

# South african investment and utilitarian principles



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“ Utilitarianism is a general term for any view that holds that actions and policies should be evaluated on the basis of the benefits and costs they will impose on society” (Velasquez, 2010, p. 59). The Ford Pinto example (Velasquez, 2010, pp. 60-61) calculated utilitarian benefits as a straight-line computation based upon monetary values which were placed on costs and benefits and making a decision based upon where the scale showed the greatest net financial returns. In such a computational process, posing the question as to whether utilitarian benefits (financial return) outweigh injustice and moral rights violations presupposed that justice and morality are for sale, to be bought and sold at whim.

However, this application of utilitarian principles is faulty and such a posed question would be fallacious. The utilitarian standard of morality is, “ a moral principle, that is, that claims that something is right to the extent that it diminishes social costs and increases social benefits” (Velasquez, 2010, p. 59). The key here is that social costs and benefits are distinct from financial costs and benefits. In some cases, applying such a moral question requires one to choose the lesser of evils; this opens the door for debate as to which choice that should be.

Such a debate occurred regarding the Caltex project in South Africa during the 1970's and 1980's (Velasquez, 2010, pp. 58-60). There can be no question that the South African government at that time was guilty of human rights violations and incredible injustice. However, what was Caltex's part in that? Caltex was criticized as actively supporting the South African government's policies; support for these policies was based upon taxes paid

to the government and locally refined oil being sold to the government (“ Student Guide,” 2009, p. 41).

Certainly, providing money and supplies did in fact provide some assistance to the government. Therefore, choosing to continue business in South Africa is to choose an evil. For a utilitarian decision, that evil choice must be weighed against the other option; pulling out of South Africa. Texaco believes that continuation of Caltex’s operations in South Africa is in the best interests of Caltex’s employees of all races in South Africa. .

. . We are convinced that the resulting dislocation and hardship would fall most heavily on the nonwhite communities” (“ Student Guide,” 2009, p. 40).

Studies done at the time showed that pulling out of South Africa would do more than hurt the government; it would also hurt the very people the move was meant to help. Therefore, choosing to pull out of South Africa would also be an evil choice. Debate raged over which choice was the lesser of evils by people on the scene and those with access to far more relevant data than are available for this report. With any certainty, one can only say the correct answer was far from clear-cut.

In search of the best answer, three separate sets of resolutions were proposed to Texaco stockholders. The first set of resolutions simply proposed terminating all business in South Africa. There was enough question as to the efficacy of this proposal that while it received a lot of attention, it was voted down (“ Student Guide,” 2009, p. 1). This move would have been detrimental to all involved: 1) clearly the company would lose considerable revenue, 2) the government would lose some measure of funding and a larger percent of

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its resources, and 3) the people of South Africa would lose jobs, benefits, income, and an improving standard of living.

For these reasons, management was correct in feeling this was not an appropriate course of action. The second set of resolutions proposed withholding sale to South African military or police, directly in violation of South African law. While this proposal received a higher approval rating than the first, it was voted down as well (" Student Guide," 2009, p. 41).

Such an illegal move opens the door to the government legally imposing penalties; these penalties could simply be imprisonment or fines to Texaco managers and staff. The penalties might even go so far as allowing the government to simply seize the needed material without paying for it. Thus, management was correct in opposing this proposal. The third proposal was to implement the Tutu principles: 1.

House the workforce in family-type accommodations as family units near the place of work of the breadwinner. 2. Recognizing black trade unions as long as they are representative. 3.

Recognizing the right of the worker to sell labor wherever the best price can be obtained, calling for labor mobility, and opposing any ultimate implementation of influx control, and 4. Enforcing fair labor practices and investing massively in black education and training. (" Student Guide," 2009, p. 43) A second part of this proposal stipulated that, " If the South African Government does not within 24 months take steps to rescind the Group Areas Act and the influx control laws as steps toward the dismantling

of apartheid, begin the process of withdrawal from South Africa" (" Student Guide," 2009, p. 43.

) While this second part was indicated as an alternate to the first part and not in addition, it is likely that the reason this proposal failed as well was due to this second part. Requiring that the company impose an ultimatum upon the South African government would mean taking an authoritarian and antagonistic stance toward the government. Once one has imposed an ultimatum, that ultimatum must be enforced. The result being that once Caltex had invested hundreds of millions of dollars into the project, the company would pull out of South Africa before experiencing any return. Therefore, this strategy was doubly foolhardy and the managers were correct in opposing it.

The Tutu Principles in many ways paralleled the Sullivan Principles already utilized in the Caltex project: I. Nonsegregation of the races in all eating, comfort, and work facilities. II. Equal and fair employment practices for all employees.

III. Equal pay for all employees doing equal or comparable work for the same period of time. IV. Initiation of and development of training programs that will prepare, in substantial numbers, blacks and other nonwhites for supervisory, administrative, clerical, and technical jobs.

V. Increasing the number of blacks and other nonwhites in management and supervisory positions. VI. Improving the quality of employees' lives outside the work environment in such areas as housing, transportation, schooling, recreation, and health facilities. (" Student Guide," 2009, p. 40)Most of the

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Tutu Principles existed in some form in the Sullivan Principles, yet there are some key differences between the two.

The Tutu Principles did not call for desegregation or opportunity for management positions. Point 4 of the Tutu principles ties in with point 4 of the Sullivan Principles; both deal with training and education issues. Another aspect of point 4 of the Tutu Principles is fair labor practices. Fair labor practices were already in use from point 2 of the Sullivan Principles.

Therefore, point 4 of the Tutu Principles was unnecessary. Point 1 of the Tutu Principles is an extension to point VI of the Sullivan Principles. The Sullivan Principles already had provisions for improving the quality of life for the employee outside of work in regards to housing. The Tutu Principles stipulated that this housing should include the employee's family. On the surface, this might seem a small difference. However, since the families of blacks were not allowed to travel or move without government permission, Caltex would assume responsibility for obtaining this permission on behalf of the employees.

In view of the billions to be made over the years, this request was not unreasonable and was worthy of support. Point 2 of the Tutu Principles entered into a more difficult area. While Caltex might recognize black unions, this would not change the fact that forming black unions was illegal. Caltex's policy of recognition would not change the laws of the nation or prevent union members from being arrested. In fact, such an ill-advised move would be inviting action from local law enforcement, which would at the very least

be disruptive to plant production. Point 3 of the Tutu Principles would seem to have no impact on anything.

It stipulates recognition on the part of Caltex that employees can quit if they are offered a higher paying job someplace else. As Caltex was already paying higher wages than could be otherwise obtained by the non-whites, this did nothing to improve, or even change, the situation. Overall, the Tutu Principles were either unnecessary, ineffectual, or invited legal retribution. Management was correct in opposing them. However, to appease those promoting the Tutu Principles (as well as to help improve the situation) the implementation of the Sullivan Principles should have been altered to include such things as coordinating with the government so that the employees could live with their families, and an increased level of effort on the other Sullivan points.

Individuals and organizations have rights. Some of these rights are guaranteed by law, some are the basic human rights as described in the Universal Declaration of Human Rights. Where these rights are suppressed, freedom stumbles. Eleanor Roosevelt, who was instrumental in bringing about the Universal Declaration, also said, " The war for freedom will never really be won because the price of freedom is constant vigilance over ourselves and over our Government. " George Washington is attributed to saying that, " The price of freedom is constant vigilance, constant willingness to fight back. Neither of these viewpoints exempts responsibility from any individual or organization.

Neither of these views indicates that these matters should be left up to the government. If one wishes to enjoy liberty, to enjoy freedom, to have rights, then one must be willing to stand up against any encroachment of liberty, freedom, or rights. “ In some cases, the correlative duties imposed by a right may fall not on any specific individual, but on all the members of a group” (Velasquez, 2010, p. 75).