

Class Activity 1 – Social Contract Theory Scenario – Surveillance Capitalism:

By Shoshana Zuboff | An excerpt adapted from *The Age of Surveillance Capitalism: The Fight for a Human Future at the New Frontier of Power*¹ | PublicAffairs | 2019

In 2000 a group of computer scientists and engineers at Georgia Tech collaborated on a project called the “Aware Home.” It was meant to be a “living laboratory” for the study of “ubiquitous computing.” They imagined a “human-home symbiosis” in which many animate and inanimate processes would be captured by an elaborate network of “context aware sensors” embedded in the house and by wearable computers worn by the home’s occupants. The design called for an “automated wireless collaboration” between the platform that hosted personal information from the occupants’ wearables and a second one that hosted the environmental information from the sensors.

There were three working assumptions: first, the scientists and engineers understood that the new data systems would produce an entirely new knowledge domain. Second, it was assumed that the rights to that new knowledge and the power to use it to improve one’s life would belong exclusively to the people who live in the house. Third, the team assumed that for all of its digital wizardry, the Aware Home would take its place as a modern incarnation of the ancient conventions that understand “home” as the private sanctuary of those who dwell within its walls.

All of this was expressed in the engineering plan. It emphasized trust, simplicity, the sovereignty of the individual, and the inviolability of the home as a private domain. The Aware Home information system was imagined as a simple “closed loop” with only two nodes and controlled entirely by the home’s occupants. Because the house would be “constantly monitoring the occupants’ whereabouts and activities...even tracing its inhabitants’ medical conditions,” the team concluded, “there is a clear need to give the occupants knowledge and control of the distribution of this information.” All the information was to be stored on the occupants’ wearable computers “to insure the privacy of an individual’s information.”

By 2018, the global “smart-home” market was valued at \$36 billion and expected to reach \$151 billion by 2023. The numbers betray an earthquake beneath their surface. Consider just one smart-home device: the Nest thermostat, which was made by a company that was owned by Alphabet, the Google holding company, and then merged with Google in 2018. The Nest thermostat does many things imagined in the Aware Home. It collects data about its uses and environment. It uses motion sensors and

¹ <https://longreads.com/2019/09/05/how-google-discovered-the-value-of-surveillance/>

computation to “learn” the behaviors of a home’s inhabitants. Nest’s apps can gather data from other connected products such as cars, ovens, fitness trackers, and beds. Such systems can, for example, trigger lights if an anomalous motion is detected, signal video and audio recording, and even send notifications to homeowners or others. As a result of the merger with Google, the thermostat, like other Nest products, will be built with Google’s artificial intelligence capabilities, including its personal digital “assistant.” Like the Aware Home, the thermostat and its brethren devices create immense new stores of knowledge and therefore new power — but for whom?

Wi-Fi-enabled and networked, the thermostat’s intricate, personalized data stores are uploaded to Google’s servers. Each thermostat comes with a “privacy policy,” a “terms-of-service agreement,” and an “end-user licensing agreement.” These reveal oppressive privacy and security consequences in which sensitive household and personal information are shared with other smart devices, unnamed personnel, and third parties for the purposes of predictive analyses and sales to other unspecified parties. Nest takes little responsibility for the security of the information it collects and none for how the other companies in its ecosystem will put those data to use. A detailed analysis of Nest’s policies by two University of London scholars concluded that were one to enter into the Nest ecosystem of connected devices and apps, each with their own equally burdensome and audacious terms, the purchase of a single home thermostat would entail the need to review nearly a thousand so-called contracts.

Should the customer refuse to agree to Nest’s stipulations, the terms of service indicate that the functionality and security of the thermostat will be deeply compromised, no longer supported by the necessary updates meant to ensure its reliability and safety. The consequences can range from frozen pipes to failed smoke alarms to an easily hacked internal home system.

By 2018, the assumptions of the Aware Home were gone with the wind. Where did they go? What was that wind? The Aware Home, like many other visionary projects, imagined a digital future that empowers individuals to lead more-effective lives. What is most critical is that in the year 2000 this vision naturally assumed an unwavering commitment to the privacy of individual experience. Should an individual choose to render her experience digitally, then she would exercise exclusive rights to the knowledge garnered from such data, as well as exclusive rights to decide how such knowledge might be put to use. Today these rights to privacy, knowledge, and application have been usurped by a bold market venture powered by unilateral claims to others’ experience and the knowledge that flows from it. What does this sea change mean for us, for our children, for our democracies, and for the very possibility of a human future in a digital world? It is the darkening of the digital dream into a voracious and utterly novel commercial project that I call *surveillance capitalism*.

- What is the underlying social contract of surveillance capitalism enabled by smart home devices?
- Discuss if surveillance capitalism violates this social contract.
- Is there a future of smart home technologies that would be ethical from a social contract theory perspective? What would this future technology entail?

Class Activity 2 -- The Social Responsibility of Business²

By Marc Benioff

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Back when I was in business school in the 1980s, I was taught — as were generations of aspiring entrepreneurs and executives — that the business of business is business. “There is one and only one social responsibility of business,” the economist Milton Friedman famously wrote in “Capitalism and Freedom”: “to increase its profits.” In an essay for this newspaper in 1970, Dr. Friedman went further, arguing that executives who claim that companies have “responsibilities for providing employment, eliminating discrimination, avoiding pollution and whatever else may be the catchwords” of the day are guilty of “undermining the basis of a free society.”

Unfortunately, some C.E.O.s still embrace this myopic view and believe that they have a duty to shareholders alone, with little or no responsibility to the communities in which they operate. I contend that business must have a purpose beyond profits, and that such purpose can, over time, benefit both stockholders and stakeholders.

I’ve seen this in my hometown, San Francisco, and the surrounding Bay Area, which has the third-highest number of billionaires on the planet. Some high-net-worth individuals, including some who work in the tech sector, have been extraordinarily generous in supporting our public schools, hospitals and communities. Others, however, have given little or nothing, and they seem content to let local government bear the burden of enormous local challenges alone.

The city of San Francisco, where one-bedroom apartments rent for an average of \$3,300 and the median home price is a record \$1.6 million, is experiencing a full-blown homelessness crisis. I’m a fourth-generation San Franciscan, and while there has always been homelessness, I have never seen it this bad. Families with children are living in cars and are packed into homeless shelters. There are tent encampments in city parks. The sidewalks are strewn with heroin needles and covered in human feces. A visiting official from the United Nations said she was “completely shocked.” An infectious-disease expert from the University of California, Berkeley, found that parts of the city are more unsanitary than the slums of some developing countries.

To their credit, city officials, businesses and community groups have stepped up. Innovative public-private partnerships have helped to bring some families off the streets. Mayor London Breed calls ending homelessness one of her “top priorities” and has proposed additional funding, beds and services. Yet given the scale of this crisis,

² <https://www.nytimes.com/2018/10/24/opinion/business-social-responsibility-proposition-c.html>

current efforts are simply not enough. According to the most recent count, a shocking 7,500 individuals in San Francisco are homeless. There are 1,200 families — including about one in 30 children in public schools — who are homeless in San Francisco. Every night, more than 1,000 people are on wait lists for emergency shelter.

This tragedy is not unique to San Francisco. The nation's homeless population is growing, as the high cost of housing pushes more people onto the streets. In New York City, about one in every 10 students in public schools are now homeless, a record high.

This is a humanitarian emergency and it demands an emergency response. San Francisco's epidemic of homelessness is solvable, but only if we devote the resources that are necessary.

That's why I — and the company I founded, Salesforce — are part of a broad coalition of San Francisco citizens, business leaders, elected officials, teachers and community activists who are supporting Proposition C on the November ballot. Proposition C would impose a small tax — half of 1 percent — on San Francisco's wealthiest businesses (on annual gross receipts over \$50 million generated in the city). In other words, if a business brings in \$55 million in San Francisco, only \$5 million would be subjected to the tax. Large retailers would pay an even smaller tax: just 0.175 percent of gross receipts over \$50 million.

This would raise up to \$300 million a year to address homelessness, roughly double what San Francisco spends now. Yes, we are a business that supports a tax on our business — because we are a part of our community and our community is in crisis.

Opponents of Proposition C — including some business leaders — have raised objections that do not stand up to closer scrutiny. They claim that this tax will drive away business and jobs, but of the tens of thousands of businesses in San Francisco, fewer than 400 will meet the \$50 million threshold — small and medium-size businesses are effectively exempt. The city's own Office of Economic Analysis has concluded that any impact on the local economy would be "small" — a mere 0.1 percent over 20 years.

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Thinking through the lens of Stakeholder Analysis and in the context of this article, does Milton Friedman's position that companies' only social responsibility is to increase profits a valid one?