

## Social Contract Approaches to Business Ethics

### Advantages of the Social Contract Approach

Accommodates many perspectives, interests, priorities, and moral views.

1. Examine the interests, rights, duties and virtues that are involved between the relevant individuals and their impact on the stakeholders.
2. Consider the priorities in cases of conflict (most cases will involve conflicts).
3. Come to an agreement.

### Real v. Ideal

#### Actual Agreement

- + Considers actual interests
- + Agreement real
- Generations problem
- Difficult (an understatement!)
- Non-speaking members?
- Immoral rules

#### Hypothetical Agreement

(Opposite of actual agreement list)

### Fair Contracts

1. Rational agreement for all parties concerned.
2. Lack of coercion.



### John Rawls

(1921-2002)



### Rawls' Original Position

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All rational beings interested in forming a society (made up of potentially all of humanity) must agree on principles of distribution.

#### Constraints:

- Unanimity
- The Veil of Ignorance
- Risk-Aversion

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### Constraints:

Unanimity (insures that every point of view is considered.)

The Veil of Ignorance (insures that biases and coercion will be absent.)

Risk-Aversion (insures that the welfare of the worst-off group be prioritized.)

## Rawls' Difference Principle

Inequalities are justified only if they benefit the worst-off group in the society.

### Questions:

Should risk-aversion be a constraint?

Are you willing to gamble your freedom and security?

What about a provision for basic needs instead of a basically equal distribution?

## ISCT: Blending the Ideal and Real

### Constraints:

Universal Moral Principles

Bounded Rationality

Cooperation

Right to Influence

Right to Exit

