

A Question of Ethics

Can the Golden Rule Be Applied to Any Situation?

The Golden Rule has been touted as being a simplified code of moral conduct or ethical base that can be applied to any situation. It is easy enough to apply when we are talking about not harming another person. "Do unto others as you would have them do unto you." I won't strike you because I wouldn't want anyone to strike me. There is an obvious direct connection between the parties. When speaking of equals, there is even an element of mutual deterrent. The Golden Rule is, however, more about doing the right thing rather than worrying about retaliation. There are other situations that are a little more subtle.

Baseball fans may wonder if the Golden Rule could apply to the drug scandals that have roiled the sport in recent years. When a baseball player bulks up his muscles by using drugs, where is the connection to someone else? Is this a so-called victimless crime? Even here, the Golden Rule works, as those taking the drugs hope to gain an advantage over their fellow competitors. To the extent that the use of these drugs is banned, the advantage becomes an unfair one; it is inconsistent with the Golden Rule.

Suppose the harm is instead directed at an animal or to the environment? Or directed to something that can not "do unto you." What about promoting dog fighting? As long as "others" means animals also, it works. What about dumping toxic waste in a landfill rather than paying higher disposal fees to handle it properly? Dumping the waste in an unapproved place saves the dumper some money and thereby gives him an unfair advantage over a competitor. It also may harm others in the future by releasing these materials into the environment. While a bit more abstract, the Golden Rule applies even here.



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Most of us have heard of one or more mutant or deviant versions of the Golden Rule. These are the "not-so-golden" rules. "Do unto others before they do unto you" is one. I have yet to meet anyone who doesn't practice this rule at least occasionally. Fortunately most practitioners have at least some remorse.

Another mutation is, "They who have the gold, rule." Being wealthy enables some to use their own rules to further their ends to the detriment of others.

I am aware of someone who has taken this to a very high level. Her business involved providing high-cost but low-value products to those who could just barely afford them. Legitimate and non-legitimate consumer complaints were always handled the same way: if you don't like it, sue me. Most, lacking the resources to fight in the courts, went away. The truly unlucky tried to fight in the courts, but with her battery of lawyers, they always succumbed after much pain, effort and money.

So it went for years. The body count was staggering until one day she ran into someone with more resources who decided to fight back. The person in question was actually one of her suppliers. The supplier was aware of her predatory practices, and while it felt that it was too moral to operate the same way, it couldn't end the relationship. It was, after all, profitable—at least until it, too, became a victim.

A commercial dispute arose over a large sum of money. Any objective observer would quickly discern that the supplier was in the right. The supplier had watched her battle consumers for years. It knew that if it prevailed in a legal battle, most of the money would go to its lawyers, but fight it did. The supplier won, or rather its lawyers did. The lawyers received 85 percent of the proceeds. The supplier fought because it was "the right thing to do."

When you live by the creed that "they who have the gold, rule," you run the risk of having someone with more resources than you decide to fight back. The schoolyard bully had met someone she couldn't outmuscle, someone she couldn't take unfair advantage of; someone with more gold.

When one thinks of those who have the gold, banks may come to mind. A couple of years ago, my graduate student daughter called from California. She was tired of paying rent and wanted to discuss buying a home. Home prices were rising very fast at that time. She wanted to get in on the housing boom.

The stipend that she received from the school was enough for a graduate student to survive on, but nothing more. After rent and food, there was no money left. Nothing, zilch, zero. I avoided my first instinct. I didn't tell her that this was one of the most ridiculous things that I had ever heard. Perhaps there was a more

subtle way to accomplish the desired end. "Why not speak to a banker out there?" I suggested to her.

Naively, I thought that a bank was the ultimate in having gold and making rules—rules that would protect both the bank and my daughter. After all, she had no job and no income. Certainly they would let her down easily.

Instead, they qualified her for a very large mortgage based upon her "excellent credit." I then had to do my fatherly duty and explain that this was not in her best interest. The risks were too high.

Upon reflection, I was surprised at the answer that she received from the bank. Did it make a mistake? Was there more to the story? Now, after the credit collapse, it becomes obvious; the bank was looking to collect a fee on the mortgage and then pass it along to some other financial entity. The bank wouldn't be taking any risk, just collecting a fee. The advice given to my daughter was entirely self-serving. The banker had to know that this was not in the best interest of my daughter or in the entity that would be assuming the mortgage. Its behavior was in keeping with the "I have the gold, I rule." And by the way, I want more gold even if the way to get it is my giving not only self-serving advice, but advice to someone who will probably be harmed by it.

A friend tells of another case of "they who have the gold, rule." Most companies have very strict limits on gifts that employees can receive in the course of their duties from outside sources. What about donations to third parties? What if the donation goes to a charity or to a political cause? One that is very important to a person in a powerful position? This can be very difficult or impossible to police, yet it can buy an unfair advantage.

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As an example of this, "Alice" does a substantial amount of business with one vendor. Alice could get a better product with a lower cost from other vendors. From a personal standpoint, the vendor is at best difficult to deal with. The vendor has a personal relationship with the CEO of her company. The CEO does a lot of charity work. He hosts two or more gala events each year. The vendor is always solicited to purchase at least one table at these events. He is only too happy to do so; after all, it is "for charity." It also gives him very high visibility with the CEO.

Alice's boss would like some flexibility choosing the vendors with whom Alice deals. This should be easy enough to accomplish. There are plenty of eager vendors who would provide better value. Understanding what is going on here, her boss has asked that the vendor no longer be solicited; but to no avail. He has become a "personal friend" of the CEO. Whenever there is any hint of dissatisfaction, the vendor drops in to see his friend the CEO. Alice has gotten the not-so-subtle message. The vendor ends up with an unfair advantage over other less well-connected vendors. The charity receives money it wouldn't have otherwise received—but where did the money come from?

Ultimately, the money is coming out of the pockets of the unwitting shareholders. Indirectly, they are making donations to charities without their consent. It's not the most egregious sin and not the only one. The vendor is also taking care of himself. The vendor used his financial leverage with the CEO. His rules (you will put up with my shoddy service

and higher prices) have made him a lot of gold.

The CEO gets the prestige and warm feelings that come with doing good deeds. Alice and her boss have a sense of frustration. They would like to do their job to the best of their abilities, but they are stymied. The CEO may not know the extent of the problems caused by the charitable contribution being made by the vendor.

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