

Ethics and the Economic Crisis

Theology 427
Boston College, Spring 2010

Professor Erik Owens

Class meets: Tuesdays 1:30-4:00pm
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Course description:

Nearly two years after the bottom dropped out of the American economy, this course explores the normative dimensions of the economic crisis, with special attention to its causes and effects. We will bring principles of philosophical and religious ethics to bear upon particular decisions faced by government and business leaders, and, more generally, to examine and critique the economic system itself. Topics will include (among others) the nature of work today, the assumptions of modern economic theory, and reflections on greed, usury, risk, thrift, inequality, poverty and the common good.

Much has been said about the new era that is dawning: It features sober consumers who save more, spend less and borrow intelligently; chastened financial industry workers who embrace transparency and assume responsibility for risky bets; and vigilant regulators who level the playing field by enforcing new and sweeping laws to protect investors and taxpayers alike. **But what evidence is there of real change?** We'll ask these questions (and a lot more) this semester as we study ethical issues in business and economics at the individual, corporate and systemic levels from the perspective of various theological and philosophical traditions.

Required Texts:

Most of the course readings will be posted online at our class' BC Share site for you to print, read and **bring to class**. In addition, **the following texts have been ordered at the BC bookstore** or may be purchased online:

- National Council of Catholic Bishops, *Economic Justice for All* (USCC, 1986/1996).
- Charles Wheelan, *Naked Economics* (Norton, 2003).
- Rebecca Blank and William McGurn, *Is the Market Moral?* (Brookings, 2003)
- Daniel Finn, *The Moral Ecology of Markets* (Cambridge, 2006)

Suggested readings about many topics are provided for those who want to dig deeper into the issues. You will not be responsible for this material on papers or your exam, though it will help you in class discussions as well as in your exams and papers.

You should also consult a variety of news sources regularly throughout the week. My suggestions:

- **Business and politics sections of major media outlets:**
 - Newspapers: *WaPo*, *NYT*, *WSJ*, *FT*, *Boston Globe*, *CSM*
 - Radio: BBC, NPR
 - Television: PBS, NBC/CNBC/MSNBC, CNN, CBS, ABC, FOX
- **Newsmagazines:** *Economist*, *Atlantic*, *New Yorker*, *Time*, *Newsweek*
- **Business magazines:** *Forbes*, *Fortune*, *BusinessWeek*, *Inc.*, etc.
- **Pew Forum on Religion and Public Life** (www.pewforum.org)
Influential source for nonpartisan info, analysis and polls; their email newsletters are excellent.
- **Planet Money** (<http://www.npr.org/blogs/money/>)
- **Frontline** (http://www.pbs.org/wgbh/pages/frontline/go/financial-crisis/?utm_campaign=homepage&utm_medium=fixed&utm_source=fixed)

See the BC Share site for links to these and other sites.

Course requirements:

1. Participation (20%): The central goal of the course is for students to develop their own capacities to reason about difficult ethical issues; this is best done in discussion with others, where you can present, defend and revise your opinion in a constructive environment. Your thoughtful participation in class discussions (which is a function of your consistent preparation and attendance) is thus essential. This grade is derived from an assessment of both quantity and quality of participation in two areas:

- a. Classroom participation: At minimum, you are expected to attend each class, complete all the required reading, contribute to class discussions, and submit assignments on time. Higher grades come from consistently thoughtful engagement with the material.
- b. Online participation: At minimum, each student must initiate 5 posts on our course blog (on BC Share) and comment on 10 others during the semester. Higher participation grades come from thoughtful comments about materials/ideas discussed in class or located online.

Diverse points of view will be presented in the course readings, and they are likewise welcomed in the ensuing discussion. In the interest of maintaining an ongoing, constructive dialogue about topics that can be rather contentious, you are expected to demonstrate mutual respect and civility at all times.

2. Short papers (30% total): Two short essays, 4 or 5 pages each, on assigned topics, due Friday February 19 and Friday March 26.

3. Presentation (15%): Two or more students will lead each class discussion during the final part of the course. Each group will be expected to: (a) explicate the reading for that day, in part by raising the relevant ethical questions involved; (b) articulate and defend an ethical position with regard to the issue or case at hand; and (c) lead the class discussion that follows. A short written outline/summary of (a) and (b) should be turned in at the end of the class in which your group leads. Groups or individuals are encouraged to discuss your presentation with me in advance of your presentation, though this is not required. Each member of a group will receive the same grade.

4. Final exam (35%): Comprehensive final exam on date set by the university. *Note: graduate students with writing requirements can submit a 12-15 page research paper in lieu of the final exam.*

The grading scale:

A = excellent work (A = 95-100; A- = 90-94)

B = good work (B+ = 87-89; B = 83-86; B- = 80-82)

C = adequate work (C+ = 77-79; C = 73-76; C- = 70-72)

D = poor work (D = 60-69)

F = inadequate or insufficient work (59 & below)

Academic integrity:

I don't need to elaborate on the obvious seriousness of academic integrity in an ethics course. I encourage you to read the university's section on plagiarism and other forms of cheating here:

<http://www.bc.edu/offices/stserv/academic/resources/policy.html#integrity>

Penalties for such activity range from failing that assignment to expulsion from the university. Please talk to me about any questions you may have.

Course Outline

All assignments are detailed online at the class' BC Share site.

Part 1: Economics and the Financial Crisis

- (1) Jan 19: **Introduction**
- (2) Jan 26: **Getting the story straight**
What are we talking about?
- (3) Feb 2: **Finding a footing in ethical theory**
Is "business ethics" an oxymoron?
- (4) Feb 9: **Economics and the market: The orthodox view**
What assumptions guide neoclassical economics? Is economics a form of faith?
- (5) Feb 16: **Economics and the market: Pre- and post-crisis heterodoxy**
Are there limits to the explanatory power of economics?
- ** Feb 19: **Paper 1 due**

Part 2: Justice and Efficiency in the Marketplace

- (6) Feb 23: **Capitalist, socialist and libertarian conceptions of just distribution**
How should resources be distributed?
- (7) Mar 9: **Catholic perspectives on economics**
Does the economy serve the people, or vice versa?
- (8) Mar 16: **Morality and the market (part 1)**
Is the market moral?
- (9) Mar 23: **Morality and the market (part 2)**
What does the market do to individuals?
- ** Mar 26: **Paper 2 due**

Part 3: Capital Virtues

- (10) Mar 30: **Wealth and the prosperity gospel**
What does it mean to be well-off? Is prosperity a sign of God's favor?
- (11) Apr 6: **Poverty and thrift**
What ever happened to thrift?
- (12) Apr 13: **Risk**
Is investing in the stock market a form of gambling?
- (13) Apr 20: **Reward**
Can you pay someone too much?
- (14) Apr 27: **Work, vocation and happiness**
What is meaningful work? Can you be a good person in a bad work environment?
- (15) May 4: **Conclusion**
What has changed? What's next?