

Milt Friedman’s

BINGO

Normative Claim

Find the five normative claims (express or clearly implied) in the Friedman quotations on the reverse on this page. Write them below. When you have them all, shout “BINGO!!”

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The following quotations are taken from Friedman, M. 1970. “The Social Responsibility of Business is to Increase its Profits.” New York Times, September 13.

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| 1 | The discussions of the "social responsibilities of business" are notable for their analytical looseness and lack of rigor. 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. The first step toward clarity in examining the doctrine of the social responsibility of business is to ask precisely what it implies for whom. Presumably, the individuals who are to be responsible are businessmen, which means individual proprietors or corporate executives. |
| 2 | 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, in some cases his employers may have a different objective. A group of persons might establish a corporation for an eleemosynary purpose–for example, a hospital or a school. The manager of such a corporation will not have money profit as his objective but the rendering of certain services. |
| 3 | I have, for simplicity, concentrated on the special case of the corporate executive, except only for the brief digression on trade unions. But precisely the same argument applies to the newer phenomenon of calling upon stockholders to require corporations to exercise social responsibility (the recent G.M crusade for example). In most of these cases, what is in effect involved is some stockholders trying to get other stockholders (or customers or employees) to contribute against their will to "social" causes favored by the activists. |
| 4 | 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. That is why, in my book Capitalism and Freedom, I have called it a "fundamentally subversive doctrine" in a free society, and have said that in such a society, "there is one and only one social responsibility of business–to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition without deception or fraud." |
| 5 | Here the businessman–self-selected or appointed directly or indirectly by stockholders–is to be simultaneously legislator, executive and, jurist. He is to decide whom to tax by how much and for what purpose, and he is to spend the proceeds–all this guided only by general exhortations from on high to restrain inflation, improve the environment, fight poverty and so on and on…[W]hen the corporate executive imposes taxes and spends the proceeds for "social" purposes…[h]e becomes in effect a public employee, a civil servant, even though he remains in name an employee of a private enterprise. On grounds of political principle, it is intolerable that such civil servants–insofar as their actions in the name of social responsibility are real and not just window-dressing–should be selected as they are now. If they are to be civil servants, then they must be elected through a political process. If they are to impose taxes and make expenditures to foster "social" objectives, then political machinery must be set up to make the assessment of taxes and to determine through a political process the objectives to be served. |