

## Chapter 12

# Business Ethics is Socio– Political, or Not at All: The Case of Roşia Montana

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### ABSTRACT

*This chapter explores the moral aspects of commercial deals that allegedly democratic governments enter into with foreign investors. These are discussed against a twofold theoretical background – where the philosophical ideal of public ethics based on truth and transparency meets business ethics theories. The Kantian ethics of duty proves to be the key link between these, as particularly relevant for cases where the impact on a wide range of stakeholders is considerable. The main case under consideration is the controversial USD \$2 billion Romanian mining project at Roşia Montana, which highlights the need for accountability mentioned above and lends itself well to a multi-fold business ethics analysis. The role of the civil society in effectively stopping the project is a good illustration of the stakeholder theory. The chapter concludes with the thesis that a high degree of socio-political responsibility may be best achieved when trying to combine principle-based and utilitarian thinking.*

### INTRODUCTION

Human kind is a political animal – this we have known for over two thousand years. But what exactly did Aristotle (1966, p. 114) mean by this? Surely he did not mean that each and every individual should be a politician, or directly involved in what we consider political activity (i.e. party membership, representation in parliament etc.). Instead, what Aristotle might have meant is that it is in our nature to be politically aware,

and interested in what happens to our state – and to our local community. In antiquity, politics meant all things social, everything that affects public life. That is first, because in those days, there were not many specialisations (or indeed a will to distinguish between narrow spheres of interest) and second, because society and politics were also overlapping at linguistic level. Indeed, *polis* in Greek means city-state, whereas *polity* (*politeia*) refers to a socio-political structure, a democratic form of organisation, but also citizen-

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ship as such, or the rapport of the average citizen to the state (Aristotle, 1966, Book III). So to talk about a “political animal” is to talk about a social and socially aware human being.

In Book III of his *Politics* (chapter 7), Aristotle uses the word “polity” (*politeia*) to describe a particular form of good government – namely, the “rule exercised by the bulk of the citizens for the good of the whole community” (Aristotle, 1966, p. 116). This is by contrast with two other forms of government – kingship (one man rule aiming at the common good) and aristocracy (rule of a few). The constitutional form of government is the only one that aims at the advantage of the whole community, and that must be the reason why Aristotle gives it the name *politeia*, which is generally translated by “constitution”, a name common to all governments.

So for Aristotle, it is in the human kind’s very nature to care about the common good, and about society at large. The same, we shall argue, can and should be expected from any organisational structure – be that a business or not-for-profit institution. Therefore, what we call “business ethics” would amount to a reflection on that behaviour, which entails a deep care for society in general, including considerations for the individual, the local community, the state, the environment and any other related stakeholders. This care should not be an optional add-on, but an intrinsic feature of corporate activity, without which corporate responsibility would be little else than an empty signifier. When corporate activity can impact upon the lives of millions, as well as on the natural habitat, cultural and historical heritage, its power must be constrained by means of a complex set of checks and balances – not only judicial and regulatory (since states are also often involved in deals with private businesses), but also from the point of view of civil society. With more power should come not only more responsibility, but also increased transparency – this is what we mean when we hold that business ethics should be socio-political or it risks not having any meaningful

applicability at all; this is even more so when not one but two collective powers (the corporate and the state) are involved in business activities. Their level of social accountability and transparency should be equally important to the level of legal and institutional checks undertaken in the process of setting up those links in the first place. This is the thesis we set out to advocate in this chapter.

We shall start by setting the conceptual framework for the notion of transparency, as a philosophical criterion which is relevant for business ethics; we shall then proceed to explore various modern theories of business ethics, and their applicability to concrete settings where the corporate and the state join forces at the expense of the individual, the community, the cultural, and the environmental, discussing in particular the controversial case of Roşia Montana mining project. Three business ethics theories will be considered – John Stuart Mill’s utilitarianism (Mill, 2002), John Rawls’ theory of justice as fairness (Rawls, 1978), and normative stakeholder theory (Crane, Matten, & Spence, 2014) as an alternative to shareholder value theory. Immanuel Kant’s ethics of duty (Kant, 1993) and Rorty’s pragmatism (Rorty, 1993) will also be mentioned alongside principle-based theories, as starting points for contemporary stakeholder views and pillars for bridging the gap between consequentialist and deontological viewpoints. This link between the philosophical and the business ethics point of view is particularly relevant for applications to cases where the impact on a wide range of stakeholders is considerable.

Finally, in light of both this insight about the crossing point between philosophy and business ethics, and the empirical investigation of our case study, we shall attempt to derive a conclusion about the moral odyssey of complicated business scenarios, especially those that entail a degree of state-corporate collaboration and how best to navigate our way through it in a responsible manner. This may seem particularly ambitious at theoretical level – especially as it entails bridging

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