

Ethics and Values
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Lecture – 6
Society's Interests versus Self-interests

Hello everyone! In this lecture we will be dealing with the issue of social interest versus self-interest. The self-interest vs. social-interest debate began with Adam Smith over 200 years ago and is one of the primary arguments made in favour of capitalism vs. other types of economies.

Let us try to understand self-interest. Self-interest can be both a psychological and economic term. In general, it refers to individual actions and behaviors that provoke positive personal benefits. Throughout the years, economists have studied self-interest and the behaviors of rational self-interest to help develop theories and assumptions for the economy. Though, the economist Adam Smith was primarily the first person to study self-interest in economics, leading to his Invisible Hand Theory. He explored the economic effects of self-interest and rational self-interest in his popular book, *The Wealth of Nations*. Smith found that self-interest and rational self-interest were powerful motivators of economic activity. The Invisible Hand Theory suggests that when entities make economic decisions in a free market economy based on their own self-interest and rational self-interests, it manifests unintended, positive benefits for the economy at large.

In a market economy, individuals and businesses own most of the resources available like labor, land, and capital and use voluntary decisions, made in their own self-interest, to achieve the greatest personal benefit from marketplace activities and transactions. In this type of system, the government plays a small role, and the economy is shaped by two forces: self-interest and competition.

Adam Smith argued that self-interest was of utmost importance as a motivator for economic activity. Self-interest and competition dominate capitalist economies where goods and services are exchanged freely. These forces drive the supply and demand for goods and services as well as the value of goods and services. They can also lead to innovation.

Now, let us come back to the meaning of self-interest, which generally refers to a focus on the needs or desires of the self. The causes for strong adherence towards self-interest can be many, like the social status of an individual, their desires, ambitions and determination towards seeking wealth etc. Even the social changes that they experience along with the opportunities available for them can also become a strong factor in influencing someone to look upon their self-interest. So, self-interest is when individuals make decisions that are in their own best interest. Like when you decide to get up in the morning to go to work and make money, or when you pay the grocery store for food that you would like to eat. Other examples of self-interest include trying to win at sports (for example coming first in a race) or eating the food that is on your plate rather than sharing it.

Now, we need to understand the meaning of social interest. It is a capacity inherent in all human beings or we can say it is an individual's awareness of belonging in the human community. Social interest is when choices are made that benefit society as a whole. For example, you could choose to accept a higher salary at work, or you could choose to give that additional money to somebody else in the form of charity. Another example would be, like if you have excess food at your home or in your hostel mess or may be in any function, instead of wasting them and throwing them in dustbin, you can take the food that you want or you can share the food. In this way you avoid wastage of food which is again a small yet a powerful help that you can do to ensure food security.

Before we go forward, tell me in which book did Adam Smith propose the invisible hand theory?

- a) The Theory of Moral Sentiments
- b) The Wealth of Nations
- c) An Enquiry into the Nature and Causes of Wealth of Nations

If you have a good memory, then you might have identified the answer which option C, The wealth of nations, first published in 1776.

Now, is it possible to link social and self-interest? In a way we can. The process is hidden in the concept of invisible hand proposed by Adam Smith. Under certain circumstances, social interest can also be attained when individual decision makers act in their own self-interest.

Generally, when individuals act in their self-interest, they go to work and buy things because it makes them happy. But by working and purchasing things, they are also contributing to society and the social interest. For example, the grocery store employee goes to work to earn money but in the process of working they are able to serve the customers to make sure they get the food they need for their family. Also, think about the creators of Facebook who acted in their own self-interest creating it for profit. However, in the process of creating the new platform, we all benefited from the increased networking and communication with friends. Therefore, individuals acting in self-interest can lead to optimal social interest outcomes.

We also need to understand, that sometimes this philosophy on self-interest leading to social interest may fail. We can see people refusing to vaccinations, may be due to their religious or psychological reasons, which may lead to serious repercussions, and even unchecked pollution controls can cause harmful effects for the nature and the people as a whole. Also, we can see autocratic governments or business corporations turned out into monopolies can become threat for social interest.

I would end this lecture by leaving you people with a small thought to think. Do you think success and money at the expense of other's pain and suffering would lead to happiness? Think about it. In the next class, we will understand the importance of personal social responsibility and what does it mean.

Thank you and have an insightful day.