

Egoism, Psychological Egoism and Ethical Egoism

[From *The Blackwell Encyclopedia of Business Ethics*]

Egoism

The term “egoism” is ordinarily used to mean “exclusive concern with satisfying one’s own desires, getting what one wants.” Dictionaries tend to support this. They call “egoism”, for instance, “1. selfishness; self-interest. 2. conceit.”¹ The term “egotist” is often a substitute, although it’s defined differently, for example, as “excessive reference to oneself.” The ego is the self. But we should distinguish first between “selfishness,” “self-interest,” and “interest of the self.” They usually mean, respectively, “concern exclusively and for indulging one’s desires,” “consideration based first on what is good for oneself without the exclusion of others,” and “that which motivates an autonomous person.” These will help us appreciate what follows. [See, also, *rational choice theory*.]

“Egoism” is also used in ethical considerations of how human beings do or ought to live. It is thus often qualified by such terms as “ethical” and “psychological.” So what determines the most sensible meaning of the term? It is crucial, first of all, what the *ego* is. If it is the unique identity of the individual human being or self, what exactly is this?

Some argue that everyone is, to use Karl Marx’s term, a collective or *specie*-being. Others, in turn, hold that the human being is first and foremost related to a supernatural God and has a body (which is of this earth) and a soul (of the spiritual realm) combined in one person. Some others say a human being is an integral and unique whole, comprised of many diverse facets. Egoisms differ depending on which of these is taken to be true.

Psychological Egoism

Some hold we are all automatically selfish. So just as it is a constitutive part of us that we have certain physical organs and functions -- a heart, brain, liver blood circulation, motor behavior -- so it is that we *will* act to advance our own well-being, that we will attempt to benefit ourselves at all times. We are supposed to be instinctively moved to act selfishly. Here is one way of giving expression to what seems to be the gist of this idea: “[E]very individual serves his own private interest.....The great Saints of history have served their ‘private interest’ just as the most money grubbing miser has served his interest. The *private interest* is whatever it is that drives an individual.”²

Egoism concerns itself with *benefiting oneself*. To do this is to provide oneself with what one requires for flourishing, excelling, developing in positive ways. Different explanations of what that comes to can be given. For example, some hold that to benefit oneself is to become satisfied. Benefiting oneself would be to obtain whatever one would like to have, or to enable one to do what one wants to do. Here is how Thomas Hobbes put the point: "But whatsoever is the object of any man's appetite or desire, that is it which he for his part calleth good: and the object of his hate and aversion, evil ...For these words of good and evil ... are ever used with relation to the person that useth them: there being nothing simply and absolutely so; nor any common rule of good and evil"³

Yet, the above paradoxically implies that if someone were to want to do or have something obviously self-destructive, the person would be benefited. Being benefited, then, may be different from having one's desires satisfied or one's wants fulfilled. If so, then psychological egoism would mean that everyone does what one benefits from in terms of some objective standard of well-being, not based just on what one desires or likes.

For example, if being physically healthy were a primary good -- such that whenever one's physical health is enhanced, one would be benefited whether one chose it as a priority -- then psychological egoism would imply that everyone is always acting to enhance his or her health. Whatever the standard of goodness or well-being or being benefited came to, psychological egoism would mean that one is always motivated to act to fulfill this. Yet this seems wrong since people evidently do not always aim to benefit themselves by some standard of goodness or well-being. They slack off often. So psychological egoism means that we do what we desire or want, quite apart from whether it benefits us.

But might we make this more sensible by adding that what we desire or want is always something *we take to be* of benefit to ourselves? When we take a job, go on a vacation, seek out a relationship, or, indeed, embark on an entire way of life, we may be doing what *seems to us best*. Is this what is meant by the view that we are necessarily selfish?

Yet what is meant by "what seems to be best"? If one says, "This *seems* to me to be a vase," we know what is meant because we know what it *is* to be a vase. So could one tell what *seems to be of benefit* to oneself, *seems to contribute to one's well-being*, without any standard independent of what one desires or wants determining what *is to one's benefit, contributes to one's well-being*? No.

Some argue that despite its troubles, we can make good use of psychological egoism as a technical device, e.g., in the analysis of market behavior -- of how people act when they embark on commercial or business tasks. By assuming that's how people act in markets, we can anticipate trends in economic affairs. In fact, however, when these estimates are made, usually certain assumptions are invoked about what *in fact is of benefit to us*. So even as an analytic device the psychological egoist position by itself seems to be difficult to uphold as a cogent doctrine.

Ethical Egoism

Ethical egoism states that one *ought to* benefit oneself, first and foremost. Yet, this by no means tells it all, as we have already seen in connection with psychological egoism. The precise meaning of ethical egoism also depends upon what is the ego is and what it is to be benefited.

Subjective Egoism: The most commonly discussed version of ethical egoism differs only in one basic respect from psychological egoism. According to this *subjective* egoism, the human self or ego consists of a bundle of desires (or drives or wishes or preferences) and to benefit oneself amounts to satisfying these desires in their order of priority, which is itself something entirely dependent upon the individual or, as it is often put, a subjective matter. Why this is still a type of *ethical* egoism is that everyone is supposed to *choose* to satisfy the desires he or she has -- that is, one *ought to* attempt to satisfy oneself.

Criticisms: But this view is said to have serious problems, too. First, if John desires, first and foremost, to be wealthy, next, to be famous, then, to find a beautiful mate, then, to please some of his friends, then, to give support to his country, then, to conserve resources, and finally to assist some people who are in need, John ought to strive to achieve these goals in this order of priority. But how John ought to rank these goals cannot be raised. (Here is where the position is similar to the first version of psychological egoism: the desires are decisive in determining what benefits John.) Yet that's crucial in ethics.

Next, a *bona fide* ethical theory must be *universalizable* (i.e., needs to apply to all choosing and acting persons), *unambiguous* (provides clear guidance as to what one ought to do), *consistent* (does not propose actions which contradict one another), and is *comprehensive* (addresses all those problems that are reasonably expected to arise for a person). And this subjective egoist position fails to satisfy these conditions. For one, even for an individual, desires often oppose another. Mary may desire to be a conscien-

tious mother as well as a successful attorney, but both desires are not always possible to satisfy. Basing decisions on desires alone will, thus, not help her.

Any ethical theory has to avoid the problems cited above. Subjective egoism is, thus, often used as an example of a failed ethical theory. (See, for a discussion of this and other forms of ethical egoism, Tibor R. Machan, "Recent Work in Ethical Egoism," in K. G. Lucey & T. R. Machan, eds., *Recent Work in Philosophy* [Totowa, N.J.: Rowman and Allanheld, 1983], pp. 185-202.)

Classical Egoism: A more promising ethical egoism states that each person should live so as to achieve his or her *rational self-interest*. (I have called this "classical" egoism to indicate its pedigree in Aristotelianism. It is also captured by the term "eudaimonist ethics.") Accordingly, as living beings we need a guide to conduct, principles to be used when we cannot assess the merits of each action from the start. As living beings we share with other animals the value of life. But life occurs in individual (living) things. And human living, unlike that of other animals, cannot be pursued automatically. We must learn to do it. And the particular life we can pursue and about which we can exercise choices is our own. By understanding *who and what we are*, we can identify the standards by which our own life can most likely be advanced properly, made successful, become a happy life.

In short, this ethical egoist holds that one's human life, the basis of all values, is to be lived with the aid of a moral outlook. Since (the value of) one's own life is the only one a person can advance in a morally relevant way (by choice), each person should live it successfully within that person's own context (as the individual one is, within one's circumstances). Even more briefly put, people should pursue their own individual happiness, and the principles that make this possible are the moral principles and virtues suited for leading a human life. The benefit one ought to seek and obtain is, then, not subjective but objective: it is one's own successful, flourishing human life.

The prime virtue in egoistic ethics is rationality, the uniquely human way of being (conceptually!) aware of and navigating the world. Success in life or happiness for any human being must be achieved in a way suited to human life. Accordingly, being *morally virtuous* consists of choosing to be as fully human as possible in one's circumstances, *to excel at being the human being one is*. Each person is a human being because of the distinctive capacity to choose to think, to attend to the world rationally (by way of careful and sustained principled thought); therefore, to succeed as a person, eve-

ryone should make that choice. All the specialized virtues in egoism must be rationally established (or at least capable of such establishment).

Egoism, unlike other ethical positions, considers the proper attitude in life to be informed selfishness -- not, however, pathological self-centeredness (egotism). Pride, ambition, integrity, honesty, and other traits that are by nature of value to any human life are considered virtues. It is with regards to the sort of self that is proper to a human being that one ought to be selfish, not just any sort of self. (Indeed, whether selfishness is to be thought of as good or bad depends on what the *self* is.) The worst, most reprehensible way of conducting oneself is to fail to think and exercise rational judgment, to evade reality and leave oneself to blind impulse, others' influence, the guidance of thoughtless clichés, and the like. Since knowledge is indispensable for successful realization of goals, including the central goal of happiness, failure to exert the effort to obtain it -- thus fostering error, misunderstanding, and confusion -- is most disastrous to oneself and, hence, immoral.

Finally, in classical egoism the goal, one's happiness, is something that should be sharply distinguished from pleasure, fun, or thrills. This type of egoism sets as our primary goal to be happy, which is a sustained positive reflective disposition, resulting from doing well in one's life *qua* the individual human being one is. (See, for more, Ayn Rand, *The Virtue of Selfishness*, [New York: New American Library, 1964; for a somewhat different treatment, see David L. Norton, *Personal Destinies, A Philosophy of Ethical Individualism* [Princeton, N.J.: Princeton University Press, 1976].)

Egoism is rarely advocated, yet, many act as if they accepted egoism for their ethical system. People often strive to be happy, to succeed in career, school, marriage, and the numerous projects they undertake. Inventors are usually devoted to success, as are financiers, politicians, doctors, and most productive people. (There are some obviously mean-tempered people who also strive to succeed, but very often they try to achieve results without the work naturally required.) Being rational is often acknowledged as a significant virtue, as when people express dismay with unreasonableness and with their own failure to think, saying, for example, "I am sorry, I just didn't think!" and with thoughtlessness in general.

The details of any *bona fide* moral outlook are not amenable to philosophical discussion, somewhat along lines of the impossibility of given specific medical advice in a medical treatise. Only very general principles can be identified which need to be interpreted and implemented by individuals who, thus, either gain or lose moral credit from how they act.

Criticisms: The critics have much to say about the egoist's position. They condemn it for its allegedly naive view of human nature -- the idea that we are born without destructive impulses and that we should simply go about achieving our natural goals. They say egoism leads to self-centeredness, egotism, the ruthless pursuit of wealth and power, prompted by the complex and often destructive motives that lie deep within us. (In a way, altruism is *the* criticism of egoism!)

On a more formal level, classical egoism as a moral theory is thought to disallow universalizability, not unlike we noted in connection with subjective egoism. If asked by another person what one should do, where in fact it would be in one's interest to take a job one also wants, could a consistent egoist give the correct advice? If so, will one have undermined one's own self-interest? If so, one will have shown that egoism cannot be universalized to everyone. So egoism appears to send people on a warpath because it lacks a coordinating principle. The criticism charges egoism with generating contradictory plans of action: people both should and should not do certain things. Thus it has to fail because it leads to the view that what one should do *cannot* be done!

A further objection pertains to all the talk about happiness. Just what is this happiness, anyway? By saying that it is the awareness of ourselves as being successful at living as people -- that is, rationally -- this position pre-judges that rational living will lead to something we ought to achieve. But is it not possible that something else besides this "happiness" -- which seems very self-indulgent anyway -- is worth pursuing! Could there not be far more important goals (e.g., political liberty, social justice, being a productive member of society) that overshadow happiness? Furthermore, many rational people, scholarly and artistic achievers such as scientists, lawyers, and writers, have been notably unhappy. On the other hand, some of the most irrational, whimsical, and haphazard people retire in luxury to Miami Beach to live out their lives in full bliss.

Rebuttals: The egoist of the sort we have been considering will, of course, have responses to these objections. Again, the reader will have to assess both the objections and the answers.

In response to the charge of naiveté about human nature, the egoist will claim that egoism is concerned only with the essentials. The alleged naiveté is in reality focusing on the morally relevant aspects of every person, the capacity to freely choose to think. The misery, neurosis, cruelty, and self-destruction that often characterize human life are explainable in terms of people's refusal to think through the requirements of their lives and their willing-

ness to meddle in the lives of others (always for others' good, of course). Were people to stick to doing good for themselves, much of the disarray would disappear. Also, such factors do not show inherent conflict in human nature. As long as there are well-integrated people who live with peace of mind and are happy, this possibility is established for all human life.

The criticism that advocating or publicly affirming ethical egoism is often self-contradictory is answered by distinguishing between conduct one undertakes as a moral theorist versus what one should do when embarking upon some contest or economic competition. The former role commits one to advancing the general truths of ethics, the latter does not. But if one rationally elects to be a moral theorist, then it will be to one's benefit to do so. No conflict need obtain.

Conflicts of desires and wishes aren't relevant, the egoist will say. If rationality is the first principle or virtue of egoism, the appropriate course is to deal with the question, "What should we do when what we want or desire conflicts!" We should not preclude that conflicts are resolvable. Of course, if the rational answer is to cheat and lie, then so be it -- that is what then would be the right choice. (Sometimes cheating and lying at least seem quite right, as when we cheat against a crooked poker player to teach him a lesson, or lie to a Nazi SS officer about where our best friend, a Jew, happens to be.) But it is very doubtful that lying would be rational in cases like the one cited earlier involving rival job seekers. The rational course could be to explain that the best candidate deserves the position, so let an honest attempt to gain it be made by both and then let the chips fall where they will.

The difficulty of *defining* happiness is not a problem of ethics but of epistemology. This difficulty faces any complex system of ideas. It is enough to note, according to the egoist, that being happy does seem to be different from being satisfied, pleased, contented, thrilled, or fun-filled-it is the realization (and its corresponding feeling) of having carried on well in life and of having lived as a human being lives best. To be successful in the broadest sense means to do well at what people are uniquely capable of doing: guiding their lives rationally. No more skepticism is warranted here than anywhere else we deal with difficult issues.

Egoists grant that rational conduct will not *guarantee* a long and happy life; accidents can happen. The position is rather that a rational life makes reaching success more likely than does any alternative. It is wrong, moreover, to compare one person's rational life with another's irrational life without making sure that the two people started from essentially similar points. True enough, some who have lived irrationally could be compara-

tively well off in contrast to those who live rationally but in extremely different situations. What is crucial to ethical egoism is that by living rationally each person would very likely be happier, and certainly savor a better self-concept, than by living irrationally. Moral theorists who advocate egoism propose that this is what needs to be examined so as to learn whether living rationally is indeed the most promising method for achieving happiness.

This is as far as we can go here.

Business Ethics and Egoism

Egoism is of concern in the examination of business ethics, both when we use the latter to refer to how people in commercial and business endeavors ought to act and what kinds of public policy should govern business and industry. To wit, capitalism, which arises from a legal system that respects and protects private property rights, is an economic system that is closely linked to versions of egoism. Adam Smith, the founder of modern economic science, advanced something like a psychological egoist position about human motivation (although arguably Smith was not thoroughgoing in this -- for example in his *The Theory of Moral Sentiments* he advances a different position). Many neoclassical economist incline toward psychological egoism when they discuss why people behave as they do, although since they refer to “utility maximization” rather than “the pursuit of self-interest,” it is not always simple to classify their position.

If there is something morally right about commerce and the profession of business, something along an egoistic principle must be included in the set of virtues human beings ought to practice. Thus some argue that *prudence* ultimately gives moral support to commerce and business. (See, Douglas J. Den Uyl, *The Virtue of Prudence* [New York: Peter Lang, 1991], and Tibor R. Machan, “Ethics and its Uses,” in T. R. Machan, ed., *Commerce and Morality* [Lanham, MD: Rowman and Littlefield, 1988].)

Unless room is made for egoistic conduct as morally praiseworthy, commerce and business could be seen having nothing morally significant about them. In which case “business ethics “ would be an oxymoron. (Many seem to believe just that, going on to require that corporate managers, executives or owners do their morally good deeds apart from business -- unlike the case with physicians, artists or educators.) Indeed, in terms of classical egoism, commerce is a morally worthwhile undertaking and business an honorable profession. They are to be guided by both the general moral principles of human living and their specific professional ethics. The last posits the creation of wealth as its primary objective, to be pursued without violating principles of morality and through the effective achievement of

prosperity with the appropriate enterprises selected accordingly. A banker ought to earn a good income from safeguarding and investing the deposits and savings of its customers, honestly, industriously, and with attention to the need to balance these undertakings with others that morality requires. So should an automobile executive, the CEO of a multinational corporation, or the owner of a restaurant. And this requires the institution of the right to private property and freedom of enterprise, lest the moral component -- self-direction -- be missing from how those doing business comport themselves.

¹ *Webster's New World Dictionary* (Englewood-Cliffs, N.J.: Prentice-Hall Press, 1982), p. 149.

² Milton Friedman, "The Line we Dare Not Cross," *Encounter*, Vol. 47, No. 5 (November 1976), p. 11

³ Thomas Hobbes, *Leviathan*, edited with an introduction by C. P. Macpherson, (Baltimore, MD: Penguin Books, 1968), Chapter 6, "Good", p. 120.