

MAKING A LIVING, MAKING A LIFE

The ancient Greeks loved words, and one of their best was “oxymoron,” a contradiction in terms, such as a hot ice cube or a tiny giant.

At times, it seems that my subject today, “business ethics,” qualifies perfectly as an oxymoron. This year’s headline stories about the atmosphere of corruption that prevailed at General Dynamics, the nation’s third largest defense contractor, recall the bribery stories at Lockheed in the 1970’s, the General Electric scandals of the decade before, and so on.

In the broader society, municipal corruption seems so widespread; shabby influence-peddling even at the level of the white House staff; insider trading accepted matter-of-factly on Wall Street; the casual indifference with which our country’s largest and most respected banks laundered huge amounts of what was obviously criminal cash – all of these (and the other scandals that will undoubtedly be revealed in next week’s or next month’s headlines) pose fearful problems for those leaving university and entering the business world.

The public today seems to believe that throughout the business world sharp practice is admired, duplicity and deliberate misrepresentation are the norm, and the only crime involved in outright fraud is getting caught. The average businessman is seen as echoing Mark Twain’s view that while he believed in honesty, he didn’t “make a fetish of it.”

Worst of all is a widely-held perception that such a low standard is expected of you, and that you cannot succeed in business without

it. Perhaps even your family and friends are nervously wondering if, for business success, you must make some Faust-like pact with Mephistopheles.

Relax; your souls are safe.

That is, they are safe if you want them to be. For that is what history tells us.

Morality and worldly success are not now and never have been, necessarily incompatible. Just as every society contains some people with larceny in their hearts, so every society known to man has had people who conducted themselves honorably and who led satisfying and fulfilling lives in the process.

Sir Thomas More, a moral giant and author of *Utopia*, was the most successful private lawyer of his day. Cicero, the moral voice of republican Rome, was also the most successful (and perhaps the richest) lawyer of his time. Michel de Montaigne, the great essayist, a man who could be called “wisdom personified,” was also a successful vineyard owner and wine merchant, the mayor of Bordeaux, and an effective diplomat. And of Benjamin Franklin, it could be said that while “Richard” may have been “poor,” Ben himself was not.

Ours is clearly what R. H. Tawney called “The Acquisitive Society,” run to a great degree by the profit motive, resulting in what has been called a “money culture” or a “business civilization.”

So be it. If we do not have the moral atmosphere of a medieval monastery or of King Arthur’s Round Table, they did not have antibiotic medicines, symphonic recordings or fresh raspberries in December - all the result of someone’s desire to make a dollar.

Some people mistakenly believe that economic transactions are “zero sum games,” in which a gain for one must mean a loss for another. They gag over the bewildering paradox that blatant private self-interest can work for the public benefit, and that unlovely people with unlovely motives can actually advance the goals of society; but that’s the way the world works now.

Someday it may be otherwise; and in the imaginative essay entitled “Economic Prospects for Our Grandchildren,” John Maynard

Keynes forecasts a society of such prodigious abundance that misers, workaholics and ambitious “Type A” personalities will be put in mental hospitals.

In the meantime, the workaholic is a hero, and society’s challenge is to channel his energies, talents and resources productively while making sure that the Devil does not take the hindmost.

We in the real estate world can take satisfaction in being in the “productive” rather than the “predatory” part of the business economy, creating wealth rather than merely transferring it. Junk bonds, leveraged buy-outs, mergers and acquisitions – none of those adds to the true wealth of the society, but building housing, offices, hotels and so forth really does.

Another point about real estate development we tend to gloss over is that it is a lot of fun. For all I know, commodity speculators, insurance actuaries, perhaps even undertakers, enjoy their work and look forward to getting to the job, or the morgue, each morning. I know developers do.

Even the richest and most successful men in our field tend to work almost indefinitely; to such exuberant types, profit is a way of “keeping score” in a game they play for sheer delight.

“Understated good taste” and “becoming modesty” may be in short supply in our field, but there is certainly no lack of energy, imagination or willingness to take risks; and a typical developer pursues his goals with the intensity of a salmon swimming upstream to spawn.

A business civilization ours is, indeed; and your professors hope that Adam Smith’s “invisible hand” will guide you into unwitting pursuit of the public good while you make large sums of money (some of which, they probably hope you will contribute to the M.I.T. Alumni Fund). But in the process of making that money, you do not have to forego the normal standards of civilized people.

In the business world, as in life generally, there are temptations, pressures, morally “gray” areas. In many fields, what is technically “legal” may not be truly ethical. The used car dealer who, with a straight face, swears that the car was driven “only by a little old lady

to and from church,” is following accepted practice, as is the renting agent who uses “luxury” to describe any housing unit with electricity and running water. The international oil man dealing with Middle Eastern potentates convinces himself that there is indeed a difference between a “bribe” and a “shakedown,” just as the publisher who bemoans the use of narcotics happily prints all the cigarette advertising he can get; and in virtually all fields, political contributions will pose a very real problem to anyone dealing with government so long as politicians have to finance expensive television campaigns by gifts from constituents.

But one always has choices, exercises judgments, makes personal decisions.

Speaking as one rational person to other rational people, I maintain that not only is it possible to function effectively in the business world today as a moral individual, but that such conduct will lead to a more satisfying and fulfilling career.

On an occasion like this it is appropriate to spell out the real-world ground rules by which civilized people have always functioned, and to shout from the rooftops that: a) morality is a personal matter for each individual to wrestle with, and that you are morally responsible for your own actions; b) that morality is demonstrated not by what you believe or say, but by what you do; and c) that morality is not a question of theoretical dilemmas; it consists of attitudes, habits, and outlooks developed over a lifetime through the influence of parents, teachers and religious leaders, attitudes that are reflected in everything one values, one respects and one does.

It would be naïve to close one’s eyes to the moral climate in which we live. At the highest levels of government, industry and the professions, the examples we can recite are heartbreaking. “Abscam” only confirmed what many already felt about elected officials. Leading accounting firms are seen as mere bookkeepers for amoral clients. Leading lawyers are regarded as little more than “hired guns” able to confuse or “guide” juries and to tie in knots less-skilled public prosecutors.

Even those trusting souls with faith in our court system are sorely troubled by well-publicized recent jury verdicts—one, for example, letting go scot-free a former automobile manufacturer despite motion pictures clearly showing his cocaine sales. That decision calls to mind the story of the sanctimonious attorney who cabled news of a successful verdict to his mobster client with the message, “Justice has triumphed;” the client cabled back, “Appeal at once.”

How, in such society, does a rational person justify moral conduct?

The answer, I believe, is to try to understand that society and one’s own place in it.

At the moment, our society is driven by a mad desire for success with such success measured almost exclusively in dollar terms. All other values seem to be subordinate, and our present moral climate is a result. Physicists describe the relationship of oxygen to a fire as “necessary but not sufficient.” You cannot have a fire without oxygen, but oxygen alone is not enough. For success in the business world today a certain degree of economic achievement is also “necessary but not sufficient.” In such a case, the dollar becomes one – but surely not the only – measure of success.

That is what the wisest men have always said. Self-respect; pride in a job well done; the satisfaction of productive contribution; the legitimate esteem of those you respect – those values and others like them play a part in the moral landscape of those we most admire and should wish to emulate. To such people, integrity, loyalty, responsibility, sincerity and what modern philosophers call “authenticity” are not meaningless or hypocritical terms. They are watchwords to live by, especially for people who want to be able to look at themselves in the mirror each morning with a clear conscience.

The goal, then, is clear; the problem is how to achieve it. Back in the days when a title of nobility presumably meant that one followed a noble code, two interesting concepts were taught the young: “noblesse oblige” and “obedience to the unenforceable.” The first meant that since you had greater advantages, more was expected

of you; the second, that there were some things in life that were “done” and others that were “not done.” In such a context, “rights” implied “duties,” “privileges” implied “responsibilities.”

By and large, these concepts are still reasonable guides today, although we might add the wisdom of the Lord’s Prayer, which says, not “Let me be good,” but rather, “Lead me not into temptation.”

In more specific terms, as the basis for a practical code for here and now, let me propose a modern decalogue for the real estate field today.

THINK “PROFESSION” RATHER THAN “TRADE”

A trade is an activity carried on to make money, period. A profession has overtones of a formal body of knowledge, standards, a code of ethics, and a sense of responsibility to the general public and to one’s professional colleagues, as well as to one’s own pocketbook. The Roman writer, Tertullian, could have been referring to the world of real estate when he wrote that, “Any calling is noble if nobly pursued.”

MASTER YOUR FIELD

Easier said than done, of course. Solid professional skills, appropriate knowledge, and relevant experience should be your goals as you seek to acquire true expertise. Remember Nicolo Machiavelli’s single religious insight that, in the short run at least, the armed Biblical prophets triumphed, whereas the unarmed prophets failed. In a similar vein, an old Russian saying has it that, “A fine character is of no help in a chess game.” Have a fine character and learn to play chess well, too!

CHOOSE YOUR BATTLEGROUNDS CAREFULLY

Where the deck is stacked against you or where your opponents are playing with marked cards, do not try to compete. If what William Safire calls “corruppies” are ready to use bribery or outright chicanery, for example, making agreements they try to renegotiate as soon as the contract is signed, you should realize that there are some games in which you do not choose to play, since you know at the outset that you cannot win.

If everything you do can be written up without embarrassment on the front page of *The New York Times*, you may lose some opportunities, but you will have peace of mind and are apt to gain other opportunities as well.

There are clients or partners who understand that your refusal to steal for them is the best guarantee that you will not steal from them, either.

THINK “RELATIONSHIPS” RATHER THAN “DEALS”

Try to have each transaction you complete be your recommendation for the next. Continuity builds reputation, and reputation, for better or worse, becomes part of what you bring to the table. Presumably, in another go-around, even the Trojans would not have accepted the gift of, say, a large Wooden Cow.

Our field has its share of P.T. Barnums and hokum experts, but there are also role models who built careers doing their best to “give fair value.” They are trusted because they have proved that they are trustworthy.

BE ACCURATE AND COMPLETE IN AGREEMENTS

Thieves will try to wriggle out even of ironclad agreements, and honorable people will abide by handshakes. But everyone loses when painful, but legitimate differences arise through sloppy or incomplete documentation of original understandings. Robert Frost observed that, “Good fences make good neighbors”; a commercial equivalent might be, “Well-drawn agreements help make good relationships.”

DO NOT TRY TO WIN THE “BATTLE OF THE HEADLINES”

To a degree that would surprise the public, the business press largely reflects flackery and blatant public relations puffery. Ben Sonnenberg, the PR master, once defined his role for his clients as “putting very large pedestals under very little men.” A somewhat different point of view was that of Cato in ancient Rome who, in rejecting a proposed statue of himself in the Forum, said that he would

rather people asked why there was not a statue of him than why there was.

It is a fact of life that the American public refuses to differentiate among “fame,” “notoriety” and “celebrity.” Albert Einstein, for example, is famous; Al Capone is notorious; and Zsa Zsa Gabor is celebrated.

It is an interesting sign of our times that the Watergate crew are delighted at their present “name recognition,” that the so-called “Mayflower Madam” claims that American Express wants her to do a promotional ad and that the deliberate, illegal demolition of a building at midnight in Times Square has proved absolutely no social or professional handicap for those involved.

For some reason that is not entirely clear, the real estate development field seems to attract many flamboyant megalomaniacs. There’s nothing really wrong with that, I suppose—just a question of taste—but newcomers to the field should not feel that wide “name recognition” is a mandatory part of development life.

To be “well-known” and perhaps feared seems to be the aim of many prominent people of our time. Others seek respect. But for some, “honor,” a term that sounds quaint to 20th century ears, can still be a living concept to be pursued. To live so that you reflect well on yourself, your family, your schools and your career field is not an unrealistic goal.

PUT MONEY IN PROPER PERSPECTIVE

At this stage in your lives, determining your personal goals and values is an important challenge. Wise people try to think them through carefully, and only a fool would put costs and benefits in purely monetary terms. It might be a worthwhile exercise for each of us to define for himself the word “greed.”

It was here in Cambridge that Oliver Wendell Holmes observed that, “The reward for the successful general is not a bigger tent but a more challenging command.”

Whether you pursue a career in the private sector or the public,

whether on your own or in a large organization, conduct yourself well and good things are likely to follow.

DON'T BE STAMPEDED

Peer pressure; the plea that “it’s for the company”; the promise that “no one will ever know”; the excuse, as expressed by one prominent real estate man on the front page of *The New York Times*, that “The world is a jungle, and you gotta get them first”— be prepared to hear all of these excuses again and again through the years. You will be tempted by them. Yeats was thinking of real-life situations when he wrote that, “The best lack all conviction and the worst are full of passionate intensity,” and that can apply to your colleagues, too. There are times in life when one must just say “No.”

INCLUDE A “PRO BONO PUBLICO” COMPONENT IN YOUR LIFE.

Whether through charitable work as a volunteer, teaching or writing in your career field, mastering some outside activity as a hobby, or working politically for some cause you believe in, devoting time and effort to some activity other than your own pocketbook will add a dimension to your life and give it a resonance that the wisest individuals have always sought.

Robber baron types who gave shiny new dimes to street urchins sought the appearance of public spiritedness; those who strove for the reality were fuller human beings who led more admirable and satisfying lives.

In perhaps the saddest lines in all American literature, Robert Frost wrote of a man who lived with “nothing to look back on with pride, nothing to look forward to with hope.” Thoughtful people try to live otherwise.

Well, I have rambled on; but before I get to my last bit of advice, let me point out that it could have been worse.

At a Yale commencement once, a minister gave a lengthy moral sermon, taking for his theme Y for “youth,” A for “age,” L for “life”

and E for “eternity.” When he finally finished, someone said “Thank heaven we’re not at the Massachusetts Institute of Technology!”

For my tenth and final point, let me note that in a play written over 300 years ago, a long-winded, pretentious and somewhat foolish figure gave tedious advice to his son; yet ever since, thoughtful people have taken Polonius’ last comment to heart: “This above all, to thine own self be true, and it shall follow as the night the day, thou canst not then be false to any man.”

Graduates, it has been M.I.T’s responsibility to teach you to make a living; now it is your responsibility to make a life.

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Massachusetts Institute of Technology
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