In the 1983 movie Trading Places, starring Dan Ackroyd and Eddie Murphy, the business world is generally depicted in a negative light. The movie shows the behind-the-scenes dealings of the Duke Brothers - two extremely wealthy owners of a financial firm, who make a bet, for one dollar, over whether anyone (regardless of upbringing), can, in the right environment, become an upper-crust gentleman like them.
The movie juxtaposes the “haves” of society, like commodity broker Louis Winthorpe III (Ackroyd) and the “have-nots” like Billy Ray Valentine (Murphy). While depicting the plight of the poor and disadvantaged, the film also satirizes the opulent lifestyle of the super-rich, who throughout the film, are portrayed by stock brokers and executives. The lavish boardrooms where the Dukes conduct business and the plush brownstone in which Winthorpe lives contrast sharply with the dirty streets of Philadelphia, where Valentine is a small-time con-man / beggar.

The film shows the Duke Brothers using their financial muscle to ruin Winthorpe’s life and forever alter Valentine’s. They have Winthorpe framed for robbery and planted with drugs. When his fiancée comes to pick him up from prison, the Duke Brothers’ hired goon has paid a prostitute named Ophelia (Jamie Lee Curtis) to publicly act as though Winthorpe is her pimp, causing his fiancée to leave him, and rendering him friendless and homeless. There seems to be no act, regardless of how vile or illegal, that the Dukes cannot successfully turn into a business transaction and / or bet.

Everything the Dukes take from Winthorpe, they give to Valentine, who is the “guinea pig” in their $1 “nature vs. nurture” bet. Because of their vast wealth and social power, the brothers have the ability to test out their evil wager in real life. They are even able to coerce a number of others to join their game (including Winthorpe’s butler, who becomes Valentine’s butler and pretends to have never met Winthorpe).

The Dukes also hire Clarence Beeks to get them insider information by acquiring the “Crop Report” before it goes public so that they can corner the market on orange juice. They constantly discuss the details of their unethical plot throughout the film. The movie seems to make the point that everyone and everything has its price – the question, in many cases, seems to be “What is the price?” For instance, if the lives of the two men in the movie can be so
fundamentally altered at the whim of two men with substantially more resources in the name of only one dollar, then how much is really too much or too little? In the movie, business is portrayed, at worst as a nearly-irrepressible evil, and at best, as a mass of myopic men who lack scruples.

The movie is fraught with business ethics issues. The most obvious one is the attempt by the Duke Brothers to commit the federal crime of insider trading. They hire Clarence Beeks to steal a copy of the Crop Report in advance of its public release. The brothers plan to read the report and illegally use the knowledge within to make huge profits in the commodities markets.

Also, the hiring and firing practices of the brothers’ firm are ethically dubious. Winthorpe has been working for them for many years and has been one of their most successful brokers. He has been extremely loyal, and literally earned them millions of dollars. For the sake of their bet, the Dukes decide to reverse Winthorpe’s fortunes. This is bad enough, but he is not fired, or even forced to resign. Instead, they have Beeks frame him for stealing from someone’s pocket in the executive coat room. His home and car, which are technically owned by the Dukes, and have been granted to Winthorpe as job “perks,” are revoked. Winthorpe is publicly arrested and humiliated within his social circles.

While the true reason for Winthorpe’s termination is the Duke’s bet, there is the added benefit to the firm that no unemployment benefits or other incentives will need to be paid to their former employee. They are able to fire him “for cause” and relieve themselves from numerous future financial obligations to him.

At the same time, their hiring of Valentine (while it ultimately turns out to be profitable because of Valentine’s “street smarts” and practical wisdom), is not based on any search of qualified candidates. Hiring him is, in essence, nepotism. Valentine has no relevant credentials,
and, in fact, has a list of prior petty criminal offenses. The Dukes fill the position vacated by Winthorpe based only on their personal interaction with Valentine, with no knowledge of his abilities or professional track record.

The best business decision, and the ethically appropriate decision, would have been to terminate Winthorpe by giving him advance notice, possibly a severance package, and time to find new lodgings and transportation. Then the firm ideally would have scheduled several rounds of interviews and brought in qualified candidates in order to determine who would be the best fit for the job based on experience and industry knowledge. Of course, this would ruin “the bet.”

Another ethical dilemma is that of the “loan” Ophelia gives Louis. She lets him stay in her house, cleans him up, gives him clothes and helps him get back on his feet. In exchange, she tells him, she expects a healthy “return” on her investment in him once he is financially solvent again.

Her faith in him is charming, but it is questionable whether investing in an individual’s future is ethically appropriate. Obviously parents do it for their children by sending them to college and businesses do it by investing in continuing education programs for their employees. These are ethically appropriate actions. However, speculating on the future success of virtual strangers is ethically questionable. When they are homeless former prisoners, it becomes even more questionable. In the movie, Ophelia’s investment is rewarded and Louis does much better than getting back on his feet, but it is not ethically appropriate for anyone to profit financially (other than drawing a salary from a medical facility, non-profit / government support agency) from helping a person to recover from illness, homelessness, or addiction.
These maladies should be human priorities which are instinctively addressed before any cost-benefit analysis can be performed. People who struggle with these issues are especially vulnerable and should not be viewed by anyone in any way as profit centers. While Ophelia’s intentions are good in the film, she, like the Duke Brothers, ultimately views Louis as a profit center rather viewing him first-and-foremost as a person with basic physical and emotional needs.

In the end, the Dukes receive their comeuppance. Valentine and Winthorpe team up to have Beeks kidnapped. They pass a false Crop Report to the Dukes, who use the erroneous information to invest everything they have inappropriately, while the others, including Ophelia and the butler (who felt guilty and joined the forces against the Dukes), are able to buy low and sell high, using Ophelia’s savings and their insider information to make a humongous profit.

The movie is a feel-good movie because the Duke Brothers lose everything they have and the downtrodden people whom they have manipulated so wrongly are vindicated in the end. However, the movie’s ending showcases an important ethical issue. While most movie-goers are glad to see this turn of events, their joy is implicit approval of insider trading. The movie shows the “market” rather than the courts sorting things out – the Dukes don’t meet any type of social justice, only karmic justice.

If it is wrong for the Dukes to use their money and influence to circumvent the law in the name of huge profits (as the film seems to suggest), is it equally wrong for someone with significantly less money and influence to break the law to get what they “deserve”? The movie presents this as an acceptable outcome. If this were the case, how would the deserving be chosen and who would choose what they deserve?
As much as the movie made me smile, the most appropriate “real-life” ending to this story would not interest Hollywood. The ethical outcome would have been for Billy Ray Valentine and Louis Winthorpe III to take protection under federal whistleblower laws and testify against the Duke Brothers on federal insider trading charges.

This would have been a much more complicated process to follow and would not have resulted in all the movie’s “good” guys getting rich, but it would likely benefit many more people, by sending a signal to others who would try to commit the same types of crimes. Also, putting a stop to the insider trading rather than participating in a more socially-accepted form of it would benefit the orange juice producers, distributors, and consumers, who should not be forced to incur unnecessary expenses for the sake of paying artificially-inflated premiums into the already-fat coffers of the Duke Brothers.

From this exercise I learned that the right decision (most ethically appropriate) is usually not the most popular decision, is rarely the easiest decision, and almost never results in a person’s becoming wealthy. The movie does a nice job of establishing a dichotomy between good and bad, rich and poor, but it blurs the line between ethical and unethical. I learned that society (movie-goers anyway) might even tacitly approve of unethical behaviors, but I do not believe that social approval makes the behavior ethically appropriate. I do find it interesting that there is often such a wide divide between popular opinion and “the right thing to do.” This further highlights for me the importance of MBA students participating in an ethics class in order to be prepared (at least more so) to face the challenges that necessarily come with striving for ethical conduct in all of one’s professional actions.