

Altruism Within Egoism (Book Review)

Altruism Within Egoism

By Alfie Kohn

Review of:

PASSIONS WITHIN REASON: The Strategic Role of the Emotions

By Robert H. Frank. Norton. 304 pp.

Also discussed in this review:

ECONOMICS FOR A CIVILIZED SOCIETY. By Greg Davidson and Paul Davidson.
Norton. 213 pp.

THE MORAL DIMENSION: Toward a New Economics. By Amitai Etzioni.
Free Press. 314 pp.

HUMANISTIC ECONOMICS: The New Challenge. By Mark A. Lutz and Kenneth Lux.
The Bootstrap Press. 352 pp.

THE BATTLE FOR HUMAN NATURE: Science, Morality, and Modern Life. By Barry Schwartz. Norton. 348 pp.

ON ETHICS AND ECONOMICS. By Amartya Sen. Basil Blackwell. 131 pp.

In a Monty Python sketch that should be required viewing for all economics students, John Cleese plays a banker who literally cannot grasp the concept of charity. Asked to contribute to the orphans' fund – and I am quoting from memory here – the banker frowns in puzzlement and reviews the proposed procedure: "I give you a pound, and then you give it to the orphans. Is that right?" Assured that this is indeed the way it works, Cleese pauses and shakes his head.

"I'm sorry," he says. "I don't want to seem stupid, but it looks to me as though I'm a pound down on the whole deal..."

If this does not precisely capture the spirit of neoclassical economics, it is not because the latter is any less ludicrous. In fact, members of the so-called

Chicago school are not confused by altruism; they confidently explain it away as just another instance of self-maximizing behavior. After all, the central assumption from which they spin their various predictions is that all individuals spend their lives weighing options in order to arrive at the one that yields the most advantageous outcome for themselves. On this basis, and this basis alone, do we decide whom to hire, what to buy, how to vote, when to marry, and whether to keep our promises.

Now the idea of "economic man" has long been criticized as a misleading (as opposed to useful) fiction on the grounds that the calculating, consistent, fully informed actors on which the model depends bear little resemblance to people in the real world. But critical attention rarely has been directed to the model's core assumption, which is the belief that each of us is motivated exclusively by self-interest. In fact, this premise has leached into psychology and the other social sciences.

In the last decade or so, however, things have begun to change. Several writers within economics and allied fields have challenged the tendency to equate rationality with egoism, arguing that one may act rationally in the service of any goal, including the desire to benefit others. Even in economic matters, it has been pointed out, we routinely attend to non-economic, non-egoistic considerations. Lately this fact has been noticed by even more writers. All of the trade books listed above have appeared in the last two or three years, and there are more on the way. The critique of self-interest theory still constitutes a minority position within the discipline, but the minority appears to have found its voice.

The call to acknowledge what is variously called "commitment" (Sen), "the moral dimension" (Etzioni), or "civic values" (Davidson and Davidson) typically is dismissed by economists on the grounds that their egoistic model does not rule out these phenomena: one's utility function (that is, set of preferences) can include anything, including a desire to help others. The problem with this response is that it leaves the neoclassicists in a dilemma. Either "self-interest" means something substantive or it doesn't. If it does, then altruism cannot be understood as an example thereof without doing violence to the idea of trying to help others. At least some helping behavior appears to be genuinely altruistic, and altruism by definition is not a subset of egoism. The only alternative for the economist is to pump up the idea of self-interest until it takes in everything, including altruism, and, as a result, signifies nothing. To say people are motivated by self-interest would then be to say only that people want what they want.

All of the books listed here offer elaborations on – or at least corollaries to – this argument. Schwartz, a psychologist, emphasizes that, in its particulars, "economic man," like the parallel images offered by behaviorists and sociobiologists, is a product of "human discretion, not of natural necessity." Sen, one of the first to take on such assumptions in his incisive 1977 paper, "Rational Fools," shows that Adam Smith did not hold to a rigid model of humans as self-maximizers – as contrasted with those who invoke his name. The Davidsons believe the whole discipline has been constrained by neoclassical theory, so that "an economist with civilized intentions is left facing the same problem as a pacifist who works in a gun shop – he cannot use his professional skills to pursue his ethical principles."

Lutz and Lux, meanwhile, unroll a history of economics that highlights the topic of self-interest. (Merely to focus on the issue is subversive: one is moved to ask hard questions about this assumption if it is examined in detail rather than, as in most textbooks, simply mentioned on the first page – exactly as abnormal psychology texts treat the question of what constitutes normality.) They argue that there is another, higher part of the self that must be given its due. We are self-maximizers but we are also more than this. Etzioni, the sociologist who wrote the foreword to their book, makes the point in his own that the economic model is triply flawed: it pretends that we act as individuals, that we always act rationally, and that our moral convictions can be collapsed into the quest for pleasure.

Etzioni's second point, challenging the idea that human beings are always rational decision-makers, is Robert Frank's exclusive concern. Given the fact that it is also the least radical of Etzioni's three challenges, it may not be coincidental that Frank's *Passions Within Reason*, the most recent of the six books discussed here, is becoming the most influential. For this reason it deserves a closer look.

Frank, an economist at Cornell University, based his last book, *Choosing the Right Pond*, on "the rich predictive power of the view that people generally behave in self-interested ways" and on the unproven assertion that competition and status envy are not learned but inborn. In *Passions Within Reason*, he argues in a cheerfully accessible style that it is often counterproductive to fix our minds on the most rational means to benefit ourselves. "The ruthless pursuit of self-interest is often self-defeating," while irrational behaviors – those motivated by emotions ranging from anger to love – are likely to pay off in the long run. The key is to be known as someone who may fly off the handle, or who is willing to help unreservedly: such a reputation can work to one's advantage.

Frank spends an inordinate amount of time showing that we can, indeed, figure out the emotional states of others – a point critical to his argument but not terribly controversial. He devotes far less energy to proving something that most of his colleagues already accept on faith, namely that the ultimate benefits we may realize from acting altruistically (or otherwise "irrationally") are the reason we act this way.

This argument assumes that we are in the dark about our real motives. If we deliberately set out to fake generosity, we would not be convincing. "For the model to work," he writes, "satisfaction from doing the right thing must not be premised on the fact that material gains may later follow; rather it must be intrinsic to the act itself...[M]oral sentiments do not lead to material advantage unless they are heartfelt." Thus the entire thesis turns on the existence of some undefined but presumably elaborate mechanism of self-deception whose existence (let alone workings) is never demonstrated. Having quite convincingly shown that non-self-interested behavior exists, Frank asserts, in keeping with the neoclassical tradition, that such behavior must somehow be motivated by self-interest.

Why, he asks, do we tip a waiter in a restaurant we expect never to visit again? Conventional economic theory predicts that we will stiff him since there is nothing to be lost by doing so. Frank, however, says the (presumably unconscious) motive is to "strengthen the predisposition to behave honestly" since "in order to appear honest, it may be necessary, or at least very helpful, to be honest." Appearance, in other words, is said to lie behind reality, long-range selfish gain behind evidence of admirable actions. This is the premise of Frank's case, not his conclusion.

In developing a model about feelings and reputation, it is necessary to draw from psychology. Few will be surprised to learn that Frank's preferred brand is a vulgar behaviorism scotch-taped to neurobiological determinism – a version that will seem persuasive in inverse proportion to the reader's familiarity with research in human behavior. Our actions are wholly dependent on rewards, he states flatly, and behavior is a function of emotion rather than reason. The biological underpinning of all this is sold to us on the basis of a series of false dichotomies: either one grants that humans are driven by evolutionary pressures or else one prefers "simply to ignore" them; either human sexuality is conceded to be primarily "hard-wired" or else one must believe it to be a function of rationality; either values are based on "material considerations" or else are due simply to religious teachings.

Passions Within Reason, which might have been titled *Altruism Within Egoism*, has attracted back-jacket blurbs from big-name economists as well as prominent and favorable notice in the business section of the *New York Times*. Part of the reason, it would seem, is that Frank "requires [economists] to change only surface elements of their belief structure" by offering "less a disavowal of the self-interest model than a friendly amendment to it." He does not take the trouble to defend that model against the arguments of Sen, Schwartz, and others; he legitimates it by calling attention only to the relatively minor question of how an individual maximizes his or her utility.

This, however, is seen as a bold new theory in a discipline that remains largely wed – the other five books notwithstanding – to the premise of egoism. The dynamics here are remarkably similar to how public policy is debated in the U.S.: One is not permitted to suggest that the *contras* are terrorists, only to ask whether our aid to them should be military or "humanitarian." That a corporation should be able to decide unilaterally to move its operations to Mexico is a given, but we may vigorously disagree on whether they should have to give notice before doing so. Add your own favorite example.

Those of us who are trying to challenge the hegemony of self-interest theory – whether in economics, psychology, or the culture at large – are naturally delighted to discover a lucid critique of assumptions about rationality. But when that critique ultimately serves to bolster the larger theory – and does so without anything like a persuasive justification – we would do well to regard it skeptically.

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