Economic Philosophy: The Friedman Doctrine and Social Responsibility

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**Introduction**

Milton Friedman was an American economist who born in Brooklyn, New York on 31st of July, 1912. Friedman got his initial education from the city New Jersey where he got a scholarship for his bachelor's degree in economics and mathematics. He completed his degree in 1932. He continued his study at the University of Chicago and later Columbia University for his Ph.D degree. After completing Ph.D. in 1946 he got a job at the University of Chicago in the economics department. Friedman became one of the leading people for monetarism at the end of the 20th century. Friedman thought is associated with monetarism where he criticized Keynesian economics theory through his work (“Milton Friedman—Biography,” n.d.).

**Discussion**

The contributions of Milton Friedman in the field of economics are numerous. He was an educator who became a professor in 1946, full professor in 1948, and emeritus professor in 1983. His earliest work was the theory of the consumption function. His other contributions include floating exchange rates, price theory, the natural rate of unemployment, permanent income hypothesis, monetarism applied macroeconomics, volunteer military, helicopter money, and Friedman doctrine. He wrote various books like capitalism and freedom, free to choose, and the shock doctrine. His works include books, columns, television programs, monographs, lectures, papers, and magazines (“Milton Friedman,” n.d.).

The most famous and critical contribution of Milton Friedman was the Friedman doctrine. It is also known as shareholder theory in which he claimed that shareholders must be the priority of the firm. According to him, shareholders are the economic engine of any firm who invest their money so it becomes the social responsibility of the firm to ensure the maximum returns to the shareholders. He criticized the concept of social responsibility of the firm who spend their revenue or income on social welfare. He stated that the firm has no responsibility towards the public instead stakeholders are the only one who should be taken as a responsibility. This is because when a firm spends earning on social causes it decreases shareholders. This should be the choice of stakeholders whether they want to spend their money in any social cause or not. Friedman further argued that when the firm links itself to the community rather than maximizing profit then it results in totalitarianism (Watson & Prevos, 2009). Friedman doctrine had a significant influence on the cooperate world. It also led to a noticeable rise in stock-based compensation. Therefore, his theory is considered as a significant contribution to the business world.

After analyzing Friedman doctrine I think my social responsibility of corporations to society will be to maximize my profit and provide high return to where I will work. When every individual work to ensure maximum return to the owner it will ultimately provide benefits to the society. As a student, my responsibility is to acquire knowledge and take high grades so I can serve better for the economy of the nation in future. A company can maximize its profit along with being socially responsible. For instance, various companies can do environmental effort by adopting policies or strategies which can increase their profit by giving the least hazard to environment. Sustainability is a big example of being socially responsible without compromising the firm's profit. In addition, companies can improve labor policies, reduce carbon footprints and increase volunteer efforts for the community.

**Conclusion**

Through the history of Milton Friedman and his efforts, it can be concluded that he has a significant contribution to the field of economics. Friedman Doctrine is a crucial theory which explains that it is not necessary to decrease profit of the company for social responsibility, instead company can achieve both the goals with effective policies.

**References**

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