

Name: _____

Date: _____

WORKSHEET 1: Charting Social Responsibility

Directions: The following quotes are all from one person. After reading the quotes, answer the questions below using your best judgment.

- “I was born and raised in Texas; and when I graduated from high school, I wanted to go to UT, but I couldn’t find a job in Austin, so I went to San Antonio Junior College. Then I did find a job in Austin and spent the next four years at the University of Texas.”
- “Greed of today’s business community is something of which I have very little respect: most of these people are managers who couldn’t build a sand pond, but they go to work making a million and a half salary and a million and a half termination contract.”
- “I was reawakened politically when I realized that we’re not going to have change for the better until some of us work for it.”
- “I’ve been discouraged a lot but my recovery process is much quicker than with most people.”
- “I don’t want a society where I can have better health than you. I want a society where no one is going to say ‘No’ to something a person needs because they don’t have money.”
- “I think what helped me a great deal was that I never wanted to get rich because I wanted something. I wanted to get rich so I could do things with the money.”
- “Business and philanthropy are inseparable.”
- “I think that you can correct more things with love than you can with any other attribute.”

1. Is it a man or a woman?

2. How old is s/he?

3. What does s/he do?

4. What education does he/she possess?

5. What are his/her major accomplishments in life?

6. What other information are you able to get from the quotes?

WORKSHEET 2: Charting Social Responsibility

The Social Responsibility of Business is to Increase its Profits

By [Milton Friedman](#)

(abridged from The New York Times Magazine, September 13, 1970)

I hear many businessmen believe that they are defending free enterprise when they declaim that business is not concerned "merely" with profit but also with promoting desirable "social" ends; that business has a "social conscience" and takes seriously its responsibilities for providing employment, eliminating discrimination, avoiding pollution. Businessmen who talk this way are unwitting puppets of the intellectual forces that have been undermining the basis of a free society these past decades.

What does it mean to say that "business" has responsibilities? Only people can have responsibilities. A corporation is an artificial person and in this sense may have artificial responsibilities, but "business" as a whole cannot be said to have responsibilities, even in this vague sense.

Most of the discussion of social responsibility is directed at corporations and corporate executives. In a free-enterprise, private-property system, a corporate executive is an employee of the owners of the business. He has direct responsibility to his employers. That responsibility is to conduct the business in accordance with their desires, which generally will be to make as much money as possible while conforming to the basic rules of the society, both those embodied in law and those embodied in ethical custom.

Of course, the corporate executive is also a person in his own right. As a person, he may have many other responsibilities that he recognizes or assumes voluntarily—to his family, his conscience, his feelings of charity, his church, his clubs, his city, his country. He may feel impelled by these responsibilities to devote part of his income to causes he regards as worthy. If we wish, we may refer to some of these responsibilities as "social responsibilities." But in these respects he is acting as a principal, not an agent; he is spending his own money or time or energy, not the money of his employers or the time or energy he has contracted to devote to their purposes. If these are "social responsibilities," they are the social responsibilities of individuals, not of business.

What does it mean to say that the corporate executive has a "social responsibility" in his capacity as businessman? If this statement is not pure rhetoric, it must mean that he is to act in some way that is not in the interest of his employers. For example, that he is to refrain from increasing the price of the product in order to contribute to the social objective of preventing inflation, even though a price increase would be in the best interests of the corporation. Or that he is to make expenditures on reducing pollution beyond the amount that is in the best interests of the corporation or that is required by law in order to contribute to the social objective of improving the environment. Or that, at the expense of corporate profits, he is to hire "hardcore" unemployed instead of better qualified available workmen to contribute to the social objective of reducing poverty.

In each of these cases, the corporate executive would be spending someone else's money for a general social interest. Insofar as his actions in accord with his "social responsibility" reduce returns to stockholders, he is spending their money. Insofar as his actions raise the price to customers, he is spending the customers' money. Insofar as his actions lower the wages of some employees, he is spending their money. The stockholders or the customers or the employees could separately spend their own money on the particular action if they wished to do so.

The executive is exercising a distinct "social responsibility" only if he spends the money in a different way than they would have spent it. But ... the whole justification for permitting the corporate executive to be selected by the stockholders is that the executive is an agent serving the interests of his principal. This justification disappears when the corporate executive spends the proceeds for "social" purposes. He becomes in effect a public employee, a civil servant, and therefore must be elected through a political process. This is the basic reason why the doctrine of "social responsibility" involves the acceptance of the socialist view that political mechanisms, not market mechanisms, are the appropriate way to determine the allocation of scarce resources to alternative uses.

Can the corporate executive in fact discharge his alleged "social responsibilities?" Or, can he get away with spending his stockholders', customers' or employees' money? Will not the stockholders fire him? The difficulty of exercising "social responsibility" illustrates, of course, the great virtue of private competitive enterprise—it forces people to be responsible for their own actions and makes it difficult for them to "exploit" other people for either selfish or unselfish purposes. They can do good—but only at their own expense.

Of course, in practice the doctrine of social responsibility is frequently a cloak for actions that are justified on other grounds rather than a reason for those actions. To illustrate, it may well be in the long run interest of a corporation that is a major employer in a small community to devote resources to providing amenities to that community or to improving its government. That may make it easier to attract desirable employees, it may reduce the wage bill or have other worthwhile effects. Or it may be that, given the laws about the deductibility of corporate charitable contributions, the stockholders can contribute more to charities they favor by having the corporation make the gift than by doing it themselves, since they can in that way contribute an amount that would otherwise have been paid as corporate taxes. In many similar cases, there is a strong temptation to rationalize these actions as an exercise of "social responsibility." In the present climate of opinion, with its wide spread aversion to "capitalism," "profits," the "soulless corporation" and so on, this is one way for a corporation to generate goodwill as a by-product of expenditures that are entirely justified in its own self-interest.

The use of the cloak of social responsibility, and the nonsense spoken in its name by influential and prestigious businessmen, does clearly harm the foundations of a free society. Many businessmen are incredibly shortsighted and muddleheaded in matters that are outside their businesses but affect the possible survival of business in general. This shortsightedness is strikingly exemplified in the calls from many businessmen for wage and price guidelines or controls or income policies. There is nothing that could do more in a brief period to destroy a market system and replace it by a centrally controlled system than effective governmental control of prices and wages.

The shortsightedness is also exemplified in speeches by businessmen on social responsibility that strengthens the already too prevalent view that the pursuit of profits is wicked and immoral and must be curbed and controlled by external forces. Once this view is adopted, the external forces that curb the market will not be the social consciences, however highly developed, of the pontificating executives; it will be the iron fist of Government bureaucrats. Here, as with price and wage controls, businessmen seem to me to reveal a suicidal impulse.

The political principle that underlies the market mechanism is unanimity. In an ideal free market no individual can coerce any other, all cooperation is voluntary, all parties to such cooperation benefit or they need not participate. There are no values, no "social" responsibilities in any sense other than the shared values and responsibilities of individuals. Society is a collection of individuals and of the various groups they voluntarily form.

The political principle that underlies the political mechanism is conformity. The individual must serve a more general social interest—whether that be determined by a church or a dictator or a majority. The individual may have a vote and say in what is to be done, but if he is overruled, he must conform. It is appropriate for some to require others to contribute to a general social purpose whether they wish to or not.

Unfortunately, unanimity is not always feasible. There are some respects in which conformity appears unavoidable. But the doctrine of "social responsibility" taken seriously would extend the scope of the political mechanism to every human activity. It does not differ in philosophy from the most explicitly collectivist doctrine. It differs only by professing to believe that collectivist ends can be attained without collectivist means.

(Accessed at: <http://www.colorado.edu/studentgroups/libertarians/issues/friedman-soc-resp-business.html>)

WORKSHEET 3: Charting Social Responsibility

SHOULD BUSINESSES CARE ABOUT SOCIAL RESPONSIBILITY?

Directions: Summarize the two opposing views on social responsibility of businesses. Put your notes in bullet points.

Bernard Rapoport	Point of Dispute	Milton Friedman
	Role of Managers	
	Relations with Employees	
	Company's Reputation	
	Company's Resources	
	Social problems in the community	