LEONARD N. STERN SCHOOL OF BUSINESS
NEW YORK UNIVERSITY

PROFESSIONAL RESPONSIBILITY: MARKETS, ETHICS & LAW
(B02.3101.70) – Summer Term 2005

- Dates and Meeting Time: Tuesdays, June 28 – August 2, 6:00-9:00pm
- Classroom: KMC 280

PROFESSOR CHRISTOPHER MICHAELSON

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COURSE OBJECTIVES

The purpose of this course is to introduce the class member to a broad range of “non-market” and/or ethical issues encountered by managers and business professionals, and to help the class member develop her or his analytical perspective for making judgments when such issues arise. In economics many of these issues can be described as market failures. To a limited extent, we will illustrate how the law and regulation function to redress such failures of the market economy. We will also examine the role of ethical norms, reasoning, and reflection in addressing issues in (managerial) life, and in establishing standards of professional responsibility. We will study writings in the fields of ethical reasoning, professional responsibility, and the law and analyze related cases.

TEXTBOOK


PREPARATION FOR CLASS

Each class session consists of several study modules. Each study module contains readings and study questions for guidance. Your primary obligation in this course is to prepare for class discussion by thorough reading and analysis of assigned materials. Class discussions are an essential part of the course. All class members are responsible for mentally preparing to discuss concepts raised by the readings and study questions prior to coming to class. Actual class discussions may not directly concern the readings and study questions, which are intended to promote critical analysis/reflection on course topics.

COURSE REQUIREMENTS

1. Attend all 6 scheduled class sessions and lead one case discussion
2. Weekly journal: Due at the beginning of class (with the exception of Week 1).
3. Term Paper Description: Due July 12
4. Term Paper: Due August 2 or TBA
1. ATTENDANCE AND CASE DISCUSSION

There are only six sessions for this course. Therefore, you are technically required to attend all six sessions in their entirety. Attendance will be taken. If you miss more than one session then you may not receive credit for the course. If due to work or personal circumstances you doubt your capacity to attend all or nearly all of the sessions, then you should drop this section and register for another section.

On the first day of class, you will sign up in groups of 2-3 to lead a case discussion. Your team will be responsible for 20-30 minutes of class, in which you present (review the situation, analyze it, and evaluate the actual or potential resolution) a pre-selected case reading from the week’s case studies. Class members are responsible for critically challenging your analysis – debating your presentation and/or constructively building upon it. You are not required to prepare any formal materials for your presentation, but if you choose to do so, they should be relatively simple and operable with basic classroom technology.

2. WEEKLY JOURNAL (approx. 2 single-spaced, typed pages)

Your journal should provide your reactions to the cases and other reading (Did you like it? Do you agree? What does it make you feel/think? What does it have to do with the course as a whole? What does it have to do with your career?). Detailed study questions are provided below, but you are not obligated to address them in your journal. I will ordinarily scan your journal but may not read it in its entirety; it is really for you to wrestle with ideas, issues, and situations. Therefore, it does not need to be highly formal. A good journal will reflect your personal deliberations and potentially your discussions with others about course-related issues and will relate these deliberations to a majority of the assigned readings for the week.

3. TERM PAPER DESCRIPTION (1 page typed) DUE: July 12

A one-page description of your term paper project as described below. I will return it with comments on July 19.

4. TERM PAPER PROJECT (8 – 12 pages typed & double-spaced) DUE: August 2

Class members are responsible for a term paper. The purpose of this paper is to allow the class member formally to apply principles of professional responsibility to an actual, specific business situation. The class member will describe a situation with which he or she has first-hand familiarity. The class member may have been a major or minor actor in the situation, or may have merely witnessed the situation. The requirements are that the situation raise ethical or legal issues and that the class member was there. It would not be appropriate to analyze a situation if you were not in a position to observe it directly. Further, the situation should be resolved, over and done with. All term papers should follow this format:
I. Situation (2-4 pages)
Provide a description of the situation or practice; this description must be detailed enough to allow the reader to get a clear sense of the issues & circumstances.

II. Analysis (2-4 pages)
Apply some method or methods of ethical (and perhaps legal) reasoning to the situation and examine the results of this application. Here the class member should apply, wherever appropriate, concepts from the course and its readings as well as cite the relevant law where appropriate.

III. Resolution, Conclusion & Reflection (2-4 pages)
Describe how the situation was actually resolved. Discuss this resolution in light of the ethical analysis from section II. On reflection, evaluate the resolution: Was the outcome appropriate? Why or why not? What, if anything, have you learned from reflecting on this situation in the light of the course materials and discussion?

Important Term Paper Grading Point:
This assignment is graded based upon the clarity of the situation described, how systematically and thoroughly the class member applies relevant concepts and methods from the course to the situation, and the insight with which the class member tests the worth of those concepts and methods in resolving and reflecting on ethical issues it presents.

Note on Confidentiality of Term Paper Projects:
The contents of the term paper projects that you submit are considered confidential and are not read by anyone other than the professor and are not disseminated to other person(s) unless I have your permission to do so. Without such permission, only general points may be discussed in the future for academic purposes without attribution.

Handing In Term Paper Projects:
Guidelines TBA.

GRADING

Your class participation will be evaluated on a E (Exceeded expectations), M (Met), or D (Did Not Meet) basis. I expect that you will participate regularly – at least once, and probably more, per class session. I ask for your help in distributing discussion around the class so that no individual dominates the discussion and no individual is absent from it.

Your presentation will count as part of your overall class participation grade and will be evaluated on a E (One of the best), M (Met expectations), or D (Did not meet expectations) basis.

A random selected sample of two of your five journal entries will be evaluated on a E (Exceeded expectations), M (Met), or D (Did Not Meet) basis according to the considerations described above. The remaining three will be evaluated on a M (Turned in and met all technical specifications) or D (Did not turn in and/or did not meet all
The term paper will be primarily evaluated upon how well you integrate the course concepts - ethical, legal and economic - into your written analysis.

The weights for the overall grade are:
1. Class Participation (including case discussion)  20%
2. Weekly Journal  40%
3. Term Paper Project  40%
COURSE SCHEDULE

DATE: June 28
SESSION #1

INTRODUCTION: MARKET FAILURES & PROFESSIONAL DILEMMAS

Read: “Economic Theories of Regulation: Normative v Positive” by Linda N. Edwards
and Franklin R. Edwards (p.5)
(Economics of Market Failure)

“Making an Ethical Decision” by Terry Halbert and Elaine Ingulli (p.15)
(Ethical Theories)

“The Price of Lobster Thermidor” from The Economist (p.353)

“Pollution Case Highlights Trend to Let Employees Take the Rap” by Dean Starkman (p.301)

Study Questions
1. Why do market failures tend to bring about laws or regulations to counter their effects?

2. Based on the Edwards article which market failures or imperfections are present in the “Lobster Thermidor” case? In the “Pollution” case?

3. How might ethical methodology help an executive or legislator to make more effective decisions in the presence of market imperfections?

4. Based on the Halbert & Ingulli reading identify at least one market failure related to your employment situation and apply the methods of ethical reasoning to this market failure.

TRUTH & DISCLOSURE

Read: “Is Business Bluffing Ethical?” by Albert Z. Carr (p.73)

“Ethics and the New Game Theory” by Gary Miller (p.26)

“Double Agents in the Financial System” by Roy C. Smith (p.78)

“The Numbers Game” by Arthur Levitt (p.67)

Cases: “Bitter Pill” by Ralph T. King, Jr. (p.53)

“Familiar Refrain: Consultant’s Advice on Diversity was Anything but Diverse” by Douglas A. Blackmon (p.59)
“Today’s Analyst Often Wears Two Hats” by Roger Lowenstein (p.65)

Study Questions
1. Would Albert Carr voice any objections to the (i) corporate actions of Boots described in “Bitter Pill” and (ii) Towers Perrin in the “Familiar Refrain” case? Do you agree with Carr? Can you identify any market failures in “Bitter Pill” and “Familiar Refrain”?

2. How would Gary Miller and Arthur Levitt assess the long-term effects of bluffing as applied to the job of an equity analyst (Lowenstein)? Would Albert Carr agree?

3. Is there anything ethically wrong about the actions of Towers Perrin, as described in “Familiar Refrain”? What would happen if all or most consulting companies behaved in similar ways?

DATE: July 5
SESSION #2

GIFTS, SIDE DEALS & CONFLICTS OF INTEREST

Read: “Neutral Omni-Partial Rule Making” by Ronald M. Green (p.22) (Ethical Theories)

“Bribery and the Foreign Corrupt Practices Act” by Kenneth W. Clarkson, et al. (p.94)

Cases: “Buynow Stores” by Bruce Buchanan (p.85)

“Roger Berg” by Ronald M. Green (p.88)

“Friends and Family” by Melanie Warner (p.90)

“A Bribe by Any Other Name” by Neil Weinberg (p.96)

“Wall St. and the Nursery School: A New York Story” by Gretchen Morgenson and Pat McGeehan (p.99)

“Hat Trick” by Gretchen Morgenson (p.102)

Study Questions
1. Make a list of all the gift practices described in Buynow Stores. In your judgment, which of these, if any, are inappropriate? Use ethical concepts and methods from the Green and Halbert/Ingulli readings to support your position.

2. Do the Roger Berg and Wall Street Nursery School cases differ materially from Buynow Stores? Use ethical concepts and methods from the Green and Halbert/Ingulli readings to support your position.
3. Have the insurance brokers (“Bribe by Any Other Name”) and the pension consultants (“Hat Trick”) created any market failures or engaged in any conflicts of interest in their current marketing practices as presented in the Weinberg and Morgenson readings?

4. How should American executives respond when their foreign competitors are bribing officials in developing countries? Should they refrain and risk losing business? Or make the payment, perhaps through a series of intermediaries?

**AGENCY & FIDUCIARY DUTY/ BOARDS OF DIRECTORS**

**Read:**  “Duties of Principals and Agents” By Kenneth Clarkson, et al. (p.124)

“Moral Hazard” by Robert Pindyck and Daniel L. Rubenfeld (p.10)  
(Economics of Market Failure)

“The Business Judgment Rule” by Jane P. Mallor, et al. (p.227)

“Crisis of Corporate Ethics” by Roy C. Smith (p.268)

“Is There a new Sheriff in Corporateville?” by Thomas O. Gorman & Heather J. Stewart (p.257)

**Cases:** “Quality Department Stores” by Lawrence Zicklin (p.109)

“Old City Enterprises” by Lawrence Zicklin (p.110)

“The Man Who Paid the Price for Sizing Up Enron” by Richard Oppel, Jr. (p.113)

“Plasma International” by TW. Zimmer and P.L.Preston (p.115)

“You Bought, They Sold” by Mark Gimein (p.117)

“Testing the Limits of the Business Judgment Rule” by Roger Leroy Miller & Gaylord Jentz (p.238)

**Study Questions**

1. Sketch out the relationships between parties described or implied in the case “Quality Department Stores.” Which of these can be called “fiduciary” relationships? Justify your answers. Given your analysis, how should the investment manager vote?

2. Which fiduciary duties might be at issue in “Old City Enterprises” and in “Plasma International”? Are Ed Stevens in Old City, Sol Levin of Plasma and the Walt Disney Board of Directors acting properly in terms of shareholder interests as well as the Business Judgment Rule? Are there any moral hazards present
3. Considering the Gimein reading (“You Bought, They Sold”) what are appropriate limits, if any, on sales of stock by corporate insiders? Does this behavior present any moral hazards, particularly to shareholders? Are there any material differences between this behavior and the behavior of Chung Wu, broker, in “Man Who Paid The Price” in relationship to fiduciary duties?

4. Which market failures does the Sarbanes-Oxley Act address (“New Sheriff in Corporateville”)? What would be Smith’s (“Crisis of Corporate Ethics”) response to the Sarbanes-Oxley Act as a remedy for recent failures in corporate governance?

WHISTLE BLOWING & LOYALTY

Read: “The Return of Qui Tam” by Priscilla R. Budeiri (p.193)

“States Passing Whistleblower Statutes” by Steve Seidenberg (p.184)

Cases: “Aircraft Brake Scandal” By Kermit Vandiver (p.159)

“He Told. He Suffered. Now He’s a Hero.” by Kurt Eichenwald (p.169)

“A Whistle-Blower Rocks an Industry” by Charles Haddad, with Amy Barrett (p.178)

“Doctor Explains Why He Blew the Whistle” by Melody Petersen (p.182)

“How Ex-Accountant Added Up To Trouble for Humbled Xerox” by James Bandler and Mark Maremont (p.186)

“Former Mattel Employee’s Battle Shows Whistle-Blowers Walking a Fine Line” by Michael Hitzik (p.190)

Study Questions

1. Consider the position of Searle Lawson in the “Aircraft Brake Scandal” case. At what point, if any, should he have blown the whistle to someone outside B.F. Goodrich? Use ethical concepts and reasoning to support your position.

2. Compare the situations in “A Whistle-Blower Rocks an Industry” and “Doctor Explains” to “Aircraft Brake Scandal” and assess the role that qui tam laws play in resolving such situations.

3. Mark Jorgeson (“He Told He Suffered” - Prudential) and James Bingham (“Hoe Ex-Accountant” - Xerox) worked at major corporations where they tried to bring truthful accounting numbers to the attention of top management and investors. What personal risks did they run? And how did the outcomes of their
cases differ with their approach to whistleblowing?

4. Is the Qui Tam policy is a good idea? Should corporations also use it; that is, should corporations offer rewards to employees who blow the whistle on their colleagues?

DATE: July 12
SESSION #3

SALES AND MARKETING

Read: “Investment Management: Business . . . or Profession and What Role Does the Law Play?” by John C. Bogle (p.154)

Cases: “The Selling of Breast Cancer” by Susan Orenstein (p.129)

“Commissions on Sales at Brock Mason” by Tom L. Beauchamp (p.137)

“West Virginia CIF” by Ingo Walter (p.140)

“Responsibility Yes, but to Whom?” by Larry Zicklin (p.144)

“Disorders made to Order” Brendan I. Koerner (p.147)

Study Questions
1. In the Brock Mason case, Mr. Tithe, the branch manager, describes the situation with the widow as “unfortunate” but not “unfair.” Do you agree? Use ethical methods and concepts to justify your position. How is the situation at Brock Mason similar to that in the West Virginia CIF case?

2. In what ways, if any, could we determine that pharmaceutical companies (Disorders Made to Order) are ethically responsible for promoting new mental illnesses in order to boost their profits from drug sales? Or, companies that support causes such as breast cancer (“Selling of Breast Cancer”) to market their brand?

3. In his article, “Investment Management: Business . . . or Profession,” John Bogle implies that much of the mutual fund business is driven by moral hazards and fiduciary duty problems. Do you agree? Justify your position.

TRADE SECRETS

Read: “Trade Secrets, Patents, and Morality” Robert E. Frederick & Milton Snoeyenbos (p.211)

“Protecting Trade Secrets: Using ‘Inevitable Misappropriation’ and The Exit Interview” by Michael B. Carlinsky & Lara Kreiger (p.217)

Cases: “Stockbroker’s Story” by Bruce Buchanan (p.201)
“Fare Game” by William M. Carley (p.202)

“Corporate Spies: The Pizza Plot” by Adam L. Penenberg & Marc Barry (p.206)

**Study Questions:**
1. Are customer records, such as those described in “Stockbroker’s Story” trade secrets, or do they belong to the departing broker? What criteria can we apply in making this determination?

2. How does the situation in “Fare Game” differ from the “Stockbroker’s Story” with respect to the idea of a trade secret?

3. What practices in “The Pizza Plot” do you judge to be inappropriate? What are your criteria for saying so?

**PRIVACY**

**Cases:** “Monday 9:01 A.M.” by Ronald H. Smithies (p.441)

“Open Secrets” by Ellen E. Schultz (p.442)

“Prying Times” by Ann Carrns (p.446)

“Monitoring of Employees Still Growing” by Allison Michael and Scott M. Lidman (p.450)

“TGB Insurance Services Corp. v. Superior Court (p.455)

**Study Questions:**
1. Should firms face any restrictions on the internal use of data gathered from their own employees? Why or why not? Consider this specifically with respect to medical/psychological information. Use ethical concepts and methods to justify your position.

2. Is the idea of privacy for individuals becoming obsolete in the Internet age? How do privacy and technology interact?

3. What market failures surround the issue of privacy? How, then, does the right to privacy interact with economic efficiency?

4. Draft a policy guideline for a firm as to what aspects of its employees lives are to be considered private, along with applicable safeguards. Assume this memo will be distributed to all employees, both current and prospective. Briefly state your reasoning in setting this policy.
DATE: July 19
SESSION #4

CONTROL BY LAW

Read: “Prosecutors’ Tough New Tactics Turn Firms Against Employees” by Laurie P. Cohen (p.293)

“When the Company Becomes a Cop” by Linda Himelstein (p.299)

“Pollution Case Highlights Trend to Let Employees Take the Rap” by Dean Starkman (p.301)

“Life in a Federal Prosecutor’s Cross Hairs” by Ann Davis (p.303)


“I Conviction of Banker Vindicates New Strategy by Prosecutors” by Jonathan D. Glater (p.309)

“Before Enron, There Was Cendant” by Gretchen Morgenson (p. 311)

“Living with the Organizational Sentencing Guidelines” by Jeffrey Kaplan, Linda S. Dakin, Melinda R. Smolin (p.313)

“The Revised Corporate Sentencing Guidelines” by Jeffrey M. Kaplan (p.321)

Study Questions:

2. Are the compliance costs that the U.S. sentencing guidelines imply justified? Does agree with the guideline’s approach to white-collar crime? And with the prosecutor’s approach (“Conviction of Banker”)? How will the “Revised” corporate sentencing guidelines impact corporate behavior? Use ethical concepts and methods to support your position.

3. What are the implications of the Corporate Sentencing Guidelines for the individual employee? Consider the situations of the Darling employees (“Pollution Case”), Sharon Hogge (“Prosecutor’s Cross Hairs”) and KPMG employees (“Prosecutor’s Tough Tactics”).

INSIDER TRADING

Read: “The Cost of Inequity” The Economist (p.270)
“Insider Trading Notes” by Constance E. Bagley (p.284)

**Cases:** “An Accountant’s Small Time Insider Trading” by Tom L. Beauchamp (p.265)
“Raymond Dirks and Equity Funding of America” by Roy C. Smith (p.281)
“Trading Room Ethics” by Lawrence Zicklin (p.272)
“Martha Stewart” by Roy C. Smith (p.275)
“The Case for Insider Trading” by Henry G. Manne (p.278)

**Study Questions**
1. Should the accountant, Donald Davidson, trade on the information he has obtained from Warner Wolff? Use legal theories of insider trading (“Insider trading Notes”) and ethical concepts to support your position.

2. Is Raymond Dirks’ behavior consistent with the concept of fiduciary duty? Why was he reprimanded by the SEC but ultimately exonerated by the Supreme Court? Compare the behavior of Dirks with that of Stewart (“Martha Stewart”). Use legal and ethical concepts to support your position.

3. Read “Trading Room Ethics” carefully and outline the exact procedure Teri Forman employs to move large blocks of stock. Is this insider trading? Why or why not?

4. Do laws forbidding insider trading make financial markets more or less efficient? Use ideas from both economics and ethics to justify your position as well as including Manne’s thesis (“The Case for Insider Trading”) on insider trading.

**DATE:** July 26  
**SESSION #5**

**SOCIAL RESPONSIBILITY TO STAKEHOLDERS**

**Read:** “The Social Responsibility of Business is to Increase Its Profits” by Milton Friedman (p.346)

“Restricted Reasons and Permissible Violation” by Arthur Isak Applbaum (p.19)

“Our Schizophrenic Conception of the Business Corporation” by William Allen (p.35)

**Cases:** “Toy Maker Faces Dilemma as Water Gun Spurs Violence” by Joseph Pereira (p.329)
“Bally’s Grand Casino, For Elaine Cohen, Is Her One True Home”
by Heidi Evans (p.331)

“Credit Card Companies Target New Niche: the Mentally Disabled” by Joseph Cahill
(p.334)

“The Right Thing: When Good Ethics Aren’t Good Business” by Jeffrey Seglin
(p.338)

“Cut Loose” by Anne-Marie Cusac (p.340)

Study Questions

1. What advice would Milton Friedman and William Allen (“Schizophrenic
Conception”) give to the CEO of Larami Corp., manufacturer of the Super
Soaker? Would you agree with Friedman and/or Allen? Use ethical methods and
concepts of fiduciary duty to support your position.

2. If you were the manager of Bally’s Grand Casino, would you do anything
differently with respect to Elaine Cohen? What would Friedman (“Increase
Profits”) and Allen (“Schizophrenic Conception”) advise the manager to do? Use
ethical methods and legal concepts to support your position.

3. Did the CEO of Smith & Wesson fulfill his fiduciary duties? Justify your
position. How would Arthur Applbaum (“Restricted Reasons and Permissible
Violation”) judge his behavior?

4. Does IBM owe any duty to Fran Asbeck (“Cut Loose”) regarding his health
care benefits upon retirement? How would Allen (Schizophrenic Conception”)
and Friedman (“Increase Profits) respond to IBM’s behavior?

PRODUCT LIABILITY

(p.409)

“The Coase Theorem” by A. Mitchell Polinsky (p.8) (Market Failure)


“The Class-Action Quandary: Cash Payment, No Apology” by Meryl Gordon
(p.391)

“In Breast Implants Scandal, Where Was Dow Corning’s Concern for Women?”
by Andrew W. Singer (p.393)

“Will the Lawyers Kill Off Norplant?” by Gina Kolata (p.398)
“Legal Myths: The McDonald’s Hot Coffee Case” (p.403)

By J. Jones (p.405)

**Study Questions**

1. Should A.H. Robins have introduced the Dalkon Shield when it did? Why or why not? Which legal theories of product liability (Clarkson, et al) may apply to A.H. Robins? Do they have any defenses? What method of ethical reasoning seems most appropriate to this problem? Why?

2. Was McDonald’s “negligent” and/or strictly liable, i.e. “strict product liability” (Clarkson, et al) for selling “unreasonably dangerous” coffee in the “hot coffee” case? Does McDonald’s have any legal defenses? Can the judicial opinion in “Greene v Boddie Noell Enterprises, Inc.” be distinguished from the opinion in the McDonald’s case?

3. Can you draw any distinctions between the Dalkon Shield, Norplant and breast implant cases? Are moral hazards present in these cases or in product liability cases in general? Have any fiduciary duties been breached?

**DATE:** August 2  
**SESSION #6**

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**Read:** “EEOC Guidelines Excerpt” (p.425)

“Sexual-Orientation Protection Added to New York Law” by Casey J. Dickinson (p.436)

**Cases:** “Foreign Assignment” by Thomas Dunfee and Diana Robertson (p.415)

“Now Look Who’s Taunting. Now Look Who’s Suing” by Jane Gross (p.417)

“When Fear of Firing Deters Hiring” by Jeffrey L. Seglin (p.420)

“Is this the Right Time to Come Out?” by Alistair D. Williamson (p.422)

“Too Old to Work?” by Adam Cohen (p.429)

**Study Questions**

1. In the “Foreign Assignment” case, how would you judge the actions of Bill Vitam? Use ethical concepts and methods, as well as the law, to justify your position. According to the EEOC, can the bank (employer) be held liable for sexual harassment due to the actions of its employees? Does the bank have any defenses, including any affirmative defenses provided by the EEOC?
2. Is sexual harassment against men a legitimate concern? Is the situation at Jenny Craig (Gross) comparable to that in the “Foreign Assignment”? Why or why not?

3. If a group such as white males is over-represented in terms of demographic proportions within certain executive job categories, can a firm actively favor women or non-whites in filling future vacancies? And if so, what are the criteria?

4. Is discrimination because of sexual orientation different from discrimination because of sex (Williamson)? What about discrimination based upon age (Cohen)? Should similar laws and regulations be applied to all of these classes? Justify your position.

MORAL STANDARDS ACROSS BORDERS

Read: “United States Bill of Rights” (p.33) (Ethical Theories)

“In Praise of Cheap Labor: Bad Jobs at Bad Wages Are Better than No Jobs at All” by Paul Krugman (p.368)

“Human Rights on the Eve of the Twenty-First Century” by His Holiness the Dalai Lama (p.372)

“Universal Declaration of Human Rights” United Nations (p.374)

Cases: “The Oil Rig” by Joanne B. Ciulla (p.355)

“For Cruise Workers, Life is No Love Boat” by Joshua Harris Prager (p357)

“Stretching Federal Labor Law Into South Pacific” by Seth Faison (p.359)

“Lives Held Cheap in Bangladesh Sweatshops” by Barry Bearak (p.363)

“Low-Wage Costa Ricans Make Baseballs for Millionaires” by Tim Weiner (p.378)

“Nobodies: Does Slavery Exist in America?” by John Bowe ((p.461)

“Down and Out in White-Collar America” by Nelson D. Schwartz (p.472)

“Up Against Wal-Mart” by Karen Olsson (p.477)

Study Questions

1. According to the US Bill of Rights, the Dalai Lama and the UN Declaration of Human Rights have any basic human rights been violated in the “Oil Rig” case? Are the ex-pats justified in getting better treatment than the Angolans?
2. Should cruise workers that service US ports enjoy the rights of other US workers? Would Krugman (“Praise of Cheap Labor”) or any of the other ethical thinkers we have studied think that this was an unethical situation?

3. Should US labor and safety laws apply to the Northern Mariana Islands? Why or why not? Are sweatshops unethical according to Krugman, the Dalai Lama or any of the other ethical thinkers that we have studied?

4. Do human rights exist? If so, what responsibilities do corporations have to see that they are respected? And how would you apply these ideas to workers on cruise ships or in the Bangladesh sweatshops?

5. Considering the “Nobodies” and “Wal-Mart” cases do any market failures exist in the American labor market? Have any basic human rights been violated here (US Bill of Rights, UN Declaration of Human Rights)?

6. Do companies violate any fiduciary duties when they outsource of American white-collar jobs to cheaper labor markets in third world countries (“Down & Out”)? Apply ethical concepts and market failures to this dilemma.