**Theme:** 5.

**Reading:** The Social Responsibility of Business is to Increase its Profits.

**Author:** M. Friedman.

-Believes advocates of Corporate Social Responsibility are “preaching pure and unadulterated socialism.”

-C.S.R. arguments are analytically loose and lack rigor.

-Business can’t have responsibilities.

In a free-enterprise/private property system:

-CEOs are agents of shareholders and have a responsibility only their employers as employees: They must make as much money as possible while acting in accordance with the law, social and ethical customs.

-An executive may have social responsibilities but he may only act on them as a principal and not as an agent of shareholders i.e. using company resources.

-Spending the money of stockholders and customers is a form of taxation.

-Governmental functions: Communism.

-Knowing how to implement and coordinate means to achieve social objectives.

-Collectivist ends without collectivist means.

***Flaws With His Argument***

-Based on a market that delivers the best results: e.g. negative externalities excluded.

-Assumes regulation encapsulates safe business practice.

-Assumes the market system engages in sustainable activity.

-Profit-only incentive leads to short-sightedness.

-Business has dabbled in Politics since the Reagan years, and it is hypocritical to say the processes should be separate.

-Ridicules the easy targets. Uses Socialism as a common enemy (1970s).

-Long-term responsibility to stockholders: e.g. Pension funds (LR).