

# Preface

This 13th edition continues a long effort to tell the story of how forces in business, government, and society shape our world. As always, a stream of events dictated the need for extensive revision. In particular, a major financial crisis and a new presidential administration altered parts of the subject matter in important ways. Accordingly, we have updated the chapters to include new ideas, events, personalities, and publications.

While current events move rapidly over the surface of our world, its underlying dynamics are largely undisturbed. As with every revision, we adapt to the flow of events, but we also continue the work of building insight into basic principles, institutions, and forces. So, while new events will doubtless erode the currency of the discussions, we believe that certain insights about the relationships between business, government, and society should endure.

In what follows, we summarize new elements in this edition.

## THE CHAPTERS

Key revisions and additions in the chapters include these.

- Chapter 4, “Critics of Business,” has a new discussion of the rise of free market ideas that came to be called the Chicago School and their interaction with, first, Keynesian thinkers and, later, progressive thinkers.
- Chapter 7, “Business Ethics,” contains an expanded discussion of white-collar crime and criminal prosecution of both managers and corporations, including the growing use of deferred- and nonprosecution agreements. The chapter also has a new discussion of inner psychological processes interact that generate unethical behavior.
- Chapter 8, “Making Ethical Decisions in Business,” adds a new section on the neural basis of ethical decisions. Studies of the brain using magnetic resonance imaging suggest that ethical decisions are fast, unconscious, and automatic processes. Their findings illuminate how individuals do (and should) make ethical decisions.
- Chapter 9, “Business in Politics,” includes an expanded discussion of lobbying ethics, including a more thorough discussion of the nature of bribery and incidents to illustrate its boundaries. The section on corporate money in elections is revised to explain changes in election law following the *Citizens United v. Federal Election Commission* decision. The chapter case study is now the story of *Citizens United*.
- Chapter 10, “Regulating Business,” adds a new fifth wave, “terrorism and financial crisis,” to the four historical waves of regulatory growth. This new wave covers the federal government’s aggressive expansion of regulation and changes in regulatory philosophy in the Barack Obama administration.
- Chapter 11, “Multinational Corporations,” has a new discussion of the Organisation for Economic Co-Operation and Development’s *Guidelines for Multinational*

*Enterprises*. It tells a story about how the guidelines were applied to a mining company that sought to develop a sacred tribal land in India.

- Chapter 12, “Globalization, Trade, and Corruption,” introduces a new discussion of globalization. The section on trade now explains the rise of the modern trading system, including discussions of Bretton Woods, the International Monetary Fund, the World Bank, the General Agreement on Tariffs and Trade, and the World Trade Organization. The section on international corruption is revised to accommodate recent, more vigorous anti-bribery enforcement. It now relates more incidents and stories about bribery.
- Chapter 15, “Consumerism,” has several new sections including a discussion of Henry David Thoreau and his principled rejection of materialism, a presentation of arguments defending consumerism, and a description of the consumer protection activities of the Federal Trade Commission.
- Chapter 17, “Civil Rights, Women, and Diversity,” contains added emphasis on the nature and significance of diversity management programs in corporations.
- Chapter 18, “Corporate Governance,” now tells the story of the Lehman Brothers bankruptcy that resulted from, among other factors, the lack of oversight by a poorly structured board of directors. It explains new governance reforms in the wake of the recent financial crisis.

## CHAPTER-OPENING STORIES

As in past editions, we begin each chapter with a true story about a company, a biographical figure, or a government action. Five new stories appear in this edition.

- “David Geffen” is the story of a brash young man willing to compromise the truth to make his fortune. His career invites a timeless discussion of whether actions are always right and wrong in themselves, or whether their consequences should be considered.
- “Paul Magliocchetti and Associates” is the story of a bright young man who went to Washington, D.C., worked for a member of Congress, and set up a lobbying firm. He specialized in getting earmarks for corporations. His story reveals the hidden influence that characterizes politics in the nation’s capital.
- “The Federal Aviation Administration” focuses on how this agency issues a license before each launch of a space vehicle by a private company. The story tells how the FAA goes about assessing risks to the public with each launch. The agency’s actions are a small window into the work of a massive regulatory presence.
- “The Majestic Hudson River” reveals the details of the huge project to remove polychlorinated biphenyls from this waterway. More than half a century ago General Electric released the chemicals. Now it will pay as much as \$2 billion to clean them out even as it protests that they do less harm if left undisturbed.
- “Mark Hurd” is about a former Hewlett-Packard CEO accused of sexual harassment. The board investigated, but found no violation of the company’s sexual harassment policy. Still, when questioned by directors he had shaded the

truth about his friendship with a woman. The board lost confidence in his integrity. He was forced to resign.

## THE CASE STUDIES

Every chapter, except Chapter 1, ends with a case study. The cases illustrate one or more central themes in the chapter. Five new cases appear in this edition.

- “Tangled Webs” is a story of temptation and transgression. A man and a woman meet on a Web site for adulterers and begin a fated game of insider trading. The case invites discussion of the business model used by the Web site and of the psychology of lying and ethical transgression.
- “*Citizens United v. FEC*” is the story of the Supreme Court decision that allowed corporations to contribute independently to federal political candidates. In a close five-to-four decision the Court’s more conservative justices decided that parts of America’s election law violated the First Amendment’s guarantee of free speech.
- “Good and Evil on the Rails” invites debate about the benefits and costs of regulation. After a train crash in California killed 24 passengers, Congress passed a law mandating \$13.3 billion of computerized controls to make trains safer. Unfortunately, the benefits, including the value of statistical lives saved, were less than \$1 billion. Is the money well spent?
- “A World Melting Away” is the story of the polar bear endangered by warming of its habitat. What kind of measures can prevent its extinction?
- “A Tale of Two Raids” is a study of the dilemmas faced by corporations trying to comply with laws that prohibit hiring unauthorized workers. It tells of two raids, one a physical raid, the other a sudden, mass firing based on an audit. Both tore apart families and towns.

## SUPPORT MATERIALS FOR INSTRUCTORS

The *Online Learning Center*, at [www.mhhe.com/steiner13e](http://www.mhhe.com/steiner13e), features resources for students and instructors. For students there are interactive exercises and self-quizzes designed to enhance understanding of text material.

For instructors there is an *Instructor’s Resource Manual* with sample course outlines, chapter objectives, term paper topics for each chapter, and case study teaching notes with answers to the case questions. There also is a test bank covering chapters and case studies, including multiple-choice, true/false, fill-in, and essay questions.

Instructors will also find a set of *PowerPoint*® slides for each chapter to use for classroom lectures.

The *Computerized Test Bank* covers chapters and case studies. It includes multiple-choice, true/false, fill-in, and essay questions. In preparing exams instructors can view questions as they are selected; scramble questions and answers; add, delete, and edit questions; create multiple test versions; and view and save tests.