

**COURSE OUTLINE AND READING LIST
FOR
BUSINESS 38114-01
ECONOMICS 22300/32300
Economic and Historical Perspectives on Business Ethics**

University of Chicago
Spring 2013

Tues./Thurs. 1:30-2:50PM

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HC C08

Readings

Readings for this course are divided into three main parts. Items listed under *Basic Reading* and *Material for student presentations* are required; items listed under *Supplementary Reading* are recommended, but not required. We provide the online links for the articles that can be accessed through the on-campus network¹; All items besides the textbooks are accessible through Chalk website under “Library Course Reserves”.

The textbooks for the course, *The Fourth Great Awakening* and *Without Consent or Contract* can be purchased at the University bookstore. There is no course packet. (See remark above about the non-textbook readings.) Copies of the textbooks are available on reserve at the Regenstein Library. Students should check the course website regularly at chalk.uchicago.edu.

Student presentation and summary of reading materials

Several weeks of the course will contain student presentations, covering seminal work in the field and cutting-edge research papers. By the end of the first week, each student will be assigned an article on the reading list. Students are responsible for writing a 500-1000 word summary of their article, and for presenting their article to the professors and the class. (Students who work in a pair can either present jointly, or delegate one person as presenter. Each pair should turn in one summary together.) The presentation schedule will be set during the first two weeks of class; presentations will begin on April 16th.

Presentations: Students will present their assigned article (in groups of 1-2) to the class, using slides. Each presentation will be allocated 15-20 minutes; students should expect to speak for approximately 10 minutes, and respond to questions/commentary for the remaining time. The professors will respond to the material while it is being presented, and will provide short, *ad hoc* commentary and lectures at appropriate moments in between student presentations. Students are encouraged to engage with each other and ask questions during the presentations, as they would in an academic seminar. Because of the interactive nature of the presentations, it will be important to balance preparation with flexibility; presentations

¹ To access the resources from off campus, please refer to [IT Services' guidance](#).

should convey key points up-front, and allow for a bit of back-and-forth with the audience. Students will submit their presentation (in PDF format) on Chalk 24 hours before the class.

Because the presentation schedule is organized thematically, with related papers grouped on the same day, there can be a no rescheduling of presentations except in a medical emergency (with a doctor's verification).

Written Summary: A written summary of the student's assigned article is due one week from the presentation of the article (so as to incorporate comments from class if necessary). The summaries should be 500-1000 words, typed, double spaced, 12pt font. The summaries should emphasize the thesis and supporting points of the article.

Grading

The grade for this course will be based on one reading summary, one in-class presentation, a midterm, and a final examination. The final examination will account for 50 percent of the grade, the midterm for 20 percent, the presentation for 15 percent, and the summary for 15 percent. The midterm will be in class on May 7th. If your midterm-exam score is low enough to reduce your overall course grade, we will down-weight the midterm to zero and up-weight the other scores proportionately. (This system makes the midterm effectively optional, though we strongly suggest you take the test.) There will be no makeup for the midterm. The date of the final exam will be announced later (please note that there is no possibility of change to the final exam schedule per request of the Booth school's Dean's office). Both exams will be closed book.

Course Registration: A Note for Undergraduate Students

Demand for places in this course often exceeds the number of places available. Undergraduate students who find themselves unable to register for the course are reminded that there are a number of other courses available that satisfy the economic history requirement. Please refer to the Economics Undergraduate Home Page (<http://economics.uchicago.edu/undergrad.html>) for a complete listing. Do not assume that, by sitting in class and doing all the readings, you will be allowed to register for the class later in the quarter.

Booth Honor Code

Students in this class are required to adhere to the standards of conduct in the Booth Honor Code and the Booth Standards of Scholarship. Students will be required to sign the following Booth Honor Code pledge: "*I pledge my honor that I have not violated the Honor Code during this examination.*" on every examination.

I. HOW TO BE AN ETHICAL BUSINESS MANAGER IN A WORLD OF RAPIDLY CHANGING ETHICAL VALUES

April 2; Introductory lecture by the professors

- (a) Why ethical standards are changing so rapidly
- (b) Problems in determining the optimal rate of business responses to changing ethics
- (c) Some historical patterns

Basic Readings

Robert W. Fogel, The Fourth Great Awakening and the Future of Egalitarianism, (The University of Chicago Press, 2000), "Introduction" pp. 1-14.

James Q. Wilson, ["The Fourth Great Awakening and the Future of Egalitarianism by Robert William Fogel,"](#) Commentary, June 2000.

Preston Townley, ["Business Ethics: Commitment to Tough Decisions,"](#) Vital Speeches 58, January 15, 1992, pp. 208-211.

Supplementary Reading

Tom L. Beauchamp and Norman E. Bowie, "Chapter 1: Ethical Theory and Its Application to Business," in Ethical Theory and Business. (Prentice-Hall/Pearson Education, 1983), pp. 1-49.

Rolf E. Sartorius, "Chapter 7: The Just Society," in Individual Conduct and Social Norms: A Utilitarian Account of Social Union and the Rule of Law. (Dickenson Publishing Co.), pp. 117-138.

Tom L. Beauchamp and Norman E. Bowie, "Chapter 9: Theories of Economic Justice," in Ethical Theory and Business. (Prentice-Hall/Pearson Education, 1983), pp. 590-635.

II. THE INTERPLAY OF RELIGION, CULTURE, POLITICS, AND BUSINESS PRACTICES

April 4, 9, 11: Lectures by Prof. Fogel.

April 16, 18, 23, 25: Student presentations; discussion and *ad hoc* lectures by the profs.

- (a) The role of Puritanism in the American tradition of radical reform
- (b) Long cycles in religiosity;

- (c) Economic approaches to religion
- (d) Persistence vs adaptation in culture
- (e) Interconnections and disjunctions between religion and politics
- (f) Prohibitions and paternalism

Basic Readings

Robert W. Fogel, The Fourth Great Awakening and the Future of Egalitarianism, (The University of Chicago Press, 2000), Chapters 1, 2, and 3.

Challenge, "[Culture Counts: Interview with David S. Landes](#)", vol. 41, 4, July/August 1998, pp 14-30.

Material for Student Presentations, April 16

Michael Walzer, The Revolution of the Saints: A Study in the Origins of Radical Politics, (Harvard University Press, 1965), pp. 1-30.

Mohamed Saleh, "[On the Road to Heaven: Poll Tax, Religion, and Human Capital in Medieval and Modern Egypt](#)," unpublished manuscript, 2012.

Daniel L. Chen, "[Club Goods and Group Identity: Evidence from Islamic Resurgence during the Indonesian Financial Crisis](#)," *Journal of Political Economy*, Vol. 118, No. 2 (April 2010), pp. 300-354.

Eli Berman, "[Sect, Subsidy, and Sacrifice: An Economist's View of Ultra-Orthodox Jews](#)," *Quarterly Journal of Economics* (2000) 115(3): 905-953.

Material for Student Presentations, April 18

Nico Voigtländer and Hans-Joachim Voth, "[Persecution Perpetuated: The Medieval Origins of Anti-Semitic Violence in Nazi Germany](#)," *Quarterly Journal of Economics* (2012) 127(3): 1339-1392.

Sascha O. Becker , Katrin Boeckh , Christa Hainz , Ludger Woessmann, "[The Empire Is Dead, Long Live the Empire! Long-Run Persistence of Trust and Corruption in the Bureaucracy](#)," CEPR Discussion Paper 8288, March 2011.

Saumitra Jha, "[Trade, Institutions and Ethnic Tolerance: Evidence from South Asia](#)," unpublished manuscript, April 2012.

Material for Student Presentations, April 23

Leslie E. Decker, Railroads, Lands and Politics. (University Press of New England, 1964), pp. 243-251.

Steven Levitt, "[How Do Senators Vote? Disentangling the Role of Voter Preferences, Party Affiliation, and Senator Ideology](#)", *American Economic Review*, 86, 3, June 1996, pp. 425-441.

Dani Rodrik, "[Democracies Pay Higher Wages](#)," *Quarterly Journal of Economics* (1999) 114(3): 707-738.

Material for Student Presentations, April 25

Gary S. Becker and Kevin M. Murphy, "[A Theory of Rational Addiction](#)" *Journal of Political Economy*, Vol. 96, No. 4 (Aug., 1988), pp. 675-700

Emily Owens, "[The Birth of Organized Crime? The American Temperance Movement and Market-Based Homicides](#)," unpublished manuscript, Cornell University, 2012.

Philip DeCicca, Donald Kenkel and Alan Mathios, "[Putting Out the Fires: Will Higher Taxes Reduce the Onset of Youth Smoking?](#)" *Journal of Political Economy*, v. 10, no. 1, 2002, pp. 144-169.

Supplementary Readings

Gary Becker and Kevin M. Murphy, Social Economics: Market Behavior in a Social Environment, (Belknap Press, 2001), Chapter 1, 2 and 10, pp 3-21 and 144-156.

Ronald C. White and C. Howard Hopkins, The Social Gospel. (Temple University Press, 1976), pp. 5-48 and 245-295.

Zamir Iqbal, "[Islamic Financial Systems](#)", *Finance & Development*, June 1997, pp. 42-45.

Eric Roll, "The Beginnings of the Old Testament." Chapter II of The History of Economic Thought. (Prentice-Hall Inc., 1947), pp. 9-48.

Francis Fukuyama, "History is Still Going Our Way", Wall Street Journal, October 5, 2001.

Elman R. Service, Origins of the State and Civilization. (W.W. Norton & Company Inc., 1975), pp. 21-46, 71-102, and 290-308.

**III. THE PROBLEM OF SOCIAL COST AND THE CONFLICT BETWEEN
PERSONAL RIGHTS AND PUBLIC WELFARE**

April 30: Lecture by Prof. Bleakley

May 2: Student presentations, and discussion and *ad hoc* lectures by the profs.

(a) Economic versus ethical approaches to external costs

(b) Quarantine and the control of communicable disease: history, ethics, and politics.

Basic Readings

Ronald H. Coase, "[The Problem of Social Cost](#)," *Journal of Law and Economics* , Vol. 3, (Oct., 1960), pp. 1-44.

Gary Becker, "[The Solution to Traffic Congestion](#)," Becker/Posner Blog, Feb 12, 2006.

Lee Smith, "[What the Boss Knows About You](#)", *Fortune*, August 9, 1993.

Material for Student Presentations, May 2

Peter Pashigian and Eric D. Gould, "[Internalizing Externalities: The Pricing of Space in Shopping Malls](#)," *Journal of Law and Economics*, Vol. 41, No. 1 (April 1998), pp. 115-142

Diana Chapman Walsh, Lynn Elinson, and Lawrence Gostin, "[Worksite Drug Testing](#)," *Annual Rev. Public Health*, 13, 1992, pp. 197-221.

Johnathan E. Fielding, "[Smoking Control at the Workplace](#)," *Annual Rev. Public Health* 12, 1991, pp. 209-234.

Judith Walzer Leavitt, "Politics and Public Health: Small Pox in Milwaukee, 1894-1895," in Susan Reverby and David Rosner ed., *Health Care in America*. (Temple University Press, 1979), pp. 84-101.

Supplementary Readings

Samuel Peltzman, "[The Economic Theory of Regulation after a Decade of Deregulation](#)," *Brookings Papers on Economic Activity. Microeconomics*, Vol. 1989, (1989) pp. 1-41.

Anne Skagen and John Aberth, "Responding to AIDS in the Workplace," in *AIDS, the Workplace Issues*, (AMA management briefing, 1985), pp. 11-27.

Arthur S. Leonard, "The Legal Issues," in *AIDS, the Workplace Issues*, (AMA management briefing, 1985), pp. 28-46.

Curtis D. Malloy and John S. Marr, "Evolution of the Control of Communicable Diseases Manual: 1917 to 2000," *Journal of Public Health Management and Practice*, 7(5) 2001, pp. 97-104.

Harry F. Dowling, *Fighting Infection*. (Harvard University Press, 1977), pp. 1-22.

MIDTERM EXAM (May 7)

V. AGENCY PROBLEMS AND BRIBERY

May 9 & 14: Lecture by Prof. Bleakley; Student presentation and discussion by the profs.

- (a) Corporate takeovers (and threats thereof)
- (b) Insider trading.
- (c) Other issues in delegation
- (d) Bribery.

Basic Readings

Canice Prendergast, "[What Have We Learnt About Pay for Performance? The Geary Lecture Winter 2010](#)," *Economic and Social Review*, 2011, 42(2), pp. 113-34.

Kris Axtman and Ron Scherer, "[Enron Lapses and Corporate Ethics](#)", *The Christian Science Monitor*, February 2002.

Materials for Student Presentations, May 9

Dennis W. Carlton and Daniel R. Fischel, "[The Regulation of Insider Trading](#)", *Stanford Law Review*, May 1983, pp. 857-895.

Marianne Bertrand and Sendhil Mullainathan, "[Are CEOs Rewarded for Luck? The Ones without Principals Are](#)," *Quarterly Journal of Economics*, 2001, 116(3), pp. 901-32.

Canice Prendergast, "[Intrinsic Motivation and Incentives](#)," *American Economic Review*, Vol. 98, No. 2 (May 2008), pp. 201-205.

Materials for Student Presentations, May 14

Uri Gneezy and Aldo Rustichini, "[Pay Enough or Don't Pay at All](#)," *Quarterly Journal of Economics* (2000) 115(3): 791-810.

Daniel M. Koretz, "[Limitations in the Use of Achievement Tests as Measures of Educators' Productivity](#)", *Journal of Human Resources*, Vol. 37, No. 4 (Autumn, 2002), pp. 752-777.

Scott E. Carrell and James E. West, "[Does Professor Quality Matter? Evidence from Random Assignment of Students to Professors](#)," *Journal of Political Economy*, Vol. 118, No. 3 (June 2010), pp. 409-432.

Supplementary Readings

Lynn Gerry, "[Pacifica Management's Lies and Misrepresentations](#)", The Nation, May 2001.

John T. Noonan, Jr., Bribes. (University of California Press, 1984), pp. 683-706, 807-808.

John Cassidy, "[The Greed Cycle: How the Financial System Encouraged Corporations to Go Crazy](#)", The New Yorker, September 23, 2002, pp 64-77.

Kathleen Morris, "[The Reincarnation of Mike Milken](#)", Business Week, May 10, 1999, pp.92-104

M. David Erman and Richard J. Lundman, ed., Corporate and Governmental Deviance. Problems of Organizational Behavior in Contemporary Society, (5th edition, Oxford University Press, 1996), pp. 3-44.

VI. SLAVERY: HOW ONE OF THE MOST SUCCESSFUL AND PRESTIGIOUS FORMS OF BUSINESS CAME TO BE OUTLAWED

May 16 & 21; Lectures by Prof. Fogel

Basic Readings

Robert W. Fogel, Without Consent or Contract: The Rise and Fall of American Slavery. (Norton, 1989), pp. 201-417.

Supplementary Readings

Ulrich B. Phillips, "[The Decadence of the Plantation System](#)," *Annals of the American Academy of Political and Social Science*, Vol. 35, No. 1, The New South (Jan., 1910), pp. 37-41.

Robert W. Fogel, Without Consent or Contract, pp. 1-198.

VII. THE DISTRIBUTION AND REDISTRIBUTION OF INCOME

May 23 & 28: Lectures by Prof. Fogel

May 30, June 4: Student presentations, discussion and *ad hoc* lectures by the profs.

(a) The origins of the egalitarian ethic

(b) The optimal income distribution from the ethical, economic, and political perspectives

- (c) The practical limits and social consequences of egalitarianism
- (d) The inequality in the distribution of immaterial assets

Basic Readings

Robert W. Fogel, The Fourth Great Awakening and the Future of Egalitarianism., (The University of Chicago Press, 2000), Chapters 4 and 5.

Paul Krugman, "[The Spiral of Inequality](#)," Mother Jones, November/December 1996.

Angus Deaton, "[Policy Implications of the Gradient of Health and Wealth](#)," Health Affairs 21(2) 2002.

Materials for student presentations, May 30

Robert Hall and Charles Jones, "[The Value of Life and the Rise in Health Spending](#)," Quarterly Journal of Economics, February 2007, Vol. 122 (1), pp. 39-72.

Betsy Stevenson and Justin Wolfers, "[Economic Growth and Subjective Well-Being: Reassessing the Easterlin Paradox](#)," Brookings Papers on Economic Activity, Spring 2008.

Luis Rayo and Gary Becker, "[Evolutionary Efficiency and Happiness](#)," Journal of Political Economy, 115(2), 302-337.

Kelly Shue, "[Executive Networks and Firm Policies: Evidence from the Random Assignment of MBA Peers](#)," Chicago Booth Research Paper No. 11-46, April 2012.

Materials for student presentations, June 4

Gregory Clark and Neil Cummins, "[What is the True Rate of Social Mobility? Surnames and Social Mobility, England 1800-2012](#)," unpublished manuscript 2012.

Diamond, Peter, and Emmanuel Saez, "[The Case for a Progressive Tax: From Basic Research to Policy Recommendations](#)," Journal of Economic Perspectives, 25(4): 165–90.

Kenneth L. Sokoloff and Stanley L. Engerman, "[Institutions, Factors Endowments, and Paths of Development in the New World](#)," Journal of Economic Perspectives, Vol. 14, No. 3 (Summer, 2000), pp. 217-232.

Claudia Goldin and Robert A. Margo, "[The Great Compression: The Wage Structure in the United States at Mid-Century](#)," Quarterly Journal of Economics, Vol. 107, No. 1 (Feb., 1992), pp. 1-34.

Supplementary Readings

Louis S. Richman, "[The Truth about the Rich and the Poor](#)," Fortune, September 1992, pp. 134-146.

Robert W. Fogel, The Fourth Great Awakening and the Future of Egalitarianism, (The University of Chicago Press, 2000), Appendix 5E by Chulee Lee, pp. 272-283

Robert W. Fogel, The Fourth Great Awakening and the Future of Egalitarianism, (The University of Chicago Press, 2000), Appendix 5D, pp. 183-223

VIII. CONCLUSION

June 6: Wrap-up lecture by Prof. Bleakley and the TAs, student discussion.

Basic Readings

Book reviews for The Fourth Great Awakening and the Future of Egalitarianism:
The New York Times, "[I'm OK, You're OK](#)", October 8, 2000.
Business Week, "[Can Religion Make Life Less Hellish?](#)," May 22, 2000.

Supplementary Reading

Book reviews for The Fourth Great Awakening and the Future of Egalitarianism:
The Wall Street Journal, "A New Way of Sharing the Wealth," June 21, 2000.
Economist, "Why Aren't They Happier?," June 17, 2000.
The American Spectator, "The Big Sleep Continues," July/August 2000.
Newsweek, "The Limits of Materialism," May 15, 2000.