

Prefatory Note

This book comprises teaching materials I began to put together for the sake of my colleagues in Philosophy and other liberal arts disciplines, in the late 1970s and 1980s. Why then, and why them?

The 1960s and 1970s had seen a number of private sector scandals, bribery at home and abroad (Lockheed Aircraft and others), discrimination in hiring and promotion, challenges to product integrity (Goodrich Brakes is a good example), Truth in Advertising (children's television came in for special opprobrium), and the early cases of environmental degradation (Reserve Mining, for instance). Ralph Nader had stirred the country to action with attacks on General Motors and other pillars of the corporate community. Suddenly Business, our hero through the 1950s, reverted in the media to a semblance of the villain excoriated by Marxists in the late nineteenth century and the 1930s. If business is evil because there is something seriously wrong with the entire capitalist endeavor, and the role it plays in American democracy, then we must abolish our present economic system and adopt a better one. No one at the time really wanted to think about that; it was decided that there were a few "bad apples" that had created the bad situations. In that case, what must we do? We must make sure that business students get a good education in Business Ethics, and the American Assembly of Collegiate Schools of Business required that all Business Schools incorporate Ethics in their business curriculum. But who would teach it? The Business faculty had little background in Ethics themselves, rather disliked it in fact, so the Philosophy Departments, with more tenured faculty than needed to offer courses students would take, was brought into the subject. These philosophers, mostly young, of course, had no background in business, but had inherited from their philosophical forebears (starting with Aristotle) a fine contempt for the system and its practitioners. Their education was not helped by the fact that the early textbooks in business Ethics, written by philosophers, tended to cast business as the villain in the plot from the beginning.

I put together these materials to address both those problems. I wanted to show my philosophical colleagues that, properly understood, the practice of business had a fine logical and ethical foundation, and enabled real improvement in the welfare and dignity of the individual and an increase in justice and equality in the society. Business was grounded in ethics, and morally worthwhile, especially from the

perspective of individual responsibility, from which I began all my work in ethics. But then, of course, as I brought the story of business to the present day, I went on to show how legal and economic development had produced a new situation, a new kind of corporate governance unimaginable in the time of Adam Smith, which lent itself to the kinds of abuses still associated with American business. (Enron comes to mind; within a decade of Enron, we had seen the undermining of all the assumptions that grounded our financial system, leaving us climbing out of an economic hole of significant depth. But all that was in the future).

The problems of corporate wrongdoing, usually blown out of proportion, tend to land on the front pages of our newspapers (not to mention CNN), so the audience for a work that considers the ethical foundations of the business system has grown beyond my bewildered junior colleagues to include the intelligent citizenry. I have undertaken, in the present volume, to write in a manner readable by all, and trust that those beyond the walls of academia will find it as accessible as those within.

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Business

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