



# Impure altruism and impure selfishness

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## Abstract

*Altruism* refers to a willingness to benefit others, even at one's own expense. In contrast, *selfishness* refers to prioritizing one's own interests with no consideration for others. However, even if an agent is selfish, he might nevertheless act as if he were altruistic out of selfish concerns triggered when his action is observed; that is, he might seek to feel *pride* in acting altruistically and to avoid the *shame* of acting selfishly. We call such behavior *impurely altruistic*. Alternatively, even if an agent is altruistic, he might nevertheless give in to the *temptation* to act selfishly. We call such behavior *impurely selfish*. This paper axiomatizes a model that distinguishes altruism from impure altruism and selfishness from impure selfishness. In the model, unique real numbers separately capture altruism and the other forces of pride, shame, and the temptation to act selfishly. We show that the model can describe recent experiments on dictator games with an exit option. In addition, we describe an empirical puzzle that government spending only partially crowds out consumers' donations, contrary to the prediction based on standard consumer theory.

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## 1. Introduction

*Altruism* refers to a willingness to benefit others, even at one's own expense. *Selfishness*, the opposite of altruism, refers to prioritizing one's own interests, with a concomitant lack of consideration for others. While these definitions may seem clear, it is difficult to detect from an agent's actions alone whether he is truly altruistic or selfish.

Even if an agent is indifferent to the welfare of others and therefore selfish by definition, he might nevertheless act as if he were truly altruistic (i.e., act to benefit others) out of selfish concerns triggered when his action is observed; that is, he might seek to feel *pride* in having acted altruistically or to avoid the *shame* of having acted selfishly.

In contrast to pure altruism, we say that an agent exhibits *impure altruism* if he chooses an action that benefits others in order to feel pride in acting altruistically and to avoid the shame of acting selfishly. (In this paper, the terms *altruism* and *pure altruism* will be used interchangeably, as will the terms *selfishness* and *pure selfishness*.)

On the other hand, even if an agent is willing to benefit others and is therefore by definition altruistic, he might nevertheless give in to the *temptation* to act selfishly. In contrast to pure selfishness, we say that an agent exhibits *impure selfishness* if the temptation to act selfishly motivates him to depart from his tendency to act altruistically.<sup>2</sup> An agent can exhibit impure selfishness, especially when an immediate payoff is at stake.<sup>3</sup>

Moreover, these three forces – pride, shame, and the temptation to act selfishly – could interact in conflicting ways in affecting an agent's actions.<sup>4</sup> For example, an agent could behave impurely altruistically even if he feels a temptation to act selfishly, when his desire to avoid the shame has overwhelmed the temptation. Conversely, an agent could behave impurely selfishly even if he knows that he will feel shame at doing so, when the temptation has overwhelmed such shame.

In the axiomatic literature on preferences over menus temptation and shame have been studied separately: Gul and Pesendorfer (2001) have proposed a model of temptation; Dillenberger and Sadowski (2012) have proposed a model of shame. In an independent project, Evren and Minardi (2014) study warm glow, which is a similar phenomenon to pride. Moreover, in the latter two works, the parameters capturing the psychological effects are not uniquely identified.

<sup>2</sup> Of course, such an agent could also be said to exhibit *impure altruism*, since his altruistic tendencies could be seen as rendered “impure” whenever he gives in to the temptation to act selfishly. However, we feel that the term *impure altruism* is more suitable for the selfish person who acts altruistically when motivated by his inherent selfishness. As a result, we use the term *impure selfishness* for the opposite situation, namely, a typically altruistic agent who sometimes gives in to the temptation to act selfishly.

<sup>3</sup> Indeed, Noor and Ren (2011) found that in their experiments the average donation from dictators to receivers has significantly decreased when the timing of the payment to the subjects is changed from one month later to immediately after the dictators' choices.

<sup>4</sup> Throughout this paper, when we use the terms, pride in acting altruistically, shame of acting selfishly, and the temptation to act selfishly, we are referring to individual acts of an agent, and *not* to an agent's personality or general tendencies. For example, if we say that an agent seeks to “feel pride in acting altruistically,” that description will refer to the pride in one particular altruistic act, rather than to the agent's typical or habitual behavior.

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