

Plasma international cge case

Business



The Sunday headline in the Tampa, Florida, newspaper read: “ Blood Sales Result in Exorbitant Profits for Local Firm. ” The story went on to relate how the Plasma International Company, headquartered in Tampa, Florida, purchased blood in underdeveloped countries for as little as 15 cents a pint and resold the blood to hospitals in the United States and South America.

A recent disaster in Nicaragua produced scores of injured persons and the need for fresh blood.

Plasma International had 10, 000 pints of blood flown to Nicaragua from West Africa and harder the hospitals \$25 per pint netting the firm nearly a quarter of a million dollars. As a result of the newspaper story, a group of irate citizens, led by prominent civic leaders, demented that the City of Tampa, and the State of Florida, revoke Plasma Internationals licenses to practice business.

Others protested to their Congressmen to seek enactment of legislation designed to halt the sale of blood for profit. The spokesperson was reported as saying, “ What kind of people are these – selling life and death? These men prey on the needs of dying people, buying blood from poor, anorak Africans for 1 5 cents worth of beads and Junk, and selling it to injured people for \$25 a pint. Well, this company will soon find out that the people of our community won’t stand for their kind around here. ” “ I just don’t understand it.

We run a business just like any other business; we pay taxes and we try to make an honest profit,” said Sol Levin as he responded to reporters at the Tampa International Airport. He had just returned home from testifying

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before the House Sub-committee on Medical Standards. The recent publicity surrounding his firm's activities during the recent earthquakes had once again fanned the flames of public opinion. An election year was an unfortunate time for the publicity to occur. The politicians and the media were having a field day.

Levin was a successful stockbroker when he founded Plasma International Company three years ago.

Recognizing the world need for safe, uncontaminated and reasonably priced whole blood and blood plasma, Levin and several of his colleagues pooled their resources and went into business. Initially, most of the blood and plasma they sold were purchased through storefront operations in the southeast United States. Most of the donors were, unfortunately, men and women who used the money obtained from the sale of their blood to purchase wine.

While sales increased dramatically on the basis of an innovative marketing approach, several cases of hepatitis were reported in recipients. The company wisely began a search for new sources.

Recognizing their own limitations in the medical-biological side of the business, they extensive testing, and a worldwide search, recommended that the blood profiles and donor characteristics of several rural West African tribes made them ideal respective donors.

After extensive negotiations with the State Department and the government of the nation of Burma, the company was able to sign an agreement with

several of the tribal chieftains. As Levin reviewed these facts, and the many costs involved in the sale of a commodity as fragile as blood, he concluded that the publicity was grossly unfair. His thoughts were interrupted by the reporter's question: " Mr.. Levin, is it necessary to sell a vitally needed medical supply, like blood, at such high prices especially to poor people in such a critical situation? " Our prices are determined on the basis off lot of costs that we incur that the public isn't even aware of," Levin responded.

However, when reporters pressed him for details of these " relevant" costs, Levin refused any further comment. He noted that such information was proprietary in nature and not for public consumption. (Source: Robert D. Hay, Edmund R. Gray, and Paul H.

Smith, *Business and Society: Perspectives on Ethics & Social Responsibility*, 3rd De. (Cincinnati: South- western, 1989), up. 124-125.)

Having read the case, please answer the following questions in not more than 100-150 words each, particularly on the basis of two approaches or one of the two approaches – the utilitarian and categorical imperative: 1. Do you justify the business model of the company as ethical? If so how do you substantiate. If no, again, how do you justify.

2. Wicked revealing the costs involved as claimed by Mr. Levin help Justifying that high prices charged as ethical? 3. If you were Mr. Levin, what would you have done under the circumstances: a) Following Friedman's view? B) Following Freeman's view?