

# Why corporate social responsibility should be necessary



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Yes, corporations should implement a doctrine of social responsibility. People only need to look to the present situation in the United States and the economic outlook of that situation for affirmation. The mortgage crisis has largely been facilitated because of mortgage lenders and investment banks acting irresponsibly. Now, United States citizens are being affected directly and indirectly because of it, whether they purchased a mortgage in the past year or not. Is government interference undermining the entire free-market system the United States holds onto closely or is it playing its role in maintaining a free-market society?

Free-Market System There are people who say the government's interference in the economic crisis undermines the free-market ideology, yet Smith did not think a free-market was possible unless it was aided by a government, which banned force, fraud and anything else that was dangerous to the consumer. Smith's aim was to prevent monopolies from occurring and barring predatory practices upon the consumer. If the government is not there, then the safety net for the consumer is erased and the consumer becomes vulnerable.

There needs to be something there to ensure the safety of the consumers and, looking at the present state the economy is in demonstrates the need to have a safety net there for the consumer. If the United States were a completely free-market system, we would not have programs to aid the poor; the United States does not want people to get pushed aside for a survival of the fittest aspect or the notion that if a majority of the people are happy, then it is acceptable if there are some people who are left behind.

For that reason, the government is there in a checks and balances relationship with the corporations to ensure they do not take complete advantage of the citizenry. Corporations should be allowed to make as much money as they want, as long as it does not affect the population in a health or financial context. Imagine if chemical companies were allowed to dump chemical run-off wherever it was convenient for them without having to worry about repercussions. Corporations Adam Smith also states that every individual's purpose is finding the greatest advantage for himself, not for society.

This is another reason why social responsibility is necessary. Corporations are essentially people; they are organized by people and the people within the corporation make the decisions. Since the corporations are driven by people, the corporations become imperfect and decision-making can become cloudy. For example, it may be advantageous for an executive at Lehman Brothers to incorporate "creative" accounting to garner an extra three million dollars for himself, but that "creative" accounting may not be the best thing for the corporation's employees or clients.

Since it is man's nature to be self-serving, it is even more imperative that corporations practice social responsibility and the government maintains steady watch to prevent out of control practices by the corporations. The responsibility to its consumers is the direct reason why corporations should enact social responsibility, if only because all people are affected by the maneuverings of corporations.

Yet, government interference when banks fail, when oil increases, when cellular phone companies are bought out by another company and much more are also necessary and do not void the tenets of a free-market system. There must be an awareness of social responsibility among corporations to protect the people from the more dangerous aspects of advantageous actions by corporations. When the consumers discover that the corporation cares about its consumers, the corporation will be able to reap greater rewards than intended.