nalists been so wrong about the Gulf War? DeAtkine offers no definitive answer. But he says that the field is highly politicized. The specialists tend "to justify every inanity, every brutality, every outrage" by invoking cultural relativism. Many have a "distinctly anti-Western ideological agenda." They are obsessed with the Arab-Israeli dispute. And "area studies" enclaves in universities very often fail to breed detached, critical judgment.

ECONOMICS, LABOR & BUSINESS

A New Business Ethics?

"What's the Matter with Business Ethics?" by Andrew Stark, in *Harvard Business Review* (May–June 1993), Boston, Mass. 02163.

Business ethics is hot in academia: More than 500 courses in the subject are taught at American business schools and there are three scholarly journals and more than 25 textbooks in the field. But this academic boom is largely irrelevant to most business managers, contends Stark, of the University of Toronto's Center for Corporate Social Performance and Ethics. It is not that managers are against business ethics, he says, but rather that too many business ethicists have occupied "a rarefied moral high ground," far removed from most managers' daily concerns.

For decades, enlightened self-interest was the rule recommended by advocates of corporate social responsibility. Ethical behavior might prove costly over the short term, they maintained, but it would pay off in the long run. During the 1970s, however, when business ethics emerged as a full-fledged academic discipline, this perspective came under attack. Ethical behavior, the new ethicists maintained, is not always in a company's best interests, however enlightened. Indeed, they insisted, self-interested acts *cannot* by their very nature be ethical. Mixed motives were given no moral credit. Business ethicists, Stark observes, developed "a kind of moral absolutism." In a recent essay, for example, University of Kansas ethicist Richard T. DeGeorge declared: "If in some instance it turns out that what is ethical leads to a company's demise, so be it." Such glib advice is of little practical help.

"Any business ethics worthy of the name should be an ethics of practice," Stark asserts. "But this means that business ethicists must get their hands dirty and seriously consider the costs that sometimes attend 'doing the right thing.' They must help managers do the arduous conceptual balancing required in difficult cases where every alternative has both moral and financial costs."

Recently, Stark notes, some business ethicists have begun to do just that. In *Ethics and Excellence* (1992), Robert C. Solomon "goes back to Aristotle's conception of 'virtue' to devise an ethics of practical value to managers.... Throughout his book, Solomon discusses toughness (and other morally complex managerial virtues such as courage, fairness, sensitivity, persistence, honesty, and gracefulness) in the context of real-world situations such as plant closings and contract negotiations."

The new thinkers take the fact that ethics and interests can conflict as a beginning, not an end. "The really creative part of business ethics," ethicist Joanne B. Ciulla writes, "is discovering ways to do what is morally right and socially responsible without ruining your career and company."

The Futility Factor

"It's *Not* the Economy, Stupid!" by Charles R. Morris, in *The Atlantic* (July 1993), 745 Boylston St., Boston, Mass. 02116.

The economy dominated the 1992 presidential contest: George Bush was accused of having mismanaged it, Bill Clinton promised to do better. But there was one big problem with the debate, contends Morris, a principal in a technology consulting firm. Presidents, he asserts, are not really able to "manage" the economy.

The "economy," Morris observes, is not a thing but a metaphor for an inscrutable mass of transactions. "The deceptively precise numbers that purport to measure 'savings' or 'growth' or 'income' are crude approximations compounded from a slag heap of samples, surveys, estimates, interpolations, seasonal adjustments, and plain guesses. It takes months, even years, for economists to . . . figure out what really happened—if they ever do. There is still no consensus on what caused the Great Depression." Forecasting the economic future is even more difficult than understanding the past.

The discipline of economics has achieved the status of something like a religion in America, infiltrating our thinking about everything from schooling to political philosophy, even though its most fundamental commandments are subject to instant reversal, Morris observes. Economics textbooks long maintained that if the Federal Reserve Board increased the money supply (by loosening the credit reins), interest rates would drop. During the 1970s, however, after the Ford and Carter administrations greatly expanded credit to cushion the oil-price shocks, inflation soared. Investors decided that loose credit caused inflation. Interest rates rose. "Almost overnight," Morris writes, "the financial headlines executed an about-face: if the Federal Reserve loosened credit, it was thenceforth taken for granted that interest rates would rise, not fall."

The federal government, to be sure, does have a great influence on the economy. "About one out of every four dollars spent in the land is spent by, or put in the pocket of the spender by, the federal government," Morris notes. But the federal behemoth is far from a precise surgical instrument. It lurches and lumbers largely under its own power. Vast sections of it—such as Social Security and other entitlements—are virtually immune to short-term tinkering.

Presidents cannot do without an economic policy, but they, and the nation, Morris suggests, can do without the sham. "*Skepticism about one's own cleverness is usually a good policy starting point.* In America, at least, markets mostly work, after their fashion." And when presidents do find it necessary to take economic action, they—and we—should keep in mind that any important consequences are not likely to be apparent for many years.

Voodoo Works

"*Wealth and Poverty* Revisited" by George Gilder, in *The American Spectator* (July 1993), P.O. Box 549, Arlington, Va. 22216–0549.

The tax cuts of the 1980s are often blamed for today's soaring national debt and a widening gap between rich and poor. Supply-side economics, it is said, was really just "voodoo economics" after all. Gilder, whose bestselling tract *Wealth and Poverty* (1980) served as a bible for the Reagan Revolution, argues that, on the contrary, supply-side economics has been vindicated by history.

"[Despite] widespread political claims to the contrary," Gilder points out, "U.S. revenues rose steadily at every government level following implementation of the 1980s tax cuts." Until the late 1980s and early '90s, when the federal government and 35 states levied new taxes and imposed "sweeping" new regulations, the total government deficit declined nearly 50 percent as a share of gross national product.

As for "the huge surge of inequality constantly bewailed in the media," Gilder contends that it actually happened during the late 1970s, when, according to the Congressional Budget Office and the Federal Reserve Board, some 62 percent of income gains went to the wealthiest one percent of the population. Between 1980 and '89, their share of income gains fell to 38 percent. In "the inflationary, high-tax environment" of the late 1970s and early '80s, Gilder says, those who were already rich did well. "High taxes, after all, do not stop you from being rich; they stop you from getting rich and challenging existing wealth." The Reagan administration's move to lower tax and inflation rates after 1982, he says, "reversed" the concentration of financial power. After the tax cuts went into effect, some 60 percent of the incumbents were pushed by "insurgent new wealth" off *Forbes* magazine's 400 Richest Americans list. After 1983, "when the Reagan tax cuts unleashed America's entrepreneurs," the wealthiest one percent's share of income gains went down to 20 percent. Thanks to an "explosion" of new and expanded small businesses, there was "more income mobility than in any previous era."