

Investment and Portfolio Management: Ethics

Cigarettes have long been known to cause cancer, lung diseases, and other related illnesses, but until recently, only minor steps have been taken to prevent this pernicious habit from reaching those who do not smoke. The government is strongly considering a ban on smoking in the work place. Offices, restaurants, sporting events, casinos, bars, and even construction sites are included in this definition of "work place."

It has been argued that placing a ban on smoking in the work place will result in millions of dollars in savings by businesses through a lower rate of absenteeism, higher productivity, and an overall healthier work force. For those businesses that insist on providing on-site smoking facilities, smoking rooms would have to be established with ventilation systems separate from the rest of the building.

Small firms have already complained that this would be detrimental to them due to the costs involved with installing such systems. Smokers argue that the necessity for smoking rooms would be so costly to businesses that they would find it too expensive to hire smokers. Thus, discrimination is also a key issue.

The Food and Drug Administration (FDA) has also voiced complaints against the tobacco industry. Specifically, they accused the tobacco industry of increasing the amount of nicotine, a highly addictive narcotic, in its cigarettes. By increasing nicotine levels, tobacco firms are able to keep existing smokers addicted, while increasing their chances of hooking first time smokers.

The tobacco industry has retaliated by stating they have not altered natural nicotine levels. Further, although the removal of nicotine is scientifically possible, just as caffeine can be removed from coffee, the industry refuses to reduce levels because nicotine gives cigarettes its flavor and feel.

The FDA refuses to believe that tobacco companies do not boost nicotine levels. They cite three disturbing facts that support this contention. First, the tobacco industry has known through research conducted by its own scientists that nicotine causes cancer. This fact provides the tobacco industry's motive. Second, the tobacco industry holds several U.S. patents on technology that controls the amount of nicotine in cigarettes. Why would

the tobacco industry spend millions of research and development dollars to develop technology that it did not intend to use? Finally, even the cigarettes that the industry claims are low in nicotine are still at levels that can induce addiction in the majority of smokers.

It's only a matter of time before we find out which party is telling the truth. Meanwhile, the smoking ban becomes more and more realistic and within the next few years many experts feel that it will be in effect across the entire country.

Questions

1. The Surgeon General has long since declared that cigarettes are hazardous to people's health. Since this is common knowledge, is it unethical for the tobacco industry to increase the level of nicotine in their cigarettes without informing consumers?
2. Is it unethical for the tobacco industry to increase the level of nicotine in their cigarettes if they do inform consumers?
3. If the tobacco industry decided voluntarily or otherwise to convey to consumers that nicotine levels are higher in a particular brand of cigarette, how should the message be conveyed? That is, is a fine print warning on the side of a pack of cigarettes ample warning?
4. Do you feel that the ban on smoking in all work places, such as those listed in the case, violates the civil rights of smokers? Does smoking in the work place violate the civil rights of non-smokers?
5. What can the government do to protect or help defray the costs of establishing smoke rooms in the work place for small businesses that cannot afford to install ventilation systems?
6. It can be argued that if the ban is implemented, businesses will find the costs associated with hiring smokers (due to having to establish smoke rooms) outweigh the benefits. What can the government do to prevent or mitigate the discrimination law suits that might result from a firm's hesitation to hire a smoker after the ban is implemented?