

# Are greed and incentives related?

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## **Are Greed and Incentives Related?**

### **Arkansas State University Mountain Home**

Greed and incentives are related and share so many similarities, but they also have so many differences. Greed and incentives both are used every day in the world of economics by economist for personal gain. When shopping you often don't think as the store owner being greedy, but does that store owner care if you really need that object? Not really, but he or she is going to make it attractive enough that you spend your money on it even if it is completely unnecessary to your life. Many people think that being greedy is a bad thing, but is it really?

Incentives are used in everyday life from when a person is young, for example at school the kids often get incentives for doing good deeds or getting passing grades. Incentives are always making new jobs for people. Incentives look good to the person receiving the reward but in comparison to the other person's gain is it really that good? Are incentives really as efficient as many think they are? When an business owner is learning the rules of the trade often times they are taught to be greedy and use incentives to gain something in their business and enhance their marketing skills without the

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knowledge of them using these things. Simply because they help develop and keep a business running smoothly. “ We address ourselves, not to their humanity but to their self-love, and never talk to them of our necessities but of their advantages” (Buchanan).

Greed is the desire a person has for wealth or power without thinking of others. The person thinks what they can do for personal gain. Meanwhile, incentives are things or rewards given to receive something in return to enhance the wealth, wellbeing of the business, or the quality of the work. Some examples of how greed and incentives are the same are that both have an end goal of getting something for personal gain. Even though incentives are giving something to get something in return it is also like greed in the matter that they are both manipulating a person to do something that they normally would not do. Even though these things have similarities they also have differences.

Greed usually only benefits one person. Incentives is benefiting all that is involved because it is giving something to earn something back in return. Believe it or not greed is more likely to work than incentives. “ We are more likely to pass on negative actions than on positive ones.”(Nuwer)The Quote, “ It is not from the benevolence of the butcher, the brewer, or the baker that we expect our dinner, but from their regard to their own interest” by Adam Smith was discussed by him in his book, Wealth of Nations (Buchanan). Human nature of those living in 1776 are much like those living in the world today.

Everyone wants to benefit themselves with no cares of whether it hurts or helps someone else. “ Smith claimed that free trade among the members of a society inevitably leads to an outcome that is good for the society as a whole, even though each individual pursues only his own selfish gain” (Buchanan). In other words, asked the question, “ Would mankind still be stuck in the stone age if we did not have incentives provided by profits?” The answer would be no. Incentives have made it easier for a person to want to find new things but even without incentives people are always looking for changes or new things to improve for nothing more than personal gain.

We moved out of the stone age by new advancements. Those new advancements were for only the person that established them to use to gain things in their own favor. Acting in one’s self-interest is different from being greedy. When acting of greed, a person is acting without consideration of others with nothing but a goal of personal gain in some matter.

Meanwhile, self-interest is not only things that go against others. Self-interest is not necessarily something that you get personal gain from. “ Every time you take a breath, eat a meal, brush your teeth, you act in your self-interest” (Goldman Sachs). Acting in one’s self interest is a very good thing. We have to do these things in everyday life to survive. Greed is also a good thing. Not everyone thinks that greed is a good thing because it is very selfish, but it does have benefits. “ Without greed, a person, a community, or society may lack the motivation to build or achieve, move or change- and may also be rendered more vulnerable to the greed of others” (Is Greed Good?).

Additionally, Greed is promoted by incentives. Incentives is just a nicer way for a person to accomplish personal gains. Incentives give a reward to a person it gets something from them that the person giving the reward is actually getting the greater gain. In conclusion, Greed and Incentives are related in many ways. Incentives and greed are two different ways to gain personal wealth or power. Economist use both greed and incentives every day. Greed is not caring about the gain of the other person just the personal gain in the situation. While Incentives is when a person is given a reward or something in that nature by doing something for someone else to use as personal gain.

These two things are used to improve and change not only a single person's life but a whole community or even the views of the whole world. Things like greed and incentives are what got us to the point in life we are at today. How do you think people went from riding in horse and buggies to driving cars or from making their own clothes to buying them in stores? Was it because one day everyone woke up and there where cars and stores? No, it was because someone decided to find a way to make things easier. Not so Becky down the road could stop sewing but because whoever discovered the idea could stop sewing or start making money by doing it. Everything most people do is to achieve personal gains not to just be a hobby for that person.

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