

THE WHARTON SCHOOL
University of Pennsylvania

LGST 920: Ethics in Business and Economics
Spring 2007

Instructor: Nien-hê Hsieh
Phone: 215-573-7905
Email: nhsieh@wharton.upenn.edu
Office: JMHH 665

Time: Tuesday 2.00-5.00pm
Place: TBD

Office hours: TBD

OVERVIEW

This course explores the analysis of ethical issues business and economics with an emphasis on the theoretical foundations for such analysis. The course begins with prominent contemporary accounts focused specifically on ethical issues in business. These include stakeholder theory and integrative social contracts theory as well as accounts grounded in Aristotle and Kant. Debates about the relationship between such accounts and broader debates in moral and political philosophy are also considered. The course then explores one approach to situate ethical analysis of business within contemporary moral and political philosophy. Given the centrality of economics to the study and practice of business, this approach involves the ethical analysis of economic theory. Topics of analysis include rationality, welfare, and efficiency. The last part of the course investigates ways in which the analysis of ethical issues in business and economics is informed by key concepts and debates in contemporary moral and political philosophy. Issues include ownership, compensation, employment, trust, professional responsibility, corporate responsibility, and unconscionability.

TEXT AND MATERIALS

The one text for the course is:

Daniel M. Hausman and Michael S. McPherson, *Economic Analysis, Moral Philosophy, and Public Policy* (Cambridge: Cambridge University Press, 2006).

For additional background, you may want to purchase:

Amartya Sen, *On Ethics and Economics* (Oxford: Blackwell, 1987).

Readings not available online through Van Pelt will be made available through Wharton Reprographics and the webCafé room for the course (<http://webcafe.wharton.upenn.edu/lgst/>).

ASSIGNMENTS

One assignment is to introduce the material for at least one class session (10% of course grade). The introduction should provide a critical assessment of the readings and direct us to what you take to be the important questions for discussion. The course also involves two short papers (each for 20% of course grade) and an article-length final paper to be submitted during exam period (50% of course grade).

CONTACTING ME

Should you have any questions or concerns about the class, please do not hesitate to see me. No appointment is needed to meet during office hours; you should feel free to drop by. If you are not able to meet during office hours, please email me to arrange an alternative meeting time.

READING LIST AND CALENDAR

Please note: Required readings will be distinguished in advance.

PROMINENT ACCOUNTS ABOUT ETHICS IN BUSINESS	
January 9	<p>Stakeholder Theory and Integrative Social Contracts Theory</p> <p>Thomas Donaldson and Lee Preston, "The Stakeholder Theory of the Corporation: Concepts, Evidence, and Implications," <i>Academy of Management Review</i> 20 (1995): 65-91.*</p> <p>Thomas Donaldson and Thomas Dunfee, <i>Ties That Bind: A Social Contracts Approach to Business Ethics</i> (Boston: Harvard Business School Press, 1999).</p> <p>Thomas Donaldson and Thomas Dunfee, "A Social Contracts Approach to Business Ethics," in Thomas Donaldson, Patricia Werhane, and Margaret Cording, eds., <i>Ethical Issues in Business A Philosophical Approach</i>, 7th ed. (Upper Saddle: Prentice Hall, 2002).</p> <p>Thomas Dunfee, "A Critical Perspective of Integrative Social Contracts Theory: Recurring Criticisms and Next Generation Research Topics," <i>Journal of Business Ethics</i> 68 (2006): 303-328.*</p> <p>Ben Wempe, "In Defense of a Self-Disciplined, Domain-Specific Social Contract Theory of Business Ethics," <i>Business Ethics Quarterly</i> 15 (2005): 113-135.*</p> <p>Ben Wempe, "On the Use of the Social Contract Model in Business Ethics," <i>Business Ethics: A European Review</i> 13 (2004): 331-339.*</p>
January 16	<p>Aristotelian and Kantian Approaches</p> <p>Robert Solomon, <i>Ethics and Excellence: Cooperation and Integrity in Business</i> (New York: Oxford University Press, 1992), Introduction, ch. 11, 16, and 17, and introduction to part III.</p> <p>Robert Solomon, "Corporate Roles, Personal Virtues: An Aristotelean Approach to Business Ethics," <i>Business Ethics Quarterly</i> 3 (1992): 317-339.*</p> <p>Edwin Hartman, <i>Organizational Ethics and the Good Life</i> (New York: Oxford University Press, 1996), Introduction, ch. 3, 4.</p> <p>Norman Bowie, <i>Business Ethics: A Kantian Perspective</i> (Oxford: Blackwell, 1999), Introduction, ch. 2, 3.</p> <p>Robert Phillips and Joshua Margolis, "Toward an Ethics of Organizations," <i>Business Ethics Quarterly</i> 9 (1999): 619-638.*</p> <p>Edwin Hartmann, "Moral Philosophy, Political Philosophy, and Organizational Ethics: A Response to Phillips and Margolis," <i>Business Ethics Quarterly</i> 11 (2001): 643-687.*</p> <p>Jeffrey Moriarty, "On the Relevance of Political Philosophy to Business Ethics," <i>Business Ethics Quarterly</i> 15 (2005): 455-475.*</p>

* Available online through Van Pelt.

January 23	<p>Corporate Social Performance and Corporate Financial Performance</p> <p>David Vogel, <i>The Market for Virtue</i> (Washington, D.C.: Brookings Institution, 2005), ch. 2, 3.</p> <p>Sankar Sen and C. B. Bhattacharya, “Does Doing Good Always Lead to Doing Better? Consumer Reactions to Corporate Social Responsibility,” <i>Journal of Marketing Research</i> 38 (2001): 225-244.*</p>
January 30	<p>Prescription and Description</p> <p>David Hume, “Moral distinctions not deriv’d from reason,” in <i>A Treatise of Human Nature</i>, ed., L.A. Selby-Bigge and P.H. Nidditch (Oxford: Clarendon Press, 1978), Book III, Part I, Section I, Section II, p. 455-476.</p> <p>Hilary Putnam, <i>The Collapse of the Fact/Value Dichotomy</i> (Cambridge: Harvard University, 2002), ch. 1-3.</p> <p>Linda Treviño and Gary Weaver, “Business Ethics: One Field or Two?” <i>Business Ethics Quarterly</i> 4 (1994): 113-128.*</p> <p>Thomas Donaldson, “When Integration Fails: the Logic of Prescription and Description in Business Ethics,” <i>Business Ethics Quarterly</i> 4 (1994): 157-169.*</p>
RELATING ETHICS AND ECONOMICS	
February 6 Paper Due	<p>Rationality</p> <p>Michael Slote, “Two Views of Satisficing,” in Michael Byron, ed., <i>Satisficing and Maximizing</i> (Cambridge: Cambridge University Press, 2005).</p> <p>Tyler Cowan, “How Do Economists Think About Rationality?” in Michael Byron, ed., <i>Satisficing and Maximizing</i> (Cambridge: Cambridge University Press, 2005).</p> <p>Daniel M. Hausman and Michael S. McPherson, <i>Economic Analysis, Moral Philosophy, and Public Policy</i> (Cambridge: Cambridge University Press, 2006), ch. 4, 5. 6.</p> <p>Amartya Sen, <i>On Ethics and Economics</i> (Oxford: Blackwell, 1987), ch. 1.</p>
February 13	<p>Preference, Utility, and Welfare</p> <p>John Broome, “Utility,” <i>Economics and Philosophy</i> (1991): 1-12.</p> <p>Richard Arneson, “Liberalism, Distributive Subjectivism, and Equal Opportunity for Welfare,” <i>Philosophy and Public Affairs</i> 19 (1990): 158-94.*</p> <p>Derek Parfit, Appendix I: “What Makes Someone’s Life Go Best,” <i>Reasons and Persons</i>, reprinted with corrections (Oxford: Oxford University Press, 1987).</p> <p>Amartya Sen, “Capability and Well-Being,” in Martha Nussbaum and Amartya Sen, eds., <i>The Quality of Life</i> (Oxford: Clarendon Press, 1993).</p>

* Available online through Van Pelt.

February 20	Efficiency and Incentives Daniel M. Hausman and Michael S. McPherson, <i>Economic Analysis, Moral Philosophy, and Public Policy</i> (Cambridge: Cambridge University Press, 2006), ch. 9. Daniel Hausman, "The Impossibility of Interpersonal Utility Comparisons," <i>Mind</i> 104 (1995): 473-490.* Ruth Grant, "The Ethics of Incentives: Historical and Contemporary Understandings," <i>Economics and Philosophy</i> 18 (2002): 111-139.* Amartya Sen, <i>On Ethics and Economics</i> (Oxford: Blackwell, 1987), p. 29-40.
February 27	Cost-Benefit Analysis Elizabeth Anderson, "Cost-Benefit Analysis," in <i>Values in Ethics and Economics</i> (Cambridge: Harvard University Press, 1993). Robert Frank, "Why Is Cost-Benefit Analysis So Controversial?" <i>The Journal of Legal Studies</i> 29 (2000): 913-930.* Elizabeth Anscombe, "Who Is Wronged?" <i>The Oxford Review</i> 5 (1967): 16-17. Reprinted in Joram Graf Haber, ed., <i>Absolutism and Its Consequentialist Critics</i> (Lanham: Rowman and Littlefield, 1994). John Taurek, "Should the Numbers Count?" <i>Philosophy and Public Affairs</i> 6 (1977): 293-316.* Matthew Adler and Eric Posner, <i>New Foundations of Cost-Benefit Analysis</i> (Cambridge: Harvard University Press, 2006), ch. 1, 2.
March 6	Spring Break
ETHICAL ISSUES IN BUSINESS AND ECONOMICS	
March 13 Paper Due	Trust Annette Baier, <i>Moral Prejudices: Essays on Ethics</i> (Cambridge: Harvard University Press, 1995): ch. 6. Bernard Williams, <i>Truth and Truthfulness</i> (Princeton: Princeton University Press, 2002), ch. 5. Russell Hardin, "Trust," in <i>Trust and Trustworthiness</i> (New York: Russell Sage, 2002). Diego Gambetta, "Can We Trust?" in Diego Gambetta, ed., <i>Trust: Making and Breaking Cooperative Relations</i> (Oxford: Blackwell, 1988). http://www.sociology.ox.ac.uk/papers/trustbook.html Elinor Ostrom and James Walker, "Introduction," in Elinor Ostrom and James Walker, eds., <i>Trust and Reciprocity: Interdisciplinary Lessons from Experimental Research</i> (New York: Russell Sage, 2003). Alan Strudler, "Deception Unraveled," <i>Journal of Philosophy</i> 102 (2005): 458-473.

* Available online through Van Pelt.

March 20	<p>Exploitation, Paternalism, and Unconscionability</p> <p>Alan Wertheimer, <i>Exploitation</i> (Princeton: Princeton University Press, 1996), ch. 1, 7, 8.</p> <p>Gerald Dworkin, "Paternalism," in Rolf Sartorius, ed., <i>Paternalism</i> (Minneapolis: University of Minnesota Press, 1984).</p> <p>Seana Shiffrin, "Paternalism, Unconscionability Doctrine, and Accommodation," <i>Philosophy & Public Affairs</i> 29 (2000): 205-250.*</p>
March 27	<p>The Employment Relationship and Workplace Democracy</p> <p>Richard Epstein, "In Defense of the Contract at Will," <i>University of Chicago Law Review</i> 51 (1984): 947-981.*</p> <p>Patricia Werhane and Tara Radin with Norman Bowie, <i>Employment and Employee Rights</i> (Oxford: Blackwell, 2004), ch. 3.</p> <p>Christopher McMahon, <i>Authority and Democracy</i> (Princeton: Princeton University Press, 1994), ch. 1, 2, 7, 8, 9.</p> <p>Nien-hê Hsieh, "Rawlsian Justice and Workplace Republicanism," <i>Social Theory and Practice</i> 31 (2005): 115-142.*</p>
April 3	<p>Executive Compensation</p> <p>Robert Nozick, <i>Anarchy, State, and Utopia</i> (New York: Basic Books, 1974): 160-182.</p> <p>Jeremy Waldron, <i>The Right to Private Property</i> (Oxford: Clarendon Press, 1988): 390-408.</p> <p>G.A. Cohen, "The Pareto-Argument for Inequality," <i>Social Philosophy and Policy</i> 12 (1995): 160-185.</p> <p>Jeffery Moriarty, "Do CEOs Get Paid Too Much?" <i>Business Ethics Quarterly</i> 15 (2005): 257-281.*</p> <p>Nien-hê Hsieh, "Moral Desert, Fairness and Legitimate Expectations in the Market," <i>The Journal of Political Philosophy</i> 8 (2000): 91-114.*</p> <p>Elizabeth Anderson, "What Is the Point of Equality?" <i>Ethics</i> 109 (1999): 287-337.*</p>
April 10	<p>Professional Responsibility</p> <p>Michael Walzer, "Political Action: The Problem of Dirty Hands," <i>Philosophy and Public Affairs</i> 1 (1973): 160-180.*</p> <p>Bernard Williams, "Ethical Consistency," <i>Problems of the Self</i> (Cambridge: Cambridge University Press, 1988), p. 166-186.</p> <p>Bernard Williams, "Consequentialism and Integrity," in Samuel Scheffler, ed., <i>Consequentialism and Its Critics</i> (Oxford: Oxford University Press, 1988), p. 33-35.</p> <p>Arthur Applbaum, "Ethics in Equilibrium," in <i>Ethics for Adversaries</i> (Princeton: Princeton University Press, 1999).</p>

* Available online through Van Pelt.

April 17	<p>Corporate Responsibility</p> <p>Michael Jensen, "Value Maximization, Stakeholder Theory, and the Corporate Objective Function," <i>Business Ethics Quarterly</i> 12 (2002): 235-247.*</p> <p>Thomas Donaldson, "Moral Minimums for Multinationals," <i>Ethics and International Affairs</i> 3 (1989): 163-182.</p> <p>Manuel Velasquez, "International Business, Morality, and the Common Good," <i>Business Ethics Quarterly</i> 2 (1992): 27-40.*</p> <p>Thomas Dunfee, "Do Firms with Unique Competencies for Rescuing Victims of Human Catastrophes Have Special Obligations?" <i>Business Ethics Quarterly</i> 16 (2005): 185-210.*</p> <p>Onora O'Neill, "Agents of Justice," in Thomas Pogge, ed., <i>Global Justice</i> (Oxford: Blackwell, 2001).</p>
----------	--

* Available online through Van Pelt.