Altruism as a source of self-interested behavior

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1. Introduction

The relationship between altruism and self-interest has always intrigued economists. Some have argued that altruism and self-interest are two separate and independent motives. Others have shown that altruistic behavior can be derived from individuals acting out of narrowly self-interested goals. When one can get benefits from others only by cooperating and by avoiding actions which 'exploit' others, there is a strong tendency for the self-interested individual to be 'generous' toward others. There is, however, a third possibility which receives little attention in the economic literature. If one begins with an assumption that people are perfectly altruistic, caring more for the well-being of others than for their own comfort, pleasure, and achievement, one can obtain behavior which appears in many ways like that which is based on narrow self-interest.¹

The possibility that behavior which appears to be based on self-interest can be generated from altruistic motivations is important because it is not clear that an assumption of narrow self-interest will be consistent with what the emerging field of evolutionary biology will tell us about man. Man evolved as a social animal, and it is of interest to see how economics fares with assumptions that capture these social motivations. This paper shows that little of economics is disrupted when one begins with altruism instead of selfishness, but that there are some limitations imposed on the domain which economics will be able to explore.

2. Altruism and behavior

The key to obtaining the conclusion that altruism can generate behavior which appears self-interested is a second, common assumption about to whom individuals are altruistic. The second assumption is that people care more about, or are more altruistic toward, the relatively small group of people whom they know well, such as immediate family, than they care about
or are altruistic toward people they know less well or toward strangers. I will call this sort of altruism 'restricted altruism'.

Consider a man perfectly altruistic in the restricted sense. He does not work for his own pleasure and comfort, but because his income provides well-being for those he cares about. He may also work for the general good of society, but by assumption this goal is less important. Thus when he is confronted with a decision in which an action affects both, he must weigh the benefits going to the general public of anonymous strangers against the benefits going to intimates. Unless the benefits available to the general public from his choice are considerably greater than the possible benefits to intimates, he will make decisions which favor the latter. In doing so, his actions will appear similar or identical to actions based on narrow self-interest.

A couple of examples illustrate this idea. Suppose our perfectly altruistic individual is urged to take a pay cut for the general good. If he takes this pay cut, he will help strangers toward whom he is mildly altruistic, but the standard of living of those to whom he is intensely altruistic will drop. Unless the benefits to strangers are very much larger than the loss to intimates, the individual will refuse to take the cut in pay, just as a person motivated by narrow self-interest would. Or suppose this altruist is urged to work longer hours at the same pay for the common good. Again he must trade off the benefits to anonymous strangers against the costs to intimates. If he works longer hours for the public good, he will be able to provide less time and services to those he cares about intensely. Hence he will tend to resist longer hours as well, a result which to an outside observer will appear as if it is motivated by narrow self-interest.

I am not aware of any cases in which pay cuts or longer hours for the general good have been voluntarily accepted on a widespread basis. Governments which have tried to organize economic systems on altruism have always resorted to coercion. This use of coercion is a result consistent both with an assumption that people are selfish and that they are altruistic in the restricted sense. However, there are cases which are easier to explain with restricted altruism than with selfishness.

Much gift-giving involves elements of reciprocity. Such altruistic behavior can be explained by the assumption that altruism flows from narrow self-interest, a possibility mentioned at the beginning of this paper. However, there are some cases of gift-giving in which no reciprocity exists. Examples include voluntary blood donations and the donations of eyes, hearts, and other human organs. Altruism of this sort is difficult to explain if one begins with the assumption of narrow self-interest. However, such altruism is the sort of altruism toward strangers one expects from the assumption of restricted altruism. People will give to strangers when they perceive the benefits of their gifts as very large and the costs to themselves as very small.