

**IV ECONOMETICA NATIONAL CONFERENCE
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“TEACHING ETHICS IN AN AGE OF CRISIS”
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**Teaching Ethics for better
economic institutions and
managerial behaviour**

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Which is the object of our teaching?

- “Teaching Ethics for better economic institutions and managerial behaviour” in a much better and broader definition than just “Business Ethics”
- Teaching a University course must be different from imposing a code of conduct to managers and businessmen: the teacher should avoid the temptation to indicate what is right and what is wrong

A task for economists

- Boatright's introduction rightly points to the critical issue: *“the role of ethics lies not in obvious individual moral failures but in more subtle system factors”*
- To understand and explain an economic system and to point to its system factors which are relevant to ethics is a task for social scientists in general and for economists specifically; here is why the teaching of ethics in economics and business is not an exclusive field of moral philosophers

System factors: generalising Boatright

- Boatright indicates one crucial *system factor*: the (mis)allocation of responsibility. His question: “*Is it ethical to transfer risk without consideration of the efficiency of the market?*”
- Inappropriate transfer of risk was not an individual action
 - (although in some cases individual operations were evidently abusive)
 - inappropriate risk transfer has long been a widespread habit
 - it was difficult and risky for individual agents to oppose it
 - it was in the system, yet it did not come from the sky

Financial and economic systems are man made

- Why a practice of abusive risk transfer developed in the financial system in the past decades?
- Could it be recognised as negative and stopped in time ?
- A bad business practice
 - produces a direct damage on its victims
 - will be imitated, so it contributes to creating a negative externality (it pollutes the economic environment)

Beyond the laws: social habits

- Milton Friedman: “it is hard to argue that he [the participant in a competitive market] has any “social responsibility” except that which is shared by all citizens to obey the law of the land and to live according to his lights” (*Capitalism and freedom, chapter VIII*).
 - Friedman again: a manager’s “responsibility is to conduct the business in accordance with their [*the owners of enterprise*] desires, which generally will be to make as much money as possible while con-forming to the basic rules of the society, both those embodied in law and those embodied in ethical custom”
(*The Social Responsibility of Business is to Increase its Profits*, New York Time Magazine, 13 September 1970)
- What is ethical custom?

Looking for Boatright's "subtle system factors"

- Allocation of responsibilities
- Shared ideals, social customs or habits
- Formation of social capital
- Trust, respect for the law, diffusion of criminal behaviour
- Externalities
- ...

System factors: positive or negative
(according to shared views)

Teaching Ethics

- to understand these factors and how they evolve and develop
- to see how positive factors can be reinforced and negative factors can be opposed
- drawing from various branches of Economics and other social sciences
- this is, in my view, the task of classwork in a course of Ethics in economics and business