Business Case Studies I

Part 5 of a Video Tutorial on Business Ethics
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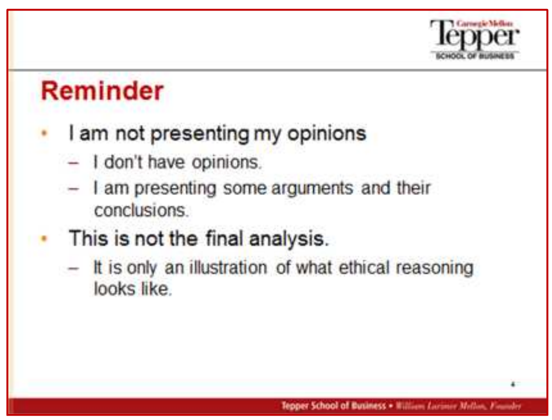
Lightly Edited Transcript with Slides

Introduction

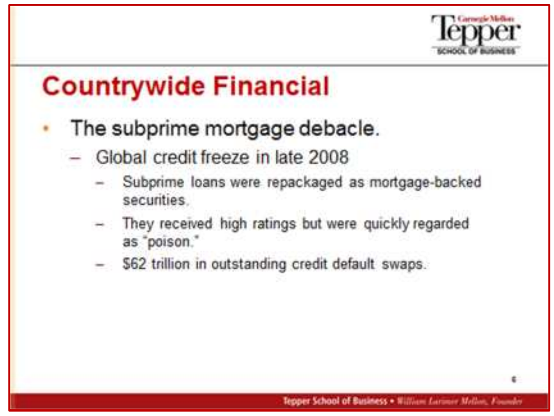
Welcome to Session 5 in this Business Ethics Tutorial. My congratulations if you made it this far, but I think the best part is yet to come. We're going to look at some business case studies, six of them: three in this session, and three more in the last. I want to begin with the subprime mortgage crisis, and then we're going to move on to two others, one involving a dilemma of one of my MBA students, and finally, the issue of marketing Prozac.



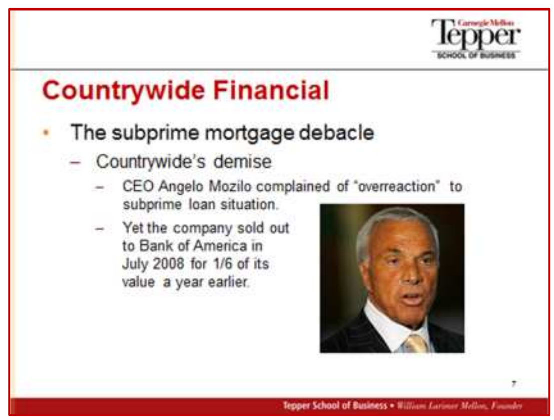
Just a reminder from the first session: I'm not here to give you my opinions. That's because I don't have opinions, and I hope you don't have opinions. I'm only here to present some arguments and show you how they work out. This is not intended to be the final word or the final analysis. I'm only giving you the first pass of an analysis, to show you what ethical reasoning looks like. All of these cases deserve closer study, and this is only the beginning.

Countrywide Financial

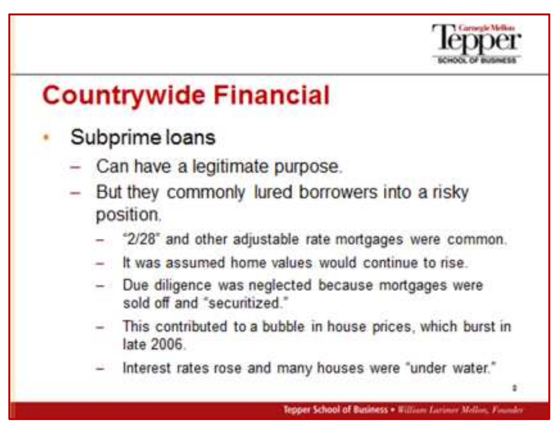
First, Countrywide Financial. In 2007, Countrywide Financial was the largest mortgage lender in the U.S. A year later, they were gone. They issued about 9% of their portfolio in subprime mortgage loans. This is compared to about 20% nationwide. A subprime loan, of course, is one in which the borrower is somewhat risky and doesn't meet the usual standard for a mortgage loan, and as a result the interest rates are higher. Things were going fine until 2008. In late 2008, there was a global credit freeze that we all know about, and we're all still suffering from the consequences of that debacle. Subprime loans played a role in it. Banks would make the loans and sell them to someone else, who would repackage these loans into mortgage-backed securities, and those securities were sold around the world. They somehow received AAA ratings from the rating agencies, and as a result banks even in Europe and elsewhere were buying these things. But when the crisis started, they were poison. Everyone was trying to get rid of them. No one would extend credit. In the meantime, there were the credit default swaps, which supposedly gave some security to people who bought mortgage-backed instruments. At that time there were actually \$62 trillion worth of credit default swaps outstanding. That's about equal to annual world GDP. Don't rest easy, because even today, there's about \$25 trillion of credit default swaps still out there. If there's a meltdown, can the banks cover this? Don't even think about it. Of course not.



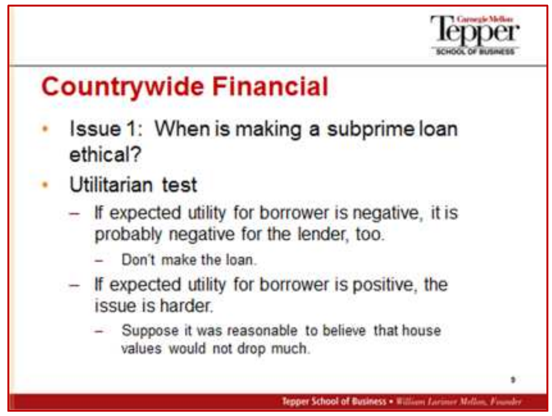
So what happened to Countrywide? Back in 2007, the CEO complained that there was really too much anxiety over this mortgage thing. It wasn't that serious a problem, particularly for his company, which was below the average in its subprime portfolio. Nonetheless, by July 2008, the company had sold out to Bank of America for one-sixth of its value a year earlier.



Is there anything wrong with subprime loans? They have a legitimate purpose. If you have a customer who wants to buy a house and who had some bad luck in the past, this is a way to get back on a good footing, to be forgiven and prove you can build a reliable credit record even though the past looks a little iffy. However, in the 2000s, this got out of hand. A lot of borrowers were lured into risky propositions. One of the favorite loans was the so-called 2/28 loan. That means that for two years, the interest rates are low, and you can afford the house payments, but in the third year interest rates go up. What are you going to do then? Maybe you will be better off. Maybe your house value will have increased, because everything is going up, and you can refinance if necessary. In addition, there were a lot of adjustable rate mortgages going around. Everyone was assuming that house values would continue to rise, and in fact, there had not been a serious decline in house prices in the U.S. for many decades. No one could remember a decline.

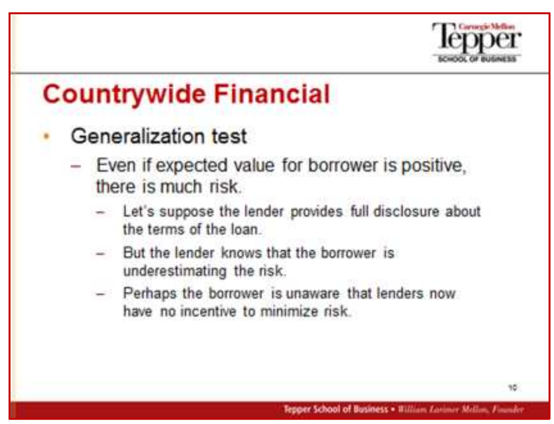


But there was something else going on, because these mortgages were being securitized; that is, sold off to banks to be packaged into securities. There was no longer an incentive to perform due diligence on these mortgage loans, and some of the lenders were not particularly diligent, particularly in the sub-prime segment. In the absence of this incentive, some of these loans simply were too risky. This phenomenon contributed to a bubble in house prices, and as bubbles always do, it burst – in late 2006. House values went down, interest rates went up, and many homeowners were under water, meaning that the principal value of their mortgage was greater than the value of their house. Banks began to foreclose, and the rest is a sordid history.

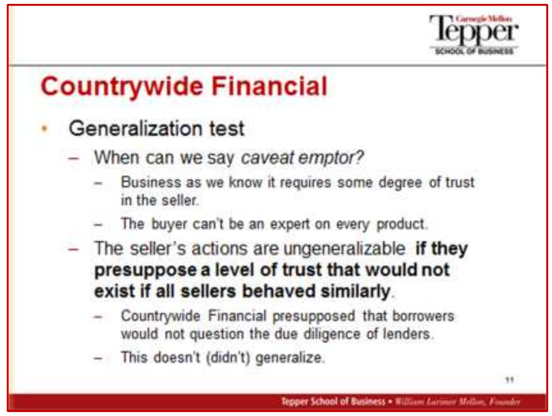


I should say that the financial crisis has a number of ethical dilemmas associated with it and deserves a lot of ethical scrutiny. I'm only going to focus on the subprime aspect, but that's not because the rest isn't important. The issue before us, issue number one at least, is this: when is making a subprime loan an ethical thing to do? In a few minutes, I'll look at the issue of whether the banks should foreclose on subprime borrowers.

Let's look at the utilitarian test first. When you make a loan of this kind, you're going to see if it's a good risk for the borrower as well as the lender. If it's a poor risk for the borrower, it's probably a poor risk for the lender. I'm going to assume that, at the time, people could reasonably believe this was a good risk. Everyone seemed genuinely to believe, and perhaps had some evidence, that house prices would not crash. I'm not sure of that, but let's give them the benefit of the doubt. If that's so, then perhaps, on the average, the net utility of making a loan like this was positive. Of course, if the expected utility is negative for the borrower – if he stands to lose, on the average – the loan is not only unethical, it's bad business. So to make the issue hard, I'm going to assume that, at the time, making sub-prime loan in these cases would allow people to come out ahead on the average. I'm going to assume this, so we can pass the utilitarian test.

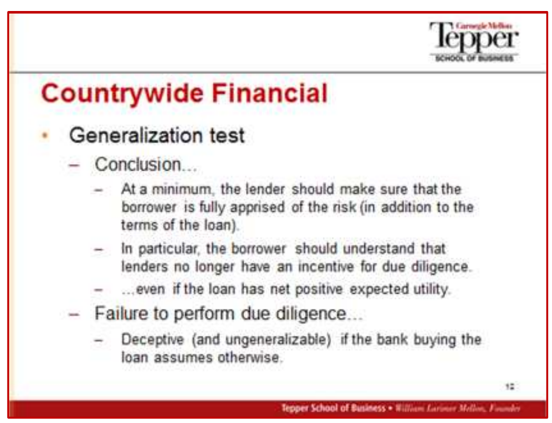


That brings us to the generalization test, because even if the expected return for both borrower and lender is positive, there's a lot of downside risk. Things can go sour, and of course, they did. Too make this a little easier, I'm going to suppose that the lender is providing full disclosure about the terms of the loan. Everyone understands that the interest rate on the loan is going to go up, and so forth. However, despite this, the lender knows that the borrower is underestimating the risk. They really want that house. This is their chance, and the bank is willing to go along with it. They are simply not aware of all the factors, and in particular, they are not aware that the lender no longer has an incentive to do due diligence on the loan. They are thinking that the bank is going to check this thing out carefully, because banks have always done that. But they're not checking it out carefully, because they don't have that incentive. The borrower doesn't know that, and the lender knows that the borrower doesn't know that. That's the situation before us.



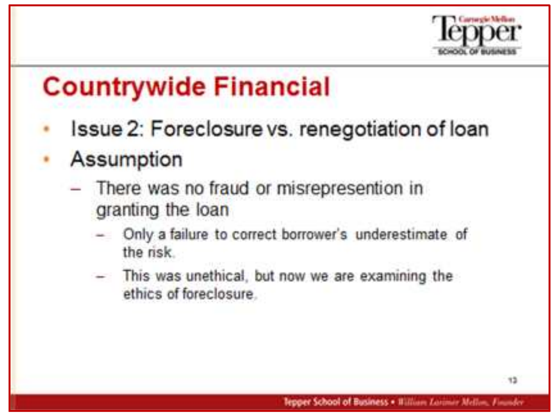
Can we simply say *caveat emptor*? These are adults, they want to buy a house, and they should check out the risk and be responsible for themselves. When can you say *caveat emptor*? It's a fundamental issue in business that comes up all the time. Business as we know it requires some degree of trust between the buyer and seller. If you go into K-Mart or the grocery, you can't research every item you put in your shopping basket. Of course, regulation can help here. We can have labeling laws and such things. But as we discussed before, regulation can't succeed if the business world in general is not ethical enough to go along with this. So we have to trust people to give us what we expect. Otherwise, commerce as we know it is simply not possible.

How much trust do we need? I think the generalization principle says that the seller's actions are not generalizable if they presuppose a level of trust that would not exist all sellers behaved the same way. Got that? You're not being ethical if you're presupposing a level of trust in the system that would not exist if everyone were like you. That's the rule. Countrywide, for example, was probably presupposing that borrowers would not question the due diligence of the banks. They were probably presupposing that people trust the banks to check out a loan carefully before they make it. Countrywide's behavior doesn't generalize, because if it became standard practice for banks not to check out loans carefully enough, because they're going to sell them off, then the borrowers would know about that. They would be alerted to it, and they would be more careful. In fact, that's exactly what happened. This behavior didn't generalize, and the system fell apart.



What's the conclusion? At a minimum, to pass the generalization test, the lender has to make sure that the borrower is fully apprised of the risk, in addition to the terms of the loan, and in particular, that the borrower knows that the system has changed – that the lender is going to sell off this loan and doesn't necessarily have to check it out carefully, because someone else is going to assume the risk.

How about the failure of banks to perform due diligence on loans [irrespective of whether they tell borrowers about it]? That's an ethical problem, too, because it's an issue of deceiving the people who buy the loans. Basically, they were selling a product that was not what it appeared to be.

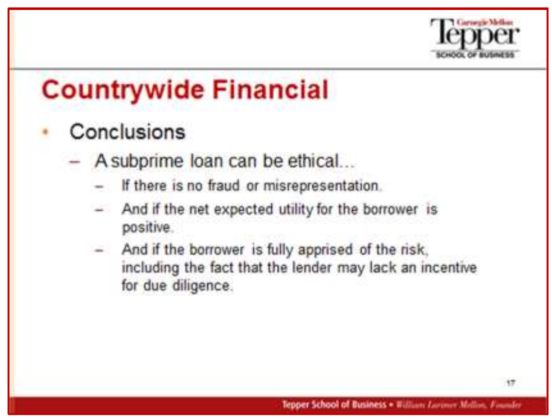


We've looked at the issue of making a subprime loan, which was problematic at the time. How about foreclosing on borrowers after the loan is made? Interest rates go up, house values go down, and they can't make the payments. Now, what do you do? I'm going to assume that there was no actual fraud or misrepresentation in making the loan. If someone makes a loan or a contract with you by fraud or misrepresentation, then legally you can void that contract. But it's not that easy here, because everything the lender said was true. The terms of the contract were understood. It's just that the borrower didn't fully understand the risk, and the lender didn't apprise him of that risk. Given that, is it OK to go in and foreclose when the borrower can't make the payments?

Let's look at the utilitarian test. Renegotiating this loan – perhaps by reducing interest payments or reducing the principal – probably benefits both borrower and lender, at least in many cases, because foreclosure is expensive. Maybe the mortgage holder can't dump this house. There's a lot of risk involved. Given that, the lender should renegotiate, for the sake of the utilitarian principle, unless that would be unethical for some other reason. There's probably a kind of *prima facie* obligation here to renegotiate, because it's probably better for both parties and therefore maximizes total utility. At least, I'm going to assume that for the moment.

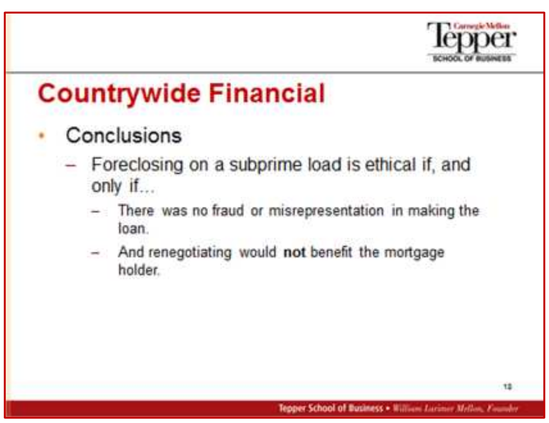
People always bring up this issue of moral hazard, and perhaps that's why it's not ethical to renegotiate. If the lender renegotiates every time the borrower gets in trouble, then borrowers will have no incentive to be careful about which loans they take out. That's the classical moral hazard argument. It sounds like a generalization test, doesn't it? "Suppose everyone did this." But it's not quite the right analysis. Let me try to explain what *is* the right analysis. If both parties benefit from renegotiation – of course, the borrower benefits – if both parties benefit, renegotiation is generalizable, because both have an incentive to renegotiate the contract. Suppose people who have a contract and would benefit from renegotiating the contract, do so on a regular basis. Very often, they do so already. So that's probably generalizable, if both parties benefit. So I think we can conclude that if the lender would benefit from renegotiation, as well as the borrower, then there's a utilitarian obligation to do so, and it's generalizable, too. So do it! Go out there and renegotiate, rather than shoot yourself in the foot.

If the lender does not benefit from renegotiation, it's a little tougher to think about. Is it unethical to renegotiate? You have to think about why the lender would renegotiate. I guess the reason is to avoid the disutility of foreclosure. Moral hazard is not quite the problem here, because if lenders were always willing to adjust the terms of the loan when people get in trouble, the system would adjust to *that*. If it were common practice to ease up on the terms when the borrower gets into trouble, then lenders would tighten up the conditions when they make the loan, because they would know they may have to ease up later. The whole system would adjust. So the moral hazard argument is not quite right. You have to consider the lender's purpose in renegotiating, and that purpose to avoid a foreclosure. If all lenders were to ease up when people are in trouble, and tighten up initially to account for that, that would not necessarily avoid foreclosures. Basically, the same number of people would be getting in trouble, because in the end, the terms of the loan are the same. So if the purpose of renegotiation is to avoid the disutility of foreclosure, then renegotiation is not generalizable.



I know that's a little complicated, a little dry, but I have to take you through this. What's the conclusion? If renegotiation benefits the lender, the lender has an obligation to do it. If it doesn't benefit the lender, the lender shouldn't do it – not because of moral hazard, but because it's not generalizable.

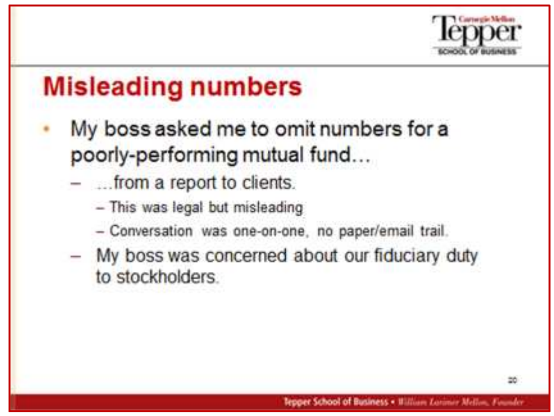
Public policy issues are something else. Maybe the government should step in and incentivize lenders to



renegotiate, as it has done. That's another issue. Even if the government simply is trying to encourage lenders to renegotiate, by jawboning, then perhaps they should. Perhaps that's another reason to do so. But I didn't look at those issues.

So that's my take on the subprime lending situation. You can think it over.

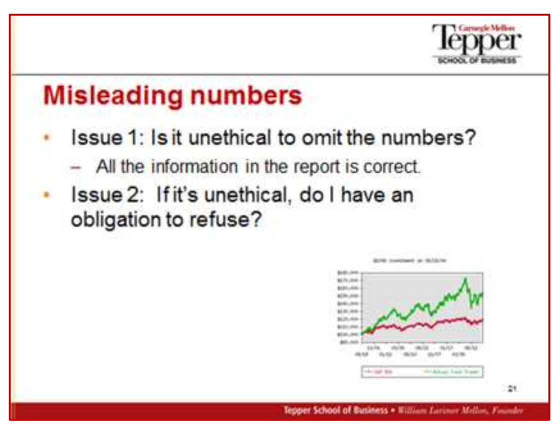
Misleading Numbers



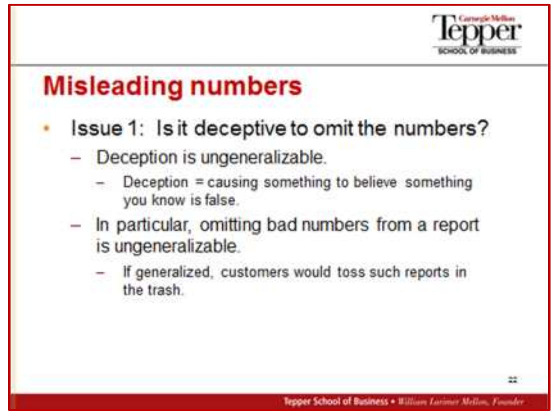
I would like to move on to a case I received from one of my MBA students. I'm doing this one because I get so many like this. It's so common. This guy is working for a bank that gives financial advice to its customers about how to invest. The bank itself has some investment products, like mutual funds, and naturally the bank would be pleased if its customers bought its own mutual funds. There's certainly an incentive for it to push its own financial products on the customers – a built-in conflict of interest in many cases for financial advisers, and not a good situation. In any case, the student is caught in that situation.

Part of his job is to write a report to send to the bank's customers, and the report contains information on the performance of the bank's mutual funds. Of course, the bank wants these funds to look good. This report is not a legal filing or an SEC report. It's just a report to their customers. The boss calls this guy into the office, and no one else is around. It's usually like this. When the student wrote up the case, he was careful to say that it was a one-on-one conversation. There's no paper trail, there's no email; it's one-on-one. The boss says, "You know what, one of our mutual funds is a real dog. It's not performing. Why don't you just leave that one out? Just don't talk about that one. Talk about the others. There's no problem here, because everything you put in that report will be true. You'll just leave out the bad news. OK? Besides, we have a fiduciary duty to our stockholders, right? It's our duty to come in here and maximize the bank's return, and this will help us do that."

As far as fiduciary duty goes, I talked about that. The prior question is always: if the owners of the company were in the office, if the stockholders were sitting there at that desk, what should they do about this situation? Should they leave the numbers out? I'm going to look at that issue. That's the prior issue. We can talk about fiduciary duty later. We have get this prior issue down first.

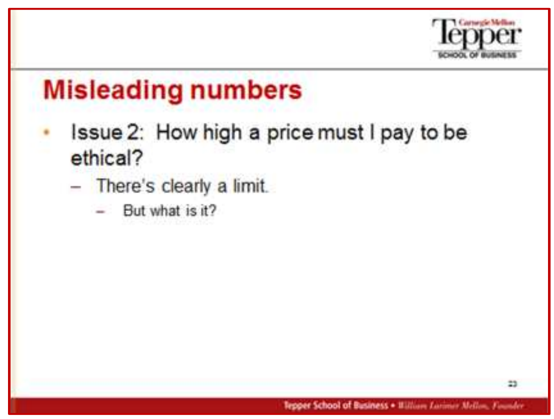


There are actually two issues actually here. Is there anything wrong with leaving out this bad number, and number two, if there is something wrong with it, what's the guy supposed to do when his boss is giving him an order to leave it out? You have to deal with both of them. The second one, of course, is quite hard. I had to think about this for about a month, and I've been doing this for a long time. It took me about a month to think this one through. So it's not always quick.



The first part is easy. Is it wrong to omit the numbers? It's deceptive [and therefore ungeneralizable]. Earlier, I used the example of the doctor who sends me a lab report that leaves out the bad news. That's deceptive, because I would expect the doctor to tell me all the news. The whole point of leaving out the numbers is to deceive our customers about how the funds are doing.

In fact, you can try to generalize this case specifically. Suppose that financial institutions always omitted bad news from their reports. Then what would their customers do? They would throw the report in the trash, because they would know it's all fluff. So it's not generalizable.



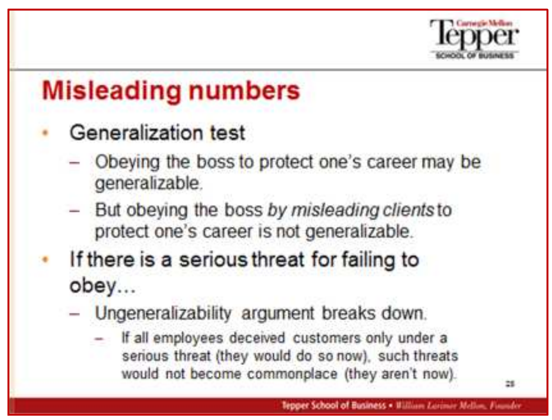
Given that it's unethical to leave out this number, what am I supposed to do about it? The boss told me to leave it out. How high a price am I supposed to pay to be ethical? Am I supposed to sacrifice my job because of one little number? Suppose the boss is saying, if you don't leave this number out, I'm going to beat up your family. That has happened many times in history, and much worse. It's a little ridiculous to pay this kind of price. So there seems to be some limit to what I have to do to be honest. What is that limit? We are going to address that. It's not easy, but I'll do my best.

From the utilitarian point of view, the first thing I do is try to compromise. "Boss, why don't we show the average performance? Or why don't we include a footnote that says there are some special circumstances with this fund, and that's why its value is so low?" Compromise makes everyone better off, but perhaps the boss digs in and won't compromise.

What are the consequences if I refuse to go along with the boss? Who knows? The boss may respect me for this, or the boss may give me a negative performance review at the end of the year, and with the next reduction in force my job goes first. Who knows? I have no idea. On the other hand, suppose I go along with the boss. This may get around. People may find out that I did something dishonest. It may destroy my reputation, which is not only bad for me, but it's bad for the world. If I can't keep my job, I can't go out there and make a contribution. I'm sitting at home drawing unemployment. I think that we have to say that the utilitarian test is passed by default, because it is impossible to predict the consequences.

There's another argument people use, a really important one: if I don't do it, someone else will. If I don't do what the boss says, he will just transfer me somewhere else and get the next lackey to do it for him. The result will be the same. Is that a good argument? Suppose you are a prison guard at Abu Ghraib, in Iraq, and your commanding officer says, "I want you to hook up those electric wires and torture those prisoners." If you don't do it, he will get someone else to do it. Is that a good argument? We have to deal with it. It's a serious one.

Actually, the resolution is fairly simple. It's a good *utilitarian* argument. You can pass the utilitarian test that way. If the result would be the same or worse if someone else did it, then you are maximizing utility. So at best, the "someone else would do it" argument allows you to pass the utilitarian test, but you have to satisfy the other tests, too. For example, torturing prisoners is a violation of autonomy and is unethical for that reason.



So maybe I pass the utilitarian test when I obey the boss. We'll grant that, but we have to move on to the other tests. Does it generalize? Let's suppose that everyone who could keep their job and stay out of trouble by obeying the boss, did so. Suppose that people always caved in to the boss like this. Would they still be able to accomplish their purpose? Would they still be able to stay out of trouble and keep their job if they caved in to the boss? Mmm, maybe so. Think of the guys who worked for the *Stasi* in East Germany. They did what the boss said. They always caved in to the boss and said "Yes, sir!" They kept their jobs, at least until the Berlin Wall fell. So maybe this is generalizable. I can't really say it's not.

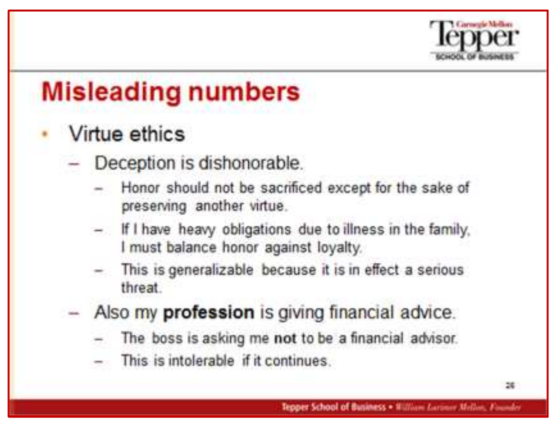
The catch is that, here, I'm not just obeying the boss. I'm obeying the boss by deceiving our clients. Suppose that people were always willing to deceive clients whenever the boss said to do so. Suppose they would always cave in. There would be a very strong temptation for the boss to ask people to do it. This is why the boss is doing this in private. He wants plausible deniability. He wants someone else to do the dirty work. This is the way it usually happens with new employees. New employees are not quite sure what the norms are, and so the boss says, "Take care of this for me." No one else knows what's going on, so the boss can keep his hands clean.

Because bosses could always keep their hands clean if someone else took care of these things, there would be a strong temptation for bosses to ask employees to be dishonest. It could become very prevalent. Customers would no longer believe the company, because they would know what goes on inside companies, that this sort of thing always happens, and that companies are always like this. In fact, it's interesting that bosses don't ask us to do that more often, isn't it? It could be a lot worse than it is. Why isn't it? I think it's because employees would resist; they wouldn't put up with this. At least, it's because the good ones would resist. Maybe the company doesn't care if mediocre employees resist, but they don't want to lose their good people. This is one reason to be good at what you do; you don't have to compromise, because they want to keep you.

So I think that obeying the boss in such cases is not generalizable. That's my call. It would be such a strong temptation for bosses that employees would no longer be credible, because they are going along when their bosses tell them to deceive customers.

Now, suppose the threat is much stronger than simply a bad performance evaluation. Suppose that they are going to beat up your family, or whatever, if you don't go along with what the company says. Is it generalizable to go along with the boss when there is a very severe outcome? Probably it is, because it's already generalized. Even now, practically everyone is willing to leave out a bad number, or something like this, if the consequence is that your family is going to suffer. It's already generalized, and despite that fact, bosses don't ask us to do such things. They don't put us in that position, probably because they would get in trouble themselves. It would get back to them. So it's already generalized and therefore generalizable.

The conclusion here is that there is a limit to how far you have to go to be honest, and the generalization test basically tells us what that limit is – at least, more or less. I don't like this case. There's no clean analysis. I think it's partly because Western ethics is not good at dealing with organizational issues. It's oriented toward individual issues. We don't have a good ethical theory for this type of case.



There could be a virtue issue here, other than the fact that deception is dishonorable. Perhaps my family's health is at stake, or perhaps I have a huge expense burden. I might have a disabled child, or my parents require care at enormous expense, and I just can't afford to lose my job right now. I therefore have a conflict of virtues. Ordinarily, when there's nothing else at stake, I would say, "I have to be honorable about this. I just can't work for this company if this keeps up." But if there's another virtue at stake, like loyalty to my family, then the virtue test drops out of the picture because I have a conflict of virtues.

There is also a professional issue. As a professional financial advisor, I'm here to give financial advice to my clients, and now I'm misleading my clients. That's contrary to who I am in my career. So if I have to keep this up for the company, for this boss, I just have to get out of there, because it's not consistent with who I am. That's how the virtue test applies here.

Here is my scorecard. We are failing two of the tests and passing one.

Marketing Prozac

My last case in this session is a marketing case. It's about Prozac, the antidepressant sold by Eli Lilly. What is Prozac? It's a serotonin reuptake inhibitor. Serotonin is a neurotransmitter that, I understand, makes you feel good – and prevents you from going into depression. If you don't have enough of this stuff in your brain, you will start to feel depressed. Prozac prevents neurons from reabsorbing serotonin at the same rate.

Depression is no joke. It's a serious debilitating illness, and Prozac was introduced as a breakthrough in this field, primarily because it has fewer side effects than its predecessors. When it came out, there was an enormous marketing buzz. There was even a book, *Listening to Prozac*. It seemed that everyone wanted Prozac to make them feel good.

There are couple of issues here. One is the marketing strategy of the company. *Pull marketing* is marketing in which you try to induce the customer to go to a physician and ask for a prescription. The company was also, of course, pushing the product on physicians. There was a very intense advertising campaign for physicians. Yet at the same time, Eli Lilly was sending ads out to the general public to induce people to pressure the doctor to give them prescriptions for this stuff that makes you feel good. Is there anything wrong with this? It is controversial, although it's a big business. There's about $2.5 billion a year spent by pharmaceutical companies on pull marketing in the U.S.

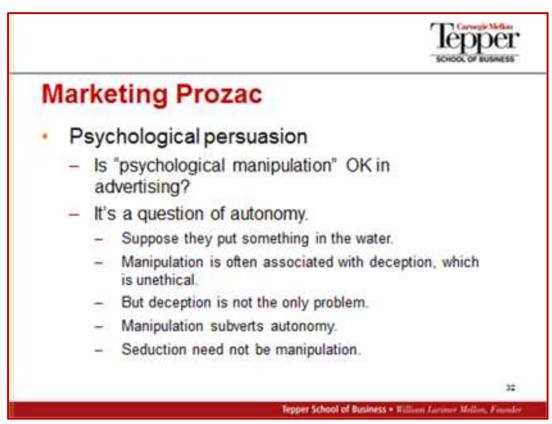
Secondly, there's psychological persuasion in these ads. You can be the life of the party. You can feel good about yourself. You can be an extrovert, if you're on Prozac. You will no longer be that shy, withdrawn, uncomfortable person. You're going to be out there, successful. Is that OK? Is it OK to work on people psychologically? We will try to look at that issue, too.

What's the problem with Prozac? Well, it's not all roses. It takes a long time for the stuff to start working, several weeks. It may not work at all. It can have side effects, although perhaps not as bad as its predecessors. Actually, it is apparently no more effective than some other drugs. It creates dependency, and you have to go off it very slowly. It's not intended to make you an extrovert or life of the party. It's intended to treat clinical depression.

Let's look at pull marketing. The utilitarian test is probably the key one here. Are we doing any damage by encouraging patients to go to the doctor and ask for Prozac? Now perhaps doctors should not give in to this kind of pressure. Perhaps they should stand their ground and say, "You don't need that stuff." Perhaps so, but that's another issue. I'm looking at what the company is doing in the way of advertising.

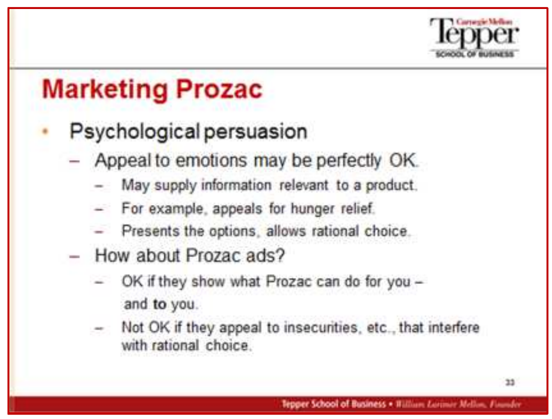
Too much aggressive pull marketing can lead to abuse of a drug. In the case of Prozac, however, a lot of people with depression don't realize, or didn't realize, that it can be treated. They may not even realize that they have this disease. It's not a well-understood disease among the public. So one might make a case that pull marketing benefits people with depression to a great degree, to a degree that outweighs any abuse that may result from the drug. At least, given the evidence we have, let's grant that we're not irrational in believing that we actually increase utility with an aggressive marketing campaign, because we bring help to all those people who don't know it's available. So we will grant that Eli Lilly passes the utilitarian test, which is probably the key test for this case.

That brings us to the other issue, and that's psychological persuasion. Is it OK to manipulate people psychologically? Advertising people who talk to me about this say, "Of course. What do you think advertising is for? It works on people psychologically." But actually it's not so simple, particularly in the Western ethical tradition, where we have this idea of autonomy. Remember? We talked about that. Suppose, for example, they put something in the water to make us buy Prozac. It works on us and makes us crave this stuff. Is that ethical? We say, "No, no! They shouldn't do that." True, part of the problem is that it's deceptive. They are not telling us what's



in the water, and we are being deceived about what we're drinking. But that's not the whole problem. Part of the problem is that it circumvents our rational faculties, and that's a denial of an autonomous decision making process.

You may say, "You ethics guys spoil all the fun in life. Think about seduction. If you are going to seduce your lover, doesn't that work on someone's emotions? Aren't you circumventing the rational process there? You guys just won't let us have any fun." Not so. In seduction, at least when it's going right, both parties know what's going on. When you're being seduced, you intentionally give in. That's what makes it fun and interesting. You are on the borderline between yielding and not. If the other party doesn't know what's going on, that's no fun at all, or shouldn't be. So I'm not saying that you shouldn't have any fun. I'm saying that you can appeal to emotions, fine, but not in a way that circumvents or nullifies the rational decision-making faculty.



So psychological persuasion can be fine if you are simply appealing to emotions. For example, if you're trying to sell a convertible sports car, you want to give people the some idea what it's like. You are out there on the road, the wind is blowing through your hair, and you get the feeling of freedom. That's an emotional reaction, and you have to know about it before you can decide rationally whether you want the sports car. So emotions can be relevant to your decision. Or suppose UNICEF puts up an ad to encourage people to give to an agency to relieve hunger, and it shows horrible photos of children who are suffering from hunger. You have an emotional reaction, but you can't decide whether you should give until you understand at an emotional level what poverty is like. It's horrible. You have to understand that, and then you can make a rational choice. So appealing to emotions can be perfectly fine, but if you are appealing to emotions in a way that prevents one from making a rational choice, if it gets in the way, then you have a problem.

If a Prozac ad shows people at the party who are gushy and extroverted, that's fine, because we have to know what it's like to be that way, as long as the ad also shows the down side – the side effects, and so forth. But if the ad appeals to a sense of insecurity or some psychological problem, so that people crave the drug without making a rational choice as to whether it's the right treatment for them, that's a problem. It's an advertising problem.

There is also an issue here of temptation. Even if you're not manipulating people, you are perhaps *tempting* people to go get this drug or talk to the doctor about it. Is temptation OK? For example, suppose you sit down in a restaurant, and on the table there are photos of luscious chocolate cake you have to look at while you're eating. They are tempting you to order this stuff. Is there anything wrong with that? It's not denial of autonomy. You can still decide whether you want to eat that chocolate cake. It's *harder* to decide, but you can still decide rationally. So, basically the relevant test for temptation is utilitarian. Yielding to temptation now and then is fine. You love it, and it's enjoyable, as long as it doesn't get out of hand. If temptation has a net positive effect, it's fine. It's too bad they can't tempt us to eat broccoli, isn't it? Actually, my 2-year-old granddaughter loves broccoli. McDonald's will probably fix that. So temptation is not necessarily wrong. It depends on the outcome, and we have already granted that Prozac ads pass the utility test.

That's my analysis of the Prozac case. Next time, I have three more case studies for you. See you then.