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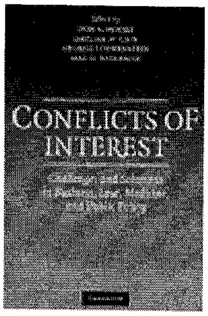
And Lead Us Not Into Temptation

A review of



Conflicts of Interest: Challenges and Solutions in Business, Law, Medicine, and Public Policy
by Don A. Moore, Daylian M. Cain, George Loewenstein, and Max H. Bazerman (Eds.)

New York: Cambridge University Press, 2005. 300 pp. ISBN 0-521-84439-8. $65.00

Reviewed by
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Conflicts of interests (COIs) arise when personal motives, especially of a financial nature, are at odds with professional obligations. Many academics are only dimly aware of such conflicts, as when they sign the yearly disclosure form for their employing institution or when they sign a contract for a publisher. This dimness of awareness might result from the lowness of the stakes. Whatever academics are likely to gain often falls below the threshold of what needs to be disclosed. The damage potential is greater when the stakes are higher, a situation most likely faced by powerful players. When this power goes unchecked, the temptation to abuse it must be terrific. The Enron fiasco reminded the public that the line between business and freebooting is easily crossed. Even for the lowly investigator in the academic trench, the winds of change are blowing. University administrators increasingly urge faculty to become more entrepreneurial, which in plain English means that they should find more ways to make money for themselves and the university. When they do, COIs will increase.

The present volume, edited by Moore, Cain, Loewenstein, and Bazerman, previews a future that has already begun. COIs pervade the professional world. They play out in individual minds, thereby making large swaths of psychological research relevant. They also unfold in institutional arrangements and policy, thereby creating a need for interdisciplinary study. Moore et al. deal with this issue of breadth by bringing together a group of highly regarded researchers from diverse fields (i.e., business, medicine, law, and public policy). Each of 10 target chapters is followed by a commentary, which helps the reader appreciate the foregoing arguments and some of the persisting disagreements (e.g., between Nelson and Moore on the question of how widespread COIs are in the auditing industry). The tenor of the book, though not unanimous, is that COIs are more widespread than casual observation suggests, that basic psychological processes contribute to and exacerbate COIs, and that many of the standard remedies backfire, resulting in some perverse effects.

Prevalence of COIs

For academics who still linger in a state of perceptual dimness with regard to COIs, this volume will be an eye opener. After one reads it, it is hard not to see these conflicts at every turn. On the day I finished reading the book, the local paper carried two related stories. The first, titled "Ex-Lawmaker Pleads Guilty" (Gregg, 2005), told how John A. Celona "received money and gifts totaling $319,203 from three health care companies for promoting legislation in their favor" (p. A1). One of these pieces of legislation was designed to limit competition to the dominant pharmacy chain in the area. This is the kind of corruption a jaded public may have come to expect from politicians. So what else is new? The point is that the line separating corruption from regular COIs is very fine indeed. The federal case against the lawless lawmaker refers to "undisclosed and improper conflicts of interest" (p. A11). Yet semantics remain important. Few would, for example, willingly sign a disclosure of corruption form.

COIs do not necessarily lead to corruption, but they might. The second news story told of the National Institutes of Health (NIH) tightening their rules about COIs. What shocked the NIH into action was an internal investigation that revealed that "44 of its 1,200 senior scientists appeared to have violated rules governing consulting and that nine might have violated criminal laws" (Harris, 2005, p. A3). Drug companies hiring scientists as consultants held center stage in the accusations. Consultants can easily evolve from students of nature to champions of a product. To the academic audience, the conflicts arising from the pharmaceutical industry's attempts to control research and boost sales are, one could argue the most compelling and the most disturbing (see the chapter by Kim). Kassirer and Ubel deliver a one-two punch, with the former establishing the prevalence of these conflicts and the latter shedding light on why it is that professionals remain in a state of dimmed perception even when the signs of COIs are all around them. Although many contributors take a condemnationist view on the professional caught in a COI (e.g., Dawes; Chugh, Bazerman, & Banaji; MacCoun; Messick), Ubel stands out as the one who empathically seeks to understand the ordinary doctor's vulnerability to outside influence.

Psychological Processes

To the psychological readership, the question of why people succumb to COIs is the most interesting. The simple answer, given by

Dawes, Messick, and especially Chugh et al. and MacCoun, is that people are selfish and irrational. According to this view, the mind—either by its own limitations or by its devious design—inflates the self, diminishes concern for others, shuts out inconvenient information, and rationalizes unethical action. Whatever cognitive shortcoming or mental trickery psychological research has unearthed returns as a candidate to explain why people surrender to (or thrive on) COIs.

In an interesting twist, Chugh et al. make an arc from Herbert Simon's (1956) classic concept of bounded rationality to the more novel idea of bounded ethicality. The attempted parallel does not quite work, however. Bounded rationality is a limited mind's reasonable response to a complex world, not the grab bag of mental failures routinely peddled in psychology textbooks (Gigerenzer, 2004). However, what is bounded unethicality? And would it disappear if rationality were unbounded?

The main sinner in the bounded unethicality model is selfishness. Chugh et al. stress research on implicit biases revealing "the insidious power of the self" (p. 87), which "may distort ethical decision making" (p. 88). If we could eliminate selfish biases, we would be ethical. What this means for rationality depends on how rationality is defined. If rationality is defined in consequentialist terms (i.e., as utility maximization), it seems impossible to be fully rational and ethical at the same time. Indeed, rationality and ethicality are antagonists. If rationality is defined as a set of coherent beliefs, it is probably orthogonal to ethicality—that is, one cannot attribute unethicality to irrationality or vice versa.

A more satisfying answer emerges beyond the elimination of biases. Tyler and Dana propose that people can reason about COIs at two levels. At one level, thinking is controlled by self-interest and its attendant calculations of benefits and risks; at another level, thinking is concerned with generic (i.e., selfless) social norms and procedural justice. These two levels of thinking need not be in conflict. Tyler and Dana report clever studies, in which participants were induced to switch into one mode or the other. Tyler notes that people will not act selfishly if they construe a situation as one that mandates moral behavior. Dana notes that people may act morally, not necessarily out of a deep-seated personal sense of morality but because they understand that moral rules apply and that their own behaviors will be judged against these rules. These two conceptions differ in that Tyler, more than Dana, believes in the power of a genuine moral sense. What the two have in common is that they both reject what they call the consequentialist model of rationality, according to which people assess and weight how much they care about their own benefits and costs and those of others. Frank and Messick go even further in their critique of consequentialism. Frank argues that most of our moral intuitions are deontological (i.e., categorical), and Messick reminds us of the antagonism between consequentialist rationality and morality in social dilemmas.

Remedies

What should be done about COIs? Psychological debiasing will not cut it, because rationality does not beget ethicality. Rational consequentialists will try to strategically exploit such conflicts. Complete divestiture or recusal is the gold standard, but its attainment is highly unlikely. COIs are too pervasive. In academic publishing, for example, editors would quickly despair if they were forced to rely only on reviewers who had absolutely no investment in the topic of a submitted manuscript (Kassirer). Editors have been known to beg reviewers to reconsider a proposed recusal. Corporations and other power elites strategically create COIs and pressure individual professionals to go along (Dana, Dawes). Sometimes, the same institution that fosters COIs ("Be more entrepreneurial!") also demands signed disclosures. Alas, such disclosures are not only ineffective, they can be counterproductive. Cain et al. argue that disclosure can heighten egotism by undercutting moral self-control. Financial advisors who disclose their own financial interests give more extravagant advice because they assume their clients will discount their disclosed interests. I am reminded of a similarly perverse compensatory effect in the automobile industry. At times when gas prices were stable and low, fuel-efficiency technology (e.g., hybrid engines) only led to the production of bulkier vehicles. Loewenstein observes another perverse effect when control is passed from conscience to law. When a formerly immoral behavior is redefined as illegal, transgressors are tempted to redefine the fine as an added cost (and bear it if they can). Certain well-heeled TV personalities are said to make a sport of racking up costly speeding tickets, and most, if not all, mining companies view their toxic wastes only in terms of the cleanup costs that they cannot get out of paying.

After so many votes of no confidence on consequentialism, a more categorical "thou shalt not" approach has some appeal. This approach has been around for a long time, even foreseeing critical psychological pitfalls. "Don't take bribes, for bribery blinds the sighted and distorts the words of the righteous" (Exodus 23:8). For such exhortations to work, they must enter the conscience of individuals and corporations. Tyler's work on procedural justice, Dana's work on the modified dictator game, and Loewenstein's review of professional identity suggest that conscience matters. What is perhaps missing from this volume is a fuller discussion of what is known about socialization, professionalization, individual (and corporate) differences in resistance to temptation, and so forth.

On the whole, what makes this volume so interesting is that it offers so many stimulating ideas regarding the intersections of deontology and consequentialism, rationality and ethics, and individual psychology and corporate sociology. If there is hope, I see it in a couple of brief examples of corporations managing to thrive without single-mindedly pursuing profits (Messick; Tenbrunsel; see also Messick, in press). In his masterly book *Collapse: How Societies Choose to Fail or Succeed*, Jared Diamond (2005) tells how Chevron profitably managed an oil site in Papua New Guinea while keeping ecological impacts at a minimum. Diamond suggests that it is possible for chief executive officers to embody corporate conscience and that this conscience can be at peace with selfishness (profitability). Perhaps there will come a time when the dichotomies that currently characterize the study of COIs are overcome.

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