
HOW BUSINESS ETHICS CAN ACCOMMODATE DISRUPTIVE INNOVATION WITHOUT DEVOLVING INTO CALVINBALL

Carson Young¹

A COMMENTARY ON Abraham Singer (2019), “Business Ethics and Efficiency: The Market Failures Approach,” in *The Form of the Firm: A Normative Political Theory of the Corporation*, New York: Oxford University Press, 218–236,
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ABSTRACT

Abraham Singer defends the Market Failures Approach (MFA) to business ethics from the objection that the MFA cannot account for the moral value of disruptive innovation. Singer argues that critics who attack the MFA on these grounds face a dilemma: either accept the MFA, along with its general prohibition on disruptive innovation, or reject the very idea that business and market competition should be understood as rule-governed activities at all. This commentary argues that the dilemma Singer poses to MFA critics is a false one.

JOSEPH SCHUMPETER (1942) argues that an important moral virtue of the market economy is its tendency toward disruption. This conflicts with the main tenets of the Market Failures Approach (MFA) to business ethics, which holds that we should understand the achievement of Pareto efficient equilibrium as the main purpose of the market economy (Heath 2014). In chapter 11 of *The Form of the Firm*, Abraham Singer (2019) defends the MFA from Schumpeter’s objection. He argues that recognizing the value of disruption requires

¹ SUNY Brockport. Email: cyoung@brockport.edu