C limate change, millionaires and inequality, civil unrest and social justice, socialism, immigration, health care in general and the coronavirus in particular were familiar refrains on debate stages in the 2020 election cycle. But implicit themes were a few all tied to one economic entity: corporations, including corporate welfare, Wall Street, profits, CEOs, and anything with the modifier “big” in it—Big Banks, Big Oil, Big Tech, and Big Pharma.

Given the rapid, low-cost, effective development of covid-19 vaccines, Big Pharma has received a temporary reprieve from vilification. But lurking just below the surface, the swipes and assumptions are never far removed. For example, in the popular novel *The Art of Racing in the Rain*, the author couldn’t resist taking a swipe: “Pharmaceutical companies profit from the misery of others.” Adam Smith would likely have phrased it differently.

In the agricultural era, the family was also a firm. Self-sufficient Jacks and Jills of many trades grew their own food and made their own clothes and furnishings. What changed? The emergence of efficiency gains from specialization, trade, and being able to facilitate amassing funds and preserving continuity. Corporations constitute under 20 percent of all businesses but account for more than 80 percent of sales and employment in this country. We would be a far different, and far poorer, nation today without this economic staple.

All firms have to pay for their activities, and how they are financed is closely related to how they are owned. Who bears the risk and thus is responsible for the losses, and who is entitled to the spoils, is a related consideration. As is to whom the company belongs, its employees, the unemployed, the community and general public, the environment, customers, creditors, and shareholders.

This was raised boldly by Milton Friedman in a 1970 *New York Times Magazine* article: “The Social Responsibility of Business is to Increase its Profits”. In that famous piece Friedman argued that the CEO does not have the right to spend stockholders’ money on anything that does not augment the worth of their investment, and that the executive should pursue “activities designed to increase profits so long as it…engages in open and free competition without deception or fraud.” In the last two years this statement has resurfaced as a serious debate topic.

When American philosopher Nicholas Murray Butler, president of Columbia University for 43 years, William Howard Taft’s running mate in 1912, and recipient of the 1931 Nobel Peace Prize (shared with Jane Addams) was asked what he considered the most important discovery of modern times, his answer? The limited liability corporation.