



WHY BUSINESS?

Exploring the role of business in a humane and just society.

BUS 105 | Fall 2016

Lecture Sessions: MW 9:00–9:50 AM, Broyhill Auditorium (A31, Farrell Hall)

Discussion Sessions at assigned times and locations on Fridays.

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Overview

What is the proper role of business in a humane and just society? Many of you are about to dedicate your lives to business, and the rest of you will work, in one way or another, with business. Yet many people believe that business is an inherently suspicious activity. That suspicion is evident in the common belief that businesspeople need to “give back” to society. Is business an activity for which people must atone? Why exactly are people suspicious of it? Are they right to be suspicious?

In this course we will explore the nature of business, as well as the nature of the market economy of which it forms an integral part. We will investigate how business and the market economy function, both in theory and in practice, and what the purposes are that they are supposed to serve. We will also look at the moral implications of some specific issues and cases that arise in a market economy, in an effort to understand what limits, if any, there should be on business and markets.

Course Objectives

As part of the School of Business's institutional commitment to placing business in its proper moral context, our goals will be to become familiar with the nature of business within a market economy, as well as some of the central objections and challenges that both business and the market economy face. We want to develop informed and reasoned positions of our own on the morality of markets and business, and of the moral purposes we ourselves will serve in the roles we play, or will come to play, in business.

By the end of the course, you should be able to:

- Explain how a market economy works and what role business plays in it.
- Anticipate and address the central challenges, including moral challenges, that business and market economies face.
- Articulate and defend a conception of honorable business and professional identity.
- Explain how business can create value for others and contribute to a humane and just society.
- Express, clearly and cogently, a reasonable answer to the question, "Why business?"

Methodology/ Class Format

The class is based on lectures, assigned readings, and in-class discussions. Exploration of the nature and proper purpose of business requires active engagement, so come to class every day not only having studied the assigned readings but prepared to discuss them charitably yet critically.

Textbook and Other Required Materials

The following readings are all required:

1. Otteson, James R. *The End of Socialism*. New York: Cambridge University Press, 2014.
2. Otteson, James R., ed. *What Adam Smith Knew: Moral Lessons on Capitalism from Its Greatest Champions and Fiercest Opponents*. New York: Encounter, 2014.
3. Sandel, Michael J. *What Money Can't Buy: The Moral Limits of Markets*. New York: Farrar, Straus and Giroux, 2012.
4. Various other readings, all available on sakai.wfu.edu.

Class Rules

1. Unless specific prior arrangements are made, use of electronic devices is not allowed in class. Laptops, cell phones, and other devices must be turned off.
2. Please bring all relevant readings with you to class in hard copy.

3. You are required to show your classmates (and your instructors) respect, even when they disagree with you. All discussions must be conducted with professionalism, mutual civility, and charity.

Assessment of Learning, Grading, and Course Assignments

Your final grade will be based on your ability to demonstrate that you have understood the assigned readings, that you have followed and understood the in-class discussions, and that you have begun to develop your own considered answer to the question “Why Business?” Your performance will be assessed on the basis of the following:

- Discussion questions (see below), worth 25% of your grade.
- There will be a mid-term examination, worth 30% of your grade.
- A final examination or final paper, worth 35% of your final grade.
- Participation in class discussions (see below), worth 10% of your final grade.

Discussion questions: In advance of each discussion session, half of the students in each section will be assigned to respond to discussion questions to insure their preparation to lead in class discussion. These assignments will be shared through Sakai once the semester starts. No questions will be assigned for the Sept 2 discussion session.

Participation in discussions: You are expected to contribute regularly, substantively, and relevantly to class discussion. Class attendance and class participation are not synonymous. The handouts, readings, and other materials assigned for class provide crucial background information on the topics we will cover. You are expected to have completed all assignments prior to class and to participate fully in class discussions by presenting your insights.

Of the 10% of your grade that is designated for participation, 5 points will be awarded for attendance. One point will be deducted for each absence, no matter the reason. Upon the sixth and subsequent absences, your final grade will be reduced by 10 points (one letter grade). Attendance is taken at the beginning of class. Students who arrive late will be counted absent and should sit on the back row to avoid disrupting others.

4 participation points will be awarded based on leadership in class discussion (which is demonstrated by productive and insightful contributions, not simply talking more than others).

Attendance at scheduled class sessions and participation thus makes it possible to earn 9 of 10 participation points. You may earn additional points (up to 4) toward your participation grade by attending approved extracurricular events (e.g., lectures or panel discussions). You will demonstrate attendance by writing a short summary or, for events attended by many students, answering a short quiz.

Mid-term and Final examinations: These will be comprehensive examinations covering all aspects of the course, including lectures and guest lectures. The exam will take place during scheduled class sessions.

Honor Code

Trustworthiness and honor are essential criteria for inclusion in a productive community. Students will at all times abide by the Wake Forest University Honor Code (<http://go.wfu.edu/rvm>), meaning that, while at Wake Forest, you will neither lie, steal, cheat, plagiarize, nor engage in any other form of academic misconduct.

Accommodation

Wake Forest University provides reasonable accommodations to students with disabilities. If you would like to request an accommodation, please contact the Learning Assistance Center and Disability Services Office (336-758-5929 or lac.wfu.edu). You are encouraged to request an accommodation within the first two weeks of the course or as early in the semester as possible, as retroactive accommodations will not be provided. Information about your disability will be shared only on a need-to-know basis. If the need for an accommodation arises during the semester, please contact the Learning Assistance Center and Disability Services Office.

Emergency Continuation Plan

We will disseminate information by email regarding continuation of the course in the event of an emergency. If communication through email is not possible, you should continue with course readings and wait for instruction by mail or other means.

Course Outline

This course outline is subject to change, but notice will be given in class when changes are necessary.

Date	Topic	Assignments
W Aug 31	Class introduction: The Big Question	
F Sept 2	<i>Discussion</i>	Sachs, "Market Reformer" (on Sakai)
M Sept 5	Classical foundations: John Locke on property and value	<i>What Adam Smith Knew</i> (WASK), 9-20.
W Sept 7	Locke, cont'd. and Adam Smith on justice and beneficence	WASK, 21-27.
F Sept 9	<i>Discussion</i>	

M Sept 12	Adam Smith, cont'd.	Review ¹ WASK, 21-27.
W Sept 14	Peter Singer: positive obligations	<i>The Life You Can Save</i> , 9-22 (Sakai).
F Sept 16	Adam Smith and the response to Peter Singer	All Discussion sections meet in Broyhill at 9:00 AM. No new readings.
M Sept 19	Property and prosperity	Schmidtz, "The Institution of Property" (Sakai). <i>Guest lecture: Prof Matthew Phillips</i>
W Sept 21	Frédéric Bastiat: opportunity cost and the Broken Window Fallacy	Bastiat, "What is Seen and What is Unseen" (Sakai). <i>Guest lecture: Prof Adam Hyde</i>
F Sept 23	<i>Discussion</i>	
M Sept 26	Adam Smith on the division of labor, self-interest, "universal opulence," and the "invisible hand"	WASK, 70-87.
W Sept 28	Friedrich Hayek: the limits of human knowledge and the role of the price mechanism	WASK, 151-63.
F Sept 30	<i>Discussion</i>	
M Oct 3	Smith and Hayek, cont'd.	Review WASK, 151-63.
W Oct 5	Opportunity cost: a deeper dive	Munger, "They Clapped" (Sakai). <i>Guest lecture: Prof Adam Hyde</i>
F Oct 7	<i>Discussion</i>	
M Oct 10	The Marxist challenge	WASK, 88-108.
W Oct 12	Mid-term exam: multiple choice questions	
F Oct 14	Mid-term exam: essay questions	
M Oct 17	Schumpeter on "creative destruction"	WASK, 145-50.

¹ "Review" indicates that you should revisit a reading that has previously been assigned. Many of our readings are dense and some use language that is not common to modern conversation, so multiple readings will be helpful for the depth of comprehension necessary to make use of these readings during the semester.

W Oct 19	Capitalism vs. socialism	Otteson, <i>The End of Socialism</i> , 1-18.
F Oct 21	FALL BREAK - <i>no class</i>	
M Oct 24	Socialism: equality and community	WASK, 109-21.
W Oct 26	The problems facing socialism	Otteson, <i>The End of Socialism</i> , 23-43.
F Oct 28	Trade: Who benefits? <i>The Trading Game</i>	Krugman, "What Do Undergrads Need to Know About Trade?" (Sakai).
M Oct 31	Problems facing socialism (con't)	Otteson, <i>The End of Socialism</i> , 79-88.
W Nov 2	A worry: exploitation of natural resources?	WASK, 164-80.
F Nov 4	<i>Discussion</i>	
M Nov 7	Market failure: misplacing value and corruption	Sandel, <i>What Money Can't Buy</i> , 3-41.
W Nov 9	Limits of markets	Sandel, <i>What Money Can't Buy</i> , 43-130.
F Nov 11	<i>No discussion section meetings.</i>	
M Nov 14	Interlude: Honorable business	<i>Guest lecture: John Allison</i>
W Nov 16	<i>Discussion: Should we trust markets with our civic lives?</i>	Review Sandel readings.
F Nov 18	Why Finance?	<i>Guest lecture: Prof Rob Nash</i> All discussion sections meet in Broyhill at 9:00 AM
M Nov 21	Corporate social responsibility	Friedman, "The Social Responsibility of Business" (Sakai).
M Nov 28	Choice architecture	WASK, 181-93.
W Nov 30	Why Marketing?	<i>Guest lecture: Prof Michelle Steward.</i> Reading: Otteson, <i>The End of Socialism</i> , 44-71.
F Dec 2	<i>Discussion</i>	

M Dec 5	Why Business?	Otteson, <i>The End of Socialism</i> , 191-207.
W Dec 7	Final exam: multiple choice questions	
F Dec 9	Final exam: essay questions	

