

SELF-INTEREST

(Rightly Understood)

in the Nonprofit Sector

by Ruth McCambridge

THERE ARE ANY NUMBER OF GENERALIZATIONS about the “nonprofit sector” that obscure some important purposes and parts and emphasize others. When this occurs, it can create false narratives regarding what these organizations are about and how they must function—and that obscures a larger range of available nuances about, and options for, the sector’s work.

One of the most important purposes of this sector is embodied in groups that organize themselves around their own collective interests. Do conflicts of interest have to be attended to differently in these kinds of groups? On the one hand, in these groups it is expected that you bring self-interest to the table, and on the other, you still must guard against putting your interests first.

The concept of the role of self-interest in the life of nonprofits is one of those aspects that has bowed to what is essentially a colonialist mentality, in that the default image for defining the sector in broad-brush terms is that of a selfless devotion to (and benevolent control over) the interests of others. This is an image that derives from a charitable rather than a self-organizing/

mutual-assistance mind-set, and these are two very different propositions—one assuming a doing *for* and the other incorporating a doing *with*.

In the first, the concept of enlightened self-interest may, in the best of cases, apply—in that we may believe that attending to the needs of others, both in terms of goods and of rights, enriches our own lives and keeps our own lives and communities safe and sustainable. But in a substantial part of this sector that is based on self-help, self-representation, and self-determination—and where the affected communities of interest are themselves in control—the work of the organization is being done in the context of other actors who have like realities. These powerful groups abound in the sector, but we don’t make some of the distinctions about them that are necessary for understanding their roles in changing or maintaining/exacerbating the status quo.

A useful reframing comes from a phrase coined by Alexis de Tocqueville: “self-interest rightly understood.”¹ The economist Joseph Stiglitz also referenced this notion, in a 2011 article in *Vanity Fair* on wealth inequality.² Stiglitz observed that Tocqueville “once described what he saw as a chief part of the peculiar genius

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of American society—something he called ‘self-interest properly [*sic*] understood.’”³

The last two words were the key. Everyone possesses self-interest in a narrow sense: I want what's good for me right now! Self-interest “properly understood” is different. It means appreciating that paying attention to everyone else's self-interest—in other words, the common welfare—is in fact a precondition for one's own ultimate well-being. Tocqueville was not suggesting that there was anything noble or idealistic about this outlook—in fact, he was suggesting the opposite. It was a mark of American pragmatism. Those canny Americans understood a basic fact: looking out for the other guy isn't just good for the soul—it's good for business.⁴

Tocqueville was not unrealistically optimistic on this point, as he was also one of the first people to reference “individualism” as a regrettable temptation for free people in democracies to focus inward and ignore the affairs of others:

I am trying to imagine under what novel features despotism may appear in the world. In the first place, I see an innumerable multitude of men, alike and equal, constantly circling around in pursuit of the petty and banal pleasures with which they glut their souls. Each one of them, withdrawn into himself, is almost unaware of the fate of the rest. Mankind, for him, consists in his children and his personal friends. As for the rest of his fellow citizens, they are near enough, but he does not notice them. He touches them but feels nothing. He exists in and for himself [. . .]⁵

To his credit (and warming the cockles of nonprofit hearts ever since), Tocqueville saw voluntary associations and local government as effective connecting points that could countervail the isolating aspects of individualism.

The success of these organizations regularly combines some aspects of public and private benefits. We acknowledge that some measure of self-interest in the sector is undeniable, and we

need to appreciate that the handling of one's own self-interest varies depending on where one sits in social and economic pyramids. As Stiglitz noted in that same article, inequality distorts everything—including the notion of collective action for the public good. In some cases, the actual public-good element is highly questionable.

In other words, when one joins industry heads to advance the self-interests of those corporations (and your own salary prospect, to be sure), this has a very different social function than if one throws in with a group of other immigrants organizing for a higher minimum wage. There is an intrinsic moral question in groups that organize in their own self-interests—while claiming public-benefit status—when their own interests already dominate.

Nonprofit organizations are not businesses formed solely for private benefit, but the extent to which they advance a purely public interest can be seen across a continuum of public and private benefit. The U.S. tax treatment of nonprofits differentiates along this public/private continuum, giving most-favored tax status to purely charitable activities, and lesser preferences to country clubs, homeowner associations, and business leagues.

Groups made up of those who have been socially, economically, and politically marginalized have a very different set of requirements for managing self-interest than do other groups—but the same obligation not to put benefit to self above the group exists in both cases.

In these groups, the principle of managing self-interest might be stated as advocating for and seeing to one's own self-interest, but in a way that does not put it ahead of others in similar circumstances. Thus, for a Head Start parent, this might require the parent to remain self-aware of his or her ability to listen to other parents and advocate in a balanced way for the priority interests of the whole group. This is a big responsibility for an advocate who may be suffering from trauma related to the situation being addressed—but anyone who has been involved with such groups understands the strength that emerges from the disciplines of this work.

One well-known example of the exercise of such disciplines can be observed in twelve-step

programs, which use sets of principles and ground rules to guide behavior. Simple rules like “no cross talk” and requirements for active service create shared platforms of understanding and energy for participants’ difficult work together. But in those groups there is an explicit expectation that the interests of each participant are served by the integrity of the groups’ attendance to common interests and ability to disentangle the single interest from the shared.

Thus, there is a “real politic” in self-organizing that must always be addressed through agreed-upon rule and ritual—but this real politic is the soul of democracy, which requires a balancing of self against collective interest in the best of all possible worlds. So, there is an argument to be made that these are the groups that are the civil society wing of the nonprofit sector and a good part of where we should base our future prospects.

That said, going back to our well-justified admonishments about individuals taking care not to place their own interests above those of others in a nonprofit setting, it always applies; but

self-interest in self-advocacy and in self-help organizing is part of what gives such work power and focus and the democratic disciplines for which we should all strive.

NOTES

1. Alexis de Tocqueville, “How the Americans Combat Individualism by the Principle of Self-Interest Rightly Understood,” in *Democracy in America*, ed. J. P. Mayer, trans. George Lawrence, vol. II (New York: Harper & Row, 1988).
2. Joseph E. Stiglitz, “Of the 1%, by the 1%, for the 1%,” *Vanity Fair*, March 31, 2011, www.vanityfair.com/news/2011/05/top-one-percent-201105.
3. Ibid.
4. Ibid.
5. Alexis de Tocqueville “What Sort of Despotism Democratic Nations Have to Fear,” in *Democracy in America*, 691–2.

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