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Greed, Self-Interest and Business Ethics – A Comparative Discussion of Gandhi and Novak

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Greed is commonly understood as the driving force of capitalism today and people are asked to tolerate it as a necessary evil, or just as a new virtue. Catholic philosopher Alasdair MacIntyre once claimed that adherents of the standpoint of modern societies recognize that “acquisitiveness is a character trait indispensable to continuous and limitless economic growth.”¹ Such acquisitiveness is greed, which he criticizes vehemently. Popular writings would rather be blunt on this. It is not difficult at all to find businesspeople claiming that “greed isn’t just good – it’s necessary for capitalism.”²

If it is true that capitalism requires greed, and as we all know greed is condemned in various religious traditions, how is it possible for a spiritual or religious person to make sense of and even engage in the competitive business practice of capitalism, which usually means focusing on oneself, sometimes even at the expense of others? In this essay, we will investigate possible theoretical resources in Hinduism and Christianity that may allow, or even encourage, participation in the competitive business practice of capitalism without greed. The readers should note that having theoretical resources is meant to be a weaker claim than having a fully developed theory or justification for the competitive business practice of capitalism. This essay is about the former, not the latter.

We will do so by exploring the views of Mahatma Gandhi (1869-1948) and Michael Novak (1933-2017) on the specific issues of greed and competition in business. We chose these philosophers because Gandhi is the most well-known and revered Hindu thinker in recent history, with explicit comments on greed and business, and Novak is the foremost Catholic defender of capitalism, hailed as *the* theologian and philosopher on liberty.³ Gandhi and Novak see varying degrees of possibility of participating in business without compromising values of their respective religious traditions. In the comparison, we find the suggestion that it is self-interest but not greed that drives capitalism. Therefore, we examine the concept of self-interest and introduce the criticisms made by analytical philosophers Mark Carl Overvold and Stephen Darwall. According to Overvold and Darwall, there must be a self-regarding dimension in the concept of self-interest, which has not been mentioned at all in the business ethics literature. This view, later developed by Darwall as the rational-care theory, shows that there may not be, in our words, a qualitative difference between self-interest and greed as motive for the competitive business practice of capitalism.

GANDHI AGAINST GREED

Mahatma Gandhi categorically rejects greed. He is not, however, anti-business. Gandhi instead argues for a different approach to business founded on nonviolence, universal love, and trusteeship. To understand Gandhi’s framework for ethical business and competition, it is necessary to first explore his case against greed.

To say that Gandhi opposed greed would be an understatement. Living in the early twentieth century India in which so many went without the basic necessities in life, Gandhi believed that it was immoral to take more than you need. For Gandhi, luxuries are not only

¹ Alasdair MacIntyre, *Whose Justice? Which Rationality?* (Notre Dame, IN: University of Notre Dame Press, 1988), 112.

² Walter E. Williams, “Greed Isn’t Just Good – It’s Necessary for Capitalism,” *Investor’s Business Daily*, <https://www.investors.com/politics/commentary/free-markets-depend-on-greed/> (accessed November 28, 2019).

³ Samuel Gregg, ed. *Theologian and Philosopher of Liberty* (Grand Rapids, MI: Acton Institute, 2014). Both of them were prolific speakers and authors. We are fully aware of the selective nature of this paper, which is partly due to length limit. We believe that the scope of our paper is justified because the topic of this paper is highly focused – only on how they understand greed and competition in business.

unnecessary for happiness, but sinful. A saying that is often attributed to Gandhi summarizes his view of greed: “There is enough in the world for everyone’s need, but not enough for everyone’s greed.” This widely repeated aphorism is a condensed version of claims Gandhi makes while describing his principles of non-stealing and non-possession, such as:

I venture to suggest that it is the fundamental law of Nature, without exception, that Nature produces enough for our wants from day to day, and if only everybody took enough for himself and nothing more, there would be no pauperism in this world, there would be no man dying of starvation in this world.⁴

From this we can derive a rule-utilitarian argument. If everyone adopted a rule of conduct rejecting greed and only using resources according to one’s needs, there would be an optimistic world where everyone’s essential material needs are met. Of course, Gandhi realizes that it is unrealistic to expect everyone to live in such a manner, but regardless we should individually strive to live in a way that reduces the resources we consume in order to give more to those who are in need. There is a simple act-utilitarian reason for this. You, individually, can make an impact by reducing your consumption and giving away your excess; as a result, the needs of more people will be met than would have been otherwise.

Gandhi’s rejection of greed is based upon more than utilitarian grounds. It is grounded in his normative theory of nonviolence or *ahimsa*. Gandhi views *ahimsa* (nonviolence) and *satya* (truth) as the highest virtues of Hinduism. Gandhi is most well-known for his political applications of nonviolence. However, rather than seeing nonviolence simply as a political expedient, he actually views nonviolence as the foundation of morality. Gandhi describes nonviolence as having two forms. First, the negative form, which tells us what to refrain from: “In its negative form it means not injuring any living being whether by body or mind.”⁵ Second, the positive form, which tells us what we should do: “In its positive form, *Ahimsa* [nonviolence] means the largest love, the greatest charity.”⁶ Gandhian nonviolence requires us not only to refrain from wanting to harm others, but it also demands universal love for all individuals. It is this latter positive imperative, the law of love, which is the core of Gandhian nonviolence. Gandhi sometimes even uses the terms love and nonviolence interchangeably. For Gandhi, nonviolence is more than a utilitarian derivative. We should care for all individuals, regardless of perceived outcomes.⁷

Gandhi views nonviolence as applied to economic activity primarily as a normative issue. The principle of nonviolence should guide all decisions, including business activities. We should note that Gandhi does have a transformative political vision of a world where wealth is distributed more equitably as a result of practicing nonviolence, but Gandhi’s politics are beyond the scope of this essay. Applying the negative form of nonviolence to business practice means that we should not wish harm (physical or mental) on others, whether they are consumers, competitors, or the general public. Applying the positive form of nonviolence to business means

⁴ Mahatma [or Mohandas] Gandhi, *Vows and Observances*, ed. John Strohmeier (Berkeley Hills Books, 1999), 41. Mahatma [or Mohandas] Gandhi, *Collected Works of Mahatma Gandhi*, 98 vols. (New Delhi, India: Publications Division Government of India, 1999), 15:171. Another similar statement: “If each retained possession only of what he needed, no one would be in want, and all would live in contentment” *ibid.*, 50:6.

⁵ Gandhi, *Collected Works of Mahatma Gandhi*, 15:252.

⁶ *Ibid.*

⁷ Gandhi thinks that pure nonviolence will always result in the best possible outcomes, even if we do not immediately see those results. However, he thinks that we should always follow nonviolence independent from this notion. For an extensive discussion on this, see chapter 2 of Jacob N. Bauer, “The Normative Ethics of Gandhian Nonviolence” (2013), https://corescholar.libraries.wright.edu/etd_all/1174.

focusing on fulfilling the needs of others, instead of focusing on profit. Profit should result from economic activities that help others, but it should not be the primary goal. When starting a business, the question is not simply, will people buy this? Instead, the positive form of nonviolence demands that we act out of universal love; so, the primary question should be, will this product genuinely help others? Demand and profitability are of course necessary concerns, but secondary to the law of love.

On the basis of these two forms of nonviolence, it is easy to see why Gandhi rejects greed. Since we should love all individuals, we should care for those who are in need, even if we do not know them. If we truly love someone, we will act when we see them in need. Just as we are wrong to neglect the needs of our friends and family, we are wrong to neglect the needs of any person. As a result, Gandhi believes that everyone has a right to the material necessities of life. As long as there are those who lack basic necessities, he considers it a form of theft to take more than you need.⁸ Your excess takes away from the resources others are lacking. So, for Gandhi, the aforementioned principle of non-stealing is derived from the moral principle of nonviolence. Non-stealing means not only refraining from taking items from others without their permission, but also refraining from taking more than you need. It is “theft if one receives anything which one does not really need.”⁹

Gandhi’s view of non-stealing becomes more pronounced when we consider that he believes that God provides exactly enough for the needs of all people, but no more than that. Gandhi states that “[t]he fine truth at the bottom of this principle [of non-stealing] is that Nature provides just enough, and no more, for our daily need.”¹⁰ In other words, there is only enough in the world for everyone’s need, and never enough for *anyone’s* greed (a slight modification of the previously mentioned aphorism). For Gandhi, since “God never creates more than what is strictly needed for the moment,”¹¹ when we take more than we need, we are directly taking from resources that were made for and belong to others. Excess wealth belongs to the poor. As such, in a literal sense, Gandhi believes that greed is always theft from the poor.

The notion that there is only exactly enough in the world for everyone’s need at any given moment is questionable at best, but a lesser claim seems viable: that the world has *at least* enough for everyone’s needs.¹² It is also true, that any time you spend money on luxuries, that

⁸ This idea of taking more than your share from your fellow people with a calculating indifference toward the fellow people is close to the idea of *pleonexia* in Aristotle, which is identified as an important sense of greed in Cheung, “Greed, a Forgotten Vice?”

⁹ Gandhi, *Vows and Observances*, 31.

¹⁰ *Ibid.*

¹¹ *Ibid.*

¹² The Food and Agriculture Organization of the United Nations estimates about one third of global food production is wasted while around one in nine people in the world suffer from hunger and undernourishment Food and Agriculture Organization of the United Nations, “Food Loss and Food Waste,” <http://www.fao.org/food-loss-and-food-waste/en/> (accessed November 27, 2019). Food and Agriculture Organization of the United Nations, “Save Food: Global Initiative on Food Loss and Waste Reduction,” <http://www.fao.org/save-food/resources/keyfindings/en/> (accessed November 27, 2019); “The State of Food Security and Nutrition in the World,” <http://www.fao.org/state-of-food-security-nutrition/en/> (accessed November 27, 2019). Hundreds of billions of dollars are spent on entertainment each year, which is enough money to end global poverty many times over, according to Futuresource Consulting, “\$439 Billion to Be Spent Worldwide on Consumer Entertainment by 2021,” <https://www.futuresource-consulting.com/press-release/media-entertainment-press/439-billion-to-be-spent-worldwide-on-consumer-entertainment-by-2021/> (accessed November 27, 2019). OXFAM International, “Annual Income of Richest 100 People Enough to End Global Poverty Four Times Over,” <https://www.oxfam.org/en/press-releases/annual-income-richest-100-people-enough-end-global-poverty-four-times-over> (accessed November 27, 2019).

money could have been spent on fulfilling the essential needs of others. Even small donations to highly effective charities can result in dramatic improvements for those living in extreme poverty.¹³ As stated previously, Gandhian nonviolence demands that we care for all individuals, even those that we have never met. Since we live in a world that still contains immense poverty, we have a duty to tend to the needs of the impoverished. This leads us to another Gandhian principle similar to non-stealing – non-possession.

Gandhi's principle of non-stealing states that we should never take more than we need. The principle of non-possession states that we should "not possess anything which one does not really need."¹⁴ Gandhi believes that until poverty is eliminated, we "have no right to anything that we really have."¹⁵ As long as there are those who lack the basic necessities of life, it is wrong to hold on to possessions that we do not need. Although Gandhi believes this principle applies to all people, regardless of faith, he does appeal to Hindu sacred texts to support this concept: "the Upanishad directs us to 'give up attachment to things, while we enjoy them,'"¹⁶ We should consciously choose to live in a state of voluntary poverty or near poverty, giving up our unneeded items and money that could otherwise help alleviate the needs of others. Once again, Gandhi realizes that it is impossible to follow this perfectly, but he still believes that it is the ideal that we should continually strive for: "We ordinary seekers may not be repelled by the seeming impossibility. But we must keep the ideal constantly in view, and in the light thereof, critically examine our possessions and try to reduce them."¹⁷

Gandhi was aware of the competition argument in favor of greed, which is that cultivating greed can lead to competition between producers, which increases innovation and production. Gandhi's own time saw the rise of the mechanization of many industries, mass production, and mass transit in the form of railways. Many attributed this to capitalism, which some believe to be founded on greed, the desire to endlessly increase individual wealth; it is also believed that increased production results in more overall resources for everyone.¹⁸ Gandhi opposes this notion that increased production will necessarily benefit a nation. Instead, Gandhi views the greed-motivated free-market competition model of Western capitalism as detrimental to society.¹⁹ The greed-motivated model results in a society that marks progress as making things easier, so that eventually "[m]en will not need the use of their hands and feet."²⁰ In 1909, Gandhi made an eerily accurate prediction of the result of this process:

They will press a button, and they will have their clothing by their side. They will press another button, and they will have their newspaper. A third, and a motor-car will be in waiting for them. They will have a variety of delicately dished up food. Everything will be done by machinery.²¹

¹³ See Impact Calculator - The Life You Can Save: <https://www.thelifeyoucansave.org/impact-calculator>

¹⁴ Gandhi, *Vows and Observances*, 31.

¹⁵ *Ibid.*, 42.

¹⁶ *Ibid.*, 137.

¹⁷ *Ibid.*, 134.

¹⁸ In the sections on Novak, we will see that Novak develops this idea and claims that there is a distinction between greed and self-interest. For now, we follow Gandhi in making no such distinction.

¹⁹ Gandhi wrote in 1909 that he thought it was good that India, at the time, did not have the "system of life-corroding competition" that the West did Mahatma [or Mohandas] Gandhi, *Hind Swaraj and Other Writings Centenary Edition*, ed. Anthony J. Parel (Cambridge: Cambridge University Press, 2009), 66.

²⁰ *Ibid.*, 35.

²¹ *Ibid.*

This prediction has become a reality. Gandhi foretold the existence of modern businesses such as Amazon, BuzzFeed, Uber, and GrubHub. Most people, even today, see increasing convenience as a good thing. What could be wrong with having your desires met at the press of a button? Gandhi describes this as resulting in people being “enslaved by temptation of money and of the luxuries that money can buy.”²² Promoting greed and competition for the sake of increased production makes society overly concerned with material wealth, which ultimately makes us less happy. As we make more and more products, we desire more and more, leaving us insatiable. Gandhi makes a distinction between economic progress and the moral progress of our souls.²³ Economic progress may increase our material possessions, but it does not advance our individual welfare. To the contrary, Gandhi claims that reducing your desire for material objects is a key to happiness: “Civilization, in the real sense of the term, consists not in the multiplication, but in the deliberate and voluntary reduction of wants. This alone promotes real happiness and contentment and increases the capacity for service.”²⁴

Some will claim that if greed, through competition, increases overall productivity, this will end up helping the impoverished, as there will be more overall to go around. Gandhi believes that a nation must provide for the poor, and in some locations that might mean a need for increased production; however, the focus should be on helping villages and individuals to become self-sufficient rather than promoting large competing industries, whose interests are merely to increase wealth. Another aphorism commonly attributed to Gandhi is “live simply so that others may simply live.” Although there is no record of Gandhi actually saying this, it is another case of a decent but imperfect summary of Gandhi’s views. As we saw earlier, Gandhi does think that we should seek a life of simplicity for the sake of others. What this aphorism misses is that Gandhi also thinks that we should seek a life of simplicity for the sake of ourselves. It is by rejecting greed and focusing on a simple life of service that we find happiness and fulfillment.

GANDHI FOR ETHICAL BUSINESS

Having seen the above, it is very tempting to label Gandhi as anti-business. However, Gandhi was not completely against business or competition. Instead, Gandhi asks us to reevaluate our purposes in business. The evolution of Gandhi’s view of technology helps illustrate this point. In Gandhi’s early writings, he is, more or less, against advancements of technology altogether, and he even advocated the boycott of all machine-made goods,²⁵ as they tend to reduce our self-control, make us materialistic, and increase unemployment. He later softens his stance on technology, stating that machinery is not necessarily evil, but most current implementations of technology are. Gandhi opposes the development of technology that simply makes a profit at the expense of others. “Scientific truths and discoveries should first of all cease to be the mere instruments of greed,”²⁶ he writes, but he is in favor of developing technology that is meant to

²² Ibid.

²³ To see a more detail discussion of this distinction, see “Speech at Muir College Economic Society” in Gandhi, *Collected Works of Mahatma Gandhi*.

²⁴ Gandhi, *Vows and Observances*, 134. Also, “We eat and drink, sleep and wake, for service alone. Such an attitude of mind brings us real happiness, and the beatific vision in the fullness of time” Gandhi, *Hind Swaraj and Other Writings Centenary Edition*, 134.

²⁵ Gandhi, *Hind Swaraj and Other Writings Centenary Edition*, 105.

²⁶ Ibid., 164.

improve the lives of everyday people.²⁷ As an example, he was against the implementation of large clothing mills, as it displaced the work of millions throughout small villages, primarily to the profit of a handful of mill owners.²⁸ Gandhi was, however, in favor of developing improved spinning wheels and sewing machines, as long as they were made accessible to the everyday person who made clothes. These inventions help improve the working conditions of the common worker, rather than eliminating their enterprise. Gandhi is wary of revolutionary technologies, which render the jobs of millions obsolete, but is not categorically opposed to them, as long as there are better replacement jobs for those displaced.

Ultimately it is the intention that matters, which brings us back to nonviolence, the law of love. Actions should be made out of universal love. So, if a technology is implemented solely for the profit of a few, it is wrong, but developing technology that is meant to improve the lives of the poor is good. Gandhi's view of technology helps illustrate the central principle for Gandhian ethical business – “replace greed by love and everything will come right.”²⁹ Instead of founding business on greed, business should be founded on universal love. The primary motivation of business is to promote the common good through the practice. This means that benefit to society comes first; profit is a mere by-product. Whereas this may not be sufficient to develop a theory to justify business, this sheds light on an important aspect of ethical business, i.e., universal love requires a rejection of greed.

This same principle also applies to competition. In a speech to Karachi businessmen in 1934, Gandhi states that “[c]ompetition is not a bad thing by itself. That is the basis of trade. It is all right to progress through competition, but there should not be mutual jealousy and quarrels.”³⁰ Instead of rejecting competition altogether, Gandhi affirms that it is necessary. It can be a force for good, if we view our competitors with love instead of enmity. Healthy competitors will be happy to see others succeed, where success is defined in terms of the common good rather than merely profit.³¹

Profit, of course, is inseparable from sound business. How, then, can Gandhi reconcile the practice of business with his principle of non-possession? Gandhi does so by referring to what he calls trusteeship. Stephanie van Hook summarizes Gandhian trusteeship as “seeing our wealth and possessions as tools for service, not exploitation.”³² Rather than viewing wealth as possessions for the sake of personal gain, Gandhi claims that businesspeople should consider themselves trustees of the wealth that they acquire. The wealthy are “asked to behave like trustees holding their riches on behalf of the poor.”³³ Accumulating wealth is a natural process of business, but it is not intrinsically valuable. What matters from a moral standpoint is what we do with that wealth. As C. Gopinath states, “wealthy people should not just be encouraged to act as trustees, they are morally required to do so.”³⁴ There are some issues concerning self-interest that arises from the concept of trusteeship. Can we be purely altruistic in our business motivations? It

²⁷ “I want to save time and labour, not for a fraction of mankind, but for all. I want the concentration of wealth, not in the hands of the few, but in the hands of all” *ibid.*

²⁸ *Ibid.*, 163.

²⁹ *Ibid.*, 164.

³⁰ Gandhi, *Collected Works of Mahatma Gandhi*, 64:137.

³¹ As we will see in the next two sections, Michael Novak shares a similar view when he argues that competition should not be driven by greed but self-interest and innovation.

³² Stephanie Van Hook, “Trusteeship and Nonviolence,” <https://mettacenter.org/daily-metta/trusteeship-and-nonviolence/> (accessed November 23, 2019).

³³ Gandhi, *Collected Works of Mahatma Gandhi*, 65:318.

³⁴ C. Gopinath, “Trusteeship as a Moral Foundation for Business,” *Business and Society Review* 110, no. 3 (2005).

seems that at least a certain degree of self-interest is necessary, as individuals and businesses are of no help to others if they cannot survive. If this is the case, we need to be able to define self-interest and distinguish it from greed. These issues concerning self-interest will be addressed in great length in the final sections of this essay.

To conclude our discussion on Gandhi, although he is against business as it is commonly practiced, Gandhi advocates business done with pure motivations. Gandhi rejects greed as the foundation of economic productivity. In its place, Gandhi promotes active universal love. With the law of love as part of the foundation of business, healthy competition is a force for good which results in the improvement of both industry and the poor. When a business generates wealth, Gandhi sees this as an opportunity to use that wealth to further serve the needs of society. By shifting the foundation of business from greed to love, Gandhi envisions a moral economy that is a powerful, uplifting force for the world.

NOVAK ON DEMOCRATIC CAPITALISM

Within the Christian tradition, there are many debates about capitalism, because capitalism was developed in the West when and where Christianity is dominant. The pastoral letter, *Economic Justice for All*, published by the US Catholic Bishops in 1986, is illustrative here.³⁵ The letter was meant to be “a work of careful inquiry, wide consultation, and prayerful discernment,”³⁶ with emphasis on protecting the dignity of people, especially that of the poor.³⁷ However, criticisms came from both sides. From the right, prior to the distribution of the first draft of the pastoral letter, Michael Novak and others, in the name of Lay Commission on Catholic Social Teaching and the U.S. Economy, published a report criticizing the bishops’ position as having placed “far too much faith” in the government’s role of helping the poor.³⁸ Progressive Catholics, on the other hand, complained that the pastoral letter did not criticize capitalism more and did not make a radical statement on the preferential option for the poor, as the Latin American and Canadian bishops’ conferences did.³⁹

We chose Michael Novak because he offers a more detailed discussion on greed and self-interest, and he is more motivated in presenting an ethical and religious foundation for competition in capitalism. These fall in the scope of this essay. In the Catholic camp of defenders of capitalism, there is no better representative than Michael Novak. Novak is not a contemporary of Gandhi. He lived in the US where there is material abundance and during a time when capitalism was thriving. Novak received a classical Catholic education when he was young. For years he was attracted to socialism, but in the late 1970s he finally became convinced that “oldtime socialism is a dead end.”⁴⁰ Instead, he believes capitalism, though not perfect, would be

³⁵ National Conference of Catholic Bishops, *Economic Justice for All: Pastoral Letter on Catholic Social Teaching and the U.S. Economy* (US Conference of Catholic Bishops, Washington, DC, 1986).

³⁶ *Ibid.*, vi.

³⁷ *Ibid.*, viii.

³⁸ Ari L. Goldman, “Catholic Bishops Criticized on Poor,” *The New York Times*, Nov 5, 1986. Michael Novak and Michael Joyce, *Toward the Future: Catholic Social Thought and the U.S. Economy* (Lanham, MD: University Press of America, 1985). Mark J. Allman, ed., *The Almighty and the Dollar: Reflections on Economic Justice for All* (Winona, MN: Anselm Academic, 2012), 16. See also the criticism from Reese, “Why is the Bishops’ Letter on the U.S. Economy So Unconvincing?” *Journal of Business Ethics* 8 (1989): 553-560.

³⁹ Allman, *The Almighty and the Dollar*, 16. Gregory Baum, “A Canadian Perspective on the U.S. Pastoral,” *Christianity and Crisis*, 44, no. 22 (1985): 516-8.

⁴⁰ Michael Novak, *Free Persons and the Common Good* (Lanham, MD: Madison Books, 1989), 2. Novak was still quite charitable to socialism in the late 70s, when he said he became convinced that socialism is a dead end, which is a premise of his *magnum opus*, *The Spirit of Democratic Capitalism* in 1982. In a 1979 paper he acknowledges that,

the best economic system to improve people's lives and to serve the Catholic ethic of creativity. He believes that capitalism is a system that works. With the political sphere of democracy and the moral sphere of the church, a democratic capitalism is the best system we have.⁴¹ Let us unpack these ideas.

Novak acknowledges that Max Weber in *The Protestant Ethic and the Spirit of Capitalism* noticed something interesting about the *Geist* of capitalism,⁴² which Novak understands as “the spirit of development, risk, experiment, adventure”⁴³ (to which he later adds “creativity” as we will see in a moment), but he thinks that Weber is wrong in many aspects. For one, the ethic cannot be properly referred to as a Protestant ethic. Rather, it should be a Catholic ethic.⁴⁴ Moreover, democratic capitalism should be “a tripartite system economic, moral, and political at once.”⁴⁵ Weber, who focused only on the economic, did not go far enough.⁴⁶ To Novak, it is a “distinctive invention of democratic capitalism” to conceive a way of differentiating these three major spheres of life, and to assign to each relatively autonomous networks of institutions:⁴⁷

Democratic capitalism is not a free enterprise system merely. Its political system has many legitimate roles to play in economic life, from protecting the soundness of the currency to regulating international trade and internal competition. Its moral-cultural system also has many legitimate and indispensable roles to play in economic life, from encouraging self-restraint, hard work, discipline, and sacrifice for the future to insisting upon generosity, compassion, integrity, and concern for the common good.⁴⁸

These three spheres are not conceptually connected, but in the real world they are connected, and “each without the other suffers grievous weaknesses.”⁴⁹

Moving on, we will discuss only the moral-cultural sphere, for that, according to Novak, provides moral and cultural justification to the morally neutral capitalism, which is where we find his interesting distinction between greed and self-interest. Novak conceives of the moral-cultural sphere as embodied in *institutions* like churches, synagogues, universities, newspapers, publishers, television networks, associations of philosophers and poets, etc.⁵⁰ This sphere provides the moral justification and *ethos*, such that “[p]olitical leaders often cannot do what they would do because such institutions will not permit them.”⁵¹ Similarly, “[b]usiness leaders

for one, “socialism has a major advantage over capitalism because its basic text supply, explicitly and immediately, a moral vision.” Michael Novak, ed. *Capitalism and Socialism: A Theological Inquiry* (Washington, DC: American Enterprise Institute for Public Policy Research, 1979), 110-11.

⁴¹ Michael Novak, *The Spirit of Democratic Capitalism* (New York, NY: Simon and Schuster, 1982).

⁴² Max Weber, *The Protestant Ethic and the Spirit of Capitalism*, trans. Talcott Parson (New York, NY: Charles Scribner's Sons, 1958).

⁴³ Novak, *The Spirit of Democratic Capitalism*, 48.

⁴⁴ Michael Novak, *The Catholic Ethic and the Spirit of Capitalism* (New York, NY: The Free Press, 1993), Introduction. Note that by “Catholic ethic” he means the more inclusive “catholic ethic,” but he would like to make a clearer distinction from Protestant ethic. In this paper, we use the word “Christianity” to refer to this more inclusive catholic religion. See *ibid.*, xiv.

⁴⁵ Novak, *The Spirit of Democratic Capitalism*, 43-44.

⁴⁶ *Ibid.*, 44.

⁴⁷ *Ibid.*, 56.

⁴⁸ *Ibid.*, 57-58.

⁴⁹ *Ibid.*, 45.

⁵⁰ *Ibid.*, 68.

⁵¹ *Ibid.*

necessarily become involved in issues not at all justified by merely economic imperatives.”⁵² Though Novak thinks that Christianity has helped shape the *ethos* of democratic capitalism, the *ethos*, he argues, “forbids Christians (or any others) from attempting to *command* the system.”⁵³

What are those Christian doctrines that helped shape the *ethos* of democratic capitalism? According to Novak, six doctrines are particularly relevant. First, the doctrine of trinity suggests that God is to be conceived as “a kind of community than as a solitary individual,” whereas the individuality is not lost.⁵⁴ Novak thinks that human individuality will be lost to the community in socialism but not in capitalism.⁵⁵

Second, the doctrine of incarnation suggests that Christian hope is realistic, not utopian.⁵⁶ The political economy of capitalism that Novak presented throughout *The Spirit of Democratic Capitalism* is realistic. It is a system that works, even before we have a theory to justify it.

Third, Novak believes that there is a doctrine of competition in Christianity. He claims that in the Bible there are many stories focusing on the moments of decision. People are supposed to make wise decisions. “Success may be due to God alone; but failure is due to self.”⁵⁷ Judging from his later emphasis on creativity expressed in *The Catholic Ethic and the Spirit of Capitalism* (1993), we suggest that this theme of competition might have been better formulated as the pursuit of excellence in the context of competition. This doctrine⁵⁸ plays an important role in his view:

But to compete—*com + petere*, “to seek together although against each other” — is not a vice. It is, in a sense, the form of every virtue and an indispensable element in natural and spiritual growth. Competition is the natural play of the free person. All striving is based upon measurement of oneself by some ideal and under some judgment. When that judgment is omniscient and omnipotent, such measurement is keener than any scalpel.⁵⁹

The fourth doctrine is that of original sin. To Novak, it is like a double-edged sword. On the one hand, it recognizes the limitation, bias, and distortion of human intelligence. On the other hand, there is a “guarded trust in the better side of human nature.” Therefore, as what a free society does, we should “tolerate the public display of vice because it has confidence in the basic decency of human beings, even under the burden of sin.”⁶⁰

The fifth doctrine is the separation of realms. Its implication echoes that of the doctrine of incarnation. It acknowledges that human beings are sinful, and we can never expect an ideal or perfect political system. Therefore, we should not be attracted to the high-sounding morality of socialism. Instead, we should be content with realistic democratic capitalism, which is “a differentiation of systems designed to squeeze some good from sinful tendencies.”⁶¹ In other words, as Novak states explicitly, no intelligent human order can be run according to the counsels of Christianity. He recommends a free economy, and that is not a Christian economy.⁶²

⁵² Ibid.

⁵³ Ibid., 68-69.

⁵⁴ Ibid., 337-338.

⁵⁵ Ibid., 338.

⁵⁶ Ibid., 341.

⁵⁷ Ibid., 345.

⁵⁸ Despite its importance to his view, it is unclear to us why Novak calls this a doctrine.

⁵⁹ Ibid., 347.

⁶⁰ Ibid., 350-351.

⁶¹ Ibid., 353.

⁶² Ibid., 352.

The sixth and final doctrine is *caritas*. Novak claims that the Jewish and Christian conceptions of love are distinctively “realistic.”⁶³ Quoting Aquinas, Novak believes that to love “is to will the good of the other as other.”⁶⁴ In order to love the other as other, we have to truly respect individuality, and we have to accept others in their sinfulness. Therefore, the preferred political economy is, again, democratic capitalism, which respects individuality, tolerates vices of others, and realistically allows people to work for profit.

... the common good is better served through allowing each individual to work as each judges best and to keep the rewards of such labor. For them, the profit motive is designed to inspire a higher level of common benefit by respecting the individual judgment of economics agents. The more the latter risk and invest, the greater return they may gather in. Most will not be selfish with this return; most will share it liberally.⁶⁵

Novak believes that these theological doctrines “have been powerful in leading humanity, slowly and fitfully, to those formulations of institutional practices”⁶⁶ of democratic capitalism. They do not command the system of democratic capitalism, Novak says, since there may be other philosophies that would lead humanity to democratic capitalism, but they can, and did, lead humanity to it. This is what the Protestant work ethic did to the rise of modern capitalism in the eyes of Max Weber. And the above detailed discussion on the relevance of theological doctrines is probably the reason why Novak believes that Weber saw the interesting features of capitalism but failed to elaborate well on its relation to Christianity.

NOVAK ON GREED, SELF-INTEREST AND CREATIVITY

Now, let us focus on the issue of greed, self-interest and creativity in the thoughts of Novak. Contrary to popular claims that greed is the driving force of capitalism, like the one stated by MacIntyre at the beginning of this essay,⁶⁷ Novak argues that self-interest is different from greed, and his view of capitalism does not require greed. This move is important. As a devoted Catholic, Novak is committed to the view that greed is one of the seven deadly sins. If he is to embrace democratic capitalism as good, he cannot allow greed to be the driving force of capitalism. Here is how he makes such a distinction.

Novak believes that greed is detrimental to business. It destroys a firm, which is supposed to have “long-term fiduciary responsibilities to its shareholders” and “a reputation for reliability, integrity, and fairness.”⁶⁸ Greed is associated with selfishness, impulsiveness, obsessive acquisition, and irrationality.⁶⁹ Novak provides a vivid description of greed with the word “spasms” – a term usually associated with intense involuntary muscular movement that makes a person do what he or she is not supposed to do:

Spasms of greed will disturb its own inner disciplines, corrupt its executives, anger its patrons, injure the morale of its workers, antagonize its suppliers and

⁶³ Ibid., 353.

⁶⁴ Ibid.

⁶⁵ Ibid., 356.

⁶⁶ Ibid., 336.

⁶⁷ In his work Novak was not referring to MacIntyre, but R.H. Tawney *ibid.*, 92. Yet we are referring to the popular claims with which people are familiar today.

⁶⁸ Ibid., 93.

⁶⁹ Ibid.

purchasers, embolden its competitors, and attract public retribution. In a free society, such spasms must be expected; they must also be opposed.⁷⁰

In the same discussion Novak also suggests that greed is “narrowly construed self-interest.” Indeed, that phrase is located in a section titled “Virtuous Self-Interest,” which suggests that greed is somehow similar to self-interest. What exactly is virtuous self-interest and how is it different from greed then? First, we should note that virtuous self-interest is not to be confused with the conception popularized by the economists, i.e., “autonomous choice,” which “says nothing at all about the moral content of the choice.”⁷¹ Novak refuses this conception of self-interest that comes from the sphere of economy, and he would like to find the moral justification elsewhere. Here we may want to recall that Novak sees democratic capitalism as a tripartite system and refuses to consider only one or two of the three spheres. To Novak, the idea of self-interest can only be understood in the tripartite system, where moral justification comes from the moral-cultural sphere.

In his book *Freedom with Justice* (1984) Novak gives us more details on how he finds the moral justification of self-interest in Christianity and philosophy. First he recognizes that the assessment of self-interest from the Christian tradition is “pejorative.” There are apparently reasons that self-interest is “imperfect,” “flawed,” and opposed to the Christian understanding of love, namely *agape*, self-sacrificial love.⁷² However, such a pejorative connotation is not all there is. He finds that in the Jewish tradition self-interest is usually understood “as an elemental commonsense duty to oneself, quite reasonable and basic.”⁷³ To resolve this conflict, he appeals to the insight of Adam Smith, who once claimed that “[t]he butcher tolerates the blood and the baker bears the heat, not for themselves alone but for their families and their dependents. They sacrifice their own present for a future which only their children may enjoy.”⁷⁴ From there Novak discovered the idea that the pursuit of self-interest in Christianity could in fact be “altruism,” because the real interests of individuals “are seldom merely self-regarding.”⁷⁵

Thus, care must be taken in discussions of religion and economics to unpack the misleadingly simple concept of self-interest. Without such care, conflicting meanings may frustrate understanding. Theologians will naturally question whether businessmen work for altruism, ... or for personal advantage.⁷⁶

In the above quote, even though Novak did not directly say that self-interest is in some sense altruism, he is virtually taking altruism as the motivation for businessmen, which is the role of self-interest in that context.

In other words, narrowly understood, self-interest is just greed. It is about personal advantage. It “destroys firms as surely as it destroys personal lives.”⁷⁷ However, the broad sense of self-interest, or virtuous self-interest (or just “self-interest” hereafter), refers to the interests you may have for yourself, your family, and even your community. For the sake of their interests,

⁷⁰ Ibid. To be sure, if a company seeks profits by downsizing workers indiscriminately while overcompensating executives, Novak will call it immoral David M. Introcaso, “Michael Novak’s *Business as a Calling: Work and the Examined Life*,” *Business Ethics Quarterly* 8, no. 3 (1998): 605.

⁷¹ Michael Novak, *Freedom with Justice: Catholic Social Thought and Liberal Institutions* (New York, NY: Harper & Row, 1984), 8.

⁷² Ibid.

⁷³ Ibid.

⁷⁴ Ibid., 9.

⁷⁵ Ibid.

⁷⁶ Ibid.

⁷⁷ Novak, *The Spirit of Democratic Capitalism*, 93.

and thus yours, you are willing to undergo hardship and engage in an acquisitive endeavor at work. Therefore, to Novak, having self-interest usually implies having “commitments to benevolence, fellow-feeling, and sympathy,”⁷⁸ which does not sound so selfish. Not only that, but he is also willing to say that businesspeople “work for altruism.”

The above is how Novak makes a distinction between greed and self-interest in *Freedom with Justice* (1984). This is a critical move in his philosophy. Without decoupling self-interest from greed, there can hardly be any moral justification for democratic capitalism for Novak. However, it is puzzling that in his two-page explication and defense of self-interest there, Novak inserted a discussion on creativity, which he described in *The Catholic Ethic and the Spirit of Capitalism* (1993) as the first time he brought up “the crucial point in the Catholic ethic,”⁷⁹ as if the point about creativity was part of the argument for the case of self-interest. Self-interest as the driving force of capitalism, and creativity as an important part of the *Geist* that is shaped by the Catholic ethic, are conceptually different. The only plausible way we can make sense of the insertion of a discussion on creativity is that Novak meant to suggest, though did not explicitly state, that like self-interest, creativity is also a driving force of capitalism, which becomes clear in his later writings.⁸⁰ Earlier we discussed how Novak sees the *Geist* of capitalism as “the spirit of development, risk, experiment, adventure” that is often found in free enterprises. Behind all these is creativity, or innovation. Novak discovered this as a contribution from the Catholic ethic by two steps. First, he appeals to psychologist Erik Erikson⁸¹ that there is a concept of basic trust in society, which is “a psychological attitude toward reality which permits the self to reach out, to act, to take risks, to create new events,” as opposed to self-enclosure. And Erikson believes, according to Novak, that basic trust is “the root impulse of creativity, love, faith, and affirmation.”⁸² Then Novak appeals to the sociologist Leo Moulin that because of the Christian teachings that creation is good, that God is good, and that humans are made in the image of the Creator, Christianity served as “indispensable conditions for the discovery of capitalism.”⁸³ A few years later, in *The Catholic Ethic and the Spirit of Capitalism* (1993),⁸⁴ Novak emphasizes this theme of creativity being informed by Christianity, without going through the detailed defense of self-interest. There he says,

... capitalism, truly defined, does not come into existence until institutions are established that systematically support and nourish the creative to practice the fundamental human right of personal economic initiative.⁸⁵

WORRIES ABOUT SELF-INTEREST IN NOVAK’S VIEW

Novak requires self-interest to be different from greed, which his Catholic faith condemns.⁸⁶ However, are they really so different? While it is fine that self-interest may include the interest

⁷⁸ Ibid.

⁷⁹ Novak, *The Catholic Ethic and the Spirit of Capitalism*, xv.

⁸⁰ Cf. Novak, *The Catholic Ethic and the Spirit of Capitalism*.

⁸¹ Novak misspells the name as “Erik Erickson” Novak, *Freedom with Justice: Catholic Social Thought and Liberal Institutions*, 9.

⁸² Ibid.; Erik Erikson, *Identity: Youth and Crisis* (New York, NY: Norton, 1968), 91-107; Erik Erikson, *Insight and Responsibility* (New York, NY: Norton, 1964), ch. 4.

⁸³ Novak, *Freedom with Justice: Catholic Social Thought and Liberal Institutions*, 9.

⁸⁴ Novak, *The Catholic Ethic and the Spirit of Capitalism*.

⁸⁵ Ibid., 85.

⁸⁶ Some readers may still wonder why Novak would like to make such a difference. To recapitulate what we have seen so far, behaviorally speaking, a person motivated by self-interest may not be very different from a person motivated by greed; however, they make a big difference in the moral justification of competitive business practice

of oneself towards one's family and community, it seems quite far from self-interest being altruistic. Also, the agent of greed or selfishness does not have to be an individual. A person or a family may collectively decide to be greedy and act accordingly. Therefore, acting acquisitively for the interest of one's own family at the expense of others or acting acquisitively as a family at the expense of others does not necessarily exonerate oneself or one's family from the charge of greediness or selfishness.

Furthermore, presumably loving and altruistic spirits would not want to harm other people's welfare in pursuing their own interests in business competition, even if it is merely an unintended by-product. While it is debatable whether causing harm in this way can be deemed ethically wrong (after all, it is not easy to answer the question "how much do we owe each other"), the higher standard of altruism requires us to walk this extra mile. We may want to recall Gandhi here. He understands that the principle of universal love, or nonviolence, requires us not only to refrain from wanting to harm others, but also demands love for all individuals. Indeed, it is a valid moral question. Could a person sincerely love someone and at the same time endeavor to put that person in the misery of losing her business – which may be the only source of income for her family? In this case, can you celebrate the success of your business with a clear conscience?⁸⁷

Considering these two worries, we find that it makes a lot of sense for Novak to say in the discussion of relevant theological doctrines that the free economy of democratic capitalism informed and shaped by Christianity is not a Christian economy.⁸⁸ It is because, obviously, the demand of altruism in Christianity is higher. However, perhaps Novak has to concede more. Perhaps self-interest is not that different from greed, and self-interest is hardly altruistic.⁸⁹

of capitalism. Later in this essay we will give a further characterization of the difference between greed and self-interest. We will argue that the destructive and harmful nature of competitive business practice motivated by greed is only quantitatively but not qualitatively different from that motivated by self-interest. Cf. the two sections on Analytical Discussion.

⁸⁷ This is the moral question that business ethicist Laura L. Nash posed when she interviewed dozens of evangelical CEOs. This question is not specific to evangelicalism, though. It is a valid question to people of any religious tradition, or any moral person. Laura L. Nash, *Believers in Business: Resolving the Tensions between Christian Faith, Business Ethics, Competition and Our Definitions of Success* (Thomas Nelson, 1994), ch. 2.

⁸⁸ *Ibid.*, 352.

⁸⁹ Regarding Novak's increasingly strong claim that people in capitalism are motivated by an urge to innovate and to serve instead of a profit motive (or self-interest), there are also criticisms. This is not included in the main body of this paper because this is outside the scope of the paper. Interested readers may want to note the followings: "How does Novak know this? I checked his biography and it appears he has never once been an entrepreneur. I can assure him from my years as the manager of a small business that I never once was asked by the owners if I was focused sufficiently on being creative. They asked about the bottom line." Michael Sean Winters, "The Poverty of Michael Novak," *America: the Jesuit Review* (2009). Another similar comment is from John Gehring: "[t]his argument does not pass the laugh test" John Gehring, "Not a Single-Issue Church: Resurrecting the Catholic Social Justice Tradition," in *Voting and Holiness: Catholic Perspectives on Political Participation*, ed. Nicholas P. Cafardi (New York, NY: Paulist Press, 2012). Though these comments seem harsh and non-academic, they do point out how unreasonable Novak's claim may sound. Here is also a comment from a historian on American Christianity. "[It] is a hard sell for me... My understanding of human nature makes it difficult to believe that the PRIMARY reason why Ford did what he did was to better humankind. I find it even harder to believe that the early railroad tycoons did what they did for the "sheer romance of conquering the deserts and the Rockies"... Any student of history would have a hard time accepting such interpretations of American progress." John Fea, "Michael Novak on the Pope's Forthcoming Encyclical,"

<https://thewayofimprovement.com/2009/06/29/michael-novak-on-the-popes-forthcoming-encyclical/> (accessed November 28, 2009).

ANALYTICAL DISCUSSION: THE BACKGROUND

So far, we have presented the views of Gandhi and Novak on how they see the possibilities of engaging in today's competitive business practice without the motive of greed. A businessperson may have different spiritual and ethical beliefs that lead him or her to engage in competitive business practice without greed as the motive. To be sure, this is not easy to do. The temptation to be greedy in business is tremendous. As Gandhi believes, there are ideals in this world that we should continually strive for, to which we may also find an echo from Novak when he claims that spasms of greed must be expected but also must be opposed. There are, however, differences between the two thinkers. Gandhi is more stringent and cautious about greed and business.⁹⁰ Novak has a deeper understanding and endorsement of capitalism. Novak rejects greed and claims that it is ethical to compete in business out of the motivation of self-interest. Democratic capitalism to Novak is to help others in society by building up the economy through free enterprise, innovation, and competition.

However, the philosophical questions of self-interest remain to be investigated and addressed further. What exactly is self-interest? How other-regarding is self-interest such that the pursuit of self-interest is not selfish but altruistic? In this section and the next, we would like to present a discussion in the field of analytical philosophy that has not been introduced into the field of business ethics. In doing so, we hope to contribute to the field of business ethics with more in-depth analysis.

In the literature of business ethics, there are a number of scholars criticizing or lamenting that many business ethicists conflate greed and self-interest, hence giving a negative connotation to the latter. For example, Harvey S. James Jr. and Farhad Rassekh accuse a number of popular textbooks in business ethics of making this mistake.⁹¹ These scholars are trying hard to correct the mistake, which they claim is held by the majority. There are also those who defend self-interest with their studies on Adam Smith, e.g., Werhane (1991), Muller (1993), Brown (1994) and Young (1997).⁹² Without rehearsing their views extensively, let us follow James and Rassekh here to note a few key points.

First, Adam Smith takes self-command to play a central role in ethics. Such self-command contains our passion and gives us guidance as an impartial spectator when the pursuit of self-love, i.e., self-interest, may cause injuries to other people. Therefore, Smith does not endorse people harming others in their pursuit of self-interest.⁹³ Second, according to Smith, the pursuit of self-interest must be confined to the freedom defined by the laws of justice. It would be unacceptable to the laws of justice to advance one's interest at the expense of others.⁹⁴ Third, selfishness in greedy behaviors is different from self-interest. Smith claims that benevolence produce social harmony.⁹⁵

⁹⁰ This might be due to the fact that he lived nearly a century ago in India when it was poor and colonized by the British. If he were to see the India today, he might be more open to the variety of ways that technology and increased production can benefit everybody in society.

⁹¹ Jr. James, Harvey S. and Farhad Rassekh, "Smith, Friedman, and Self-Interest in Ethical Society," *Business Ethics Quarterly* 10, no. 3 (2000).

⁹² Patricia H. Werhane, *Adam Smith and His Legacy for Modern Capitalism* (New York: Oxford University Press, 1991); J.Z. Muller, *Adam Smith in His Time and Ours* (Princeton, NJ: Princeton University Press, 1993); V. Brown, *Adam Smith's Discourse* (London and New York: Routledge, 1994); J.T. Young, *Economics as a Moral Science* (Cheltenham, UK: Edward Elgar, 1997). They are listed in James and Rassekh, 663.

⁹³ James and Rassekh, 663.

⁹⁴ *Ibid.*, 664.

⁹⁵ *Ibid.*

However, what about the allegedly notorious issue of business competition, which seems so ruthless and selfish to many people? Smith's answer, according to James and Rassekh, is as follows:

Suppose firm A figures out a way to produce less expensively what firm B is producing. If A does not enter this market because B will be (likely) hurt, then society will be deprived of lower prices of higher quality products. In the Smithian system, self-interest motivates A to enter the market, which advances consumers', and thus society's, interests. Smith, however, makes it clear that the competitive process must not involve unethical behavior such as deception and political rent seeking.⁹⁶

It seems that we finally come to the tricky issue here. As shown in the above quote, James and Rassekh do not shy from using the word "hurt." To them, Smith's moral philosophy does allow someone to hurt another, in the sense of beating other companies in competition, which could make people there lose their jobs (which, to imagine more personal miseries here, generate the only income for their families that don't have a lot of savings), as long as it is done in the name of advancing the consumers' interests and without performing any unethical and unlawful behavior. From this quote, presumably an act that causes other companies to lose in competition and people there to lose their families' only source of income, do not count as "unethical behavior." In a nutshell, James and Fassehk make it sound like the typical troubling utilitarian case in which a few can be left to perish as long as the overall happiness is achieved.⁹⁷ This is exactly the worries we raised in the section "Worries about Self-Interest in Novak's View." While it is debatable whether causing harm to others in your pursuit of your self-interest can be deemed ethically wrong, the higher standard of altruism certainly does not allow this. If this Smithian system leads to serious social inequality, isn't this the very social problem that Gandhi is worried about? Whereas everybody can understand that the Smithian system is supposed to aim for the lofty idea of advancing of the society's greatest interests, not everybody thinks that this kind of hurt to the competitors sits well in their conscience.⁹⁸ Therefore, back to our theme of greed and self-interest, *pace* defenders of self-interest like James and Rassehk, the hurt by self-interest to the competitors and their employees is not qualitatively different from the hurt by greed to those people. They both have no felt concern for the misery their acquisitive and zero-sum endeavors cause to others. The only difference here is probably quantitative, i.e., the hurt from self-interest is supposedly confined to the competitors and their employees but the hurt from greed may include more people, since greed in the eyes of these scholars is so destructive, unethical, and disharmonious that even colleagues in a greedy person's own company may get hurt.

ANALYTICAL DISCUSSION: OVERVOLD, DARWALL AND HOLLEY

With the above background of the discourse in the field of business ethics, let us now turn to a discussion of self-interest in analytical philosophy. Mark Carl Overvold is usually credited as the first philosopher in recent decades to raise the question about the relationship between the

⁹⁶ Ibid., 665.

⁹⁷ We do not presume Smith or other defenders of self-interest uses the same utilitarian view, but the presentation by James and Rassehk does sound like this.

⁹⁸ When Nash raised this question, she made use of the true story of Jack Feldballe, who did not feel comfortable with hurting his competitor and therefore made the surprising move of reaching out to the CEO of the losing competitor. Nash, *Believers in Business*, 45.

concept of self-interest and the concept of self-sacrifice. In criticizing the popular view that identifies a person's welfare with satisfaction of one's desires, he argues that, if we define self-interest too broadly, many apparent cases of self-sacrifice will be said to be in the agent's self-interest, thus making the concept of self-sacrifice incoherent.⁹⁹ For example, a father would like to send his four sons to a very expensive private college. He resolves to kill himself and make it look like an accident, so that his sons will have the money to go to that college in four years. This is his rational choice, but we don't want to call this act of self-sacrifice an act of self-interest, or an act for personal welfare, because once the father is dead, the fact of his sons going to that college cannot contribute to the self-interest of the deceased father.¹⁰⁰ For reasons like this, Overvold proposes a restriction to our concept of self-interest:

[An] act is in the agent's self-interest if and only if it is the act which the agent would most want to perform if he were (a) fully aware of all the features and outcomes of the alternative acts open to him at the time and (b) his choice were motivated only by his rational desires and aversions for features and outcomes of the act which are such that the proposition asserting that the agent exists at *t* is a logically necessary condition of the proposition asserting that the feature or outcome obtains at *t*.¹⁰¹

Overvold's position is that, without the above restriction, all acts of self-sacrifice could be understood as acts of self-interest, which makes the concept of self-sacrifice incoherent. Overvold's concern obviously has implications and parallels in business ethics, even though he, or those who subsequently discussed his views, did not seem to have business ethics in mind. It is not uncommon for instructors of business ethics to find business students expressing the thought that any act of kindness or altruism is nothing but an act in self-interest. Generous and kind business leaders like Aaron Feuerstein of Malden Mills¹⁰² or James Burke of Johnson & Johnson¹⁰³ do what they do out of self-interest, they believe. Even the widely acknowledged altruistic acts of Mother Teresa are also understood by many business students to be performed out of self-interest, i.e., Mother Teresa would like to please God and receive God's blessings, or just to feel good about herself.¹⁰⁴ Overvold certainly would advise that there are some altruistic acts that cannot be reduced to, or be identified as, acts of self-interest.

Following Overvold's lead, Stephen Darwall develops a distinction between the (ideal) object of one's informed desires and one's self-interest.¹⁰⁵ Self-interest here means a person's interest or well-being, which is not necessarily what the person desires. Just as in Overvold's example, an altruistic act that would get oneself killed is not in one's self-interest because losing one's life is certainly not making the life good for oneself. An example given by Darwall is about Sheila who would like to donate all her wealth to rebuild a city that is ravaged by war. That is

⁹⁹ Mark Carl Overvold, "Self-Interest and the Concept of Self-Sacrifice," *Canadian Journal of Philosophy* 10 (1980): 105-07.

¹⁰⁰ *Ibid.*, 108.

¹⁰¹ *Ibid.*, 117-18n.

¹⁰² Feuerstein made his name in American business ethics literature by paying his workers even when the mill was completely burned and before it was rebuilt. Katarzyna Moreno, "Trial by Fire," *Forbes*, <https://www.forbes.com/forbes/2003/0414/092.html#129e7a776391> (accessed January 21, 2020).

¹⁰³ Nash, however, argues that it is certainly not the case that Burkes acted out of self-interest, after interviewing Burkes and others at Johnson & Johnson. Laura L. Nash, *Good Intentions Aside: A Manager's Guide to Resolving Ethical Problems* (Boston, MA: Harvard Business School Press, 1990).

¹⁰⁴ We will revisit and refine this point in a moment, in the discussion of Holley.

¹⁰⁵ Stephen Darwall, "Self-Interest and Self-Concern," *Social Philosophy & Policy Foundation* 14 (1997); Stephen Darwall, *Welfare and Rational Care* (Princeton, NJ: Princeton University Press, 2002).

Sheila's informed and strong desire. The catch, however, is that Sheila needs a relatively small amount of money for treatment of her degenerative disease. Without such treatment, she would soon lose her memory and even her belief about the need to rebuild the city. She, however, decides to ignore her welfare and donate all the money to the city.¹⁰⁶ Therefore,

... self-interest is simply a person's interest, viewed as his own, and its normative claim is independent of its being his own... One values oneself, and one's interest, from a perspective one can share with anyone who can care.¹⁰⁷

Darwall calls this the rational-care theory of self-interest. In light of the rational-care theory, we may better understand Novak's claim that self-interest could be other-regarding. It is possible, and indeed almost always the case, that a person lives a better life if she cares about other people like her family members and loved ones, and even her community. In this sense, from the perspective that "one can share with anyone who can care," increasing one's self-interest implies increasing the interests of a number of people. This certainly adds an other-regarding dimension to the concept of self-interest, lending support for the claim of Novak and many others, like James and Rassekh, who argue that the pursuit of self-interest according to Adam Smith is not the same as engaging in selfish and greedy behaviors.

However, the Overvold-Darwall view that there must be the Overvold-restriction to the concept of self-interest also explains to us why we cannot take this so far as to think that the pursuit of self-interest is to a very large extent altruistic. It is because self-interest must be connected to the welfare of the individual self, which is independent of what one wishes for oneself, one's loved ones or any other person. Thus, its other-regarding dimension can never completely or significantly undermine its self-regarding dimension. Unfortunately, it seems that defenders of self-interest in the business ethics literature overlook this issue. Just as we have seen in Novak, or James and Rassekh, their arguments usually end up painting a picture of competition in capitalism that is too altruistic, and hence it unrealistically ignores plausible hurts to others when everyone is pursuing their own self-interests. Therefore, a more reasonable view about self-interest is that it is certainly not *agape* (or altruism) and it shares some characteristics of greed. On this more reasonable view, self-interest is similar to greed in that it is acquisitive and not paying much attention and care toward those others who are not your family or community.¹⁰⁸ Nevertheless, it is undeniable that self-interest has an other-regarding dimension, such as being committed to helping one's family or community.

David M. Holley¹⁰⁹ offers a criticism of Darwall's view, which may help deepen our philosophical reflection on the issue of self-interest. Holley argues that the approach shared by Overvold and Darwall has not taken into consideration the fact that a person's identity or integrity may sometimes change the way she sees the tension between self-sacrifice and self-interest. His view is best explained with examples. A moment ago, we said that some students think that any act of kindness or altruism is nothing but an act in self-interest. Even the altruistic acts of Mother Teresa can be understood to be performed out of self-interest. One of the reasons is that this can make the person in question feel good about herself. There is some truth in that

¹⁰⁶ In making a difference like this, Darwall is arguing against Henry Sidgwick's informed-desire account, which takes the (ideal) object of one's informed desires and one's self-interest to be identical. Darwall, "Self-Interest and Self-Concern," 165-70, 73-74. The primary example in Darwall's paper is from the novel, *Tarzan*, but that is too complicated to summarize here for illustration.

¹⁰⁷ *Ibid.*, 176.

¹⁰⁸ Obviously we also need a detailed account of greed here to make the comparison. The work of one of us provides such an account. Cheung, "Greed, a Forgotten Vice?"

¹⁰⁹ David M. Holley, "Self-Interest and Integrity," *International Philosophical Quarterly* 42, no. 165 (2002).

thought, and that is picked up by Holley. The parallel example that Holley gives is that of Suzie Valdez, who was studied by psychologist Colby and Damon. Valdez believed that God had given her the task to provide food, clothing, and other basic needs for the poor children of a certain Mexican city. She became known in the region as “Queen of the Dumps.” If people look at the life of Valdez or Mother Teresa, “from a perspective one can share with anyone who can care,” they might not be able to come to a consensus on whether that is good for her. However, Colby and Damon found that Valdez had great satisfaction in what she does and “she is unable to entertain seriously the possibility of living in some other way.”¹¹⁰

Two issues can be identified here. First, our visions of a good life may differ. While Darwall is right to point out that the self-interest or welfare of a person is not necessarily the same as what that person wants, he has not taken into consideration that it is could be difficult to give a list of what is good for every person’s life. It is entirely possible that some people would find Valdez’s life lacking a lot of the things that usually makes a life good, while Valdez and some other people may think that that life was so wonderful and fulfilling that it would be hard to find any life better than that. Second, in the case of Valdez, it is unclear that self-sacrifice is completely opposed to self-interest. As Holley says,

This kind of life is obviously not what we first think of when we imagine someone acting in her self-interest, and ... it is a mistake to view her as motivated by a desire to benefit herself... While this kind of life might be misery for someone else, it gives expression to the identity Valdez has formed, allowing her to unify her convictions of what is important with her activities. Because the identity she has is so well integrated, what others might call self-sacrificial activity does not seem like a sacrifice to her.¹¹¹

The tension between self-sacrifice and self-interest is undermined not just in case of religion, but in any other case where a person reflectively comes to see herself with a certain identity. Assume that for some self-interested reasons I would like to gain \$50,000 and there is an opportunity for me to steal \$50,000. Having thought hard about it, I might resist doing so because I would like to see myself as an honest person who doesn’t steal. Then, when I decide not to steal, it is not clear whether that is an act of self-sacrifice. As Holley puts it,

[t]he point is that whether something is in my interests depends on whether it contributes to my life in a positive way, and in order to decide that, I may need to think long and hard about how it will fit in with the activities and concerns that I judge to be vital features of my life.¹¹²

If I genuinely internalize in me a certain ideal or vision of life and therefore I do not take the opportunity to steal \$50,000, the sacrifice I make in not stealing \$50,000 “may be an expression of being the kind of self who can live the life that I judge desirable.”¹¹³ Or, in very simple English, it makes me feel good about myself – and that does contribute to my self-interest under my (newly acquired) vision of a good life for myself.

Holley’s point is not sufficient to refute the Overvold-Darwall view, though, because Holley’s point requires the self-sacrifice in question to stand in a specific relation to the person’s vision of a good life, which may not obtain in many cases of conflicts between self-sacrifice and self-interest. However, Holley’s point is a good reminder for us that the opposition between self-

¹¹⁰ Ibid., 20.

¹¹¹ Ibid.

¹¹² Ibid., 18. The example of stealing \$50,000 is Holley’s.

¹¹³ Ibid., 19.

sacrifice and self-interest may not be black and white all the time. If we put this reminder into the context of this essay, it lends support to Novak's view (or the view of anyone who defends self-interest in similar ways) that a person pursuing her self-interest may very well be occupied by the thoughts of taking care of her family and loved ones, and even her community. Although there is the Overvold-Darwall concern that we cannot ignore the person's own welfare "from a perspective one can share with anyone who can care," if the person in question reflectively takes up the identity of, say, "a family person," "a pious believer who follows the religious calling of having one's family as the top priority" or "a serious Hindu businessperson who loves everyone," some but not all of the tension between self-sacrifice and self-interest could be dissolved. We still think that a more reasonable view about self-interest is that it is somewhere between greed and *agape* (or altruism), but it is not easy at all to determine whether it inclines more toward greed or *agape*, which depends on when and how much the identity issue plays in individual cases.

CONCLUSION

In this essay, we initially compared the respective thoughts of Gandhi and Novak on the possible religious resources to make a case for ethical competitive business practice in capitalism. Both would like to see that an ethical or religious person should not be greedy and acquisitive for oneself. One ought to engage in business competition with a view of benefiting the society at large. Gandhi warns against greed and did not have a different concept of self-interest in mind. Novak, on the other hand, would like to see greed as a vice but self-interest a virtue with a sense of altruism. However, Novak has not provided adequate discussion on the distinction. Indeed, it seems that all the business ethicists who have discussed this issue have not gone beyond an appeal to the philosophy of Adam Smith. This leads us to look for deeper conceptual analysis. The discussion of Overvold and Darwall shows that the other-regarding dimension of self-interest can never completely or significantly nullify its self-regarding dimension. This confirms our view that self-interest is somewhere between greed and *agape* (or altruism), but it is not easy to determine whether it inclines more toward greed or *agape* because of the identity issue raised by Holley.

As a final note, back to our original comparison of Gandhi and Novak, even though Gandhi has not made as many conceptual distinctions and elaboration as Novak did, his position of being cautious about competitive business practice of capitalism without denying a possible moral foundation seems more reasonable than Novak's position of glorifying self-interest and brushing everything embarrassing and undesirable in capitalism under the rug of greed, which he vehemently denounces. The difference between self-interest and greed as the driving force of business competition is a quantitative one, not a qualitative one. However, we acknowledge that Novak has made significant contributions in giving a contemporary religious explication of the spirit of capitalism. After Novak, it is presumptuous to think that all Christians must be opposed to capitalism. Our essay is an initial step of an in-depth study of self-interest and greed that will shed more light on this issue.