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Case Analysis 2

Lieber's article, *Why the Equifax Breach Stings So Bad*, addresses the issues with credit reporting agencies, tailoring the reader's attention on the failure of credit reporting agencies to adequately protect sensitive customer data. Other financial institutions relating to customer data retention of very private information, credit information with the possibility of other sensitive information like social security numbers, addresses, etc., were also mentioned. Though, the article highlights and scrutinizes Equifax, due to its large presence and its profound effects on credit reporting, data retention, and marketing of consumer data. In addition, Lieber also focuses on how Equifax continued to control credit scores despite its mishandling of consumers' Personal Identifiable Information (PII). Tied to their data breach, the article discusses the unfair practices of Equifax and consumers trying to protect themselves from further harm of possible identity theft caused by the breach. The lapse in security was then exacerbated by a lack of communication to rectify the situation. The consumers are contributors to these private organizations. Thus, these organizations carry the responsibility to properly manage their data, rectify, and protect the people who financially support them. The Equifax data breach exemplifies a profound failure of corporate responsibility through the lens of utilitarianism, as the company's lack of communication and disregard for rectifying the harm violated the principle of maximizing well-being for the greatest number. By prioritizing its interests over timely transparency and effective remediation, Equifax inflicted long-term harm on millions of consumers, whose security and financial stability were compromised. This breach of trust undermines the utilitarian ideal, revealing that negligence in protecting and addressing the welfare of the majority leads to greater societal harm than corporate benefit.

The main concept Friedman tosses in the article, *The Social Responsibility of Business Is to Increase Its Profits*, is “social responsibility.” Friedman, with great emphasis, supports capitalism, noting that private business entities should not contribute any more than their goods and services that promote financial and societal growth. Equifax is congruent and portrays this notion in that its primary focus was on maximizing profits and ensuring financial success, “its chief financial officer sold stock after the breach was discovered but before it was made public,” (Friedman) often at the expense of consumer welfare. By prioritizing its bottom line over addressing security vulnerabilities and protecting sensitive personal data, Equifax exemplified Friedman’s idea that a corporation's primary responsibility is to its shareholders, even if it results in negative consequences for the broader society. A utilitarian approach to this unethical action and delayed response would call for immediate and transparent action. Their downplay of the breach, failed to prioritize the maximization of consumers’ well-being, putting their personal information at risk for possible abuse by malevolent actors. Also, having full transparency of the event would have allowed individuals to take immediate steps to protect their personal information. However, the actions of protecting their personal information were hindered. Equifax falsely claimed to mitigate credit issues, “it would stop charging fees for freezes, even as its horror show of a website was still charging fees days after the announcement.” (Lieber) The sacrificial expense of complimentary fees was not considered as it aligns with Friedman’s mentioning, “corporation to generate goodwill as a by-product of expenditures that are entirely justified in its own self-interest," meaning that the revenue generated will be a by-product in the form of contribution and growth to society. The idea that this selfish charging of consumers is further supported by Friedman's reasoning that a corporation's sole responsibility is to increase profits for its shareholders. In Friedman's view, social responsibility is secondary to financial growth, and any action that appears socially beneficial must ultimately serve the company's self-interest. Equifax's decision to charge fees for credit freezes, even amid a crisis of its own making, exemplifies this profit-driven mindset. By prioritizing revenue generation over consumer protection, Equifax adhered to Friedman's doctrine, sacrificing broader societal welfare for the sake of short-term financial gain. Equifax should have prioritized consumer safety which would have prevented further financial harm. Instead, short-term profit was their focus. Permanent elimination of credit card freezes and relevant services that could mitigate further financial damage would have been a utilitarian approach, especially considering the mass amount of individuals affected. This solution would have better aligned with the long-term well-being of consumers while restoring public trust. Equifax's decision to charge fees for credit freezes, even during a crisis of its own making, exemplifies a profit-driven mindset, undermining the utilitarian ideal. Exposed by Lieber, "good luck getting the bureaus to fix it, as the Consumer Financial Protection Bureau revealed in a report this year," entities with supposed oversight lack in rectification. This aligns well with Friedman's claim, "political mechanisms, not market mechanisms, are the appropriate way to determine the allocation of scarce resources," that the Federal or State political level is responsible for mitigating or coming to solutions of "social contracts." Solely, relying on federal oversight is not enough; insufficient to say the least. Equifax, as a private entity, bears the responsibility to actively protect and rectify imminent harm to its consumers.

On the contrary, Anshen, in the article, *Changing the Social Contract: A Role for Business*, supports a view that wealthy and thriving businesses go even further to be broken down into corporate executives, shareholders, and managers, who are responsible for the “social contract” of aiding social economic distress. Anshen hones the idea that the result of a private enterprise’s successful wealth has the “social contract” of responsibility to return a portion of its revenue to address issues in the community and to a greater extent, “the removal of poverty, of degraded and degrading urban and rural living conditions, and indeed of all gross economic and social inequalities.” (Anshen) The Equifax data breach reveals, “It was a sense of helplessness, the recognition that we are at the mercy of an industry,” (Lieber) enabling the comparison that Equifax failed to honor any notion of a "social contract" by neglecting its responsibility to protect consumers from harm. In contrast to Anshen’s view, which advocates for businesses to alleviate social and economic distress, Equifax intensified these issues by prioritizing profit over consumer well-being. Had Equifax adopted Anshen’s perspective, it would have reinvested in robust security measures and contributed to solutions that address the financial vulnerability of those affected by the breach. This approach would align with a deeper corporate responsibility, ensuring that businesses like Equifax play an active role in supporting the broader community, particularly during times of crisis. Consumers reliant on their credit scores are explained by Lieber as helpless and abandoned by Equifax, “there does not appear to be any way to step out of the system,” (Lieber) which criticizes Equifax’s failure to provide meaningful recourse for those affected. By not prioritizing consumer welfare, Equifax contributed to a pervasive sense of insecurity among individuals who depend on accurate credit reporting for their financial stability. Anshen’s perspective emphasizes that businesses must recognize their societal role and actively work to improve community conditions, particularly when their actions directly harm consumers.

If Equifax had embraced this philosophy, it could have fostered a more positive relationship with its users, ultimately leading to a stronger and more resilient financial ecosystem. Anshen also implies that the “social contract” is not just defined by laws, policies, and regulations set to address society’s inequality issues, but on a deeper level that these private organizations have an implied moral duty. Building on what was previously mentioned, Anshen criticizes the failures of government, “remedial action—reinterpretation of the enduring constitution,” as only temporary fixes not addressing the deeper, systemic issues of inequality. He argues that private organizations, such as Equifax, have an implied moral duty to step in where government efforts fall short, addressing long-term social and economic concerns. By adhering solely to regulatory requirements and profit motives, Equifax missed an opportunity to fulfill this deeper “social contract” and contribute to the betterment of society. Had Equifax recognized its broader scope of responsibility, it could have implemented sustainable reforms that not only protected consumers but also helped mitigate societal inequalities, aligning its business success with the public good.

Equifax has hindered their trustworthiness and it wouldn’t be a surprise to see their market share falter. Being one of the top apex entities that many credit lenders rely on for determining consumers' borrowing power may have minimal impact on their post-breach success. Transparency reciprocates trust. It fosters growth not only for private and public companies but for their customers, shareholders included. Aside from being relied on by many lending institutions, it is noteworthy that Lieber mentioned oligopoly. This may cause further disdain for Equifax and its partners, though, consumers are victims of no other options. Capitalism is not all merry it will foster both economic and societal growth. Some voids are overlooked, reiterated, said by Anshen, that the GNP is not a sufficient scale for economic growth. Understood, goods and services produced by enterprise corporations should allow people the opportunity to thrive, but this alone does not address the deeper societal inequalities that persist. From a utilitarian perspective, true economic growth should be measured not just by financial success, but by the overall happiness and welfare it generates for the greatest number of people. By adopting a utilitarian approach, corporations like Equifax would prioritize not only profit but also the broader impact of their actions, ensuring that their success leads to genuine social progress and the alleviation of harm.

Works Cited

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