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RESEARCH ARTICLE

Social Entrepreneurship[1]

David Schmidtz

Presidential Chair of Moral Science, Chambers College of Business & Economics, West Virginia University
Email: dschmidtz01@gmail.com

Abstract

In a commercial society we see gains from trade. Entrepreneurship involves alertness to opportunities for gains from trade along with a willingness to bear risks that go with being on a frontier of innovation. Social entrepreneurship, whatever else it may be, is first of all a form of entrepreneurship.

Keywords: trade; benevolence; constitutional democracy; pluralism; self-reference; profit; cash flow; maximization

Entrepreneurship: Productive, unproductive, and destructive

There are gains from trade. Arguably, this is the central insight of the field of economics. European philosophy has been called a series of footnotes to Plato.[2] Economics might even more revealingly be called a series of footnotes to Adam Smith.[3]

As Smith saw, trade can spur the wealth of nations. Commerce observably was not a zero-sum game. There were places where people no longer lived on the

[1] This issue on social entrepreneurship will be followed by one commemorating the 250th anniversary of Adam Smith's *An Inquiry into the Nature and Causes of the Wealth of Nations.* The topics are continuous enough that this introduction is in some ways a first installment in a two-part reflection on the issues making up Volume 42 of *Social Philosophy & Policy.*

[2] "The safest general characterization of the European philosophical tradition is that it consists of a series of footnotes to Plato." Alfred North Whitehead, *Process and Reality* (1929; repr., New York: Free Press, 1985), 39.

[3] When this thought occurred to me, I assumed someone must already have borrowed Whitehead's unforgettable phrase to describe Smith's place in the history of economic thought. Online, I find only this: "All Economics Is Just Footnotes to Adam Smith—or Wrong," Adam Smith Institute, https://www.adamsmith.org/blog/all-economics-is-just-footnotes-to-adam-smith-or-wrong. For an indication of Smith's abiding influence, see *Mainline Economics: Six Nobel Lectures in the Tradition of Adam Smith*, ed. Stefanie Haeffele, Virgil Henry Storr, and Peter Boettke (Arlington, VA: Mercatus Center, 2016).

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edge of starvation. Entire nations were, for all practical purposes, becoming famine-proof.

How was this possible? On Smith's analysis, trade was burgeoning. Economies of scale were mushrooming. New possibilities were emerging along frontiers of specialization and division of labor. The price mechanism was regulating and stabilizing mutual expectations. People were becoming almost unimaginably more adept at being of service. Productivity was rising by orders of magnitude—literally.

Where we see trade, we see people coming to market hoping to gain from trade. We see entrepreneurs, alert to novel opportunities to gain from trade. We also see that when a nation's wealth is burgeoning, entrepreneurship is likely to be part of the explanation.

However, some economies grow more rapidly than others. Why? For answers, we naturally look for differences in the amount of entrepreneurship, but William Baumol's classic essay says that the amount is not the crucial variable. More telling is the kind of entrepreneurship. Entrepreneurship can, Baumol notes, be productive, unproductive, or downright destructive.[4]

Why would entrepreneurship take different shapes in different societies? Baumol's advice, in a nutshell, is to follow the money. Follow the incentives. Follow incentive structures. The rules of the game determine relative payoffs to different kinds of entrepreneurial activity, and rules vary with time and place. To Baumol, history suggests that where being productive pays, we will see productive entrepreneurs. Where destructive entrepreneurship is more rewarding, a more destructive entrepreneurship will emerge in response.[5]

In Baumol's words, Smith asked how societies channel entrepreneurship. Where have innovations in agriculture, commerce, transportation, and communication turned chronic famine into a thing of the past? Even Smith, who anticipated much, would have been astounded to see some nations reduce their agricultural workforce from around 80 percent of the population in his time to less than 2 percent in ours—leaving us with agricultural sectors where, even more astonishingly, overproduction is a bigger challenge than famine.

What about social entrepreneurship?

If entrepreneurship has productive, unproductive, and destructive forms, does the same hold true of specifically *social* entrepreneurship? Consider a picture of how trade is supposed to look:

> When two parties engage in market exchange, each receives something that he or she values more than the thing he or she gives to the other party. After the exchange, both parties consider themselves better off. Both have gained

[4] William J. Baumol, "Entrepreneurship: Productive, Unproductive, and Destructive," *Journal of Political Economy* 98, no. 5 (1990): 893.

[5] Baumol, "Entrepreneurship: Productive, Unproductive, and Destructive," 899.

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> from the trade, and the wealth (store of value) of society has increased. This is the case so long as the transaction imposes no costs on anyone else—as long as the contracting parties who receive 100 percent of the benefits of the transaction also bear 100 percent of its costs.[6]

Trades fitting this description—traders better off and no one else worse off—are *pareto-superior* moves. Costs are 100 percent internalized, making those trades essentially productive rather than unproductive or destructive. However, when trade's cost is not 100 percent internalized, entrepreneurship can become destructive.[7]

We may suppose that social entrepreneurs *intend* to be productive. Realistically, however, social entrepreneurs do not always succeed because it is in the nature of entrepreneurs that they are riding a wave of creative destruction that could wash away their dreams just like anyone else's. "Failed entrepreneur" is not an oxymoron but an often-realized empirical possibility. Stipulating that true social entrepreneurs are productive by definition would be like stipulating that good drivers by definition never get into accidents. The stipulation would not be self-contradictory, but it is not what ordinary users of the concept mean.

In our world, skilled drivers never forget that being on the road is a risk. Skilled entrepreneurs likewise never forget that they are guessing about a community's evolving wants and needs. They risk coming to market with a product for which there is no demand. Thus, as Jason Brennan notes in his lead essay, benevolent intent is no guarantee of a beneficent outcome. Of course, any genuinely benevolent person is at least aiming to be a genuine benefactor.[8]

A further insight of Brennan's is that one can be a benefactor without sending a *signal* of benevolent intent. Simply being a provider who never lets customers down will make a community a better place even if no one reads that as *signaling* benevolence. What a typical garage mechanic does to get customers back on the road signals competence, not benevolence. The signal sent is "if you are looking for excellent service, come here. You won't be disappointed." But it takes more than that to mark an entrepreneur as social.

Smith posits a propensity to truck, barter, and exchange as driving a history of progress. In passing, this propensity is not the profit motive posited by the neoclassical economists who followed Smith. Smith treats this propensity not as

[6] John Hasnas, *Common Law Liberalism* (New York: Oxford, 2024), 27.

[7] Departures from a 100 percent cost internalization are called *market failures* in neoclassical economic theory.

[8] There is only so much to say here (although I thank Chris Maloney for asking). Human interaction is risky. Disappointment is familiar. An entrepreneur could find that the diagnostic tool she was promoting does not work or that the painkiller she discovered is viciously addictive. If her first reaction is to launch a cover-up, then she is not benevolent. If she instead directs her staff to either fix the product or shut down, she may still count as a failed entrepreneur who meant well. One relevant concept here is *limited liability*. The basic idea is that an investor is not liable for damages merely by virtue of having bought a share in a company that becomes liable for damages. In interesting ways, then, a community's imperative to internalize externalities is not simple and not absolute.

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a means to the end of profit, but as a primordial drive wired into our essentially social nature. Other people are mirrors. They make—or fail to make—us feel visible. When they decide whether our work is estimable enough to be worth buying, they thereby make or fail to make us feel that we matter.[9]

Historically, few motives correlate more strongly to making the world a better place than intending to give customers what customers want at mutually agreeable prices. But that truth concerns entrepreneurship simpliciter. We mark entrepreneurs as *social* only if we see something beyond that: a philanthropic or at least benevolent intent that goes beyond delivering an excellent product. But not all signals of benevolent intent are easy to see.

Businesses that labor to signal benevolent intent are not always to be trusted. Moreover, there is a limit to how much good we can do by trumpeting how much good we do.[10] So, a community needs to be cautious about ramping up returns to virtue-signaling. Rewarding social entrepreneurs for setting a good example makes sense when it leads other entrepreneurs to emulate real achievement. But when honoring social entrepreneurs turns the signal into the objective—skewing alert entrepreneurs toward manufacturing a better appearance rather than a better product—that can encourage unproductive entrepreneurship. Saura Masconale and Simone Sepe elaborate, as does Sam Arnold, in their essays on how corporate social responsibility poses a new kind of threat to democracy.

In search of an operational definition

First, consider how we might refine the concept. Brian Berkey says "social entrepreneurship involves the pursuit of profits. Nonprofit organizations, then, are not social entrepreneurial enterprises." Berkey's stipulation that social entrepreneurs pursue profits is consistent with, if not entailed by, our initial assumption that social entrepreneurs are, after all, entrepreneurs. If this idea is not quite standardized, neither is it unfamiliar. Berkey's extended stipulation that nonprofits are not social entrepreneurs is farther from conventional use, yet still tolerably close.[11] Let's posit two kinds of social entrepreneurs. The first are social by virtue of how they *make* their money. The second are social by virtue of how they *spend* their money.

[9] Smith remarks near the start of his second book, *An Inquiry into the Nature and Causes of the Wealth of Nations* (1776), I.ii, on our propensity to truck, barter, and exchange. I read the passage as marking that the second book builds on the first, *The Theory of Moral Sentiments* (1759), which explores the psychology of esteem. See David Schmidtz, "Adam Smith on Freedom," *Adam Smith: His Life, Thought, and Legacy*, ed. Ryan Hanley (Princeton, NJ: Princeton University Press, 2016), 220.

[10] It is also true, in passing, that one of life's satisfactions consists of doing a good deed without needing others to know. Appreciating validation without needing it is the epitome of self-validation and is a mark of adulthood.

[11] Berkey himself correctly notes that "the concept of social entrepreneurship is in fact used in competing and incompatible ways, and there are no obvious grounds for holding that, as a general matter, certain of these uses should be privileged over others or that some of them are simply incorrect." So, Berkey himself realizes that not every user would stipulate that nonprofits are not social entrepreneurs.

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Celebrated paradigms of social entrepreneurship (such as Bill Gates or Jeff Bezos) tend to fit the second description. Does that make charitable spending the paradigm *kind* of social entrepreneurship? Not necessarily. We may instead see charitable spending as a paradigm *signal.* Berkey says, "an entrepreneur who decides on a venture to pursue solely on the basis of a standard expected returns analysis is not a social entrepreneur." More precisely, tracking returns on investment does not *mark* an entrepreneur as social, which is to say following the money does not *signal* social entrepreneurship. That would leave us free to observe that charitable intent need not be a social entrepreneur's original intent. Furthermore, an entrepreneur's intent need not be charitable to the exclusion of other motives. We do not want to exclude too much of what has become standard usage.

Suppose the minimal intent behind specifically social entrepreneurship is to be productive in Baumol's sense: to make customers better off while also making a customer's whole community better off. That admits a spectrum of ways in which the term currently is used. Although authors can in some sense stipulate whatever they want, there is a limit because every stipulation invites readers to make an investment and join an author on a particular journey. For readers to want to accept the invitation, there has to be a payoff. In this case, we can see a tangible twofold payoff in stipulating that social entrepreneurs aim to be productive. First, it disqualifies entrepreneurs who pander to customer wants while ignoring customer welfare. Second, it disqualifies entrepreneurs who ignore a customer's community. This stipulation does not take sides when some scholars say social entrepreneurs do aim to make money while other scholars say the opposite. Suffice it to say, for most users of the concept, separating social entrepreneurship from charity is less critical than separating social from conventional entrepreneurship. The latter is what we need to do in order to decide what to read into the modifier 'social'.

Berkey notes that some users treat being innovative as built into the concept of social entrepreneurship. Berkey rejects this stipulation as either "mistaken or trivial" but, of course, a propensity to innovate is built into the root concept of entrepreneurship, so presumably social entrepreneurship inherits that feature. In any case, Berkey need not stipulate otherwise.

Holly Lawford-Smith asks, "Is it possible to turn survivors of domestic abuse in need of refuge from beneficiaries into customers? And even if it is, should we want to? That is to say, this might be an interesting test of the idea of social entrepreneurship, but is it something those who care about women's refuges should have any interest in?" To oversimplify, social entrepreneurs serve those who can pay. Traditional charities serve those who can't. More precisely, Lawford-Smith supplies fascinating details about leveraged nonprofits, hybrid nonprofits, and entrepreneurs such as founders of the company "Who Gives A Crap" whom we recognize as social by virtue of how they make money rather than how they spend it.

Also, consider the layers of ambiguity we find in cases like Oskar Schindler's. Schindler used his factories as a cover for saving 1,200 lives during the Holocaust. Schindler had paying customers; he also helped rescue innocent people from the Holocaust. Were these entirely separate groups or did Schindler have "hybrid

customers," to use Lawford-Smith's insightful term? Would that affect whether we count Schindler as a social entrepreneur? If it matters how he made his money, then whether he made money might also matter. If it matters how he spent his money, too, then it might matter that he spent himself into bankruptcy lavishly bribing Nazi officials to look the other way and pretend not to see his underground rescue mission. Was it evil to bribe Nazis? Is it essential to social entrepreneurs that they have clean hands? We may need to answer such questions, but if we do, the need goes beyond needing a precise vocabulary. The underlying concern is whether Schindler did what he needed to do to make life worth living.

If we say social entrepreneurs minimally intend that their innovations be productive, what else do we want to build into the term? Must true social entrepreneurs have an approved class of beneficiaries in mind, such as abused women, sick children, or wounded veterans? Must they drive electric cars? Must they be crusading against injustice or is it enough that they want to make the world a better place? One problem is that even if every user has something more specific in mind beyond being generically productive, the "something more" is not standardized. Whether the term will come to have a more unequivocal use remains to be seen.

Buying the planet

A more subtle problem is that if we stipulate that social entrepreneurs have goals that we have gotten comfortable endorsing, we risk stipulating that social entrepreneurs are *not* out on a frontier inventing new possibilities that we may not be ready for. We risk stipulating that, in practice, what we are willing to call social entrepreneurship excludes being truly innovative.

To Masconale and Sepe, Corporate Social Responsibility (CSR) may be a crisis that people do not realize is a crisis, where taking the moral high ground devolves into performance art. What puzzles Masconale and Sepe is that signaling sometimes seems essential rather than peripheral—insofar as social entrepreneurship's point is not merely to do good deeds, but also to be a walking advertisement for good deeds, to be a role model, and to lead industry toward a more democratic sensibility that is responsive to a community as such.

Jessica Flanigan seems to worry that the whole idea of CSR invites economic inefficiency. But so far as Masconale and Sepe can see, social entrepreneurs are not compromising on the generic efficiency of providing customers with products they desire at mutually agreeable prices. On the contrary, by taking all cost, including external cost, into account, social entrepreneurship promises to be *more* efficient. Masconale and Sepe's worry about CSR is not its efficiency but its morality. They see social entrepreneurs as especially political rather than especially moral. Those we call social entrepreneurs tend to be people who know how to craft an appearance of being role models.

We could have anticipated that worry, but Masconale and Sepe go on to identify a newly emerging and even more disturbing problem. Who exactly are social entrepreneurs trying to impress? Customers? Masconale and Sepe worry

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that CSR is emerging as a way of impressing a new kind of customer. A social entrepreneur's main clientele today is not customers who buy a product but customers who buy the largest blocks of a company's publicly traded shares.

To Masconale and Sepe, it is no coincidence that CSR's rise coincides with the rise of mutual fund managers who oversee unfathomably gigantic investment portfolios. Are these fund managers representative of whole communities and customers at large? Not at all. Typical fund managers are graduates of elite colleges. Their political views typically mirror those of the Ivy League faculty who trained them. Faculty at elite colleges self-report as monolithically progressive. Today's shareholders, Masconale and Sepe say, "are a far more concentrated group, undermining the notion that shareholder-driven social change might mirror democratic outcomes." To Masconale and Sepe, agents of CSR are like *vigilantes.* We hope to see justice done when the accused has a chance to confront an accuser or when cases are judged by juries of peers filtered for impartiality. Vigilantes, though, dispense with the niceties of procedural justice and pursue a righteous cause with a vengeance. In anti-hero action movies, vigilante vengeance ends up serving the cause of justice. In real life, vigilante justice is not a smart bet.

Arnold adds that where collective choice consists in practice of choice by like-minded billionaires who command decisively large voting blocks, a process that could have been democratic has been subverted. Arnold's second worry about corporate activism is that it threatens to saturate social space with polarized political moralizing. Arnold finds the corporate world's political bent (especially the world of social entrepreneurship) to be monolithic. But to Arnold, ideological *balance* would not solve the problem. It is sometimes said that the solution to hateful speech is more speech. That may be, but the solution to political saturation of our social space is not more saturation. Where anti-Jewish hate speech emerges as a problem, the solution is not to balance it with anti-Muslim hate speech. To Arnold, our social space needs *less* political saturation rather than more *balanced* political saturation.

Arnold quotes Harvard Business School professor Rebecca Henderson as saying that "we know what needs to be done" to "build a just and sustainable world."[12] Henderson's use of "we" implies that Henderson counts herself (and her readers) as among the people who know what needs to be done to build a just and sustainable world. So, how much power would a truly benevolent person want to entrust to people who flatter themselves that they know what needs to be done? To Arnold, the fact that mutual fund managers are trained by faculty like Henderson is a problem, not a solution. The *premise* that fund managers know what needs to be done, Smith would have agreed, reveals the hubris of "Men of System."[13]

Brandon Warmke describes "commencement speech morality" in terms that echo Arnold's worry about the hubris of imagining that one knows. To Warmke, commencement morality's theme is: "It is clear what needs to be done, but too

[12] Rebecca Henderson, *Reimagining Capitalism in a World on Fire* (New York: PublicAffairs, 2020), 27.

[13] Adam Smith, *The Theory of Moral Sentiments*, ed. D. D. Raphael and A. L. Macfie (1759; repr., Indianapolis, IN: Liberty Fund, 1982), VI.ii.2.17.

many people do not care enough to do it. But you care. So, get out there and make a name for yourself, solve the biggest problems you can find, and make the world a better place for everyone."

Commencement speakers feel a visceral pressure to contrive some message suitable for commemorating a metamorphosis, shaping "aspirations of young people so that their lives can have meaning and purpose." Warmke counsels caution about exhorting a new generation to assume for no good reason that they have a mandate to meddle in other people's lives and a mandate to assume for no good reason that they know what needs to be done.

Still, commencement speech morality exists for a reason. Commencement speeches call on a new generation to be ready to carry a community. There is something right about that. We want to warn a new generation against the vice of greed, against wanting too much. But warning audiences against wanting too much money is trite; speakers feel desperate to go beyond that. So, commencement speech morality can end up warning listeners not against wanting too much but against wanting too little. Speakers end up warning against complacency and cowardice. There is something right about that, too. Of course we want to say to young people, "This is your life. Before it ends you will want it to matter that you were here."

So the occasion of commencement steers us toward encouraging our audience to be radicals, revolutionaries, or social entrepreneurs. The moment leads us to depict conventional success and conventional entrepreneurship as not good enough. We reach past the morality of Plato's artisans to gesture at the morality of Plato's warrior class, as if that were the only morality that could redeem us. In the process, we overlook a mundane opportunity simply to be kind to listeners or other customers—who they are as well as who they are about to become.

After profit

Flanigan notes that whatever philanthropic motive separates social from regular entrepreneurship, it is not reliably conducive to a better outcome. Market prices are hard to beat as a signal to entrepreneurs about where their services are in demand. If we ever do know what needs to be done, it will be market prices that tell us.

Flanigan does not pretend that the profit motive guarantees anything. Instead, she offers a nuanced case for a default assumption. As Flanigan realizes, not all institutional structures encourage productive entrepreneurship. Structures internalize cost with degrees of success and with predictable consequences. (Predictable does not mean guaranteed, but it tells us what to bet on.) Reconciling incentives and thereby leading self-interested entrepreneurs to serve the common good is an achievement. If we want productive rather than destructive innovation, we cannot take institutional structures for granted. Neither can we take for granted that innovators are committed to sacrificing themselves and all we need to do is vote on the form their sacrifice should take.

In passing, Flanigan speaks of profit and profit motive. But although profit is the prominent surface of Flanigan's argument, I consider it peripheral to her

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deeper point. Profit maximization is a blackboard construct developed to help neoclassical economists crank out theorems. The construct makes our equations tractable, but it has little application beyond that. Markets are processes, not outcomes. The relevant process-concept is cash flow, not profit.[14] Flanigan counsels against ignoring information contained in prices, but the concept of profit also ignores a lot. In particular, it abstracts from dynamics of cash flow that make or break businesses every day. (To stay in business, you need to cover next month's payroll. Whether your accountant will call you profitable next spring will not be what drives your daily existential drama.) So, Flanigan has a point, but 'profit' is not the term I would use to make it.

More tentatively, neither is pluralism of ends (as compared to a single-minded focus on making money) the term I would use to describe what Flanigan warns against. Imagine a pop star on tour, too exhausted to enjoy another concert in a sold-out stadium. She dreams of rediscovering her roots. She misses the freedom she once had to do a spontaneous pro bono gig at an orphanage or a military base. Ambivalence about her commercial success and wanting to have a life might be rational. Yet, Flanigan's point remains: although it may be healthy to walk away from the money, we cannot stipulate that walking away is what she needs to do to make the world a better place. Flanigan's point is, *if* a pop star's single-minded focus were on maximizing utility, the way to maximize that would be to listen to what the money is telling her about where the world wants her to be. In that case, we should advise her to follow the money rather than follow her heart. Does the pop star know better than her customers how to value the different services she can provide? It is entirely possible. Still, the smart bet is that the crowd probably has inside information about how much it wants what she is selling.

Who do we think we are?

Ryan Davis considers but ultimately rejects what he calls associationist priority. That is, he denies that nonvoluntary associations create special obligations to fellow citizens or fellow stakeholders that can supersede imperatives to promote a more impartial good. Interestingly, this might put Davis at odds with Arnold's premise that "[i]f an issue involves important matters of common concern, then it belongs on the democratic agenda." Consider Arnold's example. To show how "collectively chosen outputs could be subverted" by social entrepreneurship, Arnold asks us to imagine our group deciding where to have dinner. We settle on Joe's Pizza, but you own the car that can get us there, so collectively deciding to eat at Joe's implicitly amounts to deciding to drive there in your car. Then, as Arnold imagines it, you say (jangling your keys), "let's go somewhere else." To Arnold, your stunt crosses a line into using market power in an undemocratic way. But although the rest of us might find your behavior boorish, we have only ourselves to blame if we forget democracy's fundamental premise that you came to us not as our property but as a rights-bearing citizen. Davis could agree with

[14] Thomas W. Smith once said something along these lines to me over dinner. It's one of the most illuminating remarks I've ever heard and it continues to influence how I approach a range of topics.

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Arnold that using your car to get to our collectively chosen pizza place is a *common concern*, yet deny that being of common concern suffices to put your car under the jurisdiction of a dispositive voting authority. Imagine voting to finance a more expensive trip by donating your kidney rather than your car to our common cause. We can vote, to be sure, but you came to the table as an equal citizen, not as a resource to be harvested, and voting cannot change that.

Arnold says he is envisioning egalitarian democracy such that "[w]ithout requiring *equal* influence, this view cries democratic foul against 'the *outsized* influence of the rich.'" Yet, if influence need not be equal, what can mark influence as outsized? Using Arnold's example, if simply owning a car and deciding for myself where to drive it *would* count as "outsized influence of the rich," then what *wouldn't*?

Arnold says: "Democratic decision-making is egalitarian; it gives members an 'equal say.'"[15] This sounds plausible enough, but raises huge questions: Do members decide who counts as a member? How would they decide? By voting? When, if ever, can members vote on whether I am still a member?

Massimo Renzo (as quoted by Davis) suggests: "If we do not identify with the polity in which we happen to be, we cannot be said to be its membership."[16] It would be nice simply to agree. Yet it is not my community's fault that it cannot afford to treat my duties as contingent on whether I identify with it. Being members by consent—even if tacit—is a liberal ideal. But the ideal is one thing; what makes for a viable polity is something else. Even if identifying with a polity is a prerequisite of *feeling* that one has duties, is it likewise a prerequisite of actually having them?

Morality involves seeing the world from an "I" and a "we" perspective.[17] But the world does not gift us with a precise referent for the plural pronoun. When is "we" co-extensive with family? When is "we" our way of referring to neighborhood? Nation? All of humanity? Theron Pummer asks whether our reason to help those who are nearby is unlike our reason to help those who are distant. The scope of plural self-reference is contingent, shifting, and *imperfect* in the technical Kantian sense insofar as we must *decide* case by case what to count as "we." Everyone can, when pushed, give reasons for their chosen boundaries of consideration, but reasons carry only so much weight. Our search for reasons comes to a halt when we have no reason (or it simply does not occur to us) to keep going.

Peter Singer

Looming over the topic of social entrepreneurship—as well as "Corporate Social Responsibility" and "Effective Altruism"—is Peter Singer. In 1972, Singer supposed

[15] Arnold says that he will return to this, but what he comes back to is the topic of democratic equality, not the topic of membership.

[16] Massimo Renzo, "Associative Responsibilities and Political Obligation," *The Philosophical Quarterly* 62, no. 246 (2012): 121.

[17] See Stephen Darwall, *The Second-Person Standpoint* (Cambridge, MA: Harvard University Press, 2006). See also David Schmidtz, *Rational Choice and Moral Agency* (Princeton, NJ: Princeton University Press, 1995).

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that "[i]f it is in our power to prevent something bad from happening, without thereby sacrificing anything of comparable moral importance, we ought, morally, to do it."[18] On his favored elaboration, Singer's premise requires "reducing ourselves to the level of marginal disutility," which means "the level at which, by giving more, I would cause as much suffering to myself or my dependents as I would relieve by my gift. This would mean, of course, that one would reduce oneself to very near the material circumstances of a Bengali refugee."[19]

Singer concludes his essay by asking: "What is the point of relating philosophy to public (and personal) affairs if we do not take our conclusions seriously? In this instance, taking our conclusion seriously means acting upon it."[20] In 1972, taking Singer's conclusion seriously meant focusing on your input: on the variable you control. Singer's principle specifies two available actions—give or don't give—and asks which has more utility. If giving has more utility than not giving, then give. Keep giving until stopping has more utility than further giving would have. Give regardless of whether you have already given. No matter how much you have given so far, that will mean precisely nothing when it comes to justifying what you do next.[21]

To Pummer, the moral requirement to help is indeed as ubiquitous as Singer believes, but even so, insofar as "it is problematically demanding to have to constantly apologize for failing to help, it is plausible that we typically have sufficiently strong permitting reasons not to apologize." Morality is demanding, not maniacal.

This is not my concern. Instead, what I find astounding is that a consequentialist principle—specifying what we should aim to accomplish—in operation becomes a principle specifying what we should aim to sacrifice. We should maximize benefit, which in practice means we should maximize … cost.

The dawn of effective altruism

In a 2013 Ted Talk, Singer names "the most effective altruists in history: Bill and Melinda Gates, and Warren Buffet." His next sentence: "No one, not Andrew Carnegie, not John D. Rockefeller, has ever given as much to charity, as each one of these three." He adds, "*And* they have used their intelligence to make sure that it is highly effective." Yet, for Singer, what clinches the claim that they are history's most effective altruists is that they have given more than anyone else ever has.[22] Singer goes on to name Toby Ord and Will MacAskill as exemplars of effective altruism, again focusing on how much they have given and how much they have left.

[18] Peter Singer, "Famine, Affluence, and Morality," *Philosophy & Public Affairs* 1, no. 3 (1972): 231.

[19] Singer, "Famine, Affluence, and Morality," 241.

[20] Singer, "Famine, Affluence, and Morality," 242.

[21] David Schmidtz, "After Solipsism," in *Oxford Studies in Normative Ethics*, vol. 6, ed. Mark Timmons (New York: Oxford University Press, 2016), 145–65.

[22] See Peter Singer, "The Why and How of Effective Altruism," *TED Talks*, March 2013, https://www.ted.com/talks/peter_singer_the_why_and_how_of_effective_altruism.

As Judith Lichtenberg notes, Singer's work launched a movement: effective altruism:

> Founded by two young Oxford philosophers, Toby Ord and William MacAskill, it aims to persuade the skeptical and help the well-meaning figure out how much to do and how to do it best. … MacAskill describes a documentary filmmaker who criticizes one of his own subjects, a cosmetic surgeon to the stars, for wasting his talent rather than saving lives. But MacAskill argues that the filmmaker's attitude "is misplaced. It's the cosmetic surgeon's decision about how to spend his money that really matters." Is that really *all* that matters?[23]

Lichtenberg's rhetorical question is apt. Brennan concludes that "[n]ormal productive work in normal productive enterprises usually is an exercise of beneficence. We discharge at least some—and perhaps even all—of our obligations through such work. We give by earning."[24] MacAskill's premise, by contrast—that what matters is how the surgeon spends his money—is plausible only by virtue of his atypical example: a surgeon who makes money by turning perfectly good faces into masks of scar tissue. Built into the example is that nothing good can come from the cosmetic surgeon's way of making money. The only good would lie in how the surgeon spends the money.

Contrast this to decent surgeons doing what decent surgeons do. Imagine my surgeon cutting deep into my brain to remove a life-threatening tumor, giving me decades of productive life beyond what I would have had. What really matters? *How my surgeon spent his fee*?[25]

Suppose, instead, that the point of all the charity is not to do good but to do penance for making money. Suppose the implicit premise is that ordinary ways of making money should leave us feeling like we have something to atone for. Successful penance might be all about spending the income. By contrast, a genuine commitment to making the world a better place would primarily be a call to find an honestly productive line of work. Finding ways to spend income would be secondary.[26]

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[23] Judith Lichtenberg, "Peter Singer's Extremely Altruistic Heirs," *The New Republic*, November 30, 2015, https://newrepublic.com/article/124690/peter-singers-extremely-altruistic-heirs.

[24] Brennan credits David Schmidtz, *Elements of Justice* (New York: Cambridge University Press, 2006), 91. This section draws also on Part 2 of David Schmidtz, *Living Together*: *Inventing Moral Science* (New York: Oxford University Press, 2023).

[25] For what it is worth, at my consultation I told my (world-renowned) surgeon, Robert Spetzler, that because I was outside my insurance provider network, I was personally responsible for the cost. I said that I or my estate could afford as much as half a million dollars and I asked whether that would suffice. He said, "Listen closely because I'm only going to say this once. I will call your insurance carrier and ask how many decades of nursing home rehab your carrier wants to pay for. Alternatively, I will suggest, I can do the surgery and that will be that. I guarantee that your carrier will want me to do the surgery. I guarantee that you are covered. Never ask me again about money."

[26] Brennan imagines someone tempted to work for Against Malaria but deciding instead to work for Bain Capital. Her chosen path appears less idealistic and less charitable. Will it do less good? It depends. If she ultimately finances bringing the bar-code reader to market, she helps to create the

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Beyond what to do

Many readers find Singer's argument compelling. To me, it is like Zeno's Paradox. Following Zeno's logic leads us to infer that motion is impossible. We are surprised, amused, even disturbed. Then we shrug and get on with our day. If we reflect philosophically, we might first wonder what would count as a better answer, but eventually we wonder what would count as a better question. Plato, to whom Western Philosophy was supposed to be a series of footnotes, had a better question—not about what to do, but how to live.

Adam Smith also had a better question. Seeing populations on the edge of famine, result-oriented humanitarians see that this is not a story about them. It is not a story about what they should do. The world does not revolve around them. The point of the story is not for them to be the hero. The question that really matters is: What really works? Smith's question was genuinely consequential: How have some societies made famine a distant memory? Instead of torturing some recipe for deciding what to blame oneself for allowing to happen, Smith's question was: What leads entrepreneurial farmers in some places to develop and successfully act on an ambition to feed customers by the millions?[27]

When we have better things to do

Seeming to echo Singer, Chris Freiman concludes that, "when promoting a particular institutional reform does the most good possible, you should do it. When it doesn't, you shouldn't." Yet Freiman declines Singer's implicit and perhaps accidental invitation to maximize how much we sacrifice. Freiman instead treats our giving allowance as antecedently specified. Given that, our duty is to use our giving allowance in the optimal way. Freiman thus stipulates that the duty to give is limited, and yet there is nothing mild about the duty that remains. For example, Freiman says, "If you donate 5 percent to the Against Malaria Foundation and 5 percent to an opera with a $300 million endowment, you have done something wrong because the entire 10 percent should go to malaria relief."

Freiman need not assume you know what will be optimal. He can agree that a mark of resilient communities is that they do not put all their eggs in one basket but instead disperse entrepreneurial opportunity. Resilient communities make sure that entrepreneurs pay for their own mistakes, which turns out to be the key to steering entrepreneurs in productive rather than destructive directions.

possibility of modern supply-chain management, lifting the ceiling of human possibility to a different level. Imagine working at Amazon. A customer tries to place an order. What do you do? How do you know whether you have that item in stock? Do you tour a warehouse? No. You scan a bar code, then a robot prepares the item for shipping. Would helping to make that happen pale in comparison to helping to cure malaria? It is difficult to say.

[27] With the nineteenth-century emergence of separate departments of social science, empirical questions were taken out of the hands of philosophers. What grows the wealth of nations (and what ends famine), a question that had been a focus for moral philosophers such as David Hume and Adam Smith, got lost. A century later, philosophers following Henry Sidgwick were being taught to assume that "methods of ethics" were methods of deciding what to do.

Freiman presumably would accept this while still saying that you (as one decision-maker among many) should put all *your* eggs in one basket *if* you happen to know which basket is optimal.[28]

As Freiman is aware, many philosophers think our primary duty as effective altruists is not to directly alleviate suffering, but to overthrow the capitalist system of commercial society that is the root cause of suffering by virtue of failing to guarantee that goods will be distributed according to need rather than ability to pay. To Freiman, however, if the single-minded focus of our giving should be on doing maximum good, that dictates that fomenting revolution must be either 100 percent or 0 percent of our giving allowance, and it cannot be 100 percent. Consider that while it may be implausible to suppose we should feel guilty for watching movies or reading journals with resources we could have spent on famine relief, it is beyond implausible—it is comical—to suppose we should feel guilty about relieving famine with resources we could have spent recruiting our students to be our stand-ins at anti-administration protests.

Freiman's move is interesting, but I see it leading in a different direction. I do not infer that revolution is an unsuitable focus from a premise that it is unsuitable as a singular focus. What I infer is that no cause is fit to be our singular focus. Even if what you could have been doing in your office is the most sacred duty you will ever have, the fact remains that even sacred duties need to be kept in their place. (To Pummer, there is "a wide range of cases in which helping others is morally optional.") When we live in a world full of people who need help, even given a Kantian imperfect duty to make ourselves useful, we still need to pick our spots.

No one who has experienced adulthood would criticize Singer for spending time on laboratory animals, factory farming, and his elderly mother that he could have spent on famine relief. Singer has a life. He gets to live it. If optimizing is a worldly concept at all, its message for adults is: Life is a series of adventures and the optimal number of adventures is not one.

A life well-lived is a life within which decision-making is compartmentalized. If I plan a night at the casino, my life savings plus my borrowing power is not what sets my spending limit. Being subject only to externally imposed limits would make me a gambling addict, not a rational planner. It would show a lack of self-control. Self-control involves allowing myself, say, an allowance of $100 for the evening. I fabricate a compartment, a framework for subsequent decisions, and I do not let the heat of the moment tempt me to reconsider my self-imposed constraint. I never ask whether my constraints have been *outweighed.* I might ask whether facts that justified respecting constraints have been rendered moot by

[28] In passing, as with the concept of profit, maximizing's place is mainly within neoclassical economic and utilitarian moral theory. As an observable phenomenon, it is rare at best. Maximization is a problem of maximizing with respect to a set of constraints. To be able to maximize at all, we need a set of constraints as a context that makes maximizing well-defined. But that prior choice of constraint cannot itself be a maximizing choice, and humanly rational choice observably bears little resemblance to a maximization problem. See David Schmidtz, "Rationality within Reason," *Journal of Philosophy* 89, no. 9 (1992): 445–66.

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unanticipated circumstances, but that will not happen in the case of my night at the casino.

Freiman implicitly sees this when he posits a giving allowance. Coping with malaria may be maximally important inside the compartment where we make giving decisions, but to Freiman, that poses no threat to goals we prioritize within other compartments.[29] It need not metastasize into a duty to neglect our children or friends or to forgo entertainment or sleep. How to live is a question about how to anticipate and respect our limits. It is not a question about local gradient-climbing. It does not reduce to a question of what to do next.

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[29] Needless to say, defining limits and sticking to them is hard work. The world has a way of dealing us cards that we did not anticipate when crafting the original compartment of our giving allowance. In practice, anyone who donates knows that one consequence of donating is a daily stream of mailings imploring us to donate. If we ever encounter a literal drowning baby, though, that will be a unique event in our life, never repeated and never forgotten. We would wake up the next morning with a life of our own, deeply glad to have been where the world needed us to be in that defining moment. No one has ever wondered whether saving a baby exceeded their giving allowance, because giving allowances do not apply to once-in-a-lifetime cases. The point of compartmentalizing a giving allowance is to enable us to remain functional in an otherwise overwhelmingly needy world.

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