

MGTO 30795: WHY BUSINESS?*

SPRING 2021

COURSE SYLLABUS

Instructor

Professor James Otteson

Office: Mendoza 226

Email: jotteson@nd.edu

Office hours: TR 12:30pm to 1:30pm (and by appointment)

Discussion Leaders

1. Dr. Adam Hyde, ahyde2@nd.edu.
2. Dr. Craig Iffland, ciffland@nd.edu.
3. Dr. John Sikorski, jsikors2@nd.edu.

Course Description

What is the purpose of business? What is its role in a just and humane society? Many of you are considering dedicating your lives to business, and all of you will work, in one way or another, with business. Yet many believe that business is a morally suspicious activity, a suspicion reflected in the common belief that businesspeople need to “give back” to society. Is business an activity for which one must atone? Are people right to be suspicious of business?

This course engages perspectives drawn from theology, philosophy, business, and economics to evaluate the purpose and practice of business. We will examine issues of faith and normativity, consider competing positions on faith and normative questions, and explore the extent to which our considered judgments are supported by faith or reason.

As a Catholicism and the Disciplines (CAD) course, this course responds to Pope John Paul II’s *Centesimus Annus* (1991) and Pope Francis’s *Laudato Si’* (2015), which called on Catholic education to “safeguard the moral conditions for an authentic ‘human ecology’” (*Centesimus Annus*, §38) by situating all human activity—including business activity—in the wider world of just and humane institutions that respect the dignity of the human person and encourage moral responsibility.

Some questions this course addresses are:

- Should we have a market economy? What are the central arguments in favor of a market economy? What are the central objections to a market economy?

*Note: This syllabus is for both sections 1 and 2 of MGTO 30795.

- Is there such a thing as “honorable business”? If so, what is it? What is *dishonorable* business?
- What are the responsibilities of an ethical businessperson to self, to others, and to society?
- Are there distinctive responsibilities of a Catholic businessperson or of a Catholic participant in a market economy? If so, what are they?

Course Objectives

Our goals in this course include:

- Gaining an understanding of the basics of modern economic thought and of the best arguments in favor of and against a market economy;
- Developing a critical familiarity with central relevant aspects of Catholic social teaching; and
- Forming our own judgments regarding how justice, human nature, and the nature of the human condition should inform economics and 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 central challenges, including moral challenges, that business and market economies face.
- Articulate and evaluate the Catholic position on core areas of business and economics.
- Express a clear and cogent answer to the question, “Why business?”

Honor Code

All students must comply with University policies for academic honesty at all times. Please familiarize yourself with these policies, which are outlined in the Notre Dame Academic Code of Honor Handbook at www.nd.edu/~hnr/code. Violations of these policies will result in referral to the appropriate administrative body. Please ask if you have any questions about the honor code.

Expectations and Grading

1. *Readings*. You must **complete all assigned readings** before the class for which they are assigned (see the schedule below).
 - Bring each day’s assigned readings with you to each class in hard copy.
 - *Note*: unless specific prior arrangements are made, **no electronic devices may be used in class**. Laptops, cell phones, and other devices must be silenced and stowed during class time.
2. *Weekly Questions*. You will be randomly assigned to teams. **By 9 am each Tuesday**, your team must submit to your discussion leader **answers to 3 discussion questions** related to the assigned readings. Your average discussion question grade counts for **25% of your final grade**.

- Your team’s answers will be graded on a 0–6 scale based on their insight, thoughtfulness, and relevance to the readings, and they may be used to guide in-class discussions.
 - *Note:* Your team’s single lowest discussion question grade is automatically dropped.
 - *Note also:* A team may vote a person off the team (the vote must be unanimous among the other team members) if that person is not pulling his or her weight or is otherwise counterproductive to the team’s performance. A person voted off a team then becomes a “team” of one, and must complete all future weekly assignments him- or herself.
3. *Examinations.* You will have a mid-term examination and a final examination. Details about these examinations will be given out in advance.
- Your mid-term examination will be worth **30% of your final grade.**
 - Your final examination will be worth **35% of your final grade.**
4. *Attendance and Participation.* Attendance and participation (A&P) will constitute **10% of your final grade.** In class, especially in the discussion sections, you should be **prepared to discuss** the assigned reading material, as well as each other’s comments, critically yet charitably. Keep in mind that quality is preferable to quantity.
- Of the 10% of your grade that is designated for A&P, 5 points will be awarded for attendance. One point will be deducted for each absence, no matter the reason (except in the case of unforeseeable emergency).
 - Up to 4 points will be awarded for participation in discussions (which is demonstrated by productive and insightful contributions, not simply talking more than others).
 - Attendance and participation in discussion thus makes it possible to earn 9 of 10 A&P points. You may earn additional points (up to 4) toward this portion of your grade by attending **approved optional extracurricular events** (e.g., lectures or discussions). If you attend an approved extracurricular event and write a summary of the event, you will receive an additional point.

Health and Safety Protocols

Students must comply with all University health and safety protocols. Until further notice, these protocols include:

- Wearing face masks that cover the nose and mouth;
- Maintaining physical distancing in instructional spaces; and
- Sitting in assigned seats throughout the semester, which will be documented for purposes of any needed contact tracing.

Note: If a student refuses to comply with the University’s health and safety protocols, the student must leave the classroom and will earn an unexcused absence for the class period and any associated assignments for the day. Persistent deviation from expected health and safety guidelines may be

considered a violation of the University's "[Standards of Conduct](#)" as articulated in [du Lac: A Guide for Student Life](#), and will be referred accordingly.

Health Checks and Attendance:

Until further notice, all members of the Notre Dame Community will be asked to complete a daily health check. The health check will indicate one of the following:

- a. "Green Pass": student is cleared for class and should attend in person; or
- b. "Yellow Pass": student is advised to stay home to monitor symptoms and should participate in class virtually and complete all assignments and assessments; or
- c. "Red Pass": student must consult a healthcare provider and should contact University Health Services (UHS) for an assessment. Depending on the medical assessment, UHS will follow the University's standard protocol for obtaining an excused absence for medical reasons.

Course Content Delivery:

This course takes place in a classroom designed to accommodate all registered students in person under the University's safe-distancing protocols. All students who get a "green pass" from their daily health check app are expected to attend class in person.

The course is "dual mode," however, which means each class will be simulcast on Zoom. If you receive a "yellow" or "red" pass, you should attend class remotely via the Zoom link. You should then return to in-person attendance once you receive a "green pass." Please ask if you have any questions. See "[Here](#)" for further information and instructions regarding health and safety protocols.

Required Texts

1. O'Brien, David J. and Thomas A. Shannon, eds. 2016. *Catholic Social Thought: Encyclicals and Documents from Pope Leo XIII to Pope Francis*, 3rd rev. ed. New York: Orbis Books. ISBN: 978-1-62698-199-7.
2. Otteson, James R., ed. 2014. *What Adam Smith Knew: Moral Lessons on Capitalism from Its Greatest Champions and Fiercest Opponents*. New York: Encounter. ISBN: 978-1-59403-760-3.
3. Sandel, Michael. 2012. *What Money Can't Buy: The Moral Limits of Markets*. New York: Farrar, Strauss and Giroux. ISBN: 978-0-374-20303-0.
4. Francis (Pope). 2013. *The Joy of the Gospel: Evangelii Gaudium*. Washington, DC: Vatican Press. ISBN: 978-1601374585.

Note: Other required readings are available in digital format through the course's Sakai site. Please print them out and bring them with you in hard copy to class.

COURSE SCHEDULE†

Session	Author/Topic	Assignment
February 4	Introduction to the class. Moral questions in economics, markets, and business.	Read the syllabus. Also: Jeffrey Sachs, “Market Reformer: An Economist Considers Pope Francis’ Critique of Capitalism” (Sakai).
Feb. 5	Discussion sections.	
Feb. 9	What should the purpose of the economy be?	Francis, <i>Evangelii Gaudium</i> , §§52–60, 186–92, and 197–216. Discussion questions 1 due.
Feb. 11	The Church on private property, labor, and socialism.	Leo XIII, <i>Rerum Novarum</i> (in <i>Catholic Social Thought</i> [hereafter, <i>CST</i>]), §§1–38 (<i>CST</i> , 14–34).
Feb. 12	Discussion sections.	
Feb. 16	John Locke on private property, labor, and justice.	Locke, <i>Second Treatise of Government</i> (in <i>What Adam Smith Knew</i> [hereafter, <i>WASK</i>], 9–20). Discussion questions 2 due.
Feb. 18	Adam Smith on justice and beneficence.	Smith, <i>Theory of Moral Sentiments</i> (<i>WASK</i> , 21–7 and 68–9).
Feb. 19	Discussion sections.	
Feb. 23	Peter Singer on positive obligations of justice.	Singer, <i>The Life You Can Save</i> , Preface and chaps. 1–2 (Sakai). Discussion questions 3 due.
Feb. 25	Smith on the division of labor, “universal opulence,” equality, and interdependence	Smith, <i>Wealth of Nations</i> (<i>WASK</i> , 70–81).
Feb. 26	Discussion sections.	
March 2	No class: “mini break.”	No assigned readings and no discussion questions.
Mar. 4	Smith on the “invisible hand.”	Smith, <i>Wealth of Nations</i> (<i>WASK</i> , 81–7).
Mar. 5	Discussion sections.	
Mar. 9	Frédéric Bastiat on opportunity cost and the Broken Window Fallacy.	Bastiat, <i>What Is Seen and What Is Not Seen</i> , §§1–5 (Sakai). Discussion questions 4 due.

†Note: this schedule is subject to change. Any changes will be announced in advance.

Mar. 11	Friedrich Hayek on the limits of knowledge and the price mechanism.	Hayek, “The Use of Knowledge in Society” (<i>WASK</i> , 151–63).
Mar. 12	Discussion sections.	
Mar. 16	The price mechanism and the “local knowledge argument.”	Michael Munger, “They Clapped” (Sakai.) Discussion questions 5 due.
Mar. 18	Trade: who benefits? The Trading Game.	Paul Krugman, “What Do Undergrads Need to Know about Trade?” (Sakai).
Mar. 19	Discussion sections.	
Mar. 23	Capitalism, value, and dignity.	John Paul II, <i>Laborem Exercens</i> , first paragraph and §§6, 7, 9, and 13–15 (<i>CST</i> , 380, 387–9, 392–3, and 397–402). Discussion questions 6 due.
Mar. 25	Mid-term examination.	
Mar. 26	No discussion sections.	Read ahead.
Mar. 30	Karl Marx on “mutual pillaging.”	Marx, “Free Human Production” (<i>WASK</i> , 247–51). Discussion questions 7 due.
April 1	Communism.	Marx and Engels, <i>Manifesto of the Communist Party</i> (<i>WASK</i> , 88–108).
Apr. 2	Good Friday: no discussion sections.	
Apr. 6	Socialism: equality and community.	Cohen, <i>Why Not Socialism?</i> (<i>WASK</i> , 109–121). No discussion questions due.
Apr. 8	Capitalism vs. socialism, cont’d.	Cohen, <i>Why Not Socialism?</i> (<i>WASK</i> , 271); John Paul II, <i>Centesimus Annus</i> , §§34–43 (<i>CST</i> , 500–508).
Apr. 9	Discussion sections.	
Apr. 13	Markets and the environment.	Francis, <i>Laudato Si’</i> , §§20–42, 48–59, and 189–98 (<i>CST</i> , 598–605, 606–610, and 650–3). Discussion questions 8 due.
Apr. 15	Collective action problems; the Prisoner’s Dilemma.	Hardin, “The Tragedy of the Commons” (<i>WASK</i> , 164–80).
Apr. 16	Discussion sections.	

Apr. 20	Capitalism and “creative destruction.”	Schumpeter, <i>Capitalism, Socialism, and Democracy</i> (WASK, 145–50). Discussion questions 9 due.
Apr. 22	Market failure: misplacing value and corruption.	Sandel, <i>What Money Can't Buy</i> , Introduction and chap. 1.
Apr. 23	Discussion sections.	
Apr. 27	Limits of markets.	Sandel, chaps. 2 and 3. Discussion questions 10 due.
Apr. 29	Market failure: framing, nudging, and libertarian paternalism.	Thaler and Sunstein, <i>Nudge</i> (WASK, 181–93).
Apr. 30	Discussion sections.	
May 4	The role of business: corporate social responsibility.	Friedman, “The Social Responsibility of Business Is to Increase Its Profits” (Sakai). Optional: Cremers, “Social Responsibility in Light of <i>Laudato Si</i> ” (Sakai). Discussion questions 11 due.
May 6	Business, charity, and justice.	Benedict XVI, <i>Caritas in Veritate</i> , §§6–7, 17, 21–27, 32–33, and 35–42 (CST, 530–2, 537, 539–44, 547–9, and 550–7).
May 7	Discussion sections.	
May 11	Why business?	Discussion questions 12 due.
TBA		Final examination.