'GETTING THE FACTS RIGHT': ETHICS, DIRTY HANDS AND RELEVANCY

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This is a position paper that outlines the status quo of my thinking on a number of issues related to leadership ethics, duress contexts, dirty hands and historically-oriented leadership studies. The paper has a strong emphasis on ethics, specifically virtue ethics, the leadership implications of which are manifest.

Throughout the business ethics literature it is argued that phronesis, the adequate appreciation and pondering of facts, is the very foundation of ethical assessment, scrutiny and, ultimately, practical application. This emphasis on the importance of collective brainstorming and the criticality of the information requirement looks simple enough, but it fails to stress that ‘getting the facts right’ is not as straightforward an exercise as it may seem. Indeed, the realization that facts are subject to interpretations and distortions underpins the very discipline of academic history. Duress situations in particular lead to the emergence of ‘grey zones’ that obstruct the easy identification of facts, and this is where the topos under discussion becomes relevant to business and other sectors. I will present two such cases of duress where both factual foundation and ethical evaluation is problematic. The second of these cases concerns Google’s recent China experience. This ended in the company suffering considerable strain, as it proved unable to reach its objectives and was targeted by an international campaign that did some damage to its brand value. Ending up with the worst of two worlds, a two-front war against the Chinese government and international protesters, things soured in 2009-2010, to an extent that Google was forced into a humiliating withdrawal; a steep price for a questionable result.

Case 1: The Kasztner controversy

In a laudable attempt to marry history and negotiation theory, Robert Mnookin, professor of negotiation at Harvard Business School, featured a discussion of four historical cases, alongside contemporary cases, in his book Negotiating with the devil (2010). The historical personalities and leaders Mnookin investigated were Winston Churchill, Nelson Mandela, but also the lesser-known Soviet refusenik Nathan Sharansky. What brought me here are the ethical and leadership implications of the fourth case in Mnookin’s book. This investigated the particularly sensitive issue of Jewish leadership during the Holocaust, and specifically the controversial activities of Rezső Kasztner, the de-facto head of the Jewish Relief and Rescue Committee in Budapest (short: Va’ada), in 1944-45.

The Va’ada was a Zionist offshoot that had provided assistance to Jewish refugees who had fled to the relative safety of Hungary in the years before 1944, and it was spearheaded by a couple, Hansi and Joel Brand. The organization had good connections to the outside world, with regular couriers.

operating as far afield as Slovakia, Poland, Turkey and Switzerland. This is of considerable importance. The intermediaries the Brands recruited included intelligence agents, policemen, members of both the German and Hungarian armed forces, neutral diplomats, but also petty criminals, printers, blackmarketeers and smugglers. Kasztner, a lawyer, journalist and political lobbyist from Kolozsvár, joined this effort later, together with others. When the Germans occupied Hungary in March 1944, the Va'ada knew that the existence of Hungarian Jewry was in peril and reoriented its rescue efforts. The route they chose was an unconventional one: negotiation with the perpetrators, on the basis of the corruption reigning among many German police, intelligence and SS operatives. The precedent in this matter had been set by a similar Relief and Rescue Committee in Bratislava (Slovakia) who had paid bribes to one member of Eichmann's special unit in 1942, thereby extracting concessions. Kasztner and Brand who were in touch with Bratislava attempted to capitalize on these links in order to negotiate an easing of anti-Jewish measures in Hungary. However, their first down payment produced no perceptible effect. Contrary to what Eichmann had expected though, when news of the feelers with the Budapest Zionists was reported to his Berlin hierarchy - the Gestapo, section IV of the Reich Main Security Office (RSHA) - he was instructed to continue the negotiations, as these had Himmler's interest. At the end of April Eichmann, who had the monopoly on Jewish affairs in Hungary, cited Brand to his office where he extended an offer of thousands of lives in exchange for goods. This was not the deed of a rogue intelligence agent; the order to make such an offer had come from the top. Brand was dispatched to Istanbul in mid-May, together with Bandi Grosz, another Hungarian Jew working for German intelligence, to submit the offer to Zionist officials and to then return to Budapest with the response. The exact circumstances of this Brand mission have remained shrouded in mystery. Its most likely objective was to extend SS peace feelers to the Western Allies (meanwhile Himmler's main rival, Reich Foreign Minister von Ribbentrop, was trying to do the same thing with regard to the Soviets). The hope was that this could split the Allied coalition and save Himmler's neck. If this could not be done, then one could still embarrass the Allies who, it could be argued, had done nothing to save the Jews, or one could blackmail the Jews outside Nazi Europe to extort material benefits. The underlying conspiracy theory and racist rationale was that, as 'World Jewry' controlled Allied governments, the best way to reaching them was via the Jews. The proposal was rejected by the Allies, and Brand was detained by the British when he crossed the border into Syria, as was Grosz. During Brand's absence Kasztner handled the Va'ada contact with Eichmann; although Brand failed to return Kasztner rekindled the process by bluffing that a German goodwill gesture was necessary to keep the negotiations on track. By this time, the deportation of tens of thousands of Hungarian Jews to Auschwitz was well underway; despite much higher ambitions, the only concession the Va'ada managed to wrest from the hands of the Nazis was a transport of almost 1,700 Jews (Kasztner train) who were taken to an internment camp in Germany on 30 June 1944. Later that year, Kasztner managed to assemble another half-way credible conduit, via Saly Mayer, a Swiss citizen representing two US-sponsored relief organizations, the Joint Distribution Committee (JDC) and the World Refugee Board (WRB), and to relaunch the negotiations on a new basis. As a result of this the Kasztner train passengers were then dispatched to the safety of Switzerland, in two separate batches. An important element during this period was the close working relationship Kasztner
developed with another high-ranking SS officer and probable war criminal, Kurt Becher, an SS economics envoy who had been sent to Hungary in order to mop up Jewish and other wealth. Becher had the distinct advantage over other SS officers that he possessed the trust of Himmler, as well as a direct line that he was willing to use. He also had the rank and authority to trump Eichmann, who always prioritized extermination, and for whom the ‘negotiations’ represented an unallowable trespass onto his turf. A malleable, wily opportunist who probably realized that Germany had lost the war, and that the Va’ada contacts were the perfect hedge for creating a post-war alibi, Becher was smart enough to put a positive spin on things when the negotiations with Mayer were going nowhere, and to present this version in his progress reports to Himmler.

A second rescue operation that can be attributed to the Va’ada was the transfer of about 15,000 Hungarian Jews to labor camps in Austria, also at the end of June 1944. While the initiative for this transport was based on a German request for ‘work Jews’, the fact that this transport consisted of entire families, of which only one-third were employed in labor, points to Kasztner’s involvement. Most of the families contained in this contingent survived the war intact, a fact one Va’ada operative called a ‘heavenly miracle’.²

After the war, Kasztner sustained heavy criticism, as he had had early knowledge of extermination, but had not made this knowledge sufficiently public. Particularly damming was his failure to issue an explicit warning to the Jews of Kolozsvár, despite having visited there in May 1944, shortly before the deportation to Auschwitz. For his enemies, this silence was the price he had been willing to pay in exchange for the rescue of a small and select number of Jews, including family members and co-workers who escaped on his train. In 1954, an Israeli libel court he had seized, on instructions of his employer, the Israeli government, to clear his name from the allegations contained in a pamphlet distributed by an elderly Holocaust survivor, ruled against him, declaring that he had ‘sold his soul to the devil’. Initially confident, the trial had tipped when Kasztner was caught red-handed at perjury, having denied, under cross-examination, a statement he had provided to Allied investigators in favour of Kurt Becher, in 1947.

Weighing the leadership ethics of the case

Although Kasztner was cleared posthumously on appeal in 1958 – one year after his assassination - the allegations have remained alive ever since. Suffice it to say that thanks to historians it has become clear that there was no credible alternative to his German negotiations - resistance, flight, appealing to outside help all were to no avail during the most acute phase of the Hungarian Holocaust, mid-May to early July 1944; also the argument that thousands more could have been saved, if the Kasztner line had not been pursued, is flawed. Mnookin follows this chain of argument; it’s where it comes to his ethical analysis that we must part ways.

Mnookin gave a relatively blunt answer to the ethical issue raised, arguing a straightforward consequentialist case: Kasztner’s efforts saw limited, but praiseworthy success; much of which the author puts down to Kastner’s shrewd personality. Mnookin’s benchmark for arguing this case is that

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² A. Biss, Wir hielt die Vernichtung an: Der Kampf gegen die Endlösung 1944, März Verlag, 1985, p. 95.
the Va’ada effort ‘saved lives’. The chief contention of Kasztner’s critics, however, never was that Kasztner saved lives (this is beyond doubt); the issue they raised was one of proportion: why, as a leader of a group of Zionist activists dedicated to rescue, did he save so relatively few? And why were the others not warned?

Mnookin’s stance points to a general problem in the application of utilitarianism-consequentialism, where things are thought through to some random point down the line, but not to their inevitable end. In Mnookin’s analysis the saving of the few (‘the bird in the hand’) was a superior outcome compared to the annihilation of all. The problem with this is that we cannot be sure whether it is adequate to frame things in such stark binary ‘all or nothing’ terms. The specific question that emerges is whether the material used by Mnookin has the necessary quality and depth to allow for an informed consequentialist argument. The situation in Hungary in 1944 was extremely complex, and the perpetrators acted particularly skilfully, deviously and swiftly. The evidence that has survived allows for multiple interpretations, and this adds to the many imponderables that disqualify a consequentialist stance. Pinning down the proverbial ‘devil in the detail’ requires a historically informed research culture. It has to integrate concepts such as contextualization, periodization and chronology in order to be able to assess the moral justification of an act.

The other problem with Mnookin’s narrative is related to the same issue of evidence. His rendering of the case is by no means based on any objective version of history ‘as it happened’, but on the representation of a frail historiographical consensus that tends to consider the negotiations genuine and Kasztner’s action permissible, but that remains vague on a range of other key aspects of the Hungarian Holocaust. As historians Christian Gerlach and Götz Aly explained in the introduction to their book Das letzte Kapitel (2002), many documentary sources were destroyed or lost. The source situation is such that many occurrences are not reconstructible, especially if one over-relies on survivor accounts, oral testimony and memoir writing. This has not prevented other historians from relying on precisely such sources to publish what they claim to be authoritative accounts, and it is from these biased accounts that a management scholar like Mnookin draws his narrative.

More generally, treating historical ‘facts’ as static givens is never a good idea. It betrays a positivist approach to the leadership phenomenon. It also mirrors attempts by the vernacular business literature to showcase certain particularly titillating and deeply engrained historical personalities (Horatio Nelson, Napoleon, Winston Churchill, Abraham Lincoln et al.), in order to teach ‘important, timeless lessons’. Whenever this is done the hagiographic temptation is never very far. Such a method conflicts with the post-structuralist state of the art in historiography, which sports a healthy skepticism to ‘scientific laws’, a preference for ‘chaostory’ and ‘black swans’, and a critical or dynamic approach to the supposedly immutable features of structure. Mnookin’s approach is also at odds with the cultural turn, which emphasizes invented traditions, narratives and the need for the constant questioning of ‘historical truths’. It also provides good illustration of the dangers of social constructivism and, ultimately, self-fulfilling prophecies.3

3 A good example for the traps some management writers can fall into is Alan Axelrod’s 2006 book on the leadership lessons of General Dwight D. Eisenhower, the Supreme Commander of Allied Forces in World War II. This choice of topic is at loggerheads with the view of Richard Overy, one of the grand masters of World War II studies, who states unambiguously...
With as many imponderables in the Kasztner case, a verdict allowing a utilitarian ‘numbers’ argument is nay impossible. And the criteria that would allow one to qualify Kasztner’s action a success under these terms are opaque to say the least.

A different path is necessary. This may be found in the doctrine of ‘double effect’; or in ‘triage’, a process used in medical ethics. Double effect operates on a distinction between acts and omissions, and implies that two actions with identical outcomes need not have the same moral validity. It distinguishes between the intended and the unintended (but still foreseeable) consequences of one’s actions in order to ascertain moral responsibility. Under double effect only intended ill-doing is morally reprehensible. Any kind of explicit agreement between Eichmann and Kasztner, e.g. his silence in exchange for the lives of the people on his train, or his deliberate selling out of some categories to save others, would make Kasztner guilty under the terms of double effect. The same would apply if he had been using the majority, by deliberately misleading them, as a means to save others. Although this scenario was argued by many of his detractors, it is unsubstantiated. For one thing Kasztner, a NGO worker in today’s terms, was by no means as influential to be able to influence people one way or another. The worst potential damage a rogue Zionist leader could have caused was the neutralization of the most activist part of Hungarian Jewry, a hypothesis that has been suggested by the Hungarian historian Szita Szabolcs. However, as the Zionists were themselves a minority phenomenon in Hungary, the effects of any such manipulation would still have been rather small.

Despite a certain deviousness – but a deviousness that was contingent on the prevailing wartime conditions - Kasztner’s history of play since 1941 also does not suggest that he may have done a deal with the devil.

The British moral philosopher Philippa Foot, who is one of the authorities on double effect, talks about nonconsequentialist factors that should weigh into any moral assessment: ‘the rightness or wrongness of our actions is not determined solely by the goodness or badness of their consequences’. Following Foot’s thought, one could argue that Kasztner had not initiated the sequence that led from Hungary to Auschwitz. On the other hand it is very uncertain whether the only way in which he may have influenced this sequence, by sounding a general alarm, would have been successful under the conditions of deliberate disinformation reigning at the time. When it came to choosing between the three options of fight, flight or freeze, most of the Hungarian victims seem to have responded with freeze. What is certain, however, is that he would have sacrificed not only himself and his co-workers, but also the bird he already had in his hand, the Jews whom he had wrested from Eichmann’s hands early into his negotiations. Getting Eichmann to stick to this basis was hard enough, as he threatened twice (in June and again in July 1944) to have the Kasztner train passengers sent to Auschwitz. Therefore it could be argued that this sequence, which Kasztner had initiated, commanded his absolute loyalty.

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5 J. Hacker-Wright, Philippa Foot’s Moral Thought, Bloomsbury, 2013, p. 95.
Triage is the process that is applied in medical emergencies. When medical personnel is faced with different levels of injury, and the severity in individual conditions varies, it needs to prioritise where its resources should be deployed. There will be some patients who are more likely to live or to die, no matter what effort is made; but there will also be cases where immediate intervention will make a life-saving difference. Depending on the situation criteria need to be formulated. To a certain extent triage was applied in the selection of beneficiaries for Kasztner rescue operations.

Still, applying double effect and triage is a big maybe, as key factors surrounding exact circumstances and level of knowledge remain under dispute. Particularly thorny are the issues of the knowing, not-knowing or sort-of-knowing of the victims; and of the difference between knowledge and actionable consciousness. One cannot discount that many people did not want to hear the truth, even when they had access to reliable information. It is also no longer reconstructible how the lists for the Kasztner transports were put together. What emerges is not a stringent application of triage, but a murky picture where several criteria were applied: one small group of rich Jews was selected on the basis of their ability to pay the ransom the Germans had demanded for all the passengers; some of the names got onto the list randomly; the rest was selected on the basis of worthiness or value to the community. Finally, there were the family members of some of the Zionist functionaries.

One thing, however, that we can be certain about, however, is the incidence of ‘dirty hands’. A parenthesis is necessary here: dirty hands is a term that evolved in response to the inadequacies of conventional virtue, justice and rights approaches to provide a framework for moral action in extreme situations. Dirty hands circumscribes what one might call ‘legitimate ruthlessness’. It caters to the fact that duress does not allow the luxury of straightforward solutions devoid of moral ambiguity, but requires the identification of a lesser evil. Dirty hands is not interested in manifest or absolute evil, but is concerned with those good men who find themselves under an obligation to commit transgressions that would be deemed unethical in ‘normal’ contexts. Dirty hands shares one feature with common dilemmas, namely that all existing options for action are unpalatable. However, unlike dilemmas, where no direction exists as to which action should be taken, in dirty hands situations the necessary choice of option is painful, but obvious.\(^6\) As a term, dirty hands appears for the first time as the title of a play by French existentialist philosopher Jean-Paul Sartre, which premiered 1948, but its origins are much older. It is preconfigured in Plato’s noble lies, and it provides the bedrock for Machiavelli’s take on a utilitarian ‘doing good by doing evil’. The beginnings of a structured ‘dirty hands’ discussion stretch back to the politicized context of the Vietnam War, and the notion was reactivated in the wake of 9/11, when it informed the debate on the war on terror, torture ‘lite’, and on scenarios such as the ticking bomb.\(^7\)

One thing that is not consistent with dirty hands is to go on holding your head high. Kasztner’s fame was post-war. It owed to his train and to what else became known about his rescue activities after the war. Much of this Kasztner legend was owed to Kasztner himself, who started inflating his own role during the war, and continued to do so afterwards. Some authors have attributed this grand-standing

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to purported character defects, ascribing megalomania to him, but such allegations are unfair. Kasztner’s lack of modesty was partly habit. During the war it had been vital to stand one’s ground, and this included inflating reality and bending the truth, as only this could impress the likes of Eichmann, Becher and Himmler. There were very few who could match Kasztner on this count. The rest was a mix of genuine pride over what had been achieved (even though its legacy was contested); of future political ambition, which never allows the luxury of being modest about one’s accomplishments; and of necessity, attack being the best form of defense. When he had been asked to defend his action for the first time, in 1945-46, Kasztner must have thought that a ‘climb-down’ would only invite trouble, as it would indicate that one had something to hide. Unfortunately, this was out of place for a dirty hands leader. After dancing with the devil and being involved in life-and-death decisions, you do not seek the limelight. In this sense the government instructions to Kasztner advising him to start libel proceedings were misguided. Hansi Brand, who also emigrated to Israel, advised Kasztner against following the government line; just as she advised him to tell the court the truth about his Becher affidavit. In fact, it was the government who advised him to deny having provided such a statement, even though in doing so he had acted on official instructions from the Jewish Agency. Kasztner feared that it would be impossible for an Israeli public to understand what had driven him in testifying for a Nazi; and that he would be doomed if he owned up to his relationship with Becher. However, as Joel and Hansi’s son Daniel has pointed out, it was not the fact that Kasztner gave testimony for Becher that turned the trial in his disfavor; but the fact that he denied this, and was caught red-handed. As Foot argues, the assessment of double effect attaches a lot of attention to sounding out a man’s intentions and character; and in this sense, Kasztner’s perjury makes him look very bad, indeed.

Beyond this narrow point of trying to steer a median course between Kantian deontology and utilitarianism, my experience with this case guided me toward a broader issue: getting behind the scene of the complex interface between leadership and ethics, especially as it exercises under duress conditions, requires a more extensive qualitative base of data than the narrow requirements that often characterize management research, case studies or other material used in business school contexts. Adding the richness of historically informed methods to the arsenal of statistical, psychological, sociological or normative frameworks, raises the relevancy of leadership research. The advocacy of a

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8 Author’s interview with Daniel Brand, Budapest, October 2014; Hansi Brand did a better job in escaping unfavorable impressions, as she kept a low profile. She did not give testimony in the Kasztner trial, but deposed some years later, in the Eichmann and Krumey trials. In the two decades after the Shoa the only time she stepped out was to give an interview to an Israeli woman’s magazine, S. Geva, ‘Testifying Before Men, Testifying Before a Woman: The Case of Hansi Brand’, The Future of Holocaust testimonies, http://www.youtube.com/watch?v=mlkTBZvM0. The first time she seems to have opened up was to Claude Lanzmann during the filming of Shoah, in 1979. But even then she started off by saying: ‘For many years we didn’t discuss the past because we realized that people would not believe us because they would be simply unable to understand what we lived through’, ‘Interview with Hansi Brand’, Claude Lanzmann Shoah Collection, Steven Spielberg Film and Video Archive, United States Holocaust Memorial Museum, http://www.ushmm.org/online/film/display/detail.php?file_num=4735.

new historical approach is also one of the messages of Joanne Ciulla’s recent essay *Searching for Mandela: the Saint as a Sinner who Keeps on Trying*.\(^{10}\)

**Dirty hands as a ‘third way’**

Many may find that no leadership lessons could possibly be drawn from a context as extreme as the Holocaust. What studying such a context does, however, is to profile human behaviour in much sharper detail than would be normally possible. Veteran war historian Richard Overy couched the advantage of history – in terms of richness of description and authenticity of human profiling - in the following terms:

> I think that the history of the Second World War […] represents a historical drama of extraordinary power and intensity, and it holds up to the light human behaviour in ways which are much more difficult to understand when you look at other more benign periods or lower levels of conflict or issues that are less dramatic.\(^{11}\)

This ties in with Joanne Ciulla’s statement that the humanities provide context, whereas history ‘is filled with wisdom and case studies on the morality of leaders and leadership’.\(^{12}\) A detailed historical analysis enriches ethical analysis with context, specificity and a case-by-case approach, thereby allowing a sounder judgment. World War II leaders are a good example in point; they faced an extraordinary breadth of deontological challenges (and of responsibility associated with this). One of the other salient examples for this would be the information superiority enjoyed by Anglo-American leaders, which was a result of the Ultra decrypts of German radio signals provided to them by their code-breakers. This placed them in a situation where often they could literally ‘play god’.\(^{13}\)

It is true that many ethical quandaries in business (and elsewhere) can be dealt with through more or less tame solutions: trust-building, code and compliance, rules following, CSR, multi-stakeholderism, with some Habermasian discourse ethics thrown in at the end. But there are also those contexts, characterized by complexity and uncertainty, where social capital, legitimacy and rules compliance is low; where there is no level playing field; and where the problems can quickly become wicked, in both senses of the term (intractable and sinister). The global humiliation of Siemens, a UN Global Compact signatory who was forced to pay USD1.6 billion for international bribery, by an out-of-court settlement in 2008, is put into the correct perspective by the fact that bribery is not only Siemens’s ‘business

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model\textsuperscript{14}, but also that of many other corporations who have managed to stay out of the (negative) limelight. On a similar note, Western media noise about massive Chinese eavesdropping is somewhat relativized by Edward Snowden's NSA revelations. Other examples are the ubiquitous condemnation of Russian corruption by ‘victims’ such as William Browder’s Hermitage Fund who found nothing afoul there as long as their own business was booming.\textsuperscript{15} The list of such examples could be extended endlessly. Need one remind oneself that December 2014 marks the 30\textsuperscript{th} anniversary of the worst industrial accident in history, the Bhopal disaster; that the victims are still struggling, without compensation, with the long-term effects of a tragedy that was not of their making? Some will now argue that these problems are merely the result of people or companies not following the rules as formulated by international entities such as the OECD, the WTO, or the UN. The reflex then is to ask for more compliance rules, on the understanding that creating new rules will solve the problem. In fact, all it this does is to create additional problems, which require ever more powerful monitoring mechanisms. And this is where the crux of the problem lies: the absence of a credible global enforcer means that the strong and the powerful can often afford to flaunt the rules; and the continued absence of an enforcer means that the particularly wicked problems of international affairs (including business) are likely to persist. Dirty hands reflexes, even on the part of international business, can therefore not be excluded. But while dirty hands has been a permanent feature of the literature in just war theory and political philosophy, its absorption into management and leadership is terra incognita. One notable exception to this trend is Neal and Tansey’s case study of Rafiq Hariri’s ‘dirty hands’ leadership in post-civil war Lebanon.\textsuperscript{16} The black hole has nothing to do with any absence of relevant empirical evidence, but rather the erroneous belief that ‘dirty hands’ only occurs in the domain of high politics; that, somehow, it does not exist in the corporate sector. This argument is untenable, considering the scale of MNC internationalization. As I have argued elsewhere, ‘dirty hands’ in business is an unavoidable consequence of the gray zones of internationalization.\textsuperscript{17}

**Case 2: Google in China**

If Kantian principles are unrealistic and inapplicable in wicked contexts, and if utilitarianism-consequentialism leads to a race to the bottom, is there a third position, consistent with dirty hands or perhaps even double effect, that opens a door to ethical leaders interested in going beyond the ritual niceties of Kantian or utilitarian mantras? The chief difficulty in terms of accounting for dirty hands (and applying triage) is the fact that framing one’s activity along the lines of Kantian universalism, or of a pragmatic-looking utilitarianism-consequentialism is better publicity than conceding dirty hands. In this respect there is little difference between international politics and international business; apart from the fact that most people in


politics are aware that this is a pretense that needs to be kept up for the sake of appearance (or for saving face), whereas business has many true believers. Which brings us to the issue of evidence and evidence gathering: when we set out to discover the dirty hands of business, we resemble Plato’s prisoners in the parable of the cave. Business scholars tend to write out the ‘dirty hands’, and this is hardly a good thing.

I will illustrate this problem with one contemporary example, Google’s brush with internet censorship in China. As many others, the evidence initially led me to believe that Google made proof of a case of corporate thoughtlessness, to the point where I even established a link to Hannah Arendt’s concept of active thinking.

Google entered the Chinese market, in the form of a China-based domain name, in 2006. A Chinese language version had existed on the US-based google.com platform since 2000, but this was located outside the Great Firewall, which guarded the internet approaches into mainland China. Filtering via the Great Firewall significantly slowed the speed and ease with which Google.com could be accessed inside China, and represented a serious competitive disadvantage with regard to buoyant Chinese competitors such as the home-grown Baidu. In exchange for being able to set up behind the Great Firewall, inside one the world’s fastest growing internet markets, Google agreed to a policy of self-censorship. The move was heavily criticized by diverse groups and individuals, who saw it as a betrayal of the company values of transparency and open access. Censorship in no way conformed to the company ethos, but was now, seemingly, sacrificed in the interest of shareholder value maximization. It was also seen as a move away from calls for greater corporate social responsibility, according to which business should not simply stand aside and benefit from abusive human and civil rights regimes. Considering the leverage yielded by international companies, business has the means to act as a force for good in global affairs. And with this considerable capacity comes a moral obligation to use it. This, however, relies heavily on a concerted effort that includes all foreign players. If one steps out of line, any coalition to promote societal positives is broken.

In the run-up to its 2006 market entry Google never engaged with these arguments. Instead, the company framed the situation as a dilemma, one that many multinational companies doing business in emerging markets have to confront: what is the best way of promoting growth, stability, democracy and individual rights, while at the same time generating peaceful change - engagement or disengagement? Without citing much evidence, the company opted for engagement. The reasoning of CEO Eric Schmidt went like this:

We decided that engagement was better than estrangement. We did one thing that’s important to note. If we omit a result, we say the result was omitted…You’ll actually see in Chinese a statement that the information was suppressed, and that’s the code for the Google user to go find the information elsewhere.

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As others Google relied on the notion that, in narrow utilitarian terms, the outcome of its approach in China could be portrayed as a net positive: Google’s self-censorship made no difference, as the alternative, continuing to serve the Chinese market from outside the Great Firewall had the same outcome, a censored view of what was available on the net. In addition, however, operating from within China would allow the company to sensibly improve the overall non-censored internet offering available to Chinese customers, who up until this point had had to rely on the inferior offering of Baidu, thereby making a positive difference to their lives.\(^{20}\) According to the company’s CEO, Eric Schmidt, serving the Chinese market, even under the obligation of censorship was the lesser evil, as it offered the greatest possible access to information to the largest possible number of individuals.\(^{21}\) At the same time, Google looked like they were intent on avoiding some of the most common mistakes made on entering the Chinese market, such as offering email accounts and blogging services, under conditions where their confidentiality could not be guaranteed.\(^{22}\) This had proven Yahoo’s undoing in 2004, when information from hacked yahoo email accounts used by political activists had found their way into the hands of the Chinese authorities, thereby bringing disrepute onto the company. However, in 2007, Google did an about-face on the question, when it started offering Gmail accounts, albeit through the Gmail.com domain.\(^{23}\) Google’s market share saw a quick increase after market entry in 2006, from 16 to 31 percent in 2009; the revenue increase during the same period was similarly spectacular, from USD32m to USD300m.\(^{24}\) This growth, however, was accompanied by continued disputes with the Chinese authorities over copyright, the failure to abide by regulator rules and other issues, which came to a head in 2009. The nadir followed in January 2010, when Google announced that it had become a victim of hacking the previous month, and that one of the hackers’ targets had been the Gmail accounts of Chinese human rights activists. As a result, it decided to “review the feasibility of […] business operations in China”, in a memo released on 12 January 2012.\(^{25}\) Although the link between these attacks and the issue of censorship was tenuous, Google then seems to have put back on the negotiating table the idea of running its China platform without self-censorship. Presumably, when these talks failed, Google moved its Chinese service offering to a new outfit, Google.com.hk, based outside the Great Firewall, in the Special Administrative Zone of Hongkong.\(^{26}\) This action led to loss of market capitalization and stockholder frustration; as of June 2013, Google has dropped into fifth place among Chinese search engines, with a market share of only 2.13 percent.\(^{27}\)

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\(^{23}\) Brett et al. ‘A new approach to China’, p. 5.

\(^{24}\) M. Yin, Y. Fang, ‘Google in China (B)’, *Richard Ivey School of Business*. Case study 9B10E011, 2010, p. 3.


The ethical baseline of Google’s case was a rudimentary (and common) form of utilitarianism, advanced to justify doing business in a problematic human and civil rights context: the sum of benefits the Chinese consumers stood to gain was greater if Google entered the Chinese market; the Chinese consumer would gain nothing, however, if Google decided not to set up shop; and censorship would subsist in any case. This was accompanied by a pre-entry claim that Chinese citizens did not hunger for politically charged information. Kantian deontology did not enter into the reasoning, which seems rather insufficient in a case that touches upon ‘elementary rights’.

Google’s presence in China was not objectionable as such, for engagement carries a higher probability of promoting media rights in China, at least in the long run, than fence sitting. However, a utilitarian viewpoint needs to be backed up by a genuine vision about how the company might imagine influencing the institutional environment and creating virtuous circles. At Google this kind of scenario building and contingency planning was not implicit. What Google’s acquiescence also did was to legitimize Chinese internet censorship, a deplorable outcome for a company with the international punching power of Google. Having an enticing company motto (‘don’t be evil’) is one thing, but ‘walking the talk’ is quite another. For the company’s stakeholders the Chinese experience produced cognitive dissonance. The move was seen as a betrayal of the company’s values and it dented credibility with regard to the crucial commitment to media freedom.

This is the narrative as it is presented in most accounts. The conclusion of these is that Google made a pragmatic, but foolish choice that was not consistent with its mission and that ended in tears.

But what if there was a third, a dirty hands scenario? In 2010 Bill Gates indicated such as scenario, sustaining heavy media criticism for arguing (as others), that internet censorship in China was ‘relatively limited’ and easily circumvented with technical savvy.\(^{28}\) One of the methods is to use a VPN (Virtual Private Network), a proxy allowing internet users to connect to IP addresses in other countries in order to bypass country specific restrictions, such as the Great Firewall. Google testing the waters and agreeing to censorship, well knowing that it is easy to circumvent, would be ‘dirty hands’; but what can be done to get behind the façade and probe the hypothetical dirty hands of Google?

**Conclusion**

In the end we have to admit that we know quite a lot about Kasztner’s dirty hands - thanks to historians and despite a source situation that is not very good – and nothing about Google’s hypothetical dirty hands.

Although it is quite possible that business ethics and leadership ethics will continue to content itself with the platitudes of Kantian ethics or utilitarianism, instead of probing the real face of international business, a few pointers in the opposite direction could be given.

One idea is to make better use of open sources, which necessitates the extension of the qualitative skill set of leadership and ethics scholars, along the lines of historians or investigative journalists.

Another good indication of the orientations that could be developed is embedded research, as seen in sociology and ethnography. A supreme example of this is Vadim Volkov’s work on ‘violent entrepreneurship’ in St Petersburg, for a PhD thesis and later book on Russian capitalism during the first post-Soviet decade. In an interview with Volkov which I conducted in 2009 I asked him how he got people to part with their often very sensitive information. Volkov described a grooming, networking and trust-building approach that I had been unfamiliar with up until then:

> It’s the same tactics that I used in my previous studies, when I had to get access to criminal leaders: through friends, personal interaction, building trust, explaining your research. You do not arrive on the scene and say: “ok, I want to interview you”. You interact with a person for several months. And only after that do you ask for an interview. And it is you who comes and starts talking. Naturally you don’t record, but you take notes. Every respondent needs several months of cultivation. Sometimes you need to be recommended by someone.

It is obvious that this may not be every researcher’s ‘cup of tea’, but in order to expand the current frontiers of knowledge and increase the relevance of our research it may be necessary to become somewhat more unconventional in our choice of method.

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