

# Revista de Administración Pública

The logo for the Instituto Nacional de Administración Pública (INNP) consists of the letters 'INNP' in a bold, black, sans-serif font. The letters are closely spaced and have a slightly irregular, hand-drawn appearance.

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**Bernardo Kliksberg, *Escándalos Éticos*, Buenos Aires Argentina,  
Ed. Temas Grupo Editorial, 2011, p. 336.**

**Carlos Hernández Alcántara\***

*Ethical Scandals* is a witty book which analyzes current international public-agenda problems such as world economic crisis, poverty, discrimination, inequality, climatic change and the development of proposals for an inclusive society. These problems are generating a political and economic ethical deficit. Ergo, it recommends the correction of ethical insufficiencies through development and implementation of public policies in strategic alliance with economic contributions, technological and managerial skills and private enterprise marketing.

The book's first part has a dynamic and specific approach; the author shows his research experience and problematization skills: *Why did world economy fall? About ethical gaps*. This question and this statement open the debate by making an accurate diagnosis of the unethical behavior of high-level executives of big companies such as Enron, Madoff, Stanford, among others and the study of what generated the collapse of north American economy, the world's biggest, which affected jobs and generated poverty.

“This is the worst crisis in 80 years and it is structural. The American unemployment rate went up in June 2009, to 9.5%. In late 2007 it was 4.9%. This means that 6.5 million jobs were destroyed in eighteen months. Thus, 14.7 million Americans are without a job. If we also include people who work few hours because they cannot find more work and those who have deserted the labor market because of the impossibility of finding a job the rate goes up to 16.5%: 26 million people are totally or partially unemployed or are no longer looking for a job.

In September 2010, the Eurozone had a 10% rate of unemployment; over fifteen million people in 16 countries. Every region of the world is being affected.

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Latin America was also affected. GDP, exportations and migrants' remittances in 2009 took a plunge. Two and half million people became unemployed and poverty grew 1.1%. Eight million more poor Latin-Americans, the total amounted to 190 million." pp. 33-34.

According to Bernardo Kliksberg, one of the causes that generated economic collapse in the US was the absence of corporate social responsibility:

"Large corporations have had a decisive role in north American economy and other great economies. The power some of them yield supersedes that of numerous countries. The frameworks to regulate them were limited and have grown weaker with the previous US government. They have all the power to make important economic decisions that will greatly affect everyone's lives; the corporations' quality of government proved to be precarious in many cases." Page 34.

Kliksberg asks himself: What is corporate government, in practice? The answer is based on a diligent study regarding corporate government (Heidrick & Struggles, 2009), which has been conducted annually for a decade; it examines three main situations:

"Firstly, transparency: the level of information that the Directive Board discloses regarding their directors, salaries and committees. Secondly, the Board's integration: its Independence, diversity and integration. Thirdly, the Board's work style. This includes factors such as frequency of meetings, availability of directors, assistance levels, duration of terms of office, etc." Page. 38.

He takes up again the detailed evaluation of the OECD Steering Group on Corporate Governance as an analysis scheme regarding corporate governance flaws and their relation with the current crisis in developed countries(Kirpatrick, 2009):

"Risk management systems failed; Corporate Boards established strategies, not measuring systems to monitor their implementation; accounting standards and regulation requirements were insufficient in different areas; incentive systems encouraged and rewarded high-levels of risk taking; in some cases, salaries were not closely linked to the company's long-term interests; supervision, salaries and banking and financial powers of the Board of Directors have to be reviewed." Page 39.

Several other mistakes of risk-rating agencies also caused disorientation in small-time investors, general investors and members of the Board. "Rates that should have been used to indicate reliability and quality in corporate governance showed acute deficiencies."

Finally, the explanatory analysis ends with a recommendation in the form of a question: When can we have good corporate governance? The answer is overwhelming: when we demand social responsibility policies from companies, their directive boards and their high-level executives:

“Small time investors and great institutional funds based on them such as retirement and pension funds; customers that increasingly demand their rights; and a civil society that is more and more active demand an extensive corporate policies agenda: advanced staff, reliable, healthy and green products, integrity and commitment to the community and coherence.” Page 44.

Without a doubt, the first part brilliantly synthesizes the need to recover business social responsibility and its strategic association with politics to prevent the devastating effects of the economic crisis and world poverty.

The second, third and fourth part develop a variety of explosive topics in Latin America. The severe situation of child poverty:

“According to UNICEF there are seven basic needs that need to be met for every child: housing, drinking water, sanitation, education, information, health and adequate nutrition. There are 1000 million children (50% of the world population) that suffer from severe deprivation of one of these needs and 700 million are deprived of two or more. The consequences are severe. All over the world, 70 out of 1000 children die before their fifth birthday, 87 in developed countries and 155 in the poorest ones. In 2007 in Latin America, according to the Pan-American Health Organization, over 300,000 children under five years died.” Page 85.

The situation of young and undocumented people has devastating and perverse effects on social policies because they are generating an *invisible citizenry*:

“It is not merely a bureaucratic topic. These citizens who are invisible to society are almost condemned to a marginal life. Undocumented children cannot be enrolled in preschools or schools, they can hardly get formal jobs, they cannot open up bank accounts or hold property, they cannot get married in the civil registry, they cannot vote and finally, they cannot register their children in the Civil Registry either.” Page 77.

Another polemic and complex topic is gender discrimination. The study focuses on women’s new roles in family cohesion, workplace and political representation and corporate government; it can be explained with overwhelming explicative elements:

“Violence is one of the fields where there is much to be done regarding gender discrimination in Latin America. Another complex and delicate topic is women’s situation in the workplace. Over one hundred million work, it is the main source of dignity, self-esteem and promotes GDP growth. CEPAL has stated that if poor women did not work, urban poverty would rise 10% and rural one 7%; this is alarming in a region where one in three is poor. Fifty percent of these women work in informal economy which results in low salaries, almost no social protection, they have to work harder to progress and they have limited representation –less than 20% in directive responsibilities.” Page 121.

Climatic change is a paradoxical and catastrophic topic that damages millions of poor people in developing countries; meanwhile developed countries like the United States it generates “29% of the carbon dioxide emissions and 27% in Western Europe”:

“A new report from the UN’s Intergovernmental Panel on climatic change was very much expected. The report prepare by 2000 scientists of over 100 countries predicts global warming can have evident impacts on public health resulting in an increase of deaths and sicknesses due to heat waves, storms, floods, fires and draughts.” Page 189.

According to the PNUD consultant, Bernando Kliksberg, the globalization of the effects of the patterns of climatic change makes essential the adoption of policies that promote the use of renewable and green energy sources such as solar, hydroelectric, wind power and tidal energy; the regulation and reduction of the emission of greenhouse gases and the implementation of actions to prevent floods in London or Los Angeles or famine in the Horn of Africa.

The last topic: an inclusive society; he displays overflowing optimism and mystique at the silent work of social leaders through the adoption of solidarity values. Once again the main reference of action of volunteer work is Latin America. The author states volunteer work is a way of living well and “a school of citizenship”. Comparative research shows that young people that undertake volunteer work later become active and committed citizens.” Page 206.

He also shows that silent heroes lead with pioneer methodologies and have high achievements in health, food, education, housing, environmental, music orchestra programs, etc. “Despite the lack of organic support, volunteer work represents 2.5% of the GDP in countries such as Argentina and Brazil and it is progressing all over the continent.” Page 206.

The institutionalization of volunteer work in the US is potentially suggestive:

“President Obama approved the greatest volunteer work strengthening law in the history of the US. It will triple the positions entirely dedicated to the promotion of volunteer work. AmeriCorps, the base organization of voluntary action, will now have 250,000 agents instead of 75,000. In 2008, 2.2 million volunteers were in action. They now hope for more than 7 million volunteers to be active. These volunteers will improve health services, economic opportunities in low income communities; they will assist crisis victims, contribute to schools and support efforts to save energy. This law includes a special program to give elderly people opportunities to do volunteer work. Despite the government’s acute budget problems, it means to give 6.000 million dollars in the next five years.” Page 213.

Thence, solidarity is built with institutional support of political and business ethics as a specific practice of social responsibility.

We can see that the construction of rigorous and comparative argumentation, expert use of current bibliographic and hemerographic references from international organizations such as the UN, OECD, WHO, UNICEF, Inter-American Development Bank, Specialized Consulting, the statements of politicians like Barak Obama, the opinions of religious leaders published in newspapers such as the New York Times, Los Angeles Times, Newsweek, the Washington Post and theoretical premises of Adam Smith, Milton Friedman, Joseph Stiglitz, Amartya Sen and other renowned and prestigious economists awarded with the Nobel Prize in Economy becomes important.

Reading the *Ethical Scandals* book provides an effective analysis scheme and a scientific explanation of the economic crisis, its causes, effects and it simultaneously offers a comparative method in the elaboration of diagnosis regarding corporate governance, poverty, gender discrimination and climatic change; this enables the formulation of a social governance agenda and an effective implementation of public policies based on cooperation and ethics in private enterprises and the people’s solidarity.