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## The cost of ethics

A few years back, not that many, the question of internal ethics was brought out for discussion by the Commissioner of Taxation. An laudible act.

The author was tasked with facilitating group discussions with senior large-company tax auditors. He wrote a set of scenarios for the purpose. The discussion began with this scenario:

You are auditing a company and you uncover evidence that they have not correctly reported their earnings and therefor did not pay the full amount of tax. You recognise that the additional payable tax and the publicity (it will appear in their public accounts) is likely to seriously affect the share price of the company. You are also aware that your mother has just purchased shares in the company.

Do you let your mother know she should dump the shares?  
(This would have been a contravention of secrecy provisions)

Everyone in the room always waved their hand and puffed in dismissal:

“Of course not. That’s totally unethical”.

The scenario was then tweaked, bit by bit, asking the same question. Slowly elements were added:

- The investment represents 40% of her portfolio.
- She has just retired.
- If the shares become worthless, she will move in with you.
- You don’t get on.
- It is very unlikely that anyone will find out you told her.
- She will blame you for the rest of her life.

What happened was that the officers became more and more uncomfortable. They kept to their claim that they would not tell her, but the conviction was slowly draining away.

The point of this is that when doing the right thing has no personal cost to you, it is easy. Doing the right thing where there is no cost does not make you an ethical person. The real place that ethics are tested is when doing the right thing does have a personal cost. Doing the right thing then does make you an ethical person.

Most people who claim to be ethical have never been tested. So beware of those who claim ethics, and watch what they do.

