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What's BP's social responsibility?

By Chrystia Freeland
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For weeks people on both sides of the Atlantic have been speculating over who would lose his job first because of the BP spill -- [Ken Salazar](#), the interior secretary, or Tony Hayward, the oil company's chief executive. Given last week's initial progress in capping the well, I won't try to name a favorite in that race. But I would like to suggest a third, inanimate culprit: the cult of corporate social responsibility.

As crude poured into the Gulf of Mexico and the world economy struggled to recover from the financial crisis, corporate social responsibility might seem a perverse target. Surely we need more corporate responsibility, not less. But many of the business disasters of the past 24 months have been facilitated by the mini-industry of corporate social responsibility -- known as CSR by those in the trade -- a fetish encouraged by the philanthropies that feed off it and funded by the corporate executives who have found that it serves their bottom line.

Consider BP's ["Beyond Petroleum" campaign](#). Before the spill transformed that slogan into a punch line for late-night comedians, Madison Avenue had lauded BP's effort to position itself as the greenest fossil fuel producer: "Beyond Petroleum" won two PRWeek "campaign of the year" awards and a gold "Effie" from the American Marketing Association. Ogilvy, the firm that invented the slogan, still boasts of "Beyond Petroleum" as a successful "case study" on its Web site.

Or how about [Goldman Sachs's "10,000 Women" project](#)? This initiative to organize and fund business education for 10,000 "underserved" women around the world is the limousine of CSR drives: smart, innovative and absolutely in tune with Nicholas Kristof and Sheryl WuDunn's "Half the Sky" zeitgeist.

But the gulf oil spill and the financial crisis have taught us, rather brutally, that the heart of the relationship between business and society doesn't lie with the charitable deeds that companies do in their off-hours but whether they are doing their day jobs in ways that help -- or hurt -- the rest of us. While BP was winning plaudits for being the first oil company to accept global warming as a scientific fact, the old-school Texas oilmen at ExxonMobil were unfashionably unapologetic about their core mission: to produce oil. Chastened by the Exxon Valdez disaster, however, they also became religious about safety standards. With hindsight, that attention to safety turns out to have had much greater social value than any number of creative CSR drives.

The same story played out on Wall Street. So much of the wealth of the gilded early "naughties" trickled down into 10,000-women-style clever charitable initiatives that my friends Matthew Bishop and Michael Green were inspired to coin a term to describe the phenomenon: ["philanthro-capitalism."](#) Yet the considerable social good done by those projects pales in comparison with the destruction wreaked by the made-on-Wall Street financial

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crisis of 2007-08.

The problem with CSR is that it muddies the waters. Goldman's purpose isn't to educate women; BP's isn't to lead the green revolution. The job of business is to make money -- in BP's case by producing energy, particularly fossil fuels; in Goldman's case through finance. Even the most cuddly, caring chief executive is ultimately charged with a selfish central mission: to generate profit for her shareholders.

Forgetting that core goal -- which the CSR culture can tempt us to do -- is bad news for business leaders. It was a sad day for American capitalism this spring when Goldman Sachs chief Lloyd Blankfein decided that it was politically unsafe to admit to Congress that he is very good at his job: in this instance, making the right bet on subprime mortgages. Even more deplorable was the moment a year earlier when President Obama used his bully pulpit to bully business -- in this instance, the Chrysler bondholders, whose only sin was to stand up for economic self-interest and that of their investors.

But getting confused about the principal job of business is even more dangerous for the state. CSR, and the communitarian philosophy behind it, asks us to believe that the interests of an individual company and those of the wider community are fully aligned. They aren't -- a truth too many regulators forgot in recent years.

Corporate social responsibility sounds as unobjectionable as motherhood and apple pie -- and it would indeed be crazy to object to rich companies writing big checks for good causes. But we shouldn't let that distract us from the fact that the chief social responsibility of business is to make a buck -- and the social responsibility of government is to be sure that perfectly proper corporate greed is channeled and constrained for the greater good of us all.

The writer is global editor at large for Thomson Reuters. She is writing a book about the global super-elite.

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