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The Moral Economic Man

September 23, 2013

Fighting against corruption in India

„5th Pillar" NGO issues the zero-rupee note to **shame corrupt officials** into not demanding ribes.
Transforming social norms is the key to fighting petty corruption.

Problems

(1) Is human behavior **self-interested** or **norm-following**?

(2) Which factors determine the **ethicality** of **economic behaviour**?

Homo Oeconomicus

Self-interested, utility-maximizing being.

Counter-examples: Japanese group loyalty, cooperative behaviour in competitive contexts

Homo Sociologicus

Norm-following, social being;

Counter-examples: social anomy, corporate transgressions,

Ultimatum Bargaining Game

Socio-economics

Human behaviour is co-determined by utility calculations and moral considerations.

Amitai Etzioni (1929)

"I & We" paradigm

u t i l i t y   ⇔   e t h i c s

⇓   ⇓

b e h a v i o u r

People try to balance utility and morality.

Human behaviour can be predicted by
the **moral character** of the **agent** and
the **relative cost** of **ethical behaviour.**

Indecent Proposal is a drama movie, starring **Robert Redford** and **Demi Moore**

Husband and wife, David and Diana Murphy are in Las Vegas in an attempt to win money to cover David's real estate investment. They encounter millionaire John Gage who falls in love with Diana, and **offers one million dollars for a night with her.**

Predicting the ethicality of behavior (1)

If the moral character of the agent is strong

and the relative cost of ethical behavior is low

then ethical behavior can be expected.

Predicting the ethicality of behavior (2)

If the moral character of the agent is weak

and the relative cost of ethical behavior is high

then unethical behavior can be expected.

http://www.transparency.org/

Summary

(1) Human behaviour is co-determined, by utility-calculations and moral considerations.

(2) Human behaviour can be predicted by knowing the moral character of the agent and the relative cost of ethical behaviour.