What is the **raison d’être** of the business corporation? My reaction to this central question is to think that its answer depends on who is asking it: the manager, the employee, the consumer, the shareholder, society or government. There are many possible points of view from which to look at the purpose of the business corporation. From the ethical point of view I should like to begin by applying a phrase of the American psychologist Gordon Allport in a different context and describe the corporation as desirably "a community of reflection".

It was Aristotle who remarked that the unexamined life is not worthy of a human being. And this I would apply not only to individuals, but also to groups of human beings, as a mark of their human maturity. The first step, then, I suggest, in understanding the ethical responsibilities of the corporation is to get it to think seriously about itself.

Sooner or later in this process the traditional questions will arise about the relationships between individuals and groups, as two poles of human identity and activity. The permanent danger, of course, is that the relationship can become polarised, so that one of these elements, the individual or the collectivity, dominates, and leads to either individualism or collectivism. Within the context of the corporation this raises questions as to whether the corporation is an environment in which the individual men and women who belong to it lose their individuality, or whether the corporation is an environment in which the individual members can achieve their individuality. In other words, does the corporation absorb persons into its collective identity and actions, or does it encourage persons to flourish and develop as persons within it?

In western society, however, this ethical challenge to the business corporation has a long history of individualism with which to contend. The influential study "Habits of the Heart" of Robert Bellah and others (1985) well describes the tension within American society between on the one hand the cult of individualism which has come to dominate that society as a whole, and on the other hand underlying aspirations and movements towards community. This phenomenon is not unique to American society, of course, for it springs to a significant extent from what I consider the **systematic and pernicious dualism** introduced by René Descartes (1596-1650) into western thought. In philosophy he began from inside the solitary individual, and attempted to argue logically from there to the existence of other similar individuals in the world. In social and political terms this was expressed most strongly by Thomas Hobbes (1588-1679), who, in the words of John Macmurray, maintained that "the persons who compose society are, by nature,
isolated units, afraid of one another, and continuously on the defensive" (Macmurray, 1961).

Macmurray's answer to what he judged the "pervasive dualism of modern thought" was to argue, in his "Persons in Relation" (Macmurray, 1961), that the fundamental human unit is not the individual solitary person, but what he called "the person-in-relationship". In order to develop this idea he distinguished between the concept of "community" as a personal grouping of men and women and the concept of "society" as an impersonal grouping of individuals. And although he does not refer to the German sociologist, Ferdinand Tönnies (1855-1936), in his writings, what Macmurray says is very similar to the distinction made famous by Tönnies between the models, or poles, of "society" (Gesellschaft) and "community" (Gemeinschaft) (Tönnies, 1957).

In his view, society is an impersonal grouping which is dominated by rationality and efficiency, and which directs all its members in contractual terms as functional means to the end of producing results. Tönnies saw this as occurring typically in the new industrial societies. By contrast, he tended to see the other model, that of "community", as more typical of rural society, and as possessing the qualities of interpersonal interest, affectivity, mutual concern, and the refusal to turn people into means for the purposes of production. This analysis of Tönnies, I suggest, fills in details which are lacking in Macmurray's distinction between "society" and "community" and also gives strength to his conclusion that "to create community is to make friendship the form of all personal relationships".

But now comes the fallacy. I do not think that the next step in approaching ethical responsibilities in and of the corporation is to try to convert it from a society into a community in the sense in which we have been exploring those concepts. Rather the next step is more practical and involves recognising that the corporation is and should remain a society, but it should be a society which is not anti-communitarian or anti-personal. And the challenge is to find means of ensuring this. In my view the most effective structural way to ensure that corporations are not anti-personal is to recognise and apply the major principle which social philosophy recognises as the principle of subsidiarity.

According to this general principle, higher bodies or agents in any society should not undertake the functions of lower bodies, but should let them get on with acting within their own sphere, unless and until they need help (subsidium) from above. This is not just the idea of delegation, which is a trickle-down theory of communicating authority and power for more and more detailed purposes. Subsidiarity recognises authority and power at lower levels where they already exist, and respects such authority and power. In other words, and this is my main application to the business corporation, there should be a mutual respect for the role and function of the various individuals or groups at different levels within any society, including the business corporation. The application, then, of the principle of subsidiarity within the corporation recognises that ethical responsibility is spread throughout the corporation at all levels and in varying degrees, from the shareholders to the work force. No one can absorb the ethical contribution and responsibility of any fellow member of the corporation.

My next step in considering ethical responsibilities in and of the corporation is to consider how this social principle of subsidiarity also applies to business corporations within society, and especially in identifying the ethical agenda of social responsibility for a corporation and all its members. Milton Friedman's view is well known that the sole function of business is to provide returns for the shareholders. Although I do not agree with him, I had already in mind to call this contribution of mine "One cheer for Milton Friedman", because I think he is by implication warning us about a particular danger which we can fall into in identifying the social responsibility of business. That danger is the tendency to overload business corporations with social expectations, and even