial virtue in the sense that it was not backed by any natural sentiment, but by the general utility we discover in following certain conventions: the convention that establishes property, the specific rules defining property exchange, and the rule to fulfil promises:

We have now run over the three fundamental laws of nature, that of the stability of possession, of its transference by consent, and of the performance of promises. 'Tis on the strict observance of those laws, that the peace and security of human society entirely depend; nor is there any possibility of establishing a good correspondence among men, where these are neglected. Society is absolutely necessary for the well being of men; and these are as necessary to the support of society (Hume 1978: 526; González 2008b).

From a classical perspective, Hume's choice of words –as that of Thomas Hobbes before him– is equivocal; when referring to “laws of nature” he was thinking of Newton's laws of nature, rather than of natural moral law, which in the traditional approach of Thomas Aquinas designates the laws of our practical reason. Now, for Aquinas natural law was not solely, nor mainly, a set of rules, but rather a set of universal principles that aimed to inspire both virtuous action and legal practice (González 2008a).

Hume named his three basic conventions as “laws of nature.” For him this expression was used in a specifically modern way, but was based on Newton's natural laws. Just like Newton had discovered the universal laws of the physical world, Hume sought to discover the universal laws of the moral-social world. As suggested above, he thought these laws were to be found in the previously mentioned three conventions, which, on further analysis, depend on the interaction of our psychology and certain social conditions.

While the anthropological model that emerged from this account could be represented as the strategic actor of game-theory, Hume's general position is not adequately captured in those terms. Approaching the origins of social life as the spontaneous adoption of a mutually beneficial cooperative scheme of interaction is just the first step in his ethical theory, the origin of the requirements he would include among the “natural obligations of interest.” The second and definite step includes the explanation of the “moral obligations” resulting from an internalization process, so that a truly moralized agent would abide by these moral obligations, even in absence of a clear notion of interest.

At any rate, in spite of defending the origin of the “laws of nature” in certain conventions – resulting from perceptions of common interest –, Hume was ready to defend the natural character of such laws by appealing to their necessity: they are so necessary for building a social life that satisfies the requirements of our psychology, which can be termed as ‘natural’ (Hume 1978, 484). In other words, for Hume, ‘natural’ means ‘necessary’ and inseparable from the human condition, as we know it. Ultimately those conventions are something to be presupposed, and therefore, natural in any practical context, because they are necessary for establishing pacific social interactions with people who are neither relatives nor friends, without renouncing to what Hume thinks is our most natural desire: the desire to acquire (Hume 1978, 526).

Indeed, these conventions are fundamental for the division of property, securing contracts, and keeping promises, three arrangements that we soon recognize as crucial for the development of commercial society. Hume clearly distinguishes them from the institution of government, which comes thereafter, precisely to secure a ‘natural’ space in order to build peaceful interactions (Hume 1978, 539, 541).

A Kantian approach offers similar conclusions. For Kant private property represents a natural right, it is previous to the institution of the State, even if this institution must exist in order to *secure* that right (Kant 1996, 45 (6:256); González 2012).

One could certainly argue that this ‘natural’ room of interaction is in fact the product of a specific civilization, thus, that an economy grounded on this schema is just the economy proper of a specific culture — one that focuses on individual exchanges of goods and services, instead of communal circulation of goods (Mauss 1990). Some of the critics of liberalism have in fact followed this line of thought, thereby criticizing the presumed universal character of liberal thought.

Hume was a historian and, while he advocated a peculiar sort of universalism (Berry 1997), he was perfectly aware of the specificities of his own society. Nevertheless, just like Kant, he thought of these specificities in terms of civilization and progress (Baier 1991). Other thinkers of the time had a very different opinion regarding this matter, they saw the advance of commercial society in the context of incipient industrialism as a sign of decadence and loss of virtue (Pocock 1986).

After more than two centuries, the fundamental debates are still the same. Has modern economy corrupted society? Of course, while Hume's contemporaries, such as Ferguson, were basically worried about the replacement of republican-martial *virtue* for liberal-commercial *interest*, a century later the main reason for questioning the ethical legitimacy of liberal economy was to be found on different grounds, namely, on the reduction of human work to another commodity to be sold and bought in the marketplace. It is interesting to note that Locke and the other fathers of liberal thought somehow foresaw this critique, as they were the firsts to justify property in terms of the work done to some material object (Galbraith 1987). This involved viewing human work invested in the fabrication of any product as a *particular source* of value. But if this were the case, then the buying and selling of workforce labour should not be the same as buying and selling any product whatsoever, whose value could perhaps only be measured according to the theory of marginal utility.

This is not the place to analyze the implications of the theories of value, price, interest, and so on underlying modern economic thought. However, pointing at those historical debates is still relevant for understanding the resistance that a liberal economy still finds in many places, particularly in the context of globalization. To the extent that globalization is seen as a homogenizing trend, endangering the various cultural ways of realizing humanity (Gonzalez 2003), current debates represent an echo of the XIXth Century controversy between Romantic *Kultur* and Enlightened *civilization*.

Against this general background, contemporary discussions regarding the challenges that cultural diversity places on the current practice of business are usually concerned with more practical issues. After all, although one can theoretically complain about the effects of short-sighted conceptions of human development and progress, there is no point in longing for paradise lost: the only way forward requires enlarging our vision about the role of economy in human life, and not simply rejecting it. Now, once we engage in business, we all tacitly agree on the need to respect property, contracts, and promises. In addition, throughout the development of modern economy, some general consensus regarding human dignity and of human work has been reached, at least in theory. However, in order

to be effective, all these ethical agreements need to be supplemented with real knowledge of the innovative nature of business practice, as well as with local knowledge of the cultural context in which the business operates (Basu 2011, 33-41). For globalization to work as 'glocalization', (Robertson 1992, 173-4), Knowledge acquired through morally sensitive practice is required: that is, knowledge of the ways in which core human values are incorporated in different cultures.

Indeed, universal moral principles are not enough to act wisely; practical judgment requires knowledge of the particulars of a situation. In addition, we cannot expect to regulate business practice in the same way we control administrative procedures or by bypassing the very particular requirements of face-to-face relationships.

Business practice is linked to many eventualities that are impossible to anticipate in advance. It involves taking risks and initiating a new state of affairs for which there are no previous procedures. While agents need to act on principles and follow established rules, they often have to innovate in the face of new circumstances. In this context, it is important to keep regulations to a minimum and, at the same time, to encourage the ethical responsibility of economic agents.

It is widely accepted in the contemporary discourse on sustainability that ethical responsibility in business cannot be limited to profit making alone. In fact, while we may agree with Hume regarding the basic conditions of business, this does not necessarily mean that we agree on the philosophical assumptions that lie behind his approach and persist in many moral theorists today. In particular, we don't need to share Hume's view that acquisitiveness is the most basic drive of human beings, nor dismiss as implausible the idea that one can engage in business for other reasons than increasing his own property.

While any agent engaged in economic activities certainly has some benefit in mind, this benefit does not necessarily correspond to the satisfaction of the basic desire of acquisition. Even when one is explicitly trying to make a profit, this is not necessarily the whole or even the main point of his or her activity. Very often it makes more sense to see this economic activity as part of a more general concern for developing one's own talents, building up one's family, contributing to the welfare of

one's community, etc. Accordingly, reducing the vast horizon of human motives to the sole desire of acquisition is an unfair reduction.

Ultimately, 'the greedy' approach to economic activity is too short-sighted and a sign of ethical myopia, which in the end erodes the basis of economy itself. I think we are now in a position to say that ethical myopia, in the long term, is responsible for excessive governmental intervention in economic affairs, which so often impairs economic creativity and growth.

Natural law as the origin of intrinsic and extrinsic principles of ethical behaviour

In order to argue this point, I need to expand the ethical frame and review a crucial aspect of traditional natural law mentioned above: Natural law, as articulated by Aquinas, is a way of referring to moral principles, which are meant to inspire both virtuous action and legal practice, so that human choices contribute to the realization of the human good. Since human beings are both embodied beings and social beings, respect for the natural law is a bottom-up way of promoting the good of the natural and social world humans inhabit.

Respect for economic freedom...

Natural law obviously cannot be identified with positive laws, yet positive laws are to be inspired by natural law in the sense that they need to respect the nature of human agency, they need to be issued by a legitimate authority, be fair, and aim at the preservation of the common good.

Now, the fairness of any law has much to do with respecting and protecting what is right in human relationships, as something emerging from those relationships. Among other things, this means that, in order to be fair, laws have to respect the space of economic freedom –basically a place in which citizens are free to exchange goods and services, according to their needs, on the terms agreed between them. This space is carved out by the very fact of social interaction; it is a natural extension of individuals' interactions.

Economic activity is natural in an obvious and immediate sense: because human beings are not born self-sufficient and never achieve complete self-sufficiency, we are moved to produce, consume and

exchange goods and services on fair terms. This kind of reciprocity – Aristotle notes – is one of the activities that hold a society together before any governmental intervention is even formulated.

This is one of the reasons why, as long as economic agents administer their freedom well, that is, as long as they pursue their goals in a fair and responsible manner, the governing authority, whose role is to secure justice and preserve the common good, has no good reason to intervene, and has very good reasons to refrain from intervening.

As corollary to the previous statement, we can add the following: the fact that many individuals do not have access to all the goods and services provided by the market – on the terms that they would like – is a legitimate concern whose solution, nevertheless, cannot depend on limiting the freedom of exchange naturally enjoyed by all others.

As Hume noted in dialogue with the levellers, perfect equality is impracticable and even pernicious to human society:

Render possessions ever so equal, men's different degrees of art, care, and industry will immediately break that equality. Or, if you check these virtues, you reduce society to the most extreme indigence; and instead of preventing want and beggary in a few, render it unavoidable to the whole community. The most rigorous inquisition too is requisite to watch every inequality on its first appearance; and the most severe jurisdiction, to punish and redress it. But besides, that so much authority must soon degenerate into tyranny, and be exerted with great partialities: who can possibly be possessed of it, in such a situation as is here supposed? (Hume 1975, 194).

... But recognize social obligations

However, one thing is to oppose the artificial imposition of equality, which cannot be implemented without violating natural freedom, and a very different thing is to oppose measures aimed at ensuring that basic needs are met for all. Indeed, a difference should be made when the required goods and services are not just a matter of contingent desire, but a matter of dire necessity.

While there can be debates around what constitutes ‘necessary goods’ –the best example is the debate about health services, including different issues and the extent of one person ‘needs’¹–, *the crucial point here is that goods, necessary for sustaining human life, cannot be approached solely from the perspective of market rationality*. In spite of the many distinctions that should be made, the general idea is that, when it comes to necessity, the discourse should no longer focus on economic freedom, but on human solidarity and fraternity. This is not an ethical limitation for economic freedom, but rather an understanding about the ultimate reason of social life, hence, of economic freedom, namely, contributing to the human good (which of course includes a concern regarding the natural world). Moreover, one must also understand that there is no real human good in being rich when everybody else is poor; neither can we speak of real development when the sources for future development are ruined. If the former is the ethical rationale not only for socially beneficial initiatives, but also for creating a social security fund for citizens in need,² the latter represents the ethical ground for all the discussions regarding sustainable development.

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- 1 (Heller 1989, 183-4): “We can either say that the same needs should be equally satisfied for all, or say that the needs of all (whatever they are) should be equally (to the same extent) satisfied. Equality in satisfaction is not tantamount to the Marxian idea of ‘to each according to his needs’, for the latter means satisfying all needs, whereas the former does not (although it can raise this claim). By the first interpretation (the same needs should be equally satisfied, we can mean the same concrete (single) needs or the same cluster of needs. We can define the sameness of needs on the ground of objective criteria or of social value preferences... We can also accept a person’s claim that his or her needs are ‘the same’ as someone else’s. The same needs can be held to be satisfied with the same amount of satisfiers, and also with a different amount of satisfiers: with one particular or another particular satisfier- Finally, we can attribute the same needs to social clusters as well as to individuals. It is impossible to conceive any model of distribution covering all these interpretations, as well as aspects of the programme stipulating that the same needs should be equally satisfied for all”.
 - 2 While the crisis of the welfare state is leading many to revise the idea of social security on efficiency grounds, some people have raised also ethical objections arguing that one’s contribution to the common good should not be made compulsory by governmental action, but rather being left to private initiative. As it is apparent, the old controversy about the primacy of social or state action re-emerges here. While there may be good arguments for *both* positions, the crucial point here is that something as serious as human life should not depend on occasional beneficence, at least not as far as we are concerned.

Economics from an ethical perspective

The fact that economy is a human endeavour means that economic activity cannot lose sight of the human goods that are at stake. This is the reason why, every time that economic freedom is used in ways that put the common good in jeopardy, public intervention *might* be justified. The concern that public interventions in economic life are usually detrimental to the spontaneity and creativity of business – a position which many neoclassical economists maintained even at the worst moments of the Great Depression and after the successful implementation of Keynesian politics– might need to be overridden in extreme situations when economic agents use their freedom badly, that is, in ways that threaten the common good and harm ordinary people. But, of course, although in extreme situations the state may become a relevant agent in the market, it can only act, with an eye on the common good, to rectify the economy, by bringing it back to its normal state.

This last caveat is important: in economic matters, the guiding principle for the state should be aspiring to play a minor role, if any at all. As we know, from a classical perspective, public intervention in economic life could be termed as a procedure ‘contrary to nature’ that is, contrary to the natural dynamic of human interaction. This can perhaps be recognized when artificial over-regulation of economic life by political authorities tends to generate a black market or simply a return to previous forms of exchange. For example, in Argentina when the Minister of the Economy, Cavallo, instituted the “corralito” in 2001, which was essentially an exces-

The fact that families are the primary responsible for taking care of their members can never be taken to mean that society at large has no further responsibility for sustaining its members, even when they are no longer productive. Unlike animal societies, which are based merely on natural instinct, the consistency of human societies depends also of the ethical quality of constitutive relationships. In other words, the ethical fabric of any human society depends on how far we go in developing a web of reciprocal obligations, which constitutes society’s cement. If society is ethically alive, there may not be much need for state action in this regard; yet if society is lacking in private ethical initiative, then state action is needed because human life cannot be left to chance. From my point of view, arguing that moral solidarity between actual individuals *necessarily* decreases when state action increases is an overstatement. There is still plenty of room for individual ethical responsibility, even when basic needs are covered, for the simple reason that systemic interdependence does not guarantee all by itself mutual moral responsibility.

sive control over the withdrawal of money from banks, a primitive form of barter in certain squares of Buenos Aires emerged. Ordinary life naturally requires exchange of goods. Accordingly, money was invented to facilitate and promote that natural exchange by also overcoming geographical limits. The same happened when banks appeared. However, artificially limiting the free circulation of goods and services can only lead back to primitive economic strategies. The fact that certain forms of barter are still at work in the practice of modern business (Basu 2011, 26-27) does not justify this notorious return to the primitive era; it is only a sign that reciprocity does not merely follow formal patterns. As economic activity aims to satisfy daily needs, it can perhaps rest upon barter, however, modern economy, with all its achievements, cannot. That is why over time it has generated its own institutional mechanisms. Thus, the point is that complex institutional mechanisms can work only on the basis of trust.

This means that market believers must advocate their own faith, by making institutions trustworthy, or places that can be relied upon. Some market believers understand this matter in terms of the survival of the market; I think it is preferable to see it as an ethical matter, as a way of contributing to the human good. It is precisely here where we encounter the classic Aristotelian distinction between natural and unnatural acquisition, also called *chrematistic*. The point here is not so much that he distrusted the market –he did— but rather that he perceived an ethical risk in being possessed by an endless desire for goods, because such a desire easily leads to misconceive the nature of the human good.

Now, considering that human being is a social and political being, the human good needs to be articulated as a common good. Accordingly, the following question arises: how can we regulate economic life in such a way that it can both fulfil its role and contribute to the common good? The answer is not by stressing the need for more extrinsic-legal regulation, but rather by stressing the need for more intrinsic self-regulation of economic agents; that is, by giving more weight to the intrinsic principles of human action.

I am not advocating moral-personal answers for structural-social problems; it is clear that structural changes are needed. Yet structural change is possible through collaborative action and principled agency, that is, agency guided not only by extrinsic principles, but also by intrinsic

ones, not only by laws, but also by virtues. This is exactly the point of natural law, whose requirements are natural and intrinsic, to our practical reason and are coherent with the development of human agency.

The opportunity of natural law

This approach is ostensibly in tune with last decade developments in business ethics, as recounted by Chris Moon, Clive Bonnie and Sheila Bloom in their 2001 book “Business Ethics: Facing up to the Issues”:

“It is certainly true that business ethics is a fuzzy area. No universal set of ethical principles exists and what is right and what is wrong often depends on the circumstances. The increasing realisation of this has led to a change in thinking about the most effective approaches to getting firms and their employees to behave ethically. Initial approaches were heavily based on “compliance”, the creation of rules and systems that people and companies had to follow. But rules are hard to draft and can quickly become out of date, and systems can tie people up in bureaucracy and hamper business efficiency. Because of this there has evolved a belief that although some level of compliance will always be necessary, it is more important to instil ethical “values” into the corporate body and the employees that inhabit it. To do this successfully, businesses must have a vision about what they exist for, which is shared by everyone connected with the company. They must also have shared beliefs about acceptable (and unacceptable) standards of behaviour. These are difficult aims to achieve and require commitment, dialogue and moral imagination” (Moon & Bonny & Bloom 2001, 2).

For sure, if this natural law approach to the economy is to be really effective, it is not enough that the isolated individual agents comply with ethical principles and values. It is necessary that they inform ordinary professional practice. In other words, it is necessary that good professional practices become routine. At this point, natural law theory finds an obvious ally in virtue ethics, for ethical improvement of professional practice is, first of all, played out in the short term, in relationship with colleagues, suppliers, competitors, clients, and other stakeholders.

There is no magic solution. If by “magic” we refer to a solution which makes human reason, freedom and responsibility, at all levels of social life, be superfluous. Asserting the relevance of natural law theory for economic activity is a way of confronting human agents with the intrinsic requirements of their own personal reason.

While these requirements entail obligations, which at times may be experienced as limitations to supposedly “natural” drives (for instance, when someone refrains from fraud rather than benefit from such action), these apparent limitations –which a good moral education make us perceive not as limitations, but as something entirely natural– are in fact an expression of our rational nature and a guarantee of our integrity as human agents. From an ethical point of view it is not enough to say that such integrity creates a good reputation that may benefit our future actions. Even if this is often so, it would be a mistake to value integrity for its utility in building reputation. This is not only because, at times, integrity is not profitable, but because integrity in action is something valuable in itself, as an integral part of what it means to lead a good human life, a life which does not place economic success or social recognition above everything else.³

Ethical integrity, integrity of character, not only requires to do the right thing, but also to do it for the right reason. However, acting for the right reason requires to act considering an idea that would lead to a good human life, so that the agent won't place neither too much weight on apparent goods nor too little weight on real goods. Accordingly, acting well is not just a matter of performing good actions from an extrinsic point of view, but also performing them in light of a coherent vision of the human good, in light of an idea of what a good life is (Brewer 2009).

3 Even Hume would subscribe this, in his own way. Talking about the sensible knave, so clever as to except himself of the general rule of justice and pass unnoticed, so that his reputation were not damaged, Hume says that. “the honest man, if he has any tincture of philosophy, or even common observation and reflection, will discover that they themselves are, in the end, the greatest dupes, and have sacrificed the invaluable enjoyment of a character, with themselves at least, for the acquisition of worthless toys and gewgaws”. (Hume 1975, 283, n. 233)

The apparent “restrictions” that moral law introduces in human agency, when is abstractly considered, make sense in light of a comprehensive view of what it means to be human, because this comprehensive view helps us assess the relative value of certain particular goods whose immediate appeal can blind our long-term vision when acting. In addition, consistently abiding by those very precepts, being aware of the goods that they preserve –honesty, loyalty, justice, etc– is the first step to develop the virtues, which make that behaviour look really ‘natural’.

Thus, natural moral law teaches us, from within, about our action, by showing us which of our actions are not consistent with our rational agency and, therefore, cannot be part of a good human life. The precepts of natural law ensure that when acting we do not deliberately contradict the goods that are integral to our rational nature. Yet, in order to make sense of these ‘instructions’, we need to project those goods to a vision of what it means to be human, which, given our social nature, necessarily involves a reference to the common good.

Although this may seem quite abstract, the consequences that can be drawn from it are not. Particular actions cannot be measured or judged directly by referring to the common good, but by referring to the proximate rule of reason, which unveils the adequate relationship between a particular action and the common good.

Each agent has a way of contributing to the common good

Indeed, apart from legislative actions and policy guidelines aimed at creating the structural conditions of the common good in a particular country or area, the common good cannot be the direct object of any action. The main contribution that one can make to the common good in material terms lays in doing one’s own specific action and work in the best possible way, without violating the limits marked by the law, which is in charge of defining the structural conditions of the common good in a particular political community.

At the same time, if needed in extraordinary circumstances one must also be ready to contribute in other ways. The common good constitutes the horizon against which the particular ends we intend, as well as the eventual moral restrictions we impose upon the way we

pursue those ends, receive ethical justification and make ultimate sense; this is to say that the common good works as a regulatory idea, helping us to draw ethical differences between normal situations and extraordinary circumstances.⁴ Making this distinction is a matter of practical wisdom, the kind of practical wisdom we expect for those responsible for governing political communities and leading global governance.

For us ordinary citizens, however, our most relevant contribution to the common good usually consists both in choosing good leaders and doing well what we have chosen to do.⁵ Something similar, although with obvious qualifications, could be said of the contribution of corporate business. The ordinary contribution to the common good of any firm whatsoever resides in doing what it is supposed to do— assuming it is something honest— in the best possible way: making a profit by providing legitimate goods and services, or even by providing good services (health, education, etc...) without economic losses.

At the same time, the enterprise cannot think of itself as an isolated entity, but rather as a social agent operating in a particular context, because that is precisely what it is. Therefore, it must be aware of the fact that its actions have an impact on the environment and on the community and that it is responsible and accountable for them.

Globalization and natural law

At this point firms operating in different countries pose a particular problem, for they are subject to different local legal frameworks.

4 Hume (1978) made a similar distinction when he discussed the extent of the duty of allegiance (González 2010).

5 As Kant 1996, 194; 6:445-6) would put it, “which of these natural perfections should take precedence, and in what proportion one against the other it may be a human being’s duty to himself... are matters left for him to choose in accordance with his own rational reflection about what sort of life he would like to lead and whether he has the powers necessary for it (e.g. whether it should be a trade, commerce, or a learned profession). For, quite apart from the need to maintain himself, which in itself cannot establish a duty, a human being has a duty to himself to be a useful member of the world, since this also belongs to the worth of humanity in his own person, which he ought not to degrade”.

Assuming that the legal frame of a particular country is consistent with human dignity and defined to serve the good of that country, modifying the policies of a particular firm in order to adjust to that legal frame is the logical thing to do. However, the fact that these diverse legal frameworks make it more profitable to invest in some countries than in others raises a different set of ethical issues. Some of these problems affect the previous commitments that the firm has in those different places. Thus, for instance, while it may be more profitable for a firm to move a certain production plant from one given country to another one with easier access to energy, the firm has to consider the social impact that such a move would have on the former country and negotiate possible solutions at different levels.

In this context, it should be noted that *prima facie* agreement on the rules of the World Trade Organization does not necessarily mean that the interpretation of those rules is the same in different local settings. As Lijiana Biukovic points out, “(1) the sharing of international practice rules does not necessarily mean consensus on the normative order underlying those rules, and (2) the behaviour of people who are involved in the interpretation and application of international practice rules is informed by their perception of the purpose, content, and effect of non-local rules and the norms underlying those rules.” (Potter and Biukovic 2012, 286)

As mentioned before, globalization can work only as “glocalization”. This requires sensibility for the different cultural realizations of the human good, without losing sight of how business practices are perceived in different settings. Perhaps it is relevant to add in this context that globalization can only deserve ethical respect insofar as it respects the non-commodifiable nature of certain goods, such as health, education or the environment (Natale and Doran 2011).

A different sort of problem arises when certain behaviours, for instance, recognized as dishonest in one culture, are found to be almost general practice in another. Some examples include practicing bribes, partiality in job assignments, exploitation, etc. In cases in which the firm engages in said practices, the integrity of the firm may be called into question because integrity largely depends

on recognizing which behaviours are compatible with both human dignity and the rules of the market and which ones are not. This is not just a matter of respecting the logical consistency of a game, but a moral matter: while market interactions do not constitute the whole of human relationships, they are still human relationships and are, therefore, subject to ethical requirements.

Indeed, on the one hand, as Hume anticipated, a liberal economy depends upon certain basic rules that preserve some spaces of trust and cannot be infringed without threatening the credibility of the entire system. In such a case, what was meant to be a factor of civilization transforms into a source of social conflict. The present financial crisis provides an example of this.⁶

Yet, on the other hand, the fulfilment of these rules cannot be based solely on individual interests, or even on the interest of keeping the market going, but on a real concern for the persons directly affected by our decisions and behaviours, concerns that, as above mentioned, involve sensibility for cultural differences. Bringing this concern for the person to the core of business relationships does not represent a burden for the market, but a way of making clear that economy is a part of human interactions, even if it is not its role to solve all human problems. Respect for human beings – i.e competitors, employers, employees, suppliers, etc– is above the ups and downs linked to economic transactions.

At this point we are confronted with one aspect of the ethical responsibility of a firm: does it serve to perpetuate bad practices or to encourage good ones? As a matter of fact, some firms may be in a position to make

6 (Spence and Leipziger 2010, 5-6): “To the globalizers (and here I would put prominently Bhagwati, Cooper, and Mishkin) there is much work to be done to restore the system’s health, and governments need to show statesmanship in resisting nationalistic solutions that are globally welfare reducing. Globalization still offers the best outcome for most people even if some distributional issues remain. The efficiency arguments of globalization and the political necessity of pulling together to keep the system functioning are seen to be of paramount importance... For others, like Stiglitz, Rodrik and Subramanian, the system is broken to some degree, and the future should not and cannot resemble the past in many fundamental ways. Stiglitz focuses on the governance requirements of the system and its basic inequalities as the market failures that are not easily remedied. In fact, Stiglitz would argue that ‘market fundamentalism’ is dead...”

an ethical difference, while others may not. This fact surely constitutes an element to consider before establishing business in any new country because, as indicated above, in the context of globalization, business can in fact serve as a civilizing factor or, on the contrary, as a decivilizing one.

As Kant writes in his *Essay on Perpetual Peace*, “the spirit of trade cannot coexist with war, and sooner or later this spirit dominates every people” (Kant 1983, 125; 8, 368). Trade, indeed, creates a web of relationships, which go beyond frontiers, and constitutes a reason to avoid war. But of course, trade can also benefit from preparation for war, as well as from war itself. One is tempted to say that, in these cases, trade is far from working as a civilizing factor.⁷

We can also consider other contexts in which trade clearly does not contribute to civilization in any relevant sense, for instance, when it is based on the exploitation of human vice, and, subsequently on the exploitation of human beings. I am thinking of gambling, drugs, prostitution, sex tourism, etc. The fact that many victims of these practices often accept the conditions proposed to them— for instance, sexual services in exchange of money— does not justify the exchange, but instead raises questions about the education and socio- cultural context where they grew.

While it would be unfair to indiscriminately blame global businesses for these and other forms of moral regression, the truth is that lack of respect for local and traditional cultures, as well as lack of interest in the integral human promotion of local people, can generate big cultural and social gaps, in which individuals lose their ethical orientation.

Towards a global common good

Globalization certainly represents an ethical challenge as it invites us to frame our ethical reflection regarding the common good beyond the modern political categories of the nation-state and, more generally, beyond the notion of a ‘common political good’.

⁷ Although such a thing cannot be asserted without qualifications. We should at least draw a difference between promoting conflicts with the purpose of benefiting from weapons commerce and doing small business as a matter of survival in the context of an ongoing war.

Political units are never solely administrative units, or random voluntary associations resulting from reciprocal interactions dictated by private interest. While political units certainly include that kind interest-based relationships, they go beyond mere concepts of interest; political units are constituted as such on the basis of a common origin and a responsibility for a common destiny in the light of which those private interests make ultimate sense.

From an ethical point of view, the question is whether (and how) we are able to articulate a sense of a common destiny at a global level that has a meaningful impact on individual action. The growing concern with ecological issues, materialized in initiatives, such as ethical consumption, suggests an increasing sense of global responsibility, not only at the state level, but at the individual level as well.

However, many questions still remain, as to how we need to articulate that sense of responsibility. What is clear is that it should be articulated at different levels, avoiding any resemblance of a macro-state in charge of dictating universal laws or policies.

Indeed, while there are reasons to introduce a notion of ‘common good’ in the context of globalization– basically because of the global ‘bads’ that we are confronting– we should be careful not to project our usual political categories onto a global scale. As Kant already anticipated, in the move towards a global authority there is a certain risk of despotism, which can only be contested with an insistence on diversity (Kant 1983, 124-5; 8, 367). Indeed, in his view, a federation of states was preferable instead of a superior power, even if the former still left a chance for the outbreak of war, because he thought that a complete absence of the fear of war could result in the development of despotic forms of government. In his Essay “Speculative Beginning of Human History” (1786), Kant had an example about this process:

Just look at China, which because of its location has no powerful enemy to fear, but only an occasional unforeseen attack and in which every trace of freedom has been wiped out (Kant 1983b, 58; 8: 122).

For Kant, the threat of war constituted a natural incentive to develop legal institutions to ensure our freedom. While Kant thought this was a

moral and legal duty, he also recognized that very often the force of pragmatic incentives have led men to take action in favour of peace. However, from the point of view of natural law theory there is no need to draw such a sharp distinction between moral and pragmatic reason, as the rule of reason is not defined in formal terms (as it is for Kant), but with reference to the good.

For Kant the moral imperative requires us to act “in such a way that the maxim of our action may become a universal law” so that the practical good would be the result of acting under that requirement, however, the first principle of practical reason, for Aquinas, indicated that “good should be done, and evil should be avoided”. Considering this, Aquinas assumes thereby that we have a natural intelligence of the good, in the light of the immediate requirements of our nature, as well as a natural inclination towards the good of reason, in which the mediate requirements of the common good are also included.

This, of course, leaves us with the practical task of discovering the best ways to pursue the common good in our social and cultural circumstances, without ever menacing the immediate goods that shape the reality of our ordinary lives.

In our present circumstances, this practical task requires us to articulate a notion of a global common good, without forgetting that this good will necessarily be the result of multiple actions, each performed by a different agent, both at the institutional and the individual level (that needs freedom to act and to respond for his actions).

Plato’s metaphor of politics as the art of weaving is relevant here, if we keep in mind that, in this case, there is no single weaver. There are many of them. All of us contribute with at least a thread. At the same time, it is clear that some agents are in a position to contribute more, for better or for worse. In striving to achieve a harmonized weave, it is useful to remember that justice is the virtue of the strong: not in the sense that the strong can impose their criteria upon the weak, but in the sense that the strong needs this virtue in order to promote equity and, hence, to raise the level of all others, overcoming their natural fear to lose their privileges.

Conclusion

This paper aimed to argue about the relevance of natural law for business ethics in a global context. I began my paper by highlighting the role of the natural law tradition in the development of economic thought. In doing so, I took “natural law traditional” in a broad way, so that it encompasses not only pre-modern and modern natural lawyers, but also an author like Hume, who is usually critical with that tradition, but stresses the existence and importance of a spontaneous social order, and so shares an important point of view with the natural law tradition.

However, Hume’s approach to social life assumes that human agents are fundamentally interested creatures. This concept does not do justice to the variety of human motivations and is ultimately responsible of a distorted view of economic agency. At this point, traditional natural law can provide us with a richer account of human agency, which does justice to the reality of human actions: human beings are not only interested creatures, but fully moral agents that, when doing business, can be motivated by reasons other than self-interest. Natural law encourages the search for a common good, and finds a natural ally in virtue ethics. Indeed, from the perspective of natural law, virtue is an intrinsic principle of moral order, which reaches where norms and laws very often cannot reach. By asserting that universal moral principles have to be realized in specific political settings, and through context-based virtues, natural law theory provides us with a fruitful and coherent approach to the ethical issues surrounding globalization and cultural diversity. As such, it represents a promising approach for business ethics in a global context: along with respect for basic “laws of nature”, presupposed by economic practice, doing business in a global world requires the ability to recognize universal moral principles in different cultural contexts, as well as the imagination to anticipate the idea of a global common good, and one’s own role in such a world.

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