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In 2017, Equifax suffered a breach of the personal information of many of its users, leading to the harming of both the security and safety of the user's whose information was leaked. Credit reporting information has become one of the most important pieces of information in the modern age, as Lieber states that "there does not appear to be any way to step out of the system unless you can live a life completely free of the need for credit, mobile phones, and many jobs..." (Lieber, 2017). The leak of this information can lead to identity fraud, the loss of monetary security, and can cause harm to the living situations of any involved. Equifax's response to this breach was to charge customers freeze their credit accounts, require additional personal information for customers to find out if they were affected by the breach, and sell off stock in the company before the price of the company tanked once the breach was reported. In addition, their customer representatives seemed to have very little information about the breach and in addition, the company began to sell software to monitor credit accounts to avoid data breaches (Lieber, 2017). To understand who was harmed and why this harm was morally bad, we can look to contractarianism and its idea that there is a moral contract between all members of society. This point of view states that "morality" is simply what all members of society agree to live by to have a functioning society that provides good lives for all of those involved in that

society. It additionally argues that all individuals agree to this morality through a form of unspoken agreement known as the Social Contract, a view first proposed by Thomas Hobbs. In this Case Analysis, I will argue that Contractarianism shows us that the Equifax breach harmed the numerous customers whose credit reporting data was leaked by allowing their information to be leaked, as well as doing very little to remedy the situation and that this was morally bad.

Milton Friedman, in his New York Times article titled “The Social Responsibility of Business Is to Increase Its Profits”, argued that businesses do not have social responsibilities other than increasing profits for its stockholders. He specifically begins by stating that “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...” (Friedman, pg. 51). Friedman mainly argues that if an executive is to pursue something other than the increase of profits for the business and its shareholders, that he would be spending their money in doing so. This makes sense in theory, as if the shareholders invested money in the company with the trust that you would increase it, spending it on other goals that do not increase their investment is technically spending their money. In addition, he compares this spending of money to both implementing taxes as well as deciding how the taxes will be spent without any input from the shareholders. He argues against this by stating that taxes are to be levied by the government and that we have systems set up to ensure that taxes are fair and are only what’s necessary based on what the public has voted for (Friedman, p. 52). These points do make sense when looking at it from the point of view of an investor of a business or someone who is generally interested in the businesses prospering first and foremost, as Friedman is doing. However, to fully understand the responsibilities of a business, we can use the views of contractarianism and its idea of the social contract. From this perspective, a business would not

have a “social responsibility” to help others or take action to provide a just and fair society, but those who make up the business would. To understand what those who are employed at a business would do to provide for a just society, we must apply a “veil of ignorance”, a thought experiment utilized by Thomas Rawls and decide what actions would lead to a just society from the outside looking in. When applying this “veil of ignorance”, it’s clear to see that Friedman’s view of what responsibilities a business does and doesn’t have directly clashes with the social contract of the society we live in because there are many instances where a business could perform a service or action that does not enhance their profits, but enhances the justness of the society we live in. For example, Friedman argues that if an executive were to “refrain from increasing the price of the product in order to contribute to the social objective of preventing inflation, even though a price increase would be in the best interest of the corporation”, then he would be going against the responsibilities of the business (Friedman, p. 52). Under contractarianism however, if a price increase would lead to prosperity for one company yet would increase inflation and thus, make society less fair, it can be reasoned that it would be morally right for the business to avoid raising the price of their product simply to make additional money. Another example is that Friedman argues that if an executive were to take actions in the interests of “reducing pollution beyond the amount that is in the interests of the corporation or that is required by law”, then he would similarly be going against the responsibility of the business (Friedman, p. 52). However, we can again see that under contractarianism, reducing pollution is overall a morally good action because it leads to a healthier environment and an overall more fair and just society, so to avoid acting against it in the interests of personal gain is a morally bad action by default. This doesn’t mean that businesses need to devote themselves to solving every issue on the planet, but to say they have

no social responsibilities at all is completely inaccurate. You could even turn Friedman's argument on its head, as I discussed earlier how he stated that businesses are not individuals and cannot have responsibilities. This may be true, but the people who make up the business still have social responsibilities as individuals who take part in society, meaning they must take actions to fulfill that social responsibility when they can. It's clear to see how Equifax's actions during and after the 2017 breach of personal data lead to the harm of their userbase. The breaches themselves were bad and harmed users because they could lead to identity theft or monetary loss, putting the financial status of their customers in jeopardy. Their response to this was even more harmful, as they charged customers to freeze their credit cards, provided no information to their representatives who needed to inform concerned customers, and some members of the company even sold their stocks after they had found out about the breach but before it was announced (Lieber, 2017). All these actions were actions that resulted in money being gained by the business but led to moral harm to their customers and to an overall less fair and just society in the process. Under contractarianism, these actions led to morally wrong harm, as the harm that occurred did not lead to a more fair and just society and contributed to a society that is less fair and just overall.

Anshen overall has a different view of the roles and responsibilities that a business has in society, but he begins his 1979 article "Changing the Social Contract: A Role for Business" by stating that the responsibilities of businesses can change over time with society and what it deems beneficial. He states that "the terms of the social contract are the most far-reaching, powerful, and inescapable" and that "A manager does not have to like them, but he does have to learn how to live with them" (Anshen, pg. 8). This already shows that Anshen's view is much different than Friedman's because he states that these responsibilities are partially shaped by the

social contract, which he also discusses partially in this article. Anshen also discusses how businesses tended to function and what their responsibilities were throughout human history, as well as how that's been slowly changing over time. He states that the view Friedman has, where businesses are only responsible for ensuring they made profits, has been the general view of how business should function for most of human history, but that it has changed over the years. He also discusses how, while many have decried the side effects of businesses and their practices, they generally were not critical of the businesses themselves because of the benefits they brought in the increase of their society's wealth (Anshen, pg. 9-10). If this was still the general view within society, then contractarianism and its view of the Equifax situation would not have any bearing: people would be upset about the situation, but they would write it off since Equifax is a highly profitable company and contributes to the GDP and wealth of the US. However, that's clearly not the case as Lieber discusses many of the people who are hurt by this situation and demand some sort of change be enacted, change that he seems to agree with. Lieber mentions in his article that many of those who have sent an email to him have requested that Equifax's CEO resign and Lieber even states at the end that the process of freezing credit cards should be free and be a much easier process than it is now (Lieber, 2018). Clearly people care a lot more about holding businesses accountable regardless of how much they contribute to the wealth of society, which lines up with what Anshen further discusses in the later parts of his article. In his section titled "The Conceptual Shift", he explains why businesses were generally given a pass when the side-effects of their economic growth affected citizens as they were generally seen as unavoidable. He then discusses how this view has generally changed and states that "... in the emerging new contract, social progress (the quality of life) will weigh equally in the balance with economic progress" (Anshen, pg. 10). If the social contract can change over time and we

currently live in a time where many believe businesses should be held accountable for their actions, its important to consider how the current situation would be viewed from the “veil of ignorance” that we discussed earlier. In the current situation, Equifax suffered a breach of customer data, and their handling of the situation is what came under fire as they attempted to profit from the chaos and provided very little help to their customers in the situation. In the opinion of the executives, this was probably a morally good action as they profited but from the point of view of the customers, this was probably a morally bad action as their issues were not remedied and were even made worse. However, when analyzing the situation from this “veil of ignorance”, it’s clear that the actions of the executives and the company at large led to a less just and fair society overall after these actions were taken. The company may have profited, but many were left vulnerable after their information was possibly stolen unless they wanted to pay money to have their card frozen or buy monitoring software to prevent theft. This was clearly a morally wrong action as it resulted in a less fair and just society overall by harming the customers of Equifax who had their information stolen. Under contractarianism, if the harm had led to a less unequal society, then it would have been a morally correct action and it would have been the correct action to take. However, the action taken led to a more unequal society as the wealth of the company increased while the safety, security, and wealth of their customers decreased, making it a harmful and morally wrong action.

It can be argued that the view that businesses must be somehow socially responsible would lead to a decrease of wealth and equality, which would be a morally wrong action under contractarianism. For instance, a business could dedicate too many resources or too much time to solving some sort of issue in the name of its “social responsibilities”, resulting in a loss of money and even possibly the collapse of the business. However, its important to note that the argument I

am making does not state that businesses must focus on solving societal ills first and making money second, but that they are responsible for the byproducts of their operations and the consequences that may come about should they do nothing to alleviate them. They cannot be allowed to sit idly while a crisis happens because of their inaction on a problem they contributed to or attempt to profit additionally off a problem they caused. That is what the social responsibility of a business is and it's the same social responsibility that every member of society has due to the social contract because businesses are made up the people who follow that social contract.