Firm Neutrality and The Social Responsibility of Business: Critique of Friedman's Position

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Abstract

In this article, we propose a critique of the thought of Friedman on the social responsibility of the enterprise. The criticism is based on the application of the concept of neutrality to the enterprise, a concept normally used in philosophy politics. The author wants to thus show that the position of Friedman violates the principle of neutrality.

Keywords : *Friedman, Social Responsibility, Political Neutrality, Liberalism.*

INTRODUCTION

Much has been written about Milton Friedman's position on the social responsibility of business ever since an article he wrote on the subject was published in the New York Times Magazine in 1970, in which he holds that the only legitimate social responsibility of business is to increase the profits of shareholders (called the principal in this work) (Friedman, 1962; Friedman, 1970). Friedman advances a host of arguments to back his position. First off, he recalls that business leaders (called agents in this work) have contracted to defend the interests of the principal, and that any decision they make that deviates from that commitment would constitute an absolute violation of the trust of the principal. Whenever the agent pursues an end other than increasing economic profits, it results in costs, which translate into losses for the principal and even for employees and consumers. Friedman also estimates that the only justifiable option available to the agent is to seek to increase economic profits; he is not empowered to engage in pursuits such as improving the environment, community development, etc., or to take steps to ensure that such goals are realized.

Several authors have challenged Friedman's position. Some consider that actions that may appear to be altruistic are indeed beneficial for the business both in the medium and in the long term (Carr, 1968; Grant, 1991; Mann, 1975), while others simply question Friedman's view of what constitutes a firm (Dahl, 1985; Donaldson, 1982; Grant, 1991; Lodge, 1975; Mulligan, 1986). Finally, some authors consider that it is altogether legitimate for a business to pursue altruistic actions where its viability depends on such action (Nunan, 1988).

With so much having been written about this, any further contributions may appear superfluous. However, the fact is that none of these authors mentioned used the notions that have been developed in the area of political philosophy to discuss Friedman's position. As enterprises grow in size and influence, the question becomes whether the ethical criteria liberalism imposes on the State's activities could not - or *should* not - also apply to enterprises. Specifically, there is a basic political philosophy that distinguishes liberalism from other political trends, and it is known as the neutrality principle (Dworkin, 1985). This article aims first to demonstrate that observance of the neutrality principle should not be limited to the political arena, but that it must also apply to businesses as they do wield coercive power. Secondly, the article intends to show that an enterprise that tends toward increasing profits is in violation of the neutrality principle. Where applicable, holding that the only social responsibility of business is to increase its profits runs counter to the basic principle of liberal philosophy, to which Friedman, it must be recalled, subscribes.

To realize these objectives, we will start by briefly reviewing the literature, and in the process, define the concept of neutrality. Next, traditional microeconomic analysis tools will be used to show that an enterprise that has monopolistic power or which is operating in an oligopolistic environment

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has the power to force individuals to unwillingly pursue a particular conception of the good life, thereby violating the neutrality principle. Finally, the last part of this article will present the terms governing the observance of the neutrality principle for a business.

THE NEUTRALITY PRINCIPLE

In a *matter of principle*, Ronald Dworkin (Dworkin, 1985) postulates that what differentiates liberalism from other political trends is the way liberalism conceives equality. To liberals, treating individuals as equals means accepting their ideas of what constitutes the good life. This position warrants further explanation.

Dworkin posits that all current political trends agree with the principle that the State must treat all its citizens equally. In other words, every citizen is entitled to equal attention and respect from the State. All political trends thus agree on this basic view of equality. However, equality can be conceived in two ways. "The first theory of equality supposes that political decisions must be, so far as is possible, independent of any particular conception of the good life, or of what gives value to life." (Dworkin, 1985). Among citizens, there are various rational and wide-ranging conceptions of what is the good life. If the State wants to treat these citizens with equal concern, then it must respect their moral choices. "The second theory argues, on the contrary, that the content of equal treatment cannot be independent of some theory about the good for man or the good of life." (Dworkin, 1985).

To Dworkin, a liberal is therefore someone who supports the first equality theory or, in other words, someone who subscribes to the principle of the State's neutrality with respect to all conceptions of the good life. This position is also held by several authors (Ackerman, 1990; Kymlicka, 1989; Larmore, 1987; Nozick, 1974; Rawls, 1993). To these liberals, treating individuals as equals is tantamount to respecting their specific conception of the good life by prohibiting anything that stands in the way of achieving it.

Still according to Dworkin, this conception of equality represents the basic value underlying liberal ethics, or in other words, the spirit of liberal philosophy. In fact, it was by recognizing the importance of the cohabitation of different faiths in society, following several religious wars, that liberal thought started developing in the XVII century.

What does the application of the neutrality principle involve for a State? There exist two conceptions of neutrality: neutrality of consequence and neutrality of justification (Da Silveria, 1996). According to the neutrality of consequence, the State is neutral if its actions do not promote (discriminate against) a particular conception of the good life (Raz, 1986). It is still very hard, and even impossible, to identify those interventions by the State that have no consequences on individual conceptions of the good life. The fact is that a State cannot intervene without its actions having some consequence on a particular conception of the good life. Even the idea of limiting its role as protector of private property promotes a particular conception of the good life. For example, the "choice" of the level of security or protection that must be maintained in society has an impact on particular conceptions of the good life. Should a police officer be planted on every street corner, or should police presence be limited to two for each neighborhood? For some individuals, a high degree of security is required for them to conceive the good life whereas for others, this level of security may run contrary to their conception. A State could thus never subscribe to the neutrality of consequence (Kymlicka, 1990).

According to the neutrality of justification, an institution is said to be neutral if its interventions are motivated by a justification which remains neutral with respect to a particular conception of the good life, whatever the consequences of such action (Da Silveria, 1996). Tackling neutrality in its neutrality justification form avoids questions concerning the impact of interventions by the State on personal conceptions of the good life. It is no longer simply a matter of applying neutrality in terms of consequences, but rather, in terms of justification of actions. It is the justification for the intervention that should be neutral, not the impact of its application.

Adopting a justification conception of neutrality is not a panacea, as a means must still be devised to determine the neutrality of values that justify an intervention by the State. At first glance, these two terms (neutrality and values) would appear to contradict one another. A value by definition cannot be qualified as neutral as it derives from a judgment, while a value judgment is developed among other things, from that which is present in our memories, such as our desires, social influences, and other values. Claiming that a value is neutral runs counter to the very concept of a value. Hence, liberalism, even in its most radical form, anarchy, cannot claim to be neutral as it takes a stand for liberty. Liberalism promotes institutions that advocate for liberty, or in other words, that advocate for a particular conception of good, i.e., the idea of being free.

Liberalism must therefore not be perceived as being neutral in and of itself, but rather, as being neutral with respect to something - to use Rawls' expression, comprehensive doctrines of the good life. In that regard, according to Rawls (Rawls, 1993) and Kymlicka (Kymlicka, 1989), a value is said to be neutral if it is useful, or necessary, for the realization of all conceptions of the good life. Thus conceiving the neutrality of values refers to an antiperfectionist conception of the role of the State; a State must not promote a particular conception of the good life. However, a State may and should promote an environment in which individuals can freely realize their own ideals. For example, a State could justify the funding of educational services if it can show that such a measure is essential for the emergence of a free society. The neutrality principle can thus only be applied through its justification conception.

The body of literature on the neutrality principle agrees on the fact that neutrality is a political concept, and not a moral one, and in that regard, proponents of the neutrality principle posit that neutrality only applies to the State.

"The State's policies and decisions must be neutrally justifiable, but the liberal does not require that other institutions in society operate in the same spirit. Churches and firms, for example, may pursue goals (salvation, profits) they assume to be ideals that are intrinsically superior to others. In other words, neutrality as a political ideal governs the public relations between persons and the State, and not the private relations between persons and other institutions" (Larmore, 1987).

Obviously, in a liberal universe, it would be unthinkable to require an individual to be neutral in conceiving of the good life. Such a requirement would reduce the latter to slavery - or even to inaction - which runs counter to individual freedoms. Liberal neutrality aims instead to protect individuals from the imposition of a particular concept of the good life arising from social cooperation. Moreover, the very idea of neutrality calls for the existence of a multiplicity of conceptions of the good life. If there were just a single comprehensive conception of the good life, a conception which in and of itself would be as obvious as one plus one equals two, then why would anyone be neutral? Among other things, it is because we have a multiplicity of comprehensive doctrines of the good life that the State must not be neutral with respect to them. We therefore agree that the individual himself should not be neutral; indeed, it should be the exact opposite, meaning he should be free. The right to make judgments is exclusive to the individual.

Why then is the neutrality principle applied exclusively to political institutions? Why should private institutions not similarly be subject to neutrality? Isn't the State an enterprise? To legitimize the existence of the minimal State to anarchists, the libertarian Robert Nozick (Nozick, 1974) holds that the State is the result of a merger of protection agencies. To back this position, he returns to the natural state, where individuals were not subject to any control whatsoever, and were therefore completely free. However, this total freedom is not risk-free, which is why protection agencies appeared on the scene. The existence of so many protection agencies made it difficult for them to exercise their mandates, which involved properly protecting their clients' private property, ensuring observance of contracts their clients had entered into, and acting as mediators in the event of conflicts. That is why these agencies merged, thereby creating territorial monopolies. Nozick thus considers the State to be a monopolistic protection agency. However, even though libertarians consider the State to be a monopolistic protection agency, this agency is not free of moral obligations. It must not violate the neutrality principle.

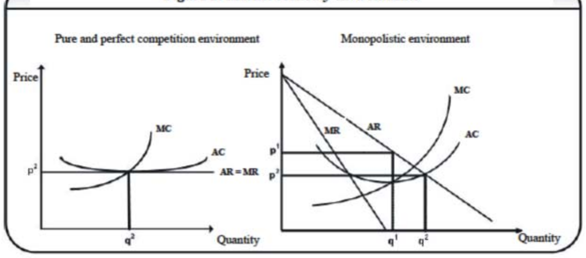
The question that persists is what exactly is the unique trait that this firm that is the State possess, which makes it the only institution subject to this liberal principle? This notion of exclusivity resides largely on the claim that the State has a monopoly over the use of coercion, thus giving individuals no voice in their subscription to the rules it determines. Because the State can physically force an individual to act against his will, liberals consider that it can only do so by invoking neutral values. In other words, the State must justify the use of physical coercion by showing that it is useful - or necessary - for the realization different comprehensive doctrines of the good life.

THE FIRM'S DUTY OF NEUTRALITY

Is physical coercion though, the only thing that can cause individuals to subscribe to the rules of an institution against their will? Do I really need physical coercion to impose a conception of the good life upon an individual? Do private companies not hold certain powers that force individuals to subscribe to their rules against their will? Where that is the case, why should they not be subject to the same duty of neutrality? An analysis of the classic microeconomic situation of the firm sheds some light on this matter.

As is shown in Figure 1, the agent of an enterprise operating in a pure and perfect competition environment has no flexibility whatsoever in terms of the sale price and of the quantity of goods and services the enterprise produces (price represented by p^2 and quantity represented by q^2).

Figure 1: Market economy environments



Indeed, because there many businesses in the market operate in this type of environment, the agent cannot increase the sale price because customers would simply go to the competition. Neither can he reduce the price, as it would mean selling at a loss, since the average production cost (AC) is equal to or higher than the market price. As for the production level, if the agent adopts a production level higher or lower than "q^2", he increases the average production cost, and since he cannot increase the sale price, he must also sell at a loss.

Indeed, in a pure and perfect competition environment, enterprises generate no economic profits as they receive an average remuneration (AR) equal to their average production cost (AC). It should be noted that investors are still compensated for the capital they have invested in the business. This compensation (dividends and/or increased stock value) is equal to the opportunity cost for investors (the amount they could have obtained by putting their capital into another activity), and is included in the business' production costs. In other words, in a pure and perfect competition environment, investors are compensated for their investment in the social co-operation within the business.

Still in a pure and perfect competition situation, market conditions are determined by the spontaneous activities of all stakeholders operating in this type of environment (investors, workers, suppliers and consumers). None of these stakeholders (or the groups representing them) individually retains any power other than the power to enter or leave the market, or to put it differently, to invest in the social co-operation in this industry. They will decide to enter into the market if the compensation they will be receiving for their investment is equal to their opportunity cost. The legitimacy of the market economy system as the best mediator between competing interests resides on this notion of spontaneity. I am free to allocate my resources as I see fit (respect of individual freedom), but I do not exert any influence whatsoever over the terms of that allocation. The activities of all the other stakeholders are what determine these conditions (observance of the same freedom for others). The pure and perfect competition environment thus remains more theoretical than real, and the conditions required for its existence are rarely, if ever, met (e.g.: absence of externality, perfect information, absence of barriers to entry, etc.).

The situation is completely different for enterprises in a monopolistic position, or that operate in an oligopolistic environment. Because this type of environment is characterized by a limited number of competitors, the agent has a somewhat high degree of flexibility in terms of choosing the equilibrium to pursue and, where applicable, of how to allocate the economic profits generated by the firm's activities. The agent may choose an equilibrium that increases economic profits. Classic microeconomics stipulates that this equilibrium is located at the intersection of the marginal costs (MC) and marginal revenue (MR) curves, and as is shown in Figure 1, at price p^1 and quantity q^1. Because the firm generates economic profits at this equilibrium position (average revenue is lower than the average cost), the agent must decide how they are allocated. He may decide to distribute the profits in full by reinvesting in the business and/or paying dividends. According to Friedman, these choices represent the sole social responsibility of the agent (increasing profits and allocating all the profits to the principal). However, the agent could decide, with varying degrees of agreement by the principal, to put part of the profits into other endeavors (charitable causes, promotion of a religious or political option, etc.).

The agent could also pursue an equilibrium other than one involving increasing profits, without jeopardizing the business' long-term survival prospects. He could tend toward an equilibrium that maximizes the organization's production capacity, that is, toward the intersection of the average costs (AC) and average revenue (AR) curves, or a quantity q^2 and a price p^2. Because the business generates no economic profits at this equilibrium position, the agent will therefore not need to determine how they are allocated. In fact, the only restriction imposed on the agent by market conditions is that an equilibrium must be chosen where the level of production is lower than q^2 and the price is lower than p^2.

How would this power to choose the equilibrium to be achieved and to determine how economic profits are allocated require the business to comply with the neutrality principle? This power, much like the State's power of coercion, can force an individual (or individuals) to subscribe to a conception of the good life which is not theirs. Let us take the case of a firm operating in the pharmaceutical field, and which holds a monopolistic position in the manufacture of insulin. Diabetics, unless they decided to perish, would have no choice but to deal with this natural monopoly. Thus, it would be easy for the agent of this pharmaceutical company to generate economic profits which allow it to promote conceptions of the good life on the principal, and even the various causes the company funds. Are the profit maximization objectives and the rules under which profits are distributed (e.g.: prorated to capital stock rather to the number of hours worked for workers, or even prorated to consumption, for clients) not motivated by a particular conception of the good life? We could imagine a situation where the managers of the pharmaceutical company, being very devout, could use part of the economic profits to fund the activities of a church, in which case diabetics would be unwilling participants in this funding.

The insulin example is obviously an extreme case, but we do not need to consider a matter of life or death to conclude that the agents of a business hold a power over individuals. For example, in Canada, any individual wishing to work in some companies must have an account in a financial institution. Since the financial services industry in Canada is not exactly one in which pure and perfect competition exists, this individual would be unwillingly subscribing to the profit objectives of the financial institution and to how said profits are distributed. Do customers of oil companies participate truly willingly in these companies' profit generation? True, there is no power of physical coercion within these companies, but could we nevertheless conclude that the transaction between the bank or the oil company and the client is truly voluntary? A similar argument may be advanced, but using examples involving workers or investors. So, where a company holds a monopolistic position or operates in a pure and perfect competition environment, and when it is producing a somewhat essential good or service (or is an employer or client for a supplier), it holds a certain degree of power to force individuals to unwillingly subscribe to a particular conception of the good life.

To summarize, the classical microeconomic analysis of the firm therefore shows that in a monopolistic or oligopolistic environment, the choice facing a company's agent is not simply limited to deciding whether or not to participate in social collaboration. Some market imperfections - imperfections which are needed for the emergence of this type of environment - grant them additional powers, i.e., the power to decide where to set an equilibrium and how economic profits are allocated. While participation in the firm's activities may be somewhat essential for other stakeholders, these market imperfections allow the agent to force the latter to participate in the emergence of returns on capital that are higher than the opportunity costs of the principal (i.e., economic profits) and to foster a particular conception of the good life through the subsequent allocation of the profits by the firm. The condition of spontaneity, a condition required for legitimizing the market economy as a mediator between competing interests, is thus no longer present, since the decision of some actors (here, the principal, through the agent) is not limited to whether or not to participate in social co-operation. We therefore have respect for the principal's individual freedom, but without the duty inherent in that right, which is to grant the same right to others.

According to Nozick, market imperfections are what led protection agencies to band together and form the monopoly that is the State *(Nozick, 1974)*. The presence of economies of scale is one of the market conditions which promote the emergence of a monopoly, and yet discriminates against the establishment of a pure and perfect competition environment. We could extend Nozick's thought process further to suggest the existence of a serious entry barrier for anyone wishing to compete with the State. On the grounds of efficiency, among other things, it is not necessarily a matter of calling into question the relevance of the State's monopoly. However, since that monopoly involves the use of a power of coercion which could unwittingly force individuals to subscribe to particular conceptions of the good life, it can only claim to be legitimate from a liberal point of view if it adheres to the neutrality principle.

Similarly, private monopolies (or oligopolies) emerge as a result of various market imperfections. Still on the grounds of economic efficiency, it is not necessary to call the existence of these monopolies into question. Why should society deprive itself of the economies of scale that could be generated by these enterprises? The fact remains that the market imperfections that allow the existence of monopolies or oligopolies give this type of business the power to force individuals to subscribe to particular conceptions of the good life. Thus, just like the State, these corporations can only claim to be legitimate, from a liberal point of view, if they adhere to the neutrality principle.

In the light of this analysis, it may be concluded that Friedman's position that the only responsibility of business is to increase its profits only considers the principal's right to pursue his self-interest. However, it ignores the other side of that right, which is the respect of that same freedom among others, in this case, the other stakeholders. Limiting oneself to that position would pose no problems if all businesses operated in a pure and perfect competition environment. Indeed, in such an environment, acting to increase profits would determine whether or not to enter into the industry, a determination which would depend on whether or not the potential return on investment is equal to the opportunity cost. In fact, it is yet to be proven that such an environment actually exists. As a result, since a business operating in a monopolistic or oligopolistic environment wields power over others, it has a social responsibility, from a liberal perspective, to observe the neutrality principle.

APPLICATION OF THE NEUTRALITY PRINCIPLE IN THE ENTERPRISE

Although our argument leads us to defend the idea that a business must observe the neutrality principle, we must still define what that observance actually involves. It may appear strange to talk about neutrality in the context of a firm. Does a firm in fact not operate in the context of a particular conception of the good life? How could we imagine a firm as being neutral when in fact it is trying by all means to convince consumers that its goods and services indeed constitute the best choice? Furthermore, one of the common arguments advanced against globalization is precisely the danger posed by multinationals as they impose their particular conceptions of the good life throughout the world.

One of the responses provided to counter the position of those who are against globalization indeed relates to the question of neutrality. Firstly, we must ask what conception of good life a multinational or any other traditional capitalist firm wishes to impose. We could consider that it intends to impose a subscription to its service offerings, the way McDonald's would act with respect to its Big Mac, or Universal Pictures would act with respect to its movies. However, one could wonder whether those are really the goals of those corporations. Are we not looking rather at a strategy used to realize another objective, in each case?

In fact, according to traditional microeconomic theory, the only objective of a capitalist firm is to increase its profits. In that context, it does not make any value judgment on a product it markets if the judgment only relates to its profit potential. For example, McDonald did not market its Big Max because it believed everyone should consume the product, but rather, because it felt that the product met a need. It did not pause to consider whether its product was healthy, whether it tasted or looked good, but rather, whether these different attributes would satisfy a large enough number of consumers; as well, this was not an attempt to make the consumers happy, but simply to increase its profits. The Big Mac is a strategy, not an end in itself. On the day consumers will show a preference for sushi, and show they are ready to fork out an amount that will make its production more profitable than that of the hamburger, it is absolutely conceivable that McDonald will change its service offerings without demonstrating the slightest sense of loyalty to the product that made it rich. The only tie that binds a capitalist enterprise to its product is the product's capacity to increase the profits of that enterprise.

Still with respect to companies' product and service offerings, is it conceivable that some companies could promote (or discriminate against), or even impose (or prohibit) a particular need among consumers? That is indeed conceivable. However, it is much more difficult to show that that is a good strategy for a company to adopt in order to increase its profits. It is much easier for a company wishing to increase its profits to meet a need than it is to impose one.

In fact, the conception of the good capitalist firms wish to promote or impose - not always successfully, we may add - relates directly to the goal they have set, i.e., increasing profits and how the profits are to be distributed. It is in this respect that a capitalist enterprise may violate the neutrality principle, and not in the fact that it is producing a product or service offering to satisfy specific ideals. To observe the neutrality principle, a firm, much like any other institution, must be able to invoke neutral values to justify its actions.

Like Rawls and Kymlicka (Kymlicka, 1989; Rawls, 1993), I define a neutral value above as a value that is useful, or even necessary, in realizing all conceptions of the good. Because increasing profits and distributing them prorated to capital stock is neither useful nor necessary to the realization of all conceptions of the good (that is the case only for stockholders), and because the enterprise uses its power to impose this particular conception, it can be concluded that a capitalist enterprise violates the neutrality principle.

The question is, what ultimate aim could an enterprise invoke to respect the neutrality of justification principle? An enterprise observes the neutrality principle if its ultimate aim is to meet the needs of its clients, irrespective of the nature of that need. There is a big difference between wanting to meet a need and wanting to increase profits, even if the results of both cases could happen to be the same. The difference resides in the fact that in the first case, we are dealing with an end, whereas with the second, it is a means. This position warrants further explanation.

From the outset, it must be specified that the justification for pursuing meeting client needs as an end is not based on a bias in favor of consumers, much the same as the fact that the State funds school access is not justified based on a bias in favor of education. Here, we are dealing not with a neutrality of consequence, but rather, with a neutrality of justification.

If the goal of an enterprise is to increase its profits, as presented above, it sets its price and production level at the equilibrium q^1 and p^1 (see Figure 1), that is, above its maximum production capacity, which is at the equilibrium q^2 and p^2. This objective reduces consumers' capacity to realize their particular conceptions of the good life since their access to the good in question is more restricted. Since production is lower, so too are manpower needs, meaning that this position also reduces access to work. The same reasoning also applies to suppliers' ability to find business opportunities for their production. In other words, there are fewer people benefiting from social co-operation.

However, an enterprise whose goal is to meet its customers' needs, not to increase its profits, will tend toward an average price equal to the average cost (the equilibrium q^2 and p^2), its maximum production capacity. In so doing, it tends toward an equilibrium where the sale price of the good or service it produces is equal to the opportunity costs of the different actors collaborating within it. That is in fact the equilibrium that is achieved in a pure and perfect competition situation. Selling a good or a service at a price equal to its opportunity cost means considering the impacts the production of the good or service had on the property rights of those involved. As well, it is also ensuring that individuals' capacity to pursue the realization is maximized, irrespective of whether they are investors, workers, suppliers or consumers.

CONCLUSION

The goal of this article was to carry out a critique of Milton Friedman's position on the social responsibility of business, which he sees as being limited only to increasing profits for its owners. This critique resides on the application of a political philosophy concept, i.e., the neutrality concept, in the context of all conceptions of the good life, to business. According to the neutrality principle, since the State has a monopoly over the use of coercion, and can use it to force individuals to unwillingly adopt a particular conception of the good life, it therefore has an obligation, from a liberal point of view, to justify its actions by showing that the actions promote an environment in which individuals can freely pursue their ideals.

Next, the article defends the idea that businesses operating in a monopolistic or oligopolistic environment also have the power to force individuals to unwillingly adopt a particular conception of the good life. As such, the neutrality principle requirement should therefore not apply exclusively to the State, but to such enterprises as well. Finally, we defend the idea that when it maximizes its production capacity, an enterprise observes the neutrality principle; in other words, when it tends toward an end, which is meeting customers' needs. Friedman can therefore not simultaneously subscribe to the liberal philosophy and not respect the neutrality principle by limiting the responsibility of business to increasing the profits of the principal.

We cannot conclude without asking whether such an objective could legitimately be imposed on business by the State. While it is true that such a measure could be defended through the principle of neutrality of justification, the fact remains though that this same principle obliges the State to keep the use of coercive measures to the absolute minimum. In an ideal world, it would be much more beneficial if businesses would spontaneously tend toward such an objective. As a matter of fact, there does exist a type of private enterprise that may tend naturally toward an objective tied to customers' needs. In fact, in addition to holding capital facilities, the principal of the consumption co-operative is the business' customer. Indeed, it is in his capacity as consumer that he has the greatest interest in investing in social cooperation within the company. Hence, the interest of the principal is in line with the neutrality principle requirement. Such an analysis reveals another criticism of Friedman's position, i.e., that of limiting the interest of the principal to making economic profits. As a result, his position would have been more inclusive if he had limited the business' social responsibility to promoting the interests of the principal.

Can an enterprise be forced though to pursue an objective it did not choose? The ideal situation would be to have business owners engage in selfish research that leads them to spontaneously tend toward an equilibrium in which they maximize their production capacity. Notwithstanding the fact that that is the case in a pure and perfect competition environment, traditional microeconomics illustrates very well that that is not the reality seen in a monopolistic or in an oligopolistic environment. There is still a type of business that can spontaneously tend toward an equilibrium in which the business maximizes its production capacity, and that is the consumption co-operative. In this type of enterprise, the owners of capital facilities are also the enterprise's consumers. As a result, they will benefit in minimizing the price and maximize production capacity of the company. But this demonstration deserves the drafting of a second article.

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