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Puredrug is a large global pharmaceutical company which is currently facing a declining market share and weak profits. Puredrug has an opportunity to sign an $8 million sales contract with the Philippine Government for a new drug called Travenol, used for treating viral infections, including measles. Travenol is in short supply because it is difficult and expensive to manufacture. Puredrug's inventory contains a large batch of Travenol produced at a cost of $2 million. The U.S. Government rejected this batch for the domestic market, however, on the basis of a new, very sensitive test for toxic substances. The test revealed a low level of a toxic substance called endotoxin in the batch of Travenol. The old test used by the U.S. Government uncovered no endotoxin. The Philippines relies exclusively on the old test. Endotoxin might cause high fever. No one can say definitively, however, if Puredrug's batch of Travenol has enough endotoxin in it to produce this result in patients. Last year half of the Philippine children who contracted measles died. (New York Times, 2/13/94)

Would it be absolutely wrong for Puredurg to sign the sales agreement with the Philippine government? If so, why? If not, why not?

Moderator's Answer: It would be morally permissible for Puredrug to sign the sales agreement provided that it clearly informs the Philippine Government about the test results under the new test. Puredrug may reasonably assume that the Philippine Government has set up procedures to assure the safety of drugs used in the Philippines, but Puredrug must disclose all the relevant information for an informed decision. The sale raises public relations issues related to Puredrug's image which concern the responsibility of Puredrug's management with respect to its shareholders. So long as the management deals with these issues reasonably and in good faith, however, then it meets these responsibilities.