

Ethics of Leadership

Ethical Systems Design

As you read the material for the next class, keep the questions below in mind. To answer these questions you will have to reflect critically on what you have read and possibly re-read important passages. Keep in mind that there are two basic kinds of information that you need to look for in the readings:

1. What are the main points or conclusions that an author accepts with respect to a particular issue?
2. What are the reasons, important considerations, and evidence that lead the author to accept that conclusion?

For our purposes, *it is information of the second sort that will be our primary concern* since our most basic task is to *evaluate the reasons and evidence* that are offered to support accepting one possible conclusion about an issue, rather than another.

Although I strongly suggest that you write out brief answers to these questions, you do not have to turn in written responses. You do, however, need to be prepared to speak intelligently to these issues in the next class meeting.

Reading

- David Hume, "Of the Independency of Parliament" (PDF on webpage).
- David Hume, "That Politics May Be Reduced to a Science" (PDF on webpage).
- Alexander Hamilton, James Madison & John Jay, *The Federalist Papers* (PDF on webpage).

Background

While it is commonly suggested that a virtuous leader is necessary in order for an organization to avoid abuses of power, corruption, and tyranny, ethical systems design offers an alternative approach. Ethical systems design begins with a weak notion of psychological egoism—people are generally self-interested—and so it maintains that we cannot reliably expect our leaders to be any different. Therefore, ethical systems design concludes, the best way to encourage stability and ethical behavior is to arrange the organization into a system whereby generally selfish people will nevertheless reliably act in the best interest of that organization. In both readings from David Hume, he advocates ethical systems design and uses it to compare the system created by the rule of law with the system created by the rule of the sovereign. In the end, Hume is more optimistic about the rule of law as grounding an ethical system. Finally, the famous argument defending the separation of powers and the checks and balances codified in the United States Constitution from *The Federalist Papers* provides a nice illustration of ethical systems design.

Questions

1. In "Of the Independency of Parliament", David Hume claims that "it is . . . a just *political* maxim, *that every man must be supposed a knave*" (p. 24). Does this mean that Hume is a full blown psychological egoist? Why or why not? Why does Hume believe that this maxim is extremely important when it comes to "fixing the several checks and controuls of the constitution" (p. 24)?
2. In both "Of the Independency of Parliament" and "That Politics May Be Reduced to a Science", Hume constantly compares "absolute government" (i.e., monarchy or the rule of the sovereign") with "republican and free government" (i.e., the rule of law). In what different ways do these two systems each influence the ethical behavior of an organization's leaders and other members? Why does Hume favor the rule of law as promoting a more ethical system for good governance?
3. In "The Federalist No. 47", the argument is presented for how power should be distributed amongst the different parts of the organization. How should power be distributed? Why distribute power in this way? (Hint: Montesquieu is quoted approvingly in support of the argument.)
4. Meanwhile, "The Federalist No. 51" argues ways in which the United States Constitution embodies separation of powers and checks and balances. What are some of the ways in which powers are separated between the different branches of government? What are the "two considerations particularly applicable to the federal system of America" (p. 3)? Why are these features thought to be good for an organization?