

Financial meltdowns drive interest in business ethics, professor says

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(PhysOrg.com) -- Thirty years ago the term “business ethics” drew laughter as a classic oxymoron, says Richard T. De George, distinguished professor of philosophy and co-director of the International Center for Ethics in Business at the University of Kansas.

Today [business ethics](#) has gained acceptance in business schools and corporate boardrooms and is no longer regarded an oxymoron. Yet De George, a pioneer in business ethics, cautions that the work of ethics officers in business and information technology has barely been tapped.

“Business ethicists in general did not anticipate or investigate in any great depth ethics in corporate governance until after Enron, WorldCom, Arthur Andersen and other scandals,” De George notes in a paper honoring a colleague, Norman Bowie, with the University of Minnesota. The paper will soon appear in “Kantian Business Ethics: Critical Perspectives.”

“Nor did they pay any attention to the new financial derivatives that emerged that recently led to a worldwide recession or to issues of privacy and intellectual property and similar issues that have come with the rapid development of information technology.”

Finance capitalism has yet to be studied in adequate detail from an ethical point of view, De George says. The Occupy Wall Street Movement may reflect that lack of scrutiny, he adds.

Under industrial capitalism, “the United States produced enormous amounts of goods and services. Corporations were allowed special privileges — with the understanding that they contribute to society with those goods and services and with employment. That was the bargain.”

With finance capitalism the bargain isn’t as clear, De George says. He lists a host of questions yet to be explored, including: What is produced? Who is employed directly? How do you justify bonuses and know if the return is commensurate?

“Some of the new instruments of finance are strange and complex,” he adds noting that he is learning along with many within the banking industry. “Even during the big meltdown, some banks didn’t understand” the complexities that had allowed failure.

De George, who will retire from teaching but not from research in June 2012, gathers case studies from breaking news for use in class and his textbooks. He is working on the eighth edition of “Business Ethics,” his classic textbook first printed in 1986. It has since been translated for use in China, Japan, Russia and Serbia.

For the third edition of “Business Ethics” in 1990, De George expanded its content to include case studies about the Internet and information technology exploring questions relating to intellectual property, privacy, surveillance and child pornography. By 2002, he was writing a separate book “The Ethics of Information Technology and Business.” As it went to press in 2003, De George wished it could be published as a loose-leaf binder to keep abreast of rapidly changing technology and the myriad of uses and misuses.

In 2008, with the collapse of the financial market and housing industry, bailouts for financial giants and the auto industry, De George fielded questions and commentaries from friends, colleagues and former

students. Some were disappointed in capitalism.

“It was not capitalism that failed,” De George wrote in the seventh edition “Business Ethics” preface.

“Rather the difficulties were caused by the absence of a proper balance between the free market and appropriate government regulation and control. The free market remains the best indicator of consumer wants and needs and the most efficient engine for satisfying those.

“But the free market is not always self-correcting and requires government control to keep it fair and to rein in its most rapacious tendencies,” he wrote. “Business ethics likewise did not fail, but was and is all the more needed before, during and after the time of crisis.”

De George is author or editor of 20 books, including a half-dozen on Marxism and Soviet philosophy in addition to his more recent studies of business and Internet ethics. His numerous honors for research and teaching include an honorary doctorate from Nijenrode University in the Netherlands together with Bill Gates and Nelson Mandela in 1996. This year he received Society for Business Ethics’ first award recognizing a career of outstanding service to the field. In 2009, the society honored him with a Lifetime Achievement Award. He is a 2010 recipient of KU’s Chancellor’s Career Teaching Award.

He earned a doctorate in philosophy from Yale University and has been a research fellow at Yale, Columbia University, Stanford University and the Hoover Institution. He was the Charles J. Dirksen Professor of Business Ethics at Santa Clara University in 1986, and a Visiting Professor at the Graduate School of Business at the University of St. Gallen, Switzerland, in 1985.

Provided by University of Kansas

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