CONVERSATION 8

Philanthropy and Human Action
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The Problem

It is not as if profound complications in our understanding of human action have not been long recognized; we surely understand that human motivations are so complicated that our pursuits appear at times to be contradictory. Adam Smith in *The Theory of Moral Sentiments* drew attention to one such complication:

There is many an honest Englishman, who, in his private station, would be more seriously disturbed by the loss of a single guinea, than by the national loss of Minorca, who yet, had it been in his power to defend that fortress, would have sacrificed his life a thousand times rather than, through his fault, have let it fall into the hands of the enemy (1982 [1759], 192).

The complication raised here by Smith is twofold: (1) how to account for the coexistence of two contradictory orientations, self-interest and self-sacrifice; and (2) with regard to this particular example of self-sacrifice, how to understand the apparent transcendence of self-interest that is characteristic of patriotism (see Crosby 2005). One can, of course, attempt to account for the willing sacrifice of one’s life by understanding it as an act of self-interest, for otherwise the individual would not have chosen to lay down his or her life for the sake of their country. However, this accounting is little more than a tautology that obscures the problem at hand: action for the benefit of others.

To recognize that “the ultimate end of action is always the satisfaction of some desires of the acting man” (Mises 1949, 19) likewise does not address the problem Smith posed. Whatever the satisfaction derived by the individual in sacrificing his or her life, the benefit or return of this action accrues not to that individual but to the nation. One can obviously respond by noting that the individual has an interest in or attains satisfaction from the well-being of the nation to which he or she is attached. Still, two pressing problems remain: (1) how to understand the character of the attachments of the individual to
collectivities, above all when the latter appear “existential” (such as to family and nation), that at times elicit self-sacrifice; and (2) how to reconcile the individual’s choice with the fact that the desired end in this instance will not be to the advantage of the individual because he or she will no longer be living.

These observations about the above example are not intended to dismiss established understandings of economic behavior or what is known as the theory of rational choice. Much of human behavior is about solving problems to address the “uneasiness,” as von Mises put it, that is an unavoidable consequence of the openness of the human mind to the world. In this account, human behavior is rationally purposive in the sense of the individual determining means to achieve a chosen end. The idea of economic behavior stipulates that when an individual acts, the person does so as if choosing the means to maximize his or her own satisfaction or realize the maximum quantity of some end. Similarly, in the theory of rational choice the individual is assumed to be capable of calculating the costs and benefits of different situations and then arranging his or her actions so that the benefits to the individual are maximized while minimizing the costs. (For more on the theory of rational choice, see Coleman 1990. Regarding economic behavior, Knight contains numerous penetrating insights into the complications and limitations of economic analysis as an explanation for human behavior [1956]).

These explanations of human behavior and those related to them, such as F. A. Hayek’s analysis of the extended order of the market (1988), are obviously heuristically powerful. However, the example raised by Smith points to actions undertaken by the individual for the benefit of others, hence philanthropy—actions that do not invalidate an economic or rational choice theory of action but do require an additional, different explanation.

To recognize the specific complication posed by action for the benefit of others is to confront, and thereby expose, the ambiguity of the term “return,” because the gift of philanthropic activity may be freely given with no guarantee of return to the giver; for if the term “gift” has a distinctive meaning, it is because it refers to a voluntary and apparently “disinterested” act (Godbout 1998, 20, 54, 66). If so, the ideal of economic behavior and the theory of rational choice must be supplemented. To act for the benefit of others further points to attachments formed by individuals different from those of the extended order of the market, constituting varying kinds of a “we” that imply an expansion of the individual’s conception of the self. It appears that the attachments or social relations constitutive of some groups indicate an orientation of human action beyond that of the interest of the individual (in this sense, transcending the self) as the term “interest” is usually understood in the theories of economic behavior and rational choice.

To be sure, the existence of many different kinds of groups does not abrogate the fact that the choices and actions in question are those of individuals, and thus should be examined through what is known as the principle of methodological individualism. However, to recognize the existence of a plurality of groups to which individuals may become attached complicates (or ought to complicate) our understanding of human action. As Frank Knight rightly observed, “it is a fundamental error to take the individual as the exclusive datum because some sort of family life, and far beyond that, some kind of wider group into which the individual is also born and develops and to which he or she is, in varying degrees, loyal are also data for our understanding of human action” (1982 [1947], 84-6). We will return to the problem of “group life” later.

Of course, the possibility of “disinterested” action has also long been recognized, perhaps most famously by Adam Smith in his analysis of the “impartial spectator” in The Theory of Moral Sentiments. Implicit in that analysis was Smith’s view of the mind, its capacity for disinterestedness indicating an imaginative ability through which considerations of what is right or of a common good can coexist with individual self-interest. Detailed examination of the sometimes acute problem of that coexistence—for example, the nature of “regret” or the relation between the individual and the group—would take us into directions too far from the subject of this paper. And I shall put aside for the time being consideration of the character of those attachments to others—specifically, sympathy, expressed through philanthropy—that are seemingly made possible by this expansive, imaginative capacity. More relevant to the bearing of this imaginative capacity on the problem philanthropy poses to an understanding of the complex motivations of human action is the following series of questions raised not so long ago by Edward Shils (2006, 197-200): “Why (according to the theory of rational choice and the ideal of economic behavior) does the individual think only of his own gratification as the right end of his or her actions? Why does he or she not think of the gratification of the ends of others? Is it possible for an acting subject to attribute intrinsic value to the
realization by others of their own interests?" If it is possible, as would seem to
be the case in philanthropic activity, then a conception of "interest" or "return"
different from that of economic theory and rational choice is entailed, because
an individual can indeed act "disinterestedly" with regard to the realization (or
frustration) of his or her own interests.

If there is merit to this idea of disinterested action, then as Shils further
observed (2006, 213), what would be required is a different, more expansive
conception of the mind that recognizes its imaginative capacities, a conception
that accounts for instances of disinterested or "selfless" action, of works of
charity, of works on behalf of an ideal (as in the example raised by Adam Smith),
of works on behalf of others whom one knows or does not know, which impose
costs on the individual while conferring benefits to others. In contrast to Shils' observations, the explanations of economic theory and rational choice for
human behavior, despite their wide applicability, must nonetheless be judged to
treat the mind of the individual as if it were hermetically sealed by the
individu3's pursuit of only his or her own advantage and, as such, considered
unproblematic because it is homogeneous in its orientation. But does human
experience confirm this homogeneity, where different ends are comparable in
a calculus of preference? In other words, are there or aren't there moral dilemmas?
Is not "regret" something different from the "accident" that could have been
avoided if only we had sufficient information? Do we not sometimes take into
account what is right and not merely efficacious or self-serving when confronted
with a difficult choice? Here again the individual may very well achieve
satisfaction from acting in accord with what he or she perceives to be the right
ting to do, hence a return, but he or she may do so at considerable cost while
the benefit of the action accrues to another. Moreover, our problem is brought
into even sharper focus when what is implicit in acting in accord with what is
right is made explicit: human action is influenced by ideas—ideas (note well)
that may be in tension with one another.

The Burden of an Analytical Tradition

Now, there is nothing new in the recognition of distinctive purposes of
human action (see, for example, Crosby 2002). It is certainly implicit in Wilhelm
von Humboldt's *The Limits of State Action*, where he insisted that the "variety
of situations" was characteristic of humanity (1993 [1792], 10-12). One should
not understand the phrase "variety of situations" as merely referring to the
dispersion or decentralization of knowledge of different, i.e. specialized, human
activities arising from the division of labor as impressively noted by Hayek in his
analysis of the extended order of the market as an information-gathering process
(1988, 14, 77, 122-23). While there is likely an overlap between what Humboldt
and Hayek mean, Humboldt's argument turns on the "manifold diversity" of
distinct and separately exercised faculties of human nature; his understanding of
freedom appears to imply a qualitative diversity of human experience and not
only a division of labor. In the conclusion of this paper we shall return to both
Humboldt's and Hayek's arguments as they bear on the actions of the
philanthropist.

Perhaps the most influential analysis of distinctive orientations of human action is Ferdinand Tönnies' *Gemeinschaft und Gesellschaft*. As we shall see, one
can observe its influence, even if unacknowledged, on works such as Hayek's
*The Fatal Conceit*. The influence of this analytical tradition has been an obstacle
to the development of a full understanding of human action.

Tönnies' well-known contrast between the categories of "community" and
"society" is not our primary concern here; more to the point for understanding
philanthropy was Tönnies' analysis of two distinctive forms of action
corresponding to the social relations of community and society: respectively,
*we senwille* (natural or essential will) and *kürwille* (rational or arbitrary will)
(1940 [1887], 119-73). This distinction turns on the character of deliberation,
between, on the one hand, where the action (or the will) unavoidably includes
thinking, and, on the other, where thinking directs action (or the will). The
former, *we senwille*, is characteristic of impulsive action (such as courage) or
habit. Thinking is by no means absent in such action, but it is infused with the
intimacy of the social relation: intensively so as with courage, or moderately so
as with habit. And it is with this form of action that, according to Tönnies, one
finds sympathy. The prototypical social relation of this form of action is an
example of what was referred to above as an "existential" collectivity: the family,
where one's actions are bound up with the thought of gratifying or promoting
the ends of other members of the group, with little or no calculation of the costs
incurred to oneself. In contrast, *kürwille* is a form of action motivated by the
thought (thus, prior to the action) of satisfying one's own need, hence, the
prototypical social relation is that of exchange. Characteristic of *kürwille* is the
individual’s orientation toward the attainment of what is desired by that individual, and as such it does not, according to Tönnies, encompass a “positive” (or for the purpose of this paper, philanthropic) attitude towards one’s fellow human beings.

Clearly, as has often been acknowledged by Hayek and many others, few institutions throughout history have been more positive for humanity than the market, where the producer must adjust his activity in response to the wants of the consumer. Yet the producer does so in expectation of a return to him or her—a motivation different from what Tönnies meant by the sympathy with or positive attitude to one’s fellow human beings of the _wesenwille_, where one may sacrifice one’s advantage for the benefit of others. The merit of Tönnies’ analysis is that it recognizes this sympathetic form of action.

Despite this merit, Tönnies’ analysis suffers from two flaws. First, the sympathetic relations of intense and often highly integrative attachments that were characteristic of Tönnies’ _wesenwille_ are observed not only in the family and the tradition-bound village. They are also found, for example, in the enthusiasm of the religious sect, manifestations of the world religions that are sometimes referred to as “fundamentalism,” the patriotism of the nation, and true friendship. In all of these examples it appears that the individual often acts for the benefit of others, and often with considerable costs borne by the acting subject. Given this diversity of the ends of “selfless orientation,” if it may be provisionally put this way—ranging from family, friendship, and nation, to God—one wonders whether too much about human action is obscured by subsuming it under the category of _wesenwille_ or “self-transcendence.” One should, for the sake of conceptual clarity, distinguish the love between a man and woman from the loyalty between friends, and both of these from the bond between mother and child.

Be that as it may, the fact of this diversity allows us to see a second, widely accepted flaw in Tönnies’ analysis: it is clearly inaccurate to segregate out _wesenwille_ as being in some way “residual” in the life of what is fashionably called “modernity.” The anthropological expression of such segregation is when this kind of action is described as characteristic of the “primitive mentality” of the tribe, as indicated, for example, in the gift (see the discussion in Godbout 1998, chapters 7-9). It is thus to the credit of scholars such as Jacques Godbout when he rightly remarks, “the gift is just as typical of modern and contemporary societies as it is typical of ancient ones” (11). In fact, we come right up against the limitations of Tönnies’ analytical dichotomy when the gift is made not to those with whom one has face-to-face relations, as within the family or village, but to strangers. Likewise, one ought to reject as too facile the historical expression of this segregation; for example, Henry Sumner Maine’s argument in _Ancient Law_ that the history of human relations is a movement from status to contract. Such a historicist dichotomy only obscures the complexity of human action, both today and in the past. This is not the place to show at any length how Maine’s dichotomy not only misrepresents modern relations but also those of antiquity. Suffice it to observe that membership in the modern national state is largely based on status, i.e. birth, and in antiquity contractual relations and commerce were by no means unknown, as indicated by, for example, the Assyrian evidence from as early as 1800 B.C.E. (see Veenhof 1997).

Hayek’s _The Fatal Concket_ is an interesting example of some of the problems that arise from the influence of Tönnies’ developmental dichotomy. At times Hayek recognizes an incommensurable diversity of the orientation of action; he observes, for example, “part of our present difficulty is that we must constantly adjust our lives, our thoughts and our emotions, in order to live simultaneously with different kinds of orders according to different rules” (1988, 18). Here Hayek is referring to the difference between, on the one hand, actions of solidarity and altruism (which we can extend to philanthropic activity) that he, in the tradition of Tönnies, associates with the family or a small band or _Gemeinschaft_, and, on the other, the competitive cooperation of the extended order of the market ( _Gesellschaft_). Similarly, Hayek again recognizes this “pluralism,” if you will, of the orientations of the mind when he remarks, “men may find some previously unfulfilled wishes satisfied, but only at the price of disappointing others” (74). Thus it appears that one can find (albeit submerged) in Hayek’s analysis a place not only for self-interest but also for sympathy and the moral dilemmas that are at the basis of regret.

However, one discovers the influence of Tönnies’ historicized dichotomy on Hayek’s thought when he appears to characterize an orientation to solidarity and altruism as evolutionary residues: “the feelings that press against the restraints of civilization are anachronistic, adapted to the size and conditions of groups in the distant past” (1988, 20). Others of his comments about the existence of these feelings of different orders of “worlds” of experience are perhaps more nuanced, as when he writes, “nor is it suggested that developed morals (of the extended
order of the market) that restrain and suppress certain innate feelings should wholly displace these feelings. Our inborn instincts (one presumes, for example, the biological propensity to altruism to further the ‘interest’ of genetic transmission of the kin-group, which must be variously understood, indicating that we are never dealing merely with instincts) are still important in our relations to our immediate neighbors, and in certain other situations as well” (131).

One gets the sense from only these few excerpts from Hayek’s *The Fatal Conflict* that there is a problem with his understanding of human action and that, further, he was aware of it. Perhaps his problem of wavering between recognizing a fundamental pluralism of human affairs (that, for our purposes, acknowledges the generosity of philanthropic activity as one among a number of diverse orientations of action) and subordinating that diversity to a developmental and evolutionary schema is emblematic of the complications before us in understanding human action. Be that as it may, despite the obvious merits of Hayek’s powerful analysis, it does not help us very much in understanding what I have called “disinterested action.” The latter factually cannot be confined to the family or to the face-to-face relations of Tönnies’ wesenwille-infused Gemeinschaft or to Maine’s social relation of status. It does not help us to understand the freely given, modern gift to strangers that is often given without thought of return, as that latter term is usually understood.

**Generosity and the Paradox of Disinterested Interest**

It may very well be that if we extend the definition of return beyond the circulation of goods and services, then there is always a return and this return is considered important to the donors of philanthropy (Godbout 1998, 93). Nevertheless, there is, as noted, an unsatisfactory ambiguity here in this use of the conception of return because, however valid its reference may be to the philanthropist’s achieved satisfaction, the gift or the philanthropic act in general is not given or done with the expectation of reciprocation, at least not to the direct benefit of the benefactor. This is not in any way to deny that the philanthropist may or even should want his or her donation to be spent well, and in this sense may expect a return in the form of expected outcomes, irrespective of how difficult it may be to ascertain them with any degree of precision. Instead, the complication, once again, for understanding human action consists in the fact that philanthropic activity, especially today, is undertaken to address a perceived deficiency of a state of affairs of others, and as such it is done in accord with an image of some ideal or an understanding of what is right. It is in this sense that I describe such action as being “disinterested.” Thus our understanding of homo economicus as an explanation for human behavior must be supplemented by factors that can account for the act of generosity undertaken in the service of an ideal in the absence of external compulsion. Despite the apparent paradox in the following phrase, don’t those facts of human action, expressed in generosity, entitle us to acknowledge the possibility of a disinterested interest?

Just how should generosity be accounted for in our understanding of human action? As I have briefly pointed out, the theoretical dichotomies, irrespective of their heuristic value, are obstacles to an attempt to account for generosity. It cannot be adequately accounted for as an evolutionary residue or characteristic of the status relation of the past. A preliminary response to the problem of how to understand generosity has been to draw attention to what it likely indicates about both the imaginative capacities of the mind and the diverse orientations of action. Let us see if we can push a bit further.

In *The Gift*, Marcel Mauss in his discussion of the Maori custom of gift-giving remarked, “to give something is to give part of oneself” (1967 [1925], 10). One need not understand this interpretation of the Maori gift as indicative of what Lévy-Bruhl called “primitive mentality,” where persons and things are confused because the latter is thought to contain the spirit of the giver. To do so wrongly prejudices the phenomenon as being in some way not modern (as Lévy-Bruhl came to understand near the end of his life). After all, there are numerous instances in modern behavior where a similar conceptual conflation between animate and inanimate can be observed—for example, in our distinction between “house” and “home.” Clearly, whenever one creates something, one puts a part of oneself into an object. Thus one can extend Mauss’s observation about the Maori custom of gift-giving by noting that in modern philanthropy the philanthropist gives a part of him- or herself, and in so doing, a particular kind of relationship is formed between the donor and the recipient, as Godbout noted (1998, 7, 13, 20).

But what kind of relationship is it? Its motivation, as Tönnies saw, certainly appears different from the return of economic exchange, even though the donor expects an improvement as a result of his or her philanthropic action. To seek improvement of a state of affairs of others, however, indicates that the social
relationship formed when the philanthropist gives part of him- or herself is done for the sake of bringing a modicum of balance to bear on a relationship that was initially perceived to be in some way deficient (see Godbout 1998, 142-43). How are we to understand the philanthropist’s motivation to improve a situation perceived to be deficient?

Can it be that the relation initiated by the act of the generosity of the philanthropist may be motivated by sympathy? There is a danger in such a proposal, that it will be judged as lacking in conceptual rigor, that it is “soft-headed.” Perhaps it is, but even so it may be accurate. The perceived deficiency in comparison with what the philanthropist views as a proper or right state of affairs arouses the sympathy of the philanthropist. If so and if there is merit to Humboldt’s observation that “there is something degrading to human nature in the idea of refusing to any man the right to be human” (1993 [1792], 68), then human beings can sympathetically respond to such degradation. That they often do is clear enough from the known facts of the extraordinary amount of philanthropic giving today, at least when the tradition of giving is not undermined by having been “crowded out” by the state.

In this brief discussion of human action, attention so far has been concentrated on the character of the action per se, meaning whether it is self-interested or selfless. However, because the action is usually directed toward another person, the possibility arises that the character of our action may vary according to how we view the other person. At some level we know this to be true, for actions between members of a family are different from those with whom one has entered into a contract, for example. What is at stake here for understanding human action will become clearer by reformulating this possibility in more familiar terms. Ideally, the economic relationship of the exchange of goods and services in the modern, spatially extensive market is one in which there is an impersonality between the contracting individuals. In the temporally episodic, contractual relationship, both parties either suspend or ignore altogether many of the qualities they perceive in each other as both pursue their own advantage within the agreed-upon terms of the contract. And as has long been noted, one consequence of this irrelevance of personal qualities as evaluative criteria for entering into a contractual relation has been to foster a degree of toleration. However, there are actions today where the actor does take into account as significant perceived personal properties of the other. This is so not only with the family or with those with whom one has face-to-face relations, for many are also inclined to have greater sympathy for their fellow nationals even if they have never met them.

One can account for this sympathy and the generosity it often implies as resulting from “birth establish[ing] a state of indebtedness” as Godbout has done (1998, 40). But there is more to it than that; there is a perennial tendency to form temporally enduring, binding relationships based on the criterion of nativity, what I referred to above as “existential” relations and have in the past referred to as “primordial” relations. This orientation of the mind elicits a peculiar form of interest because of the perception of evaluative properties of the self, having to do with nativity (both familial and territorial), being shared by others. One often behaves preferentially to these others, so much so that one may act on their behalf, as in the example posed by Adam Smith. I have, in a conceptually clumsy fashion, attempted to capture the distinctive peculiarity of this interest by describing it as “selfless” or “disinterested.” Deserving of further attention about this one orientation of the mind to the significance attributed to nativity is the fact that other, more instrumental and temporally episodic activities (for example, the time spent obtaining a higher education) can be infused with aspects of this relationship such that the university becomes “my university”; it becomes part of the understanding of the self, and the person is loyal to it. And of particular relevance for our understanding of philanthropy, “your” university becomes an object of your generosity.

The importance for philanthropy of these observations about the relevance to the acting subject of evaluative, personal criteria of the other is that those criteria often limit the scope of our sympathy, thus influencing the objects of our generosity. There is nothing surprising about this, nor do I think such a limitation should be regretted as being in some way antithetical to philanthropy. In fact, given this peculiar form of interest, the individual’s sympathy is more likely to be aroused, as it involves an expression of the individual’s understanding of the self; that is, the individual’s disinterested interest is heightened because the perceived deficiency is understood as bearing on one’s self-conception. Thus individuals are more likely to act generously on their own initiative, and by so doing will increase their own personal development, especially when the philanthropic gift is not compelled but instead springs from free choice (see Humbold: 1993 [1792], 23, 36). What is particularly intriguing
about this development of the character of the philanthropist is that it indicates an expansion of the understanding of the self such that the generosity is for the benefit of others to whom one understands oneself as being in some way related (for example, future attendees of "your" university).

Furthermore, it is likely that the interest or goal served by the philanthropic activity within such a delimited but potentially expansive sphere of sympathy will most likely be more efficacious precisely because it is undertaken by the individual within his or her own local situation, where, as Hayek noted, "the information which only the individual possesses will be used only to the extent to which he himself can use it in his own decisions as he works upon the particular task he has undertaken in the conditions in which he finds himself" (1988, 77). Hayek's observation here about the nature of the information provided by the extended order of the market applies equally to the disinterested interest of philanthropic activity whenever these actions are not warped by a centralized authority controlling the development of information. It is thus not the least bit surprising that there is a great deal of evidence showing that philanthropy achieves greater success when it is able to draw upon the active engagement of the philanthropist and his or her immediate environs, specifically the generosity of neighborliness, the latter subject to variation (see Godbout 1998, 73, 58-61).

Conclusion

Much is at stake here, far beyond the concerns of Hayek, requiring a broader appreciation of what philanthropy indicates about the capacity of the human mind. Insofar as civility—the virtue of the citizen—requires disinterested interest in what is right not for the direct benefit of the individual but for the country, the generosity of philanthropy achieves significance far beyond that of charity. After all, to allow freedom of speech and freedom of association is to be extraordinarily philanthropic, because to do so is in principle to tolerate what one may not approve of out of fidelity to the appreciation and cultivation of what it means to be human. Given this significance, one cannot be indifferent to the cultivation of a generous character.

In this context, Hayek's observation about the necessity of decentralized and local knowledge (and the spontaneous activity that it implies) for the development of the information of an efficient market must be broadened beyond consideration of the threat that centralized planning poses to such efficiency. As Humboldt noted, "as each individual abandons himself to the solicitous aid of the state, so, and still more, he abandons to it the fate of his fellow-citizens. This weakens sympathy and renders mutual assistance inactive" (1993 [1792], 21), thereby undermining not only civil engagement but also important aspects of what it means to be human.

All well and good, as the sphere for our sympathy and its attendant generosity is cultivated and expanded beyond family and neighborhood to encompass one's own nation; still, it is your country. Thus a further conundrum of modern philanthropy remains to be addressed: generosity to strangers. Clearly the sympathy shown to strangers is less than that shown to those encompassed, however tenuously and variously, by one's understanding of the self, irrespective of how expansive the latter can become. And yet gifts are made to strangers. No doubt the generosity to strangers has been fostered by the monotheistic religions, but let us turn this obvious observation upside down by assuming that the imaginative capacity of the mind to transcend the interest of the self is what makes this limitless sympathy possible. We can then conclude that it is possible to have an interest in acting disinterestedly.

REFERENCES


