

Chapter 13

Ethics and Enlightened Self-Interest

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[or
Morality and the Self]
Abstract

Morality seems opposed to making a success of business, but it is not really so. There *are* moral arguments against worshipping money, and for some people it *is* right to give up riches, as it is for others to forgo other forms of worldly success, but, special cases and special considerations apart, it is better that people should flourish than that they should do without the good things of life. Arguments of morality are difficult to disentangle from arguments of enlightened self-interest, and seem even easier to ignore. They differ in not being limited in scope, and those who ignore them limit themselves in consequence.

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§13.1 Morality

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We are confused about morality. Sometimes it is seen simply as enlightened self-interest, sometimes as essentially opposed to self-interest. Sometimes it is thought of as essentially rational, at other times as a matter for the emotions, or some existentialist leap of faith. Businessmen and economists generally are wary of morality. They do not know what they are letting themselves in for, and fear that if once they start down the morality path they may end up selling the factory plant and distributing the proceeds to the inhabitants of the Third World or the local one-parent families.

They are right to be wary. There *are* moral arguments against making too much of money; there *are* moral arguments in favour of renunciation; here *are* moral arguments for some vocations of poverty: but these are all particular arguments addressed to particular classes of people in particular circumstances, and should not be generalised beyond their conditions of applicability. The remedy is to think them through, not to ignore them completely; to recognise their cogency, but also their limited conditions of applicability. And then to recognise how moral considerations, properly understood, are ego-enhancing rather than simply set to deny the self altogether.

§13.2 Idols

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Economic Man is a maximiser. Economists define rationality in terms of maximising one's pay-off. Although they are wrong,¹ they are widely believed. And though there are natural limits to the amount of food I can eat, or the number of cars I can drive, there is no natural limit to the amount of money I can own. Money, having been fashioned as a transferable uniform token of value can go on being transferred to me without regard to how much I already have. When wealth took material form I might have some problem pulling down my barns and building bigger ones, but with bank accounts there is no difficulty in adding an extra million to my account. And why not? Money is what we can all do with more of. And if at all times it is reasonable to reckon more money acceptable,

¹ See above, ch.[1994]6, §3 (The Law), pp.4-5 of state1, and also ch.[1994]3, §3.False5 p.5

it seems to follow that it is reasonable to be always wanting more. Avarice appears as articulating the natural ambition of maximising man.

Ambition is not inherently bad. Although we are not sure we like the ambitious thruster, we condemn the unambitious man, who fails to make good use of his talents. It is up to each one of us to make the most of his opportunities, and to wait for others to take the initiative is a dereliction of one's obligations as a rational agent. One ought to aim high. And in trying to do the best one can, it is natural to compare oneself with others, and to try to do better than they. And making money is one outlet for the competitive spirit. Some seek to climb the highest mountain in the world, to run a mile faster than anyone else, to be the most famous film star, to win the men's open singles at Wimbledon, to get to the top of the tree in their particular walk of life. Others set their sights on money and strive to amass more than their rivals. In itself it need be no worse than other competitive exercises. But competition, though not in itself bad, is highly damaging when carried to extremes. Many tennis stars have ruined their lives by concentrating on acquiring skills bound to deteriorate rapidly with age. The personal lives of film stars are notoriously unhappy. Idolatry is spiritually unsatisfying and psychologically damaging. In the case of money it is much worse because avarice is not only addictive but destroys personal relations. People get hooked on money. The very words 'substance', 'property' express unhealthy psychological attitudes, making it appear to be that which constitutes our being, that which makes us the persons we are, distinct from everyone else. Those who are addicted find it difficult not to make a quick buck, even at the cost of losing friends or reputation; misers are not given to generous hospitality, and have few friends. Even if there is no addiction, the possession of great wealth, like that of great power, is a barrier to easy social intercourse. If people know that I am very rich, they may butter me up in the hope of securing some crumbs falling from my table, and even if they do not, I cannot be sure that they do not. That is why rich men only feel at ease in the company of others as rich as themselves; and the richer I become, the fewer there are for me to consort with; and if I reach the summit of my maximising ambition, I shall occupy my lonely eminence bereft of the companionship of my peers.

§13.3 Renunciation

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Money is what we can all do with more of. But then we have qualms. Is it really a good idea to be always wanting more? If money is addictive, as it surely is, the only cure is to give it up absolutely. In any case, the world is finite, with only limited resources: continuous economic growth must be unsustainable. Morality, it seems, demands that we abandon the will-o'-the-wisp of always having more, and should embrace sister poverty, renouncing the riches of the world along with the sins of the flesh and the promptings of the devil.²

Renunciation is a first-personal concept. I can renounce riches for myself, but not for you. Whatever the merits of my embracing poverty for myself, there are none in my imposing it on you. There is a realm of personal morality in which some may be called to follow the example of St Francis, and although their motives need to be subjected to close scrutiny, it may be the right thing for them. But it does not at all follow, as has been supposed by many twentieth-century egalitarians, that it is wrong to be rich, and that we should therefore tax the rich into godly poverty for the good of their souls. Although there are many spiritual and psychological dangers associated with the riches, as there are with power, riches are not morally bad *per se*, but on the contrary good, expanding the range of human choice and the possibilities of human achievement.

We should be wary of renunciation. It may be done for good motives, but is not always. We sometimes fall in love with the dramatic gesture, and see ourselves as a latter-day St Francis or Albert Schweitzer, and want others to see us so. But the image is not the reality, and our protestations prove phoney as we publicise our self-sacrifice while privately yearning for the flesh-pots. Even when our commitment is genuine, it needs scrutiny. It is one thing to give up something good for the sake of a greater good, quite another to give it up just for the sake of giving up. The clergyman, the writer and the artist may be poor, because they want to devote all their time and energy to their calling, and not to the business of earning money. That makes sense. But the poverty is inessential, and when his pictures begin to sell, the artist quits his garret and has a good meal at the bistro. Others, slum priests, social workers and volunteers in the Third World are poor in order to be on a level

² From *Meden Agan*: check for duplication

with the people they seek to help, to identify with them and share their sufferings. That, too, is a proper motive, though it cannot operate over a lifetime and is best deliberately limited in time. Others again are disciplining themselves, curing themselves from avarice, or seeking to empty their minds of all worldly concerns in order to concentrate on the things of the spirit. That may be right, too, for some. But all too often renunciation is a form of self-hate, a sickness of soul, masquerading as morality but really an exercise in self-flagellation, spilling over, in many cases, into wanting to cut other people down to size too. It may be all right sometimes to deny oneself in order to procure a greater good, but mere negativity for its own sake is always to be denied.

§13.4 Vocations

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Many people have intimations of how they ought to lead their lives, without any suggestion that others should do likewise. I may have a vocation to be a poet, a painter, a missionary, but in adopting that way of life I do not hold that it should be a universal precept. If we all were missionaries, to whom would we missionise? We need to distinguish first-personal moral intimations adopted by individuals for themselves from omni-personal moral precepts which we urge on everyone.³

The morality of business ethics is omni-personal, stemming, as it does, from the shared values of the business firm and from the requirements of justice. The business firm is, typically, a corporation, a public limited company. Corporations have no souls. They are not open to the call of heroic self-sacrifice, the search for absolute purity, for artistic integrity, intellectual creativeness, or the many other ideals that have won the allegiance of the human spirit. They are not called to manifest in their actions some ideal, or some vision of the world. Theirs is a down-to-earth morality, characteristically evaluating actions by their impact on other people, not as expressing the mind of the agent.

³ These moral principles are sometimes termed E-type (from Existentialist) and U-type (from Universalisable) respectively. See E.Gellner, "Ethics and Logic", *Proceedings of the Aristotelian Society*, **40**, 1955-1955, PRefReq: perhaps also P.F.Strawson, "Social Morality and Individual Ideal", *Philosophy*, **36**, 1961, pp.1-17.

The claims of justice are likewise omni-personal. In justifying my actions, I need to address myself to you, *vos, vous*, not to thee, *tibi, toi*, and hence must justify it according to the canons of the basic morality recognised by almost all mankind, not of some high-flown morality, which thou holdest to but others could reasonably reject. What exactly the limits of this morality are is open to dispute. It may be that there is no hard-and-fast distinction between the universal and universalisable morality and the personal, sometimes existentialist, morality, but a continuum of considerations between the two extremes. Moral values are inherently open to criticism, and there may be a stage where some people have adopted for themselves moral principles which they are pressing everyone else to adopt too, but without complete success. Values develop and evolve, and we like to think that our own are better than those of long ago: in that case our understanding of omni-personal morality will itself alter as time goes by. But at any one time it is only on basic moral considerations that a corporation's actions are to be judged, and there is a proper exclusion of criticisms based on individual ideals, no matter how strongly and sincerely felt. The requirements of justice are slow to adapt, but not immovably so.

§13.5 Enlightened Self-Interest

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Arguments of enlightened self-interest are often adduced in favour of acting morally. Honesty is the best policy; you do well to do good. Often the moral sceptic is argued with on the basis of his own self-interest. Often the arguments are not bad. The young man who has liberated himself from the shackles of morality is on the way to losing out generally in life's race, and a timely word of warning may save him from self-destruction. And yet we feel uncomfortable.

Our discomfort is partly logical. We feel that we are being conned into buying morality on spurious grounds. As Elaine Sternberg works out the implications of her definition of business as seeking to maximise owner value over the long term by selling goods or services,⁴ we sense difficulties in the phrase 'long-term': not only is it unclear as to when the long term is concluded—Keynes' adage

⁴ Elaine Sternberg, *Just Business*, London, 1994, p.32.

“in the long term we are all dead” applies—but it suffers from elasticity. If we make the term long enough, almost all morality can be subsumed under enlightened self-interest; but in the here and now there is a conflict between my duty not to pollute and the profitability of so doing. In the long term it is good to be loyal to employees, but it would pay me over the next five years to sack old Bill, who has served us well, but is now less good than a younger replacement would be. In the long term it is good to be honest with customers, but in the short term, before the end of the accounting year, it will cost a lot to replace some defective goods, and there is no hope of those customers coming back for many a year. It does not help clarity to give the time of accounting so much elasticity that every conflict between morality and self-interest is smoothed away. At the day of judgement all immoral acts will appear as having been contrary to self-interest. But meanwhile there seem to be real conflicts.⁵

Our discomfort is also moral. Morality is not the same as self-interest. To base morality on self-interest is to miss its main thrust, and to make it out as something much less than it really is. Morality involves a genuine concern for others, a love of one’s neighbour for his own sake, not a calculating love based on an expectation of favours returned.

Although the actions recommended by enlightened self-interest largely coincide with those enjoined by morality, the reasons for doing them are different. The arguments from self-interest tend to be tenuous and convoluted, and depend on taking a long view, making various assumptions about the way of the world, and having certain wants. The arguments of morality, by contrast, are peremptory—categorical in Kant’s terminology—and cannot be evaded by making different assumptions about the world or adopting different wants. Honesty may be the best policy for most people, who are always in danger of being found out, but what if I have Gyges’ ring? or a very good public relations man? or Göbels to run my propaganda? Or what if I am not concerned to get on in the world, marry a nice wife and have a Volvo and 2.8 children, but want to make a name for myself as someone who was his own man, and acted really authentically by blowing up an air liner and slashing the Mona Lisa? Arguments from self-interest can be countered by a host of objections which have no force where moral arguments

⁵ Some duplication with ch.5, §[1994]8.7, (hares5, p.12)

are being adduced. In particular cases it may be sensible to do the right thing, but the reasons are different, and only coincide sometimes, and not always or necessarily.

Moral sceptics deny the validity of moral arguments, while allowing the expediency of moral behaviour on prudential grounds. They advise a general observance of moral precepts, but only provisionally and conditionally. John Mackie expresses it incisively in his *Ethics: Inventing Right and Wrong*, when he advises his readers to tell the truth usually, but when it is necessary to tell a lie, to tell a whopper.⁶ But it is advice difficult to follow. Mackie himself did not practise what he preached, but lived a life of scrupulous moral rectitude. Although in theory we can agree that occasions might arise when we should abandon morality and pursue self-interest alone, it is difficult in practice to be sure that the occasion has arisen. I may need to tell a lie to get out of a scrape. But if I do, I am not just saving my skin, but am also by that very action abandoning morality. I am no longer a man of integrity, no longer to be trusted, no longer someone people can rely on. No doubt on future occasions enlightened self-interest will lead me to behave in an apparently honest way, but others will be able to trust me only so far as they can see. All this I shall know. And what I can know others may be able to know also. In constructing imaginary situations I can specify that I shall not be found out, but in real life I cannot rule out that possibility by fiat. I may be found out. I may not be punished, but I shall lose my good name, and any further prospect of being trusted absolutely. I may get away with it, like the princes Macchiavelli admired, who knew when to break their word and when to keep it. But their narrowly conceived *virtu* limited the scope of their actions—Macchiavelli himself laments that there was no leader capable of uniting Italy, without realising that it was because they followed his precepts that they were unable to transcend the pettiness of their ambitions, and could not inspire the trust and devotion that a national leader would need.

Even if I am not found out, I shall know I may be. I shall have to live with that possibility, and it may be uncomfortable to live with. And so at the moment of decision I may rationally decide not to take on that incubus. Even if the fear of punishment does not deter me, the fear of the fear of punishment should. It may

⁶ *Ethics: Inventing Right and Wrong*, Penguin, 1977, p.183. [See if there is a better one, using the word ‘whopper’].

be the perfect crime, and yet I may draw back, rationally avoiding the fate of Raskolnikov.

These are arguments of self-interest. But they are not just counsels of prudence. Rather they establish the limitations of limited self-interest. Although self-interest is not the same as morality, we cannot set actual limits beyond which it is inexpedient to go. Wherever we set the limits, further reflection shows that they are set too narrowly. The more enlightened self-interest becomes, the closer it approximates to simple morality.

Morality can thus be seen as the limiting case of enlightened self-interest, but that is to misrepresent it. Although, in the limit, arguments of self-interest will recommend just the same actions as morality enjoins, the force of the arguments here adduced is not to show that morality is nothing but enlightened self-interest, but that the concept of self-interest is too narrow to provide a basis for rational action. We can form the concept all right, and use it within limited contexts, but when we try to generalise it, we find we are constantly needing to amend it, if it is to prove adequate to the tasks now imposed on it. There is an analogy with the game-theoretical definition of rationality in terms of maximising one's pay-off. It is adequate for some simple, single-shot discussions, but needs to be expanded over times and persons if it is to prove adequate generally.⁷ The Prisoners' Dilemma shows the irrationality of a strictly defined maximising strategy: and a similar dialectical argument here shows why Mackie was wise never actually to tell a lie.

⁷ See above, ch.3, §5 (Maximising), false5.doc p.9, and Appendix A.

§13.6 Conclusion

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In the course of this book many different considerations have been put forward which ought to weigh with a businessman making decisions. In large part we have been concerned to free contemporary thought from false images that distort our understanding of business activity and prevent us from recognising the applicability of ordinary moral arguments. But even if false images are removed, businessmen may still resist the arguments of this book and remain unconvinced of their cogency. Three different sorts of reason may be adduced. In the first place they may feel that they have no room for manoeuvre, no freedom to do anything other than what the market dictates. And they may be right. All we have shown is that perfect competition does not generally obtain. But there are cases—currency markets, for example—that approximate to it, in which traders can only do their best to guess which way the market is going to go, and adjust their prices accordingly. But many markets are not like that, and though it is seldom possible—and even more seldom sensible—to buck the market, there is in very many cases some room for manoeuvre, some latitude within which different decisions may be made. The responsible businessman cannot alter the world, but he may be able to make his own corner of it a little better than if he had never lived.⁸

Many businessmen shy away from acknowledging any ethical dimension to their decision-making for fear of being landed with impossible obligations and insupportable responsibilities. They can be re-assured. The morality of the market place is like the morality of ordinary life. It does not demand self-denying altruism, only a reasonable regard for the rights and interests of others. Our duties towards others, though real, are limited, and do not demand some total abandonment of all our own projects, interests and rights. On the contrary, they legitimate them. It is only because each of us is a centre of concern that others have a claim on us. We accord validity to their points of view because their points of view are like our own, and our own are valid. The validity of others' is a reflection of the validity of our own. Moreover, the reflection is filtered. I deal with you non-tuistically, as a general *vos* or *vous*, whose interests I can vicariously impute to you by analogy with my own, not as a particular *tu*, with all the actual concerns thou

⁸ (in MS 'tried')

actually hast. Thus it was that the employer should extend only limited latitude to his inadequate employee. All of us have lapses, and it may be reasonable not to fire at once a secretary who fails to enter a booking. But it is not the employer's business to temper the cold blasts of reality to the shorn lamb. To carry the can for the sins of the whole world is an exercise of grace, not of the moral law. Some businessmen, after they have made their fortune, have devoted it to charitable purposes. But that is a work of supererogation, not something called for by ordinary morality, in the way that truthfulness, the keeping of contracts, and fair dealing are. I have a duty not to deceive or defraud those I have dealings with, but not to give up my life to making a success of theirs.

Even if a businessman agrees that he has some freedom of manoeuvre, and is assured that in admitting moral considerations he is not starting on a slippery slope that will end in his selling off the firm's machinery and giving the proceeds to the poor, he may still regard the arguments adduced for his having duties towards his customers, his employees, his suppliers, and even his competitors, as too fine-spun to weigh with a hard-nosed man who has to make his own way in a tough competitive world. And indeed, the arguments are fine-spun: arguments about what we ought to do mostly are. And it could be that the ones actually adduced here lack cogency, and that others would be better. Moral arguments are inherently fallible, and often can be improved. But if a reader is inclined to dismiss all such arguments *tout court*, he should consider how others might be equally dismissive of arguments he would like to regard as valid. It may seem cissy not to blacken the name of his competitors, or not to steal his trade secrets: but cowboy operators regard it as equally cissy to carry out their side of a contract and do a workmanlike job. A sufficiently hard-nosed businessman may be dealing with cowboy suppliers, dishonest employees, and customers who do not pay, but will he be happy when the Mafia come and demand protection money if he is not to have his office vandalised or his children kidnapped? The normal response is to regard *mafiose* activities as outside the pale; but why? Moral arguments are inherently resistible, and if we are prepared to resist those that press on us the duty of fair dealing, we must not be surprised if others find the obligations of honesty equally avoidable, or if yet others see no reason why they should not resort to intimidation and violence in order to make their way in a tough competitive world. It is easy to be sceptical of the arguments of others, difficult

to accept that others may be sceptical of arguments one accepts oneself. Many modern-minded thinkers have adopted a policy of selective scepticism to rubbish the bearing of moral considerations on business decisions, forgetting how much they take for granted as regards honesty and the avoidance of violence. They should remember the Mafia.

Our values are highly constitutive of our identity. The sort of arguments I accept determine the sort of things I do, and the sort of things I do determine the sort of person I am. I can be a cowboy: but if I am, I diminish myself. I cannot be proud of my work, or stand in my own eyes as a good workman who gives good value for money. Even more if I am a thief, even more so if I am a hit man. The less I identify with my fellow men, refraining from taking their possessions or doing them harm, the less identity I have. False, fleeting, perjured and violent, I may well drown my sense of my own unbeing in a drunken haze, being unable to give an account I can live with of who I am. And the same if I am a Gadgrind. It is not so bad to be a hard man of business as it is to be a thief, but better to be fair as well as honest, and better still to be humane as well as fair, being able then to think of oneself as being, because one is, a man of good standing with all those he has done business with.

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Riches are not to be renounced: but neither should they be worshipped.

Danger of too much morality

Note here for further references to:

D.A. Hay, *Economics Today*, Leicester, 1989.

F.G. Bailey, *Stratagems and Spoils*, Oxford, 1969

Fred Hirsch, *Social Limits to Growth*, London, 1977

Charles Handy, *The Future of Work*, 1993, [M94.F00025]

Brian Griffiths, *Monetarism and Morality*, 1985,

Brian Griffiths, *Morality and the Market Place*, 1989