



The Golden Rule and Financial Service Professionals

A Rule for All Seasons

Most financial service professionals, when asked what is involved in acting ethically, will respond that it involves following the Golden Rule: Do unto others as you would have them do unto you.

The CLU pledge of The American College offers a form of the Golden Rule:

“In all my professional relationships, I pledge myself to the following rule of ethical conduct: I shall, in light of all conditions surrounding those I serve, which I shall make every conscientious effort to ascertain and understand, render that service which in the same circumstances I would apply to myself.”

The Society of Financial Service Professionals has a Code of Ethics, “the purpose of which is to give further force to the Pledge taken by all holders of the CLU and ChFC designations.” Guide 1.1 of the Code insists that “[a] member shall provide advice and service which are in the client’s best interest.” Both the CLU Pledge and the Society’s mandates can be reduced to the Golden Rule.

What is more, the Golden Rule is a universal ethical norm, utilized by most, if not all, the major religions of the earth. Consider the following six versions.

1. Good people proceed while considering that what is best for others is best for themselves. (Hitopadesa, Hinduism)
2. Thou shalt regard thy neighbor as thyself. (Leviticus 19:18, Judaism)
3. All things whatsoever ye would that men should do to you, do ye even so to them. (Matthew 7:12, Christianity)
4. Hurt not others with that which

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pains yourself. (Udanavarga 5:18, Buddhism)

5. What you do not want done to yourself, do not do to others. (Analects 15:23, Confucianism)

6. No one of you is a believer until he loves for his brother what he loves for himself. (Traditions, Islam)

Now why is it that the Golden Rule is the cornerstone of all the major religious ethics of the world as well as the cornerstone of the moral and ethical demands of the Society of Financial Service Professionals? Simply because it captures the essence of what morality and ethics are about. Morality and ethics involve society’s ethos and mores — the way people do things and the rules, expressed or understood, they use to govern themselves. No society can survive without such mores and rules, so no society is without some code of ethics. Morality is a social institution (or God-given set of laws) that sets the rules of right and wrong.

Morality Helps People Get Along

What is crucial to keep in mind, though, is what purpose morality and ethics serve in a society. Society uses morality to help people get along. In a world of one person, like the world of Robinson Crusoe, before Friday came along, there would be no need for morality or ethics. But in a world of two or more people, relationships develop and goods are sometimes scarce while burdens need to be dis-

tributed. If there is a dispute or disagreement about how that scarcity should be resolved or the distribution should take place, the disagreement needs to be resolved. How is that resolution to be carried out? That’s where ethics and morality come in. The function of morality or ethics is to rationally adjudicate disputes so that societal relationships can endure.

A little reflection tells us there are two main ways of adjudicating disputes: the use of force or the use of reason. We can resolve disputes by the use of force, but if we do, we ignore ethics and side with those who hold that might makes right. How many times have you heard the cynical golden rule: He who has the gold, makes the rules. We certainly can use power, in the form of a gun, a fist, a bribe or a threat, to adjudicate a dispute. But the use of force destroys relationships, and enduring relationships — a requisite for a life of any sort of value — become impossible.

As opposed to force, the use of reason allows human beings to determine what is just and fair — what everyone is due. Animals other than human beings depend on instinct to determine what to do. For example, the male penguin does not negotiate with the female to tend the penguin eggs. Such behavior is inbred in the penguin’s nature. But human beings go beyond the natural to art which perfects nature. They adjust the environment to fit their needs. Hence, they are capable of developing ways to rationally adjudicate disputes — in short, they are capable of developing an ethic.

And what is the most rational way to adjudicate a dispute? The Golden Rule. Since others are like you, what is the best way to treat them? Assuming you treat yourself well, treat them as you would be treated. This is the essence of fairness and the basis of professionalism, and fairness is the basis of ethics.

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Treat Others As You Would Be Treated — and What That Means

However, citing the Golden Rule to resolve ethical disputes, is not always sufficient. Sometimes rather complex questions remain. For example, if I am to treat others as myself, how am I to treat myself? Some people treat themselves miserably, doing themselves much damage. What's involved in treating yourself well? When dealing with the Golden Rule, I jokingly ask my students the following: What if a masochist were applying the Golden Rule? What does the Golden Rule demand concretely? Everyone can agree on the general formula, but there is much disagreement about how it is carried out in practice.

We can recommend following the Golden Rule, but that only works out well if the people to whom we recommend it have a healthy self-interest and an appropriate view of what is good for themselves. Many people conceive of what is good for themselves in terms of self-fulfillment. But what does that mean? What counts as self-fulfillment?

One way to look at self-fulfillment is to think of it as realizing our values. If we value a happy family life, we would be fulfilled if we achieved that goal. If we value a comfortable standard of living, we would be fulfilled if we achieved that. Try to engage in a values clarification exercise: pick out ten things you cherish and value most. What are they? If you try to determine where you want to be, what you want to have, and what you want to be doing in 10 years, 20 years, 30 years, or more, what would your list look like? What sorts of things do you think are valuable and good for you? What sorts of things do you think will fulfill you? Money? Position? Power? Prestige? Are those enough? Are the things you value really valuable? Will the things you think will fulfill you really fulfill you? These are hard questions.

To figure out how we should treat others, we need to figure out how we need to be treated. We need some self-analysis. Philosophers such as Socrates insisted that one of the main tasks for human beings was to "know thyself." At the temple at Delphi, over the doorpost were inscribed the Greek words, *gnoscite se ipsum* (know thyself). But knowing oneself, in spite of what we may think, is a hard thing to do. One reason it is hard is that there are several different aspects of "you" to examine. There is you the financial services adviser, you the friend, you the spouse or significant other, you the neighbor, you the citizen, and perhaps you the parent or mentor. There is you the little child trapped in an adult body. There is you the hard-core adult putting behind the childish things. There is also the you that others see. There is the obvious tug between you the professional and you the family person, not to mention you the friend.

The Client's Perspective — And How Agents Add Value (and Fulfillment)

If all of the aforementioned is true, "Do unto others as you would have them do unto you," while sounding great, can only serve as an initial guide. We have to think more deeply about ethical issues. To begin, what you value might not be what your clients value. Someone suggested, that instead of the Golden Rule, we adopt the "Platinum Rule": Do unto others what they want done unto them. If that's the case, we need to determine what would be good for you if you were in your client's situation. What is that situation? What are those dreams and aspirations, and what if you had their dreams and aspirations?

Next, what if the client values what is not good for them? Clearly, there are times when we and others want or value things that are harmful for us. Consider the difficulties in estate planning with clients having de-

mentia. What they value is, at times, clearly not what is good for them.

Agents often talk about "value added," the extra value they bring to a product. It may be that the agents who bring extra value bring a notion of what will really contribute to the fulfillment of their clients. Those predicting the demise of the agent system in the face of the popularity of the use of the Internet fail to realize that the Internet falls short in dealing with a client, where an objective appraisal of the client's needs is required. If every man is his own worst adviser, then it only takes a little creative marketing to show people that they would be well served, at least in some cases, by having a financial services adviser.

I have friends who insist on doing their own income taxes. One by one they slowly come to realize that they need professional help, not so much because professionals have all the answers, but because professionals can help them analyze where they are and where they need to go. Professionals can help them clarify what they need to achieve fulfillment.

If agents can help their clients sort through the maze of their wishes, wants, desires, and aspirations, they can probably help them reach further up the scale of their own self-fulfillment. One of our most important obligations as professionals is to find out what our clients *truly* need, as far as this is possible. Then we can fulfill our obligation — to treat clients as we would want to be treated if we had the same needs. **J**

(I/R Code No. 2550.00)

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This issue of the Journal went to press in June 1999.