Case Analysis 3 – CSR

Will Lawson

Within Ron Lieber’s article, “Why the Equifax Breach Stings So Bad,” he discusses the response of thousands of users that were affected from the Equifax data breach. Equifax was accused of selling information to allow for more profit and accused of mishandling a lot of user information. The overall feeling that a lot of users were having was a sense of hopelessness and fear towards losing their money, reputation, and more importantly their credit status. Equifax is deeply rooted in a lot of different aspects of life from trying to get a loan for a car, buying a house, applying for work, or even for shopping. To be a user, one must give very sensitive information so that they can keep track of you. Within the article, it is said, “It’s going to dawn on people that we are defined by these descriptors, markers and measures, but we have no meaningful informational rights to them or over them” (p. 3). This is an important theme present within the article, where Lieber establishes the position that users really have no voice over their data, such as this example of Equifax, and that change is needed drastically. When discussing the response that Equifax had in relation to the breach, it seemed very casual and someone mentioned, “[Equifax] is either unethical or incompetent. Neither of those inspire much confidence” (p. 7). It is difficult to believe that Equifax was unaware of the issues that were presented, due to the nature of their business. Contractarianism is a moral theory that claims that morality is based in an unspoken social contract between all members of society. In this case analysis I will argue that the contractarian tool for moral reasoning shows us that the Equifax breach harmed a significant number of users by not taking the security of their user’s information seriously, while also wrongly using their information, and that this was morally bad.

Within Milton Friedman’s, “The Social Responsibility of Business Is to Increase Its Profits,” Friedman discusses the nature of how businessman act and their social responsibility in correlation to their business. Early in the article, Friedman states, “If these are ‘social responsibilities,’ they are the social responsibilities of individuals, not of business” and “it must mean that he is to act in some way that is not in the interest of his employers” (p. 52). Friedman states this because he is trying to say that if the corporate executive responds to any social responsibilities, they are individual and that he is ignoring the needs of the business. By following different social responsibilities, Friedman states that the corporate executive is acting in a way that doesn’t assist the business overall, assuming that the business’ only need is to make money. Friedman also states that, “the use of the cloak of social responsibility, and the nonsense spoken in its name by influential and prestigious businessmen, does clearly harm the foundations of a free society” (p. 55). Both of these concepts expand on the idea that the only social responsibility a business should have is to use it resources to engage in activities that increase profit.

When looking at the case of Equifax and comparing it to Milton Friedman’s concepts, there are some parallels that can be made. As mentioned previously, Equifax ignored the need to protect user data. In doing so, Equifax acted in a way that was to benefit their monetary value with a short-sighted aim. Equifax was not considering the implications of what could happen if a significant amount of their data leaked into the public domain, where possible criminals could commit various types of crimes. It is mentioned in Lieber’s article that “could a few of [big companies like Equifax] step up, abandon the cloak of anonymity and offer some critical words about any part of this debacle?” (p. 8). Both Friedman and Lieber use the metaphor of a “cloak” to describe different parts of social responsibility. Lieber is expanding upon the idea that more is needed and that businesses need to quit hiding behind the exact thing that Friedman is trying to push forward. That being to ignore social responsibility unless it promotes profit for your business.

When assessing the actions of both Friedman and Lieber, the contractarian tool for moral reasoning assists greatly. Contractarianism is essentially a theory that morality is based in an unspoken social contract between all members of society. This social contract view of morality is expanded upon with the theory of “justice as fairness.” “Justice as fairness” is a theory that poses the question of which social contract is best. John Rawls created this theory and asked people to put on a “veil of ignorance” to help in understanding social contracts. Putting on a “veil of ignorance” is essentially making ourselves unaware of any position we had in a society and trying to determine the distribution of rights and what kind of social contract we would write for ourselves. When people are behind a veil of ignorance, they choose social structures that are based in self-interest. This is the case for both Friedman and Lieber. Friedman is pushing forth the idea that businesses should only be focused on making money, a self-interest; and Lieber is pushing forth the idea that companies like Equifax are doing very similar things such as what Friedman discusses. The issue with this, however, is that by acting in a self-interest, business ignore a significant number of inequalities that may exist. Equifax is the perfect example of this, as they wanted to expand monetary value and didn’t consider the “social responsibilities” that they also had. When looking at this through a contractarianism point of view, if a person ends up within a social structure that they would have chosen regardless of who they were, that they would have to agree that it’s fair. With Equifax ignoring the security of their users and mishandling their data, it presents a very unethical social contract. Equifax would not agree that this was fair if they were on the opposite side of things.

Within Melvin Anshen’s article, “Changing the Social Contract: A Role for Business,” Anshen discusses the shifting social contracts of society in response to how businesses are operating within the communities they are a part of. Melvin Anshen’s position is quite the opposite of Friedmans, as he states, “among the problems of confronting top corporate officers, none is more disturbing that the demand that they modify or abandon their traditional responsibility… with the goal of maximizing the return on the owner’s investment” (p. 6). Anshen is establishing that only focusing on maximizing profit is the worst thing that the business could do. Anshen then goes on to list out different “pressures” which are essentially issues such as environment control, hardcore unemployed, financial support to communities living in poverty, and so on. These “pressures” are what challenge different thesis’ such as Milton Friedmans with a focus of businesses only needing to make money. Melvin Anshen then establishes the concept of “the social contract” (p. 7). According to Anshen, this is fundamental in nature of humans, however, we have attempted to revise it many times. Whenever a need is recognized, humans have tried to redefine the social contract of which we abide by.

When comparing the Equifax case to Melvin Anshen’s concepts, there are two important takeaways. First, to act morally, one must not ignore the “pressures” that our society faces. Second, “the social contract” is never written in permanent ink and that we must revise it in situations where social structures such as in businesses, are not promoting a fair structure. Lieber emphasizes on the point that a lot of individuals rely on Equifax for more than just what meets the eye. If someone’s information is not taken seriously or mishandled, it could ruin a lot of different aspects of that person’s life. Lieber explicitly states, “it would be better, though, if officials at the three agencies did not wait to make changes until after they have been forced to march before television cameras in Washington” (p. 9). This would mean that Equifax would have to not ignore the “pressures,” such as identify theft, and revise the social contract so that they promote fairness to their users.

When assessing the actions of both Anshen and Lieber, they mesh better than Friedman and Lieber. Using the contractarian tool for moral reasoning, both Anshen and Lieber discuss ideals that follow contractarianism. For example, in the Equifax case, ignoring the exposure of their users while also selling information is acting in a self-interest. When ignoring what position we have in society, it allows us to see that we would all pursue a “maxmin” strategy. This means that we would want to maximize the minimum we receive. This also means that we would not want to create a society where big harms exist. Equifax is ignoring the social contract in this sense and is acting immorally to only pursue their own self-interest. Anshen expands upon the idea of social contracts in many ways while showing that we can redefine this to achieve a better society. This theme is also present at the end of Lieber’s article, where he mentions that he hopes companies such as Equifax will change their ways.

Contractarianism is a moral theory that claims that morality is based in an unspoken social contract between all members of society. In this case analysis I argued that the contractarian tool for moral reasoning shows us that the Equifax breach harmed a significant number of users by not taking the security of their user’s information seriously, while also wrongly using their information, and that this was morally bad. This was morally bad due to the failed inclusivity of an acceptable contract amongst all members of society. In no world does one person want to have their issues ignored so that someone else can live a better life. Contractarianism shows that we must revise existing social contracts so that we can continue to find ways that we may act moral. This tool for moral reasoning also makes it so that if the social contract fits certain criteria, no matter where you end up, if It is within a structure that you would have chosen if you didn’t know who you were, you might be lucky or unlucky, but you have to agree that it is fair.