



# ***THE SOCIETY FOR BUSINESS ETHICS NEWSLETTER***

*Winter, 2007*

*Volume XVII, Number 3*

## **From the President**

As some of you have heard, Bob Solomon died on Tuesday, January 2. I know that we share deep sadness and a sense of incalculable loss.

Bob Solomon was a giant in our field. He brought unusual gifts to bear in his work: he was one of the rare philosophers who could discuss Hegel and Quine, Derrida and Putnam with equal fluency and wisdom. For the world of business he had a feeling that stood him in good stead as a consultant to managers and as commentator on the passing show. Perhaps his greatest contribution to business ethics was to introduce Aristotle's ethics as a viable option, an answer to methodological and substantive questions that should have been asked but seldom were. Many have since followed his lead, and the field is changed for the better.

Bob was an inspiration as a scholar, a teacher, and a human being. His brilliance was matched by his kindness to colleagues and students, his subtle sense of humor, his intellectual honesty, and his civility in argument. We are better for having known him, and we shall not forget him.

Ed Hartman  
President, SBE

## **Report from the Executive Director**

2007 has begun with very sad news for the Society for Business Ethics. Bob Solomon, our friend and SBE Board member, died unexpectedly on January 2. Bob will be missed as a friend and remembered as one of the very best philosophers in business ethics. As Ed Hartman stated above, his contributions to the field were many. We will take time to honor Bob and his work at this year's annual meeting.

This newsletter contains a nomination form for our upcoming Board of Directors' election. Please consider nominating someone, and please remember that self nominations are always welcomed. Elections will take place by mail in early spring.

Our 2007 annual meeting will take place August 2-5, 2007 at the Westin – Philadelphia, immediately prior to the Academy of Management meetings. This is a beautiful hotel and we are excited about this year's meeting. Please make every effort to join us in Philly. More information on the meeting will appear in the spring newsletter, and a preliminary program will appear in the summer newsletter.

I am happy to inform you that this year you'll be able to register with our group rates directly on-line. As always, our group rate is available three days before and after our meeting dates. See the box on page three for more information on the conference and the link to the hotel registration site.

Again this year, we will rely on the great services of the Philosophy Documentation Center for conference registration and administration. This means that for the first time ever, you will be able to register for both the conference and our hotel on-line. The SBE website will remain the best source for updated information and links for the meeting.

Speaking of our SBE website, as I write this we are in the final stages of completed a fully-revised and redesigned website. Steve Lawler has been overseeing this effort and we are pleased with what we've seen so far. Visit the website often and keep an eye out for the new design.

Joe DesJardins  
Executive Director

**Society for Business Ethics**

www.societyforbusinessethics.org

**Board of Directors**

Dennis Moberg  
408-554-4713  
dmoberg@scu.edu

Ed Hartman  
973-353-5987  
hartmane@  
andromeda.rutgers.ed

Richard Nielsen  
617-552-0456  
nielsenr@bc.edu

Rob Phillips  
804-287-8623  
rphilli3@richmond.edu

**Business Ethics Quarterly**

Editor in Chief:  
Gary R. Weaver  
BEQ@udel.edu

Associate Editor:  
Al Gini  
agini@wpo.it.luc.edu

**Executive Director**

Joe DesJardins  
Department of Philosophy  
College of St. Benedict  
37 S. College Avenue  
St. Joseph, MN 56374  
320-363-5915  
jdesjardins@csbsju.edu

**Communications Director**

Steve Lawler  
314-753-7911  
Steve.lawler@SBEthics.org

**Newsletter Editor**

Gina Wolfe  
708-524-6493  
rwolfe@dom.edu

*In each issue of the SBE Newsletter, the Committee on International Collaboration (CIC) will ask colleague organizations around the world to share information about their association and activities. The CIC hopes that these materials will create broader awareness of the work of our global colleagues and might offer SBE members opportunities for participation and collaboration of which they might not have been previously aware. If you would like to suggest an organization to include, please email Laura Hartman at LHartman@depaul.edu. Our next profile is of International Center for Corporate Accountability.*

**International Center for Corporate Accountability**

International Center for Corporate Accountability (ICCA) is a not-for-profit, independently incorporated organization comprised of a council of experts in labor issues, environment and sustainability, human rights, stakeholder engagement, and corporate governance in the national and international arena. ICCA conducts field investigations around the world on large companies and industry-wide groups with regard to their codes of conduct and the extent to which these organizations adhere to their sponsored principles and standards of ethical-professional conduct. ICCA encourages and assists multinational corporations in creating, implementing and arranging independent monitoring of codes of conduct.

As an academically affiliated organization, associated with the Zicklin School of Business of Baruch College – The City University of New York, ICCA also undertakes independent field research on aspects of corporate governance and accountability that normally fall outside the purview of corporate boards of directors, and engages in dialogue with a wide range of stakeholders.

ICCA is governed by an independent board of directors. Its day-to-day operations are managed by its President, Dr. S. Prakash Sethi, University Distinguished Professor, the City University of New York. In addition, ICCA receives advice and guidance from our International Advisory Council which is comprised of distinguished academics, NGO leaders, and other prominent representatives of international organizations.

ICCA will be holding its Second International Conference at the Vertical Campus of Baruch College in New York City. The general theme of the conference is "Globalization and the Good Corporation." This conference will build on the success of ICCA's First International Conference that was held in May of 2004. The theme of that conference was "Corporate Codes of Conduct for Multinational Corporations: Promises and Challenges." A selected group of papers presented at the conference (and subject to further peer review) will be included in special issues of a number of leading professional journals. Among the topic areas to be covered at the conference are:

- Global Initiatives in Corporate Social Responsibility and Sustainability
- Globalization and Corporate Social Accountability
- Corporate Global Citizenship

- Corporate Governance and Corporate Reputation
- Managing for Results - Business Ethics, Corporate Responsibility and Corporate Social Accountability
- Triple Bottom Line – People, Planet, and Profit
- Shareholder Activism
- NGOs as Civil Society Organizations
- Case Studies – Learning from Experience

For more information, please e-mail the Director of Project Services at [olga\\_emelianova@baruch.cuny.edu](mailto:olga_emelianova@baruch.cuny.edu) or visit the ICCA Web site at [www.icca-corporateaccountability.org](http://www.icca-corporateaccountability.org). ICCA is based at Baruch College of the City University of New York. Its mailing address is ICCA, One Bernard Baruch Way, New York, NY 10010 and its phone number is (646) 312 2230.

## **Society for Business Ethics**

**2007 Annual Meeting  
August 2-5, 2007**

**Westin - Philadelphia**

**99 South 17th Street at Liberty Place  
Philadelphia, Pennsylvania 19103  
United States**

**Phone: (215) 563-1600**

**Fax: (215) 564-9559**

**Hotel reservations can be made at**

<http://www.starwoodmeeting.com/StarGroupsWeb/booking/reservation?id=0608010014&key=B11A3>

Group rate is available until **July 5, 2007**

Meeting information can be found on the SCE website  
[www.societyforbusinessethics.org](http://www.societyforbusinessethics.org)

# SBE News and Announcements

## The Changing Role of Business in a Global Society: New Challenges and Responsibilities

Special forum in *Business Ethics Quarterly*

Call for Papers

Deadline December 1, 2007

**Guest Editors:**     **Andreas Georg Scherer**, University of Zurich, Switzerland  
                              **Guido Palazzo**, University of Lausanne, Switzerland  
                              **Dirk Matten**, Schulich School of Business, York University, Canada

The globalization of society erodes established ideas about the division of labor between the political and economic spheres and calls for a fresh view concerning the role of business in society. Some multinational corporations have started to change their role from one of simply following the rules to one of *creating* the rules of the economic game. They already have assumed responsibilities that once were regarded as belonging to government. They engage in the production of public goods (e.g., public health, education, social security), and in self-regulation to fill global gaps in legal regulation and to promote societal peace and stability. Some corporations do not simply comply with societal standards in legal and moral terms; they engage in discursive social and political processes that aim at *setting* or *redefining* those standards in a changing, globalizing world. Those activities go beyond the mainstream understanding of stakeholder responsibility and corporate social responsibility.

Economic activities require the existence of rules and their enforcement as preconditions that the market cannot generate itself. Current theorizing on corporate social responsibility and business ethics mainly builds on the assumption of an intact regulatory environment, in which national legislation and the values of social communities clearly prescribe appropriate business behavior. However, the pluralization of modern society (understood as the threefold process of individualization, the devaluation of tradition, and the globalization of society) can result in a loss of cultural homogeneity and authority, thus eroding the national context of governance. Therefore,

synchronizing corporate behavior and societal demands by straightforward adaptation to the rules of the game becomes problematic, and new research is required to understand the new relationships between business and society.

The aim of this special issue is to discuss the consequences of the social and political mandate of the corporation and to examine the implications for theory and practice. We seek to identify emerging research streams in the social sciences, humanities, and professional fields that aggressively go beyond established ideas on the role of business in a global society. We invite both theoretical and empirical contributions from different schools of thought (e.g., political and moral philosophy, institutional theory, network theory, critical theory, identity research, etc.). We seek macro-level analyses (e.g., of societal and organizational structures, corporate legitimacy, etc.) as well as micro-level (e.g., of the role of individuals, responsible leadership in the new global context, etc.). Papers that argue across the potentially relevant disciplines (management studies, philosophy, business ethics & corporate social responsibility, legal studies, political theory, etc.) would be particularly welcome.

Papers must be sent electronically by **December 1, 2007**, to **BEQ@udel.edu** as Word email attachments, indicating "Special Issue Changing Role of Business" in the subject line. Manuscripts should be prepared according to the BEQ guidelines published in every issue of *Business Ethics Quarterly*. Papers should not exceed 12000 words and will be blind reviewed following the journal's standard process. For further information contact guest editor Andreas Scherer ([andreas.scherer@iou.unizh.ch](mailto:andreas.scherer@iou.unizh.ch)).



# Call for papers

## European Conference on Business and Economic Ethics

September 6 – 8, 2007  
Heidelberg, Germany

The "Berlin Forum", a network of PhD and post-Doc students in the field of business and economic ethics, is organizing a conference on the subject "European Business and Economic Ethics: Is there a European business and economic ethics approach?" The conference will take place from September 6 – 8, 2007 at and in cooperation with the Heidelberg Academy of Sciences and Humanities in Heidelberg (Germany). The focus of the conference will be academic rather than application-oriented. We are happy that renowned scholars like Adela Cortina (Universidad de Valencia, Spain), Luc van Liedekerke (Katholieke Universiteit Leuven, Belgium, and President of EBEN), Marcel Hénaff (University of California, San Diego, USA), Stefano Zamagni (Università di Bologna, Italy, and Johns Hopkins University, USA), Bernard Perret (Laboratoire de sociologie du changement des institutions Paris, France), Michael Wohlgemuth (Walter Eucken Institut Freiburg, Germany), Jan Tullberg (Stockholm School of Economics, Sweden) and Hans Joas (Max-Weber-Kolleg of the University of Erfurt, Germany, and Committee on Social Thought, University of Chicago, USA) have accepted our invitation and will appear as speakers at the conference.

We cordially invite you to contribute to the conference by handing in a paper on one of the following specific topics:

- basic income theory
- environmental ethics
- state-economy relations
- methodology in economic and business ethics
- importance of the adjacent (social) sciences
- corporate social responsibility (CSR)
- ethical leadership

Senior and junior scientists from all fields in business and economic ethics are encouraged to contribute their ideas and thus take part in a trans-national dialogue on their specific research interest. In the sessions, different points of view will display the diversity of ethical traditions. Please spell out based on which ethical tradition(s) you look at the topic - for example: do you look at basic income theory from a liberal (a utilitarianist, a contractualist) point of view? Or do you do Kantian environmental ethics? Do you explain Corporate Social Responsibility based on Catholic or on Protestant social thought? Or maybe you choose virtue ethics to explain state-economy relations? These questions only serve as examples and do not claim to build an exhaustive list of possible ethical traditions. Any other ethical tradition is welcome. Knowing the traditional affiliations of the participants will allow us to structure the different sessions so that scholars from different ethical traditions can debate on the specific topics.

The parallel sessions will be organized in two units of 90 minutes each. Each unit will consist of two 25 min presentations, which will be followed by questions and discussion (40 min). The conference team plans on publishing selected papers in a collective volume.

Junior researchers whose papers are selected for a session in the dialogue part of the conference can apply for a grant if they can prove their neediness and if they do not get any financial support from their universities or similar institutions. Applicants from so-called developing countries and Eastern European countries will be given preferential treatment. When submitting your paper, please indicate whether you consider applying for a grant.

Proposals should include an abstracts of no more than 325 words, academic affiliation, and contact details. The deadline is **March 1, 2007**. Notification of acceptance by May 1, 2007. Please send abstracts to [dorothea.baur@unisg.ch](mailto:dorothea.baur@unisg.ch)

♦♦♦

**International Conference  
On the Ethical Life  
The Philosophy of Peter Singer  
April 19-21, 2007  
The University of Sydney**

Papers on any area of Professor Peter Singer's ethics, or on the question of the "ethical life", will be considered. Please send an abstract with a brief CV to

upcphilosophy@yahoo.com.au by **March 25, 2007**. For further information about the conference, which will include Prof Singer as a speaker, please write to the "Convener" at the email address above.

♦♦♦

**Fort Hays State University  
College of Business and  
Leadership**

**Annual Business and  
Leadership Symposium 2007**

**September 26-27, 2007  
Hays, Kansas**

The annual business and leadership symposium is sponsored by and will be held at College of Business and Leadership, Fort Hays State University, Hays, Kansas. Academicians, practitioners, and experts in the areas of business and leadership are invited to submit manuscripts to be considered for presentations before faculty, staff, students and non-academic personnel.

The purpose of the Symposium is to provide a forum for exchanging

ideas about, identifying emerging trends in, learning new approaches to, and examining issues involving the various disciplines of business and leadership.

Anyone interested in the following teaching areas should attend: Accounting, business and organizational communication, business education, business ethics, business law, case studies related to business, computer information systems, decision sciences, economics, entrepreneurship, finance, human resource management, international business, leadership issues, management, management information systems, marketing, public administration, taxes, teaching (all areas of business), cross-disciplinary areas of business with other areas are also encouraged to attend. The Symposium welcomes participation of doctoral students as session presenters, reviewers, or attendees. Doctoral students in any related discipline will find the Symposium very stimulating and enlightening. The Symposium registration fee for doctoral students is \$100.00.

Types of submissions include:

- Completed research papers in any of the topic areas listed above.
- Abstracts of completed or proposed research in any of the topic areas listed above, or related areas. The abstract for proposed research should include the research objectives, proposed methodology, and a discussion of expected outcomes.
- Research done by students in any of the topic areas listed above or related areas.
- Case studies in any of the topic areas listed above or related areas.
- Work-in-progress reports or proposals for future research that will generate discussion and feedback in any of the topic areas listed above or related areas.
- Reports related to innovative instruction techniques or research related to teaching in any of the topic areas listed above, or related areas.

The symposium will provide two publication outlets: *Journal of Business and Leadership: Research, Practice, and Teaching* and *Business and Leadership Symposium Proceedings*.

Manuscripts should be submitted electronically by **May 15, 2007** to either [symposium@fhsu.edu](mailto:symposium@fhsu.edu) or [mzainuba@fhsu.edu](mailto:mzainuba@fhsu.edu). For more information contact Dr. M. A. Zainuba, Director, Business and Leadership Symposium, College of Business and Leadership, Fort Hays State University, 600 Park Street, Hays, Kansas 67601; telephone 785-628-5503; email [mzainuba@fhsu.edu](mailto:mzainuba@fhsu.edu)

**Society for Business Ethics  
Emerging Scholars Program**

♦♦♦♦♦

At the 2007 Annual Meeting in Philadelphia, the SBE program will again include two sessions devoted to emerging scholars (pre-PhD preferably) in the field. Those interested in giving a presentation, should email Patricia Werhane at [werhanep@darden.virginia.edu](mailto:werhanep@darden.virginia.edu). Please send her a title and abstract (no more than 2 pages) of your proposal, or, of course, a complete paper. Be sure to include your name, address, affiliation, and email address. The **deadline is March 1, 2007**. These are very exciting sessions. **All emerging scholars are strongly encouraged to participate.**

**Applied Business and  
Entrepreneurship  
Association International  
Fourth Annual Meeting  
November 16-20, 2007  
Maui, Hawaii**

Please indicate your topic area and the area number in your email subject line. All electronic submissions (including detailed abstracts) must include email attachments in MsWord. Research papers in all areas of business and economics, as well as the topic areas listed below, are invited for presentation. Proposals for cases, workshops, symposia, colloquia, tutorials on current issues, and other special sessions, are also welcome.

Submitted papers go through a double blind peer review process. Authors of accepted papers will be notified by email. Accepted papers will be published in the peer reviewed *Electronic Conference Proceedings*.

Presenting author(s) are required to register for and attend the conference, and present the paper at the time specified in the conference program. Publication of multiple papers by the same author will be subject to extra charges.

All complete papers will be considered for Best Paper Awards in their respective tracks. Student papers will also be considered for award in the Student Papers Track. Conference best papers are eligible for publication in the special issue of the *Indian Journal of Economics and Business* (indexed by both JEL and Cabell).

**Organize a Session:**

You can organize a session on a topic of interest to you. Sessions include a chair and two or more paper presenters. The organizer would need to contact the other participants. Organized sessions should be submitted to [abeai@up.edu](mailto:abeai@up.edu) for approval and scheduling. If you have any questions email [abeai@up.edu](mailto:abeai@up.edu).

**Organize a Table Discussion:**

You can organize a Table Discussion group by inviting researchers in your area of interest. Authors exchange and prepare to discuss all papers. The objective is to provide each author detailed and helpful comments that may make their papers publishable in academic journals of their choice. Organized Table Discussions should be submitted to [abeai@up.edu](mailto:abeai@up.edu) for approval and scheduling. If you have any questions email [abeai@up.edu](mailto:abeai@up.edu).

**Topic Areas and Tracks include:**

1. Accounting I  
(Audit/Financial/Tax/ AIS)
2. Accounting II  
(Cost/Managerial)
3. Business Law and Business Ethics
4. Public Policy in Business / Business Strategy
5. Cases, Workshops, Special Sessions
6. E-Business
7. Economics I (Macro/ Micro theory)
8. Economics II (Applied and Empirical Research)
9. Entrepreneurship and Small Business Management
10. Finance I (Financial Market, Derivatives, Investments)
11. Finance II (Financial Institutions, Corporate Finance)

12. Innovative Teaching I  
(Curriculum Design, Electronic Resources)
13. International and Global Business/Economics
14. Logistics and Transportation
15. Management and Organizational Behavior
16. Management Information Systems
17. Marketing/ e-Marketing
18. Production and Operations Management
19. Quantitative Methods and Management Science
20. Student Papers in all Fields of Business and Economics
21. Supply Chain Management and Quality control

Please submit your manuscripts, proposals, and other research material by **August 15, 2007** to [abeai@up.edu](mailto:abeai@up.edu). Include your topic area and the topic area number in your email subject line. All presentation materials should include the following on the first page: Title, Topic area and the topic area number, Author (s), Author address and email, Institution address. For more information see [www.ijeb.com](http://www.ijeb.com)

\*\*\*

**Dissertation Proposal  
Competition  
Center of Leadership & Ethics  
Fuqua School of Business  
Duke University**

The Center of Leadership & Ethics (COLE) at the Fuqua School of Business at Duke University is hosting a dissertation proposal competition for Ph.D. candidates whose research contributes to the understanding of leadership and ethical issues facing the business

community. Candidates in all business disciplines and in those relating to social and political sciences are invited to apply.

Examples of topics in ethics include, but are not limited to the following: corporate social responsibility, social entrepreneurship, employee privacy, trust in financial institutions, conflicts of interest, ethics in advertising and marketing, regulation and ethics, intergenerational issues, environmental responsibility, whistle-blowing, auditor independence, ethics and corporate culture, sexual harassment, discrimination, downsizing, insider trading, industrial espionage, trade secrets, and international labor and sweatshops. Examples of topics in leadership include, but are not limited to: institutional leadership, gender and leadership, team leadership, crisis leadership, trust in leadership, leading change, stewardship, mentoring, leader-follower relationships, and leadership style.

Proposals will be judged on the contribution that they make to the scholarly understanding of ethical and leadership issues in business as well as on their theoretical and methodological quality. 1-2 winners will receive a \$1,000 honorarium, and will be asked to present their research at Fuqua.

All Ph.D. candidates who have successfully defended their dissertation proposal by May 15, 2007 are invited to apply (defense of dissertation itself must occur after this date).

#### Required Materials:

- A completed application form, found at "Research" on [www.leadershipandethics.org](http://www.leadershipandethics.org).
- Full dissertation proposal
- An extended 5-page abstract of the proposal
- Curriculum Vita
- Letter of recommendation from dissertation advisor, who should send letter to the Center of Leadership and Ethics, Attn: Tejumade Ajasa, Fuqua School of Business, One Towerview Drive, Durham, NC 27708

The deadline is **May 15, 2007**. Send required materials to [coledissertation@duke.edu](mailto:coledissertation@duke.edu). Direct questions regarding the application procedures to Tejumade Ajasa, COLE Program Manager, at [coledissertation@duke.edu](mailto:coledissertation@duke.edu). Other questions about the competition can be directed to Kimberly Wade-Benzoni, Associate Professor of Management, COLE Scholar & Committee Chair.

## Global Trends

*In response to members' suggestions and in an effort to broaden the scope of the SBE Newsletter, occasional reports on global trends will be published as space allows. Pieces should be between 600-1,000 words in length. To make a submission or for further information contact Gina Wolfe, SBE Newsletter editor, at [rwolfe@dom.edu](mailto:rwolfe@dom.edu).*

### Japan: "The Lost Decade"

Many people, both inside and outside Japan, used to say that 1990 through the beginning of the twenty-first century was, for Japan, "the lost decade". *The Economist* magazine referred in late 1998 to "Japan's amazing ability to disappoint." *The New York Times* wrote in 1997, "Now we're laughing not just at 'Japan Inc.' but at the 'little tigers' that so

blindly had followed the Japanese model. The Asian economic miracle, by our lights, is finished. So much for the Pacific century."

What did Japan lose during that decade? I would argue that what we have lost through the 1990's and the beginning of the twenty-first century is "our morality".



As is well known to many, the Japanese thought it ideal to embrace "the morality of the East" (*Bushido* – the ethics of the samurai) and "the art of the West" (science and technology). This was the approach advocated by Shozan Sakuma (1811-1864) and many other leaders during the last days of the Tokugawa Shogunate (1603~1867). As such, *bushido*, an ethical system of Japanese for many centuries, has been a key factor for understanding the "enigma of Japan" – how could a country of small islands without natural resources in the northeast of Asia been so successful at industrializing itself in a mere century's time? This is the question posed by Eiko Ikegami in her book *The Taming of the Samurai* (Harvard University Press 1995).

After the successful Meiji Reformation and economic development during the late 20th century, Japan lost the spirit of samurai, its essential morality. To name but several major unethical and illegal business dealings that have surfaced in 2006:

1. Collusion suspected at U.S. base. More cases of suspected bid-rigging have surfaced at the Defence Agency (DFAA), this time concerning the relocation of a runway at the U.S. Iwakuni military base. And again, a retired DFAA bureaucrat is believed to have played a central role. (February 3, 2006, *The Asahi Shimbun*, Japan's Leading National newspaper, English edition)
2. Revealed contract details show wasted money. The Construction and Transport Ministry's awarding of contracts to eight corporations, which skipped tenders and included orders for work that required no expertise, showed that the ministry favored corporations that employed many retired ministry officials, "*Amakudari*" (descent from heaven). (March 20, 2006, *The Daily Yomiuri*)
3. Five months after the nation learned the appalling fact that dozens of apartment complexes and hotels had been built using falsified quake-resistance data, eight people involved in the scandal including disqualified architect, Hidetsugu Aneha, were arrested Wednesday. (April 28, 2006, *The Asahi Shimbun*)
4. Even parking ticket schemes have the smell of "*amakudari*", the practice of retired officials landing cushy jobs at private-sector companies or public organizations once under their jurisdiction. At least 70 percent of the private companies and organizations commissioned by police departments to check for parking violations have former police officers on their payrolls, an *Asahi Shimbun* survey showed. (June 01, 2006, *The Asahi Shimbun*)
5. Eisaku Sato, The Fukushima Governor, was arrested in October for a bribe in connection with bid-rigging in a dam project involving the governor. (October 24, 2006, *Yomiuri Shimbun*, a prominent Japanese daily newspaper)
6. The Wakayama treasurer was identified as a suspect in two more bid-rigging cases. (October 15, 2006, *The Daily Yomiuri*)
7. The Wakayama Governor, Yoshiki Kimura, was arrested in November for a bribe in connection with bid-rigging projects involving the governor. (December 06, 2006, *Nippon Keizai Shimbun*)
8. Slush funds pooled in Nagasaki. A committee investigating illegal secret funds accrued by the Nagasaki prefectural government reported it had confirmed that 59 of 248 departments and sections, or about 25 percent, had pooled slush funds. (November 25, 2006, *The Daily Yomiuri*)
9. The Miyazaki Governor, Tadahiro Ando, was arrested in December for a bribe in connection with bid-rigging projects involving the governor. (December 10, 2006, *The Daily Yomiuri*)
10. The Mayor of Fukagawa City in Hokkaido, Jyunkichi Kohno, was arrested in December for bid-rigging projects. (December 07, 2006, *Nippon Keizai Shimbun*)

It seems as if today Japan is "An Island of Bid-Rigging." There were in 2006 many more cases of unethical and illegal business dealings, such as consumer loan scandals and the illegal (improper) nonpayment of insurance claims (life, fire, and automobile insurance). In these cases, wrongdoing was shown to be at the heart of daily business

practices within these industries. And there were many more scandals than space permits me to discuss.

The worst problems lie with the Japanese politicians and bureaucrats who appropriate tax revenue for their personal purpose. For politicians such as "construction tribes", spent taxpayer funds comes back as a political donation, while for bureaucrats, "amakudari post", (literally, "descent from heaven") are secured for them after they leave the government. For their part, corporations gain contracts in the public works or public procurement without competitive tenders. Prof. William K. Black describes this Japanese practice as "bid-rigging led by bureaucrats" (or back room deal). Behind such bid-rigging, there is a lack of ethics, misconception of vocation on the part of politicians and bureaucrats, and an utter absence of transparency when it comes to budget planning and spending by bureaucrats.

Seijyuro Shiokawa, the former Finance Minister, offered a striking food metaphor at a finance committee meeting of the Japanese Diet in 2003. His metaphor (which I have paraphrased for an English-speaking audience) appeared in the *Nippon Keizai Shimbun*, a prominent daily economic paper. (August 22nd 2006).

Japanese bureaucrats pretend to cut back on cost by charging sandwich lunches to the National budget. But these same bureaucrats later dine on filet mignon steaks at penthouse suites and bill these dinners to the Special Accounts Budget (the "second budget").

This Special Account Budget is an astonishing three times the size of Japan's national budget and amounts to about 2 trillion U.S. Dollars. As of today, there are 37 Special Accounts such as Road Improvement, Flood Control, Government-Operated Land Improvement Projects, Port Improvement, and Earthquake Damages Reinsurance. These Special Accounts Budgets are a veritable world of darkness where there is no disclosure, no accountability, and no auditing.

Katayama, the Governor of Tottori Prefecture, Japan, once stated that "A goldfish in muddy water never knows the muddiness." We study business ethics and write articles on the issues. But, in Japan, the most serious question today centers on how we can awaken politicians and bureaucrats who have different cultures.

"*Bushido*" emphasizes the division of social responsibility among various social groups. A samurai or *bushi* must be aware of his vocation. Peasants cultivate, craftsmen manufacture, merchants promote trade. What contribution are *Bushi* (Samurai) expected to make for the society? The *Bushi* should exhibit a higher standard of morality than members of other classes because their vocation is to govern the common people. Politicians and bureaucrats are our modern samurai, yet they ignore their vocation in Japan.

In conclusion, I would like to thank Professor Daryl Koehn who recommended that our Japanese reading group focus on the article "The Dango Tango." This article, which was written by Professor William K. Black, appeared in *Business Ethics Quarterly*, in October 2004. Adopting suggestions given by Professor Koehn, this reading group was able to translate and then present the translated version to JABES (Japan Society for Business Ethics Study) and BERC (Business Ethics Research Center, a sister organization of JABES). Now concerned Japanese citizens understand how the Japanese bid-rigging issues are seen from an American perspective. Professor Black's article inspired us to coauthor a book on "The Dango" which was published in Japan at the end of November 2006. We have written this from our strong wish and hope that we Japanese will be able to reclaim morality" in the 21st century. Whether or not we succeed at the task is the vital issue for Japan in this global age.

Akira Saito

Visiting professor  
Chuo University, Tokyo

# Book Review

## ***BUSINESS AND ECONOMIC ETHICS. The Ethics of Economic Systems.***

by Arthur Rich  
with an introduction by Georges Enderle

2006

XIV-693 pages  
47 Euro

ISBN 90-429-1439-4  
Peeters Publishers, Leuven, Belgium  
Fax: +32 16 23 93 54

This book is a fundamental and unique masterpiece which reflects the discussions on business and economic ethics over decades in German-speaking countries, and does so by systematically developing an Ethics of Economic Systems from a Christian-theological perspective with a firm foundation in the western philosophical and economic literature. Neither in German-speaking countries nor English-speaking regions has this complex theme been dealt with in such a comprehensive and thorough manner.

Ethics is a matter of doing justice to the human without twisting the facts and ignoring the constraints. The study introduces seven criteria of human justice that fundamentally relate to the Christian revelation and, at the same time, establish a humanistic and universal approach.

Subsequently it focuses on the concrete economic systems and their problems. It describes and analyses various models of market and centrally-planned economies, and evaluates them in the light of middle-level principles, which are informed by both ethical criteria and economic knowledge. Thus the most legitimate economic system is the one which offers the most potential for reforms and self-critique. The merits of this approach are considerable: if the system of the market economy has the advantage of being thoroughly reformable, it also requires regulations which are equitable and responsible. In this view, one better understands the inescapable failure of Marxism but also the ethical ramifications of savage deregulations.

*Arthur Rich (1910-1992) was Professor of Systematic Theology and Director of the Institute for Social Ethics at the University of Zürich, Switzerland. He worked in the field of business and economic ethics for nearly 40 years and accomplished his work with the two books Wirtschaftsethik. Grundlagen in theologischer Perspektive (Vol. 1) and Wirtschaftsethik. Marktwirtschaft, Planwirtschaft, Weltwirtschaft aus sozioethischer Sicht (Vol. 2). Both volumes are contained in the English publication Business and Economic Ethics: The Ethics of Economic Systems.*

*The English translation was supervised and introduced by Georges Enderle, John T. Ryan, Jr. Chair in International Business Ethics at the Mendoza College of Business, University of Notre Dame (Indiana, USA).*

## *In This Issue*

<i>President's Report</i> .....	p. 1
<i>Executive Director's Report</i> .....	p. 1
<i>CIC Report</i> .....	p. 2
<i>SBE Announcements</i> .....	p. 4
<i>Call for Papers</i> .....	p. 5
<i>Global Trends</i> .....	p. 8
<i>Book Review</i> .....	p. 11

Society for Business Ethics  
Department of Philosophy  
College of St. Benedict  
37 S. College Avenue  
St. Joseph, MN 56374

FIRST CLASS  
POSTAGE  
PAID  
PERMIT #1040  
Leesburg, FL  
34748



\*\*\*\*\*MIXED ADC 328 T2 P2 309 189

**ROBERT PHILLIPS**  
**UNIVERSITY OF RICHMOND**  
**ROBBINS SCHOOL OF BUSINESS**  
**1 GATEWAY RD**  
**RICHMOND VA 23173**