Corporate Social Responsibility

The Great Shell Game

Ellen Hertz

'The business of business is business,' Milton Friedman, a leading figure of the Chicago School of economic thought, famously declaimed. In his 1970 article, 'The Social Responsibility of Business Is to Increase Its Profits', he argued that corporate managers who factor social and environmental considerations into their decision-making are, in effect, 'imposing taxes . . . and deciding how the tax proceeds shall be spent'. By deviating from their organizational duties—maximizing profits for the companies that employ them—they are appropriating money owed to shareholders and allocating it to broader social causes, a function that resembles government. Friedman objects to this behavior not on economic or legal but on political grounds: managers have not been elected and there are no principled procedures for determining which causes to support beyond 'general exhortations from on high' (Friedman 1970: 17). He also expresses scepticism about 'hypocritical window-dressing', concluding: 'our institutions, and the attitudes of the public make it in their self-interest to cloak their actions in this way' (Friedman 1970: 17).

Friedman's analysis leads him to what seems like an absurdly ideological conclusion, discrediting him in the eyes of business school professors and social scientists alike: '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 collective doctrine. . . . That is why, in my book *Capitalism and Freedom*, I have called it a "fundamentally subversive doctrine" in a free society' (Friedman 1970: 17).

There would be much to say about Friedman's disingenuous invocation of the principles of democratic government or about his historical role in promoting what he calls 'freedom'. And in terms of predictive accuracy, Friedman seems to have gotten things exactly wrong, as nothing about the contemporary practice of corporate social responsibility could be called 'fundamentally subversive'. But I would like to concentrate on what makes sense in this argument: the insistence that

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corporations and government operate on distinct principles, and should be kept separate. In the liberal democratic social contract, the pursuit of private interests is the primary function of business; safeguarding the public interest is the task of government, which sets the rules of the game. I would contend that, unless and until we can articulate a functional alternative to this model, we should embrace it. This implies that as anthropologists and as world citizens, we should all be in the streets shouting: 'Keep corporations out of politics! The business of business is business!'

That we are not doing this—that, indeed, many socially and environmentally minded citizens continue to insist that corporations can act 'responsibly'—is indicative of the power of that loose association of ideas we call 'neoliberalism' (Venugopal 2015). In *The Strange Non-Death of Neoliberalism* (2011), Colin Crouch argues that neoliberalism succeeds not so much by defining the terms of the debate as by obfuscating them. As many authors have demonstrated, the concept of corporate social responsibility (CSR) plays a key role in this process of obfuscation (Crouch 2011: 125–144; Dolan et al. 2018; Pun 2008; Shamir 2005a, 2005b, 2011). It introduces the rhetoric and mechanisms of markets into areas previously governed by other logics, turning liability into responsibility, government into governance, development into 'market inclusion', and social justice into a phantasmagoric win-win 'social dividend'.

Over the past two decades, anthropologists have produced fine empirical work documenting these processes of obfuscation. They highlight corporate social responsibility's 'shape-shifting character' (Dolan et al. 2018: 2), examining the many ways CSR is translated from a broad hortatory 'vision' into concrete programs and policies (Browne and Milgram 2008; De Neve et al. 2008; Dolan and Rajak 2016). CSR is not one set of practices—a fact that in and of itself should give us pause—but is constantly evolving in response to the demands of consumers, shareholders, investors, and international aid and development agencies in the 'market for virtue' (Vogel 2006). Moving to a more conceptual level, these studies reveal much about the bureaucratic logics of accounting and accountability that pervade the CSR industry; about its individualistic and psychologizing approach to social problems; about its depoliticizing effects on local social movements; and about its gradual transformation from a set of strategic tools for corporate reputation management to a concerted move to shape the international governance and development arenas in corporate-friendly directions. Today's powerful multinationals take it upon themselves to set policy agendas at the local, national, and international levels, channelling the activities of

government and NGOs, and deciding which problems can and cannot be addressed and on which terms (Nadakavukaren forthcoming).

In a recent article, Catherine Dolan, Emma Gilberthorpe, and Dina Rajak assert that the ‘key question that anthropologists have probed is not whether CSR achieves its own stated goals . . . but what its more profound effects are in terms of transforming, facilitating, reproducing, or legitimizing particular modes of corporate practice and engagement, and what the intended or unintended outcomes of these practices are for social relations’ (2018: 4–5). I thoroughly agree; continuing to explore this question empirically is crucial. Taking stock, however, I believe we now have sufficient evidence to come to certain conclusions: regardless of intentions, the effect of CSR rhetoric and practice is to preempt and discredit democratic attempts to define and carry out policies designed to protect the broader public interest, just as Friedman feared. It is thus time to broaden and sharpen our analysis of CSR by locating it within the framework of contemporary political economy. To do so, anthropologists must continue to ‘denaturalize’ the CSR machine, locating it in historical and political context. In the remainder of this short article, I suggest a few of the moves that I have in mind, each of which involves drawing on work from neighbouring disciplines, notably economic history, critical legal studies, and political theory.

The first of these moves involves asking how it came about that multinational firms gained the wealth and power to impose their agendas on states and international organizations in the first place, for as Friedman would have predicted, it is power and not efficiency that explains their extraordinary wealth. To do this requires questioning the corporate free market dogma more thoroughly. Here, it is worth returning to Crouch (2011: 49–70), who identifies neoliberalism’s founding obfuscation as the conflation of business and markets. Through this sleight of hand, neoliberal thinkers can go on to excoriate ‘bureaucracy’, the state, and the ‘command economies’ of socialism—all designed to protect and promote the public good—and to celebrate the virtues of deregulation and free competition under capitalism. In so doing, they conveniently sidestep the issue of market power.

As economist Oliver Williamson (1975) has demonstrated, contemporary capitalism is characterized by both markets and hierarchies, which are simply two different ways of organizing business enterprises, respectively outsourcing and insourcing risks and benefits, flexibility and control. Today’s large multinational corporations are not individual players competing to sell their goods on a level playing field, but rather complex, bureaucratically structured coordinators of financial, logistic,

managerial, public relations, and productive activity that do everything they can to insulate themselves from the vicissitudes of competition. As anthropologists, we need not do the work of political economists who have long decried the oligopolistic tendencies of contemporary capitalism. However, it is worth noting that we still tend to study CSR by studying 'down' rather than 'up' (Nader [1969] 1972), that is, by studying the way markets work on the ground without questioning their internal power relations and competitive structure. While gaining field access to the sites where these issues materialize is difficult, we can and should situate our empirical analysis of CSR within a discussion not only of markets (or their absence!) but of market power, investigating how multinationals control the options available to their suppliers, shareholders, employees and customers.

Of course, the wealth amassed in this 'free market' system can be translated directly into political power, through lobbying of legislatures and decision-making bodies at the national and international levels, and through simple corruption. However, beyond the exercise of raw economic power, corporations also set policy agendas by defining the terms of legal and regulatory action. The notion that corporations are legal 'persons' and as such have rights to 'free speech', exercised through corporate donations to political campaigns, is a particularly striking (and largely United States-based) example of this. Other key areas for investigation include taxation, competition, intellectual property, securities, trade and monetary policy, or what one author calls the 'code of capital' (Pistor 2019). Indeed, the very notion that CSR represents a form of 'soft law', similar to state-based law but with fewer 'teeth', is a key point of obfuscation, for law is not law when the subjects it governs are free to ignore it or to pick and choose the ways it applies to them. Once again, without neglecting the fine-grained empirical analysis at which anthropologists excel, we can and should situate these analyses within the broader context of how law in democratic societies is used to promote corporate interests, contradicting its foundational principle of equal access to justice.

A third move would involve translating into anthropological terms Thomas Piketty's recent observation that capitalism cannot survive without legitimating ideology (2019). Here, CSR should be situated within broader developments, neatly summarized by one author as 'the privatization of public interest' under neoliberalism (Kamat 2004). The redefinition of the notion of the public good through the reinvention of 'civil society', represented by NGOs, is a key area for investigation here, one very much present in the concrete workings of CSR programs on

the ground. As Kamat points out, the New Policy Agenda promoted by international organizations over the past few decades ‘reify[ies] state and civil society [to] obfuscate the ways in which NGOs are being integrated into global capitalist relations’ (2004: 156). Anthropologists have produced excellent work on the efforts to depoliticize legal reform and social justice movements through the instrumentalization of NGOs (Fisher 1997; Hertz and Lieber 2017). We can continue to link our examination of CSR to broader political analysis of how it works to replace democratic mechanisms for the articulation and pursuit of the public interest.

Not all of these subjects can be tackled through ethnographic methods alone. But as Laura Nader has argued in ‘Up the Anthropologist’ (1969), anthropology has always relied on ‘mixed methods’, complementing participant observation with historical and document review, with interviews and focus groups, and with quantitative and statistical analysis. More importantly, by combining interdisciplinary materials and methods, anthropologists can and should take a stand on the overall effects of CSR. Because the business of business is business—and until the replacement of capitalism, always will be—CSR can only represent a piecemeal system of remediation at best, a cynical manipulation of the political agenda at worst. It is not only fundamentally undemocratic in its effects, it undermines democratic principles by design. It is the public—however difficult it is to locate—that must set the rules for business, not corporations.

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