As a lawyer and academic, people might question your credentials to talk about business ethics.
True. It's one thing to preach about living an ethical life in the world of academia — sure there's some power plays and politics there — but it's nothing like business. People might ask what do I know about this slug-it-out, beat-to-the-bottom-line, winner-takes-all world. I have avoided working within it. But it seems to me that the principles are similar. You won't succeed unless your primary concern is keeping hold of your integrity.

So you're right to think that the field of business is different but I don't think it is possible to live a life without an ethical code. You need to look in the mirror.

So how can ambition be ethical? Aren't ambition and ethics mutually exclusive?
Ethics can be an integral part of your ambition. There is no lasting success that isn't ethically founded.

Ethical ambition means simultaneously honouring our values, our dreams and our needs. It requires critical compassion and honesty towards ourselves and others. It can be achieved only by thoughtfully and candidly assessing who we are, what we believe, what we value and what we desire. It also involves sacrifice — not only of time and energy but also of inaccurate or outdated perceptions of ourselves and our lives.

Many of us are thwarted in achieving our goals because when our values and desires clash we are paralysed. Others are disappointed with their lives because they surrendered things — like hopes and convictions — that seemed to stand in the way of more material goals.

There are no universal codes of ethics are there? Nepotism, for example, is acceptable in Mexico but not in the US.
That's a good example because nepotism inevitably leads to its own difficulties, even if no laws are broken and it works out OK. Basically, if you bring people in and shoot them up to the top, there are negative reverberations all the way down.

Looking back at your career, have you always looked in the mirror?

Of course when I look back I see there were times when I thought I was doing right. At one point, for example, I was handling hundreds of school segregation suits and my marriage was probably a little shaky because my family hardly ever saw me. I was saving the world so far as I could see.

If some of the executives who are in so much trouble now had been able to look in the mirror, they might have sensed that what they were doing was not only wrong but would lead to disaster.
But isn’t greed central to capitalism? Perhaps we should use a word that is a little more subtle! There was a guy, who I talk about in my book, who was determined to avoid the rat race of the big law firms even though he had spectacular credentials and joined a firm that had a reputation for treating people well. He did well there but he realised that, although he hadn’t intended it, over time his primary goal became making money. That was the measure. He warned people about this.

It is the subtle things. You’re doing the same job each time and you can do it in 15 minutes rather than an hour but you still bill an hour. Little things like that build up and build up. It’s impressive but discouraging. It happens all the time. The secretaries who help themselves to stamps and paper. A small thing. But you’d really feel better about yourself if you bought your own goddammed pencils!

Is too much emphasis now given to shareholder value? Placing a high priority on shareholder value, while seemingly a valid basis for corporate policymaking, all too frequently serves as a shield for actions that, at best, are unethical and, at worst, criminal.

Such dealings include mergers, the principal benefits of which, according to opponents, will be increased profit through the dismissal of thousands of employees and exorbitant payments to the top executives of the merging companies. With no apparent shame or remorse, businesses are setting up headquarters in Bermuda and other offshore locales so as to avoid US taxes. To compete effectively, we are told, corporate America must move its manufacturing plants to less-developed countries to exploit low labour rates and, coincidentally, take advantage of lax health and environmental laws.

But don’t such measures benefit shareholders? These and far more complicated tactics often serve to benefit company executives while placing shareholders at risk. The various manoeuvres of Enron, aided and abetted by a major accounting company, Andersen, are examples of strategies that are hugely profitable for a time and then, when uncovered, are devastating to both employees and shareholders. The executives, unless indicted and convicted (quite difficult under US laws) walk away, perhaps chastened, but still very rich.

So shareholder value is more a diversionary mantra than a guiding principle for many US corporations. Rather, the guiding principle is profit – however gained. And by the very nature of our free enterprise system this can transform reasonably honest business leaders into unbridled money grubbers – particularly when government supervision is deregulated or rendered ineffective by political inaction and inadequate funding of regulatory agencies.

Business executives of great intelligence, substantial business experience and great wealth involve themselves in financial schemes that are not only unethical but also downright stupid.

What can be done? As the scandals grow in number and in their blatant character, it is reasonable to ask whether anything can and should be done to clean up corporate America. The answer, beyond disgrace for those apprehended and small reforms in regulatory laws, is very little. Major corporations control the lives of ordinary citizens far more than the officials those citizens elect. And those officials, with very few exceptions, are beholden to corporations for the funds that keep them in office – a goal evidently far more important to most of them than either personal integrity or making good on promises made when they were running for office. Aware that elections apparently have little to do with the important aspects of their lives, most people don’t vote, and those who do are likely to be influenced more by TV ads – sponsored indirectly by major corporations – than by any careful and independent assessment of the candidates’ records.

And the solution? There is no easy solution to an economic system that, while encouraging hard work, innovation and risk-taking in the quest for financial success, develops in some the sense that becoming number-one is more important than how you get there.

There is, though, a challenge for those who view the maintenance of ethical standards for themselves and their companies as not only the prudent course but also the only means of achieving a success.

Are you optimistic that progress will continue to be made or have things stalled? Many of these things start off dramatically and then evolve. Corporations now embrace diversity in its larger definition. White women have been the real beneficiaries of affirmative action in our country.

There is dramatic change in some areas. Things kind of go in waves – and that’s true in the racial diversity issue. The waves are not necessarily motivated by the highest principles but they’re cyclical.

Interview by Stuart Crainer.