



“The Social Responsibility of Business” Milton Friedman

- *Rejects the notion that corporations owe anything toward the public good.*
- *Corporate officials’ and labor leaders’ moral responsibility is to serve the interests of their stockholders or their members.*



Corporate social responsibility

- *So long as a business does not commit fraud, conducting business in a society is an exercise of our natural right to liberty.*
- *“Natural rights are generally understood to be those entitlements that are held to obtain independent of any sort of voluntary agreement on the part of others”*

Corp. Responsibility (cont.)

- *Corporations acting out of self-interest is in the best interest of everyone.*
- *Making as much money possible for shareholders leads to a good social environment.*





Corporate Social Responsibility as a Threat to

- *How can ‘self-selected’ private individuals determine what is in the best interests of society?*
- *“If businessmen are civil servants rather than the employees of their stockholders then in a democracy they will, sooner or later, be chosen by the public techniques of election and appointment.”*
- *Eventually all decision making will be done by the government = socialism*



Inefficiencies of a Centrally Controlled Economy

- *Some contend that government should attempt to regulate wage rates and prices to curb inflation.*
- *Results:*
 - Product shortages
 - Labor shortages
 - Gray Markets
 - Black Markets
 - Rationing of Goods
- *Price controls would eventually lead to the end of the free market system.*



Corporate Charity

- *Corporate giving is an inappropriate use of corporate funds.*
- *Individual shareholders should determine what they wish to give to charitable organizations.*
- *Corporations can contribute to charitable organizations if such contributions benefit corporate profits (e.g., tax breaks, positive public image/relations)*