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The Golden Rule of Benevolence versus the Silver Rule of Reciprocity

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The Golden Rule of Benevolence versus the Silver Rule of Reciprocity

Cover Page Footnote

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INTRODUCTION

The Golden Rule is a part of the Sermon on the Mount, which is a central text in the Christian faith. It states: “Do unto others as you would have them do unto you”. There are similar instructions in many other cultures.¹ Despite receiving high respect and wide popularity, the rule raises critical questions. What is the recommendation more exactly, and is it good advice? The influence on business ethics and company behavior is of special interest. Those are the issues of this article.

The treatment will be a secular analysis taking the Golden Rule seriously. The term “secular” implies not assuming that the rule is justified by the authority of a divine being and therefore above human reason. The term “seriously” implies that the message is to be seen as a statement of substance that can be judged either right or wrong, not a metaphorical statement that should be interpreted as a picture whose message is in the eyes of the beholder. A judgment to be supported later in the article holds that the Golden Rule is most influential and has great relevance also for individuals and for organizations in relatively secularized societies.

THE LOGIC OF THE RULE

One reason for the popularity of the rule is that it is partly misunderstood. At first glance, the rule seems mainly to state that you should yourself act according to rules. This is sometimes called “the self-exception taboo.”² From Hobbesian, Kantian and utilitarian perspectives, it is wrong to ordain a rule for others while not for yourself. A second interpretation is a promotion of empathy. From the perspective of the other, your behavior is monitored and judged. This also seems to be good advice. A third interpretation is that there is a reciprocal spirit.

However, the message becomes much more distinct and quite deviant when it is seen in context. A longer quotation is needed as a basis for discussion and, to increase readability, the main one is taken from a rather modern edition of St. Luke³ whereas the Golden Rule itself is kept in a more classical wording, generally used in ethical discussion.⁴ In the modern edition of the Bible, the relevant formulations are: “And as you wish that men would

¹ Jeffrey Wattles, *The Golden Rule* (New York: Oxford University Press, 1996) and Howard Terry, “Golden rules and silver rules of Humanity” (Concord, MA: Infinite Publishing, 2011).

² Stephen Holmes, *The Anatomy of Antiliberalism* (Cambridge, MA: Harvard University Press, 1993), 137.

³ Holy Bible. 1953. Revised Standard Version. New York: Thomas Nelson & Sons,

⁴ Amitai Etzioni, *The New Golden Rule* (New York: Basic Books, 1996). Manuel Velasquez, “Moral Reasoning,” in *The Blackwell Guide to Business Ethics*, ed. Norman Bowie (Oxford: Blackwell, 2002).

do to you, do so to them” and “So whatever you wish men do to you, do so to them.”⁵

But I say to you that hear, Love your enemies, do good to those who hate you, bless those who curse you, pray for those who abuse you. To him who strikes you on the cheek, offer the other also; and from him who takes away your cloak, do not withhold your coat as well. Give to every one who begs from you; and of him who takes away your goods, do not ask them again. *Do unto others as you would have them do unto you.* If you love those who love you, what credit is that to you? For even sinners love those that love them. And if you do good to those who do good to you, what credit is that to you? For even sinners do the same. And if you lend to those from whom you hope to receive, what credit is that to you? Even sinners lend to sinners, to receive as much again.⁶

As seen from the larger quote the context of the Golden Rule is an assertive altruistic argumentation for altruistic deeds and altruistic deeds only. The Golden Rule itself might give a reciprocal impression, but that is not in line with the content. The advice is to be altruistic and act according to the egoistic demands of the other. A very unbalanced relation is suggested with a clear disadvantage for the agent.

The general formula of reciprocity is that the Person A makes a first “move” (Deed 1), with a cost to herself (denoted C_{1A}) and a utility for Person B (U_{1B}). Person B performs a second move (Deed 2), which implies a cost for him of C_{2B} and a benefit for Person A of U_{2A} . Taken together, the two deeds are not supposed to give a zero sum, but a synergy that produces a net benefit for both. A qualification for a successful cooperation is that $U_{2A} - C_{1A} > 0$ and that $U_{1B} - C_{2B} > 0$. A successful cooperation can be expected to generate new similar interactions producing net benefits. If Person B fails to perform the reciprocal Deed 2, it is unlikely that Person A will perform another deed with a cost to herself and a benefit for B. However, altruistic ethics will encourage A to continue giving even if receiving nothing in return. Jesus is a proponent of altruism and he argues in a way that is most interesting to dwell upon.

The word “sinner” in the text invites deliberation, since it is used in a peculiar way. In ordinary language, the term might be reserved for a person shirking his debts, not a person offering a loan and later expecting a repayment. In this article, persons showing the first kind of behavior will be called “cheaters” and the second kind “reciprocals”. Jesus recommends a third kind of behavior. Persons who offer money as a gift will be called “altruists”. When Jesus attacks “sinners” the main targets are reciprocals, but he appears to be condemning cheaters, which is scarcely controversial. The Sermon on the Mount is a hostile attack on reciprocity. Most advocates of altruism concede reciprocity to be an important part of morality, but promote altruism as an extra step. Here reciprocity is denounced in a radical manner.

⁵ Luke 6:31 respectively Matthew 7:12.

⁶ Luke 6:27-6:34. Emphasis added.

There is incoherence in the argument of the Sermon on the Mount. The agent is asked to behave altruistically toward the cheater with the explanation that he himself is an egoist wanting favors without any obligation to return the favors. This appeal to egoistic preferences is puzzling. What kind of preference is assumed in the agent? To behave as if “good” because you are “bad” is not an impressive argument. The logical solution is to teach altruism to others and take advantage of their unselfish behavior, but confine yourself to selfish behavior and unselfish preaching. However, such a manipulative design can hardly be the intended message of Jesus. Apart from this split personality, the moral justification is missing. What is the moral imperative to act against one’s own self-interest for so weak a reason as to satisfy somebody else’s unjustified egoism?

The main alternative to altruism, also in the judgment of Jesus, is reciprocal behavior. Jack Hirschleifer⁷ used the term the “Silver Rule” and I will also use this term for developing a rival concept to the Golden Rule. The Tit-for-Tat rule tested in simulation experiments by Robert Axelrod⁸ can be seen as an operational version of the silver rule. The rule is tested against other rules of behavior in playing iterated Prisoner’s Dilemma, which is a game with possible synergy effect, not a zero-sum game. Tit-for-Tat stipulates that you contribute if the other contributes and do not exploit the other person by receiving and not contributing, but it also implies — contrary to the Golden Rule — not letting yourself be exploited by a one-sided contribution. This could be formulated: “do unto others as they do unto you”. Such a Silver Rule is constructive in rewarding cooperative behavior and not giving systematic advantages to cheaters.

A problem for cooperation is that of starting a series of mutually advantageous actions. There is a first-mover disadvantage, since the person making her contribution might become disappointed by the behavior of the other person. Morally reciprocal persons will not cheat on others who do them a favor, but they might be risk-averse and prefer to wait for others to make the first move. Without first movers there will be no cooperation. The Tit-for-Tat strategy therefore instructs us to “contribute” as a first move, and this solves the problem of how to act for a reciprocal person. Then, the first-move threshold does not stop cooperation.

In real-life situations, people must investigate whether there are any possible synergy effects, and they must evaluate the trustworthiness of potential partners. Central to the issue of the first move is to perform deeds that imply significant benefits for the receiver at modest costs for the giver. A farmer will reap great utility from contributions by his neighbors when a crop should be harvested in a short time and helping his neighbor at a later time that

⁷ Jack Hirschleifer, “The Expanding Domain of Economics,” *American Economic Review* 75, no. 6 (1985): 53-69.

⁸ Robert Axelrod, *The Evolution of Cooperation* (New York: Basic Books, 1984).

might carry a very low alternative cost. Such reciprocity of the same kind, but at different points in time, is labeled “homeomorphic reciprocity.”⁹ The possibilities to find synergies and cooperation increase if different kinds of help can be used in reciprocation, as heteromorphic reciprocity. By improving one’s own reputation for trustworthiness, others will be more inclined to take the leap of faith and make the first-move investment. But waiting for others to move first might be too passive; a Person C might appear and help B with his harvest, and then an interaction between the two of them eliminates the need of extra labor by Person A.

If Person B does not reciprocate the help received, neither A nor C will be interested in helping him with next year’s harvest. For more severely asocial behavior, withdrawing from further cooperation might not be sufficient, but the Silver Rule can also be applied as retribution. The Talion principle, *Lex talionis* in the Old Testament,¹⁰ can be seen as another formulation of the Silver Rule. The ordination of “eye for eye, tooth for tooth, hand for hand” is basically a stand against harder non-proportional punishment, like taking an eye as punishment for the damage of a tooth. The Talion principle is under attack from Jesus, not only in the Sermon on the Mount, but also on other occasions. One example recommending forgiveness instead of retribution is the advice to Peter to forgive and forgive again. Not even forgiving sins seven times is enough: Jesus ordains forgiving sins “seven times seventy.”¹¹ Can this function as a social rule? Is it socially constructive? Can it be personally rational?

Human interaction according to the Silver Rule is facilitated by empathy. Without the capacity to see a situation from the other person’s point of view, it is hard to find a cooperative solution to mutual benefit. The thought experiment of putting oneself in the other person’s shoes is a way to see the issue from another perspective. But the experiment becomes useless if you completely change into the other person.¹² A statement like “If I were the managing director M, I would not have fired P” collapses. If you were thinking and feeling like M and in M’s situation, you would have acted as M did. Therefore, you must keep some of your own standards when conducting such a thought experiment. It is one thing to understand Faust and his dilemma, another to confuse yourself with being Faust.

A problem with the Golden Rule is the advice of extreme sympathy with the egoist, instead of just empathy. The agent accepts the undisciplined egoism of the cheater, and then he allows sympathies for the other person to instruct his own behavior. The consequence of this behavior is not only

⁹ Alvin Gouldner, “The Norm of Reciprocity: A Preliminary Statement,” *American Sociological Review* 25, no 2 (1960): 161-178.

¹⁰ Exodus 21:24.

¹¹ Matthew 18:21-22.

¹² Kenneth Binmore, *Playing Fair – Game Theory and the Social Contract* (Cambridge, Massachusetts: The MIT Press, 1994).

ignoring one's own self-interest, but also actively counteracting it. There are no real arguments against the agent's rights to coat and cloak, not to mention his right not to be beaten. These rights seem emotionally and ethically justified, and the objections to them almost non-existent. To be carried away by sympathy for the enemy in these examples seems so deficient in self-esteem that such a person should need psychiatric help, rather than encouragement for self-destructive behavior. To see the Golden Rule as a reflective position against egoism is also difficult. In addition to suffering from the egoism of the cheater, one is also encouraging asocial behavior, increasing the risk that other people will suffer from future misdeeds by the encouraged person. The suggested rationality is that you yourself have similar egoistic preferences as the cheater, and this can be labeled the schizophrenic argument for the Golden Rule.

The soft appearance of a radical thesis is one source of the rule's popularity, but the intellectual deficit seems overwhelming when seeing the rule from an individualistic or a social perspective. The Golden Rule then looks pernicious and puzzling. Yet there is one more aspect that appears later in the Sermon on the Mount and provides some explanation: "But love your enemies, and do good, and lend, expecting nothing in return; and your reward will be great, and you will be the sons of the Most High; for he is kind to the ungrateful and the selfish. Be merciful, even as your father is merciful" and "Judge not and you will not be judged; condemn not and you shall not be condemned; forgive and you will be forgiven."¹³ This message is clear. The behavior suggested by the Golden Rule might not be beneficial in worldly contexts, but it is instrumental to an eternal life. For a true believer in the divine model, all other consequences are of minor importance, and the metaphysical reward is the persuasive justification for the rule.

It is important to stress the lack of reciprocity in religious belief. The inequality between a person and God is fundamental. According to the Christian faith, you do not earn a place in paradise — it is a gift. God may be generous and offer you a place in paradise despite your shortcomings, or he may treat you according to your deeds and you will end up in a less desirable place. The best way to get the privileged treatment is showing that you practice benevolence yourself. Reciprocity as a strategy is not attractive for the eternal life's objectives. This constitutes the metaphysical argument for the Golden Rule.

A variation of the Golden Rule is: "Do not do to others as you would not have others do to you."¹⁴ This is a slight moderation, but no real help to the shortcomings described above. Rather this variation can be seen as a low-carat version of the Golden Rule. The controversy between the golden and the

¹³ Luke 6:35-37.

¹⁴ Howard Terry, "Golden rules and silver rules of Humanity" (Concord, MA: Infinite Publishing, 2011).

silver rules is not due to a difference in degree; they are to be seen, more closely to the metaphor, as atoms of different kinds. Therefore watered-down interpretations of the Golden Rule will bring no benefit to an evaluation, but confusion. There are always intellectual problems with theses that might have a message of substance but, when attacked, are rephrased as something vague. Given the authority of Jesus, it seems inappropriate to introduce rival versions of a rule and then leave everybody to pick whichever version they like. The prime issue is the content of the Golden Rule according to Jesus. Thus, the debate should consist of the judgments and arguments presented by diverse scholars to support or to refute the rule's thesis.

The Silver Rule does not deny its link to self-interest, but this is a disciplined self-interest and takes proportional and effective measures against asocial self-interest, often called egoism. Self-interest itself is not a problem; the aim is rather to protect legitimate self-interest from exploitation by force or manipulation.

The Golden Rule has more complicated connections with egoism. Certainly it does not agitate for egoism, but its recommendation has the effect of supporting egoism. The schizophrenic argument is a mixture of personal altruist deeds and sympathy with the demands based on the egoism of other persons. The metaphysical argument contains no small amount of self-interest. If Mother Teresa got to Heaven, her deeds were not altruistic but self-serving in the long run: doing extremely well by doing good. If there is no God or Heaven, she was an altruist in deeds, but in motivation there has been no conflict with her long-term self-interest. These judgments do not in any way disclaim that she has manifested an extreme strength of will in forsaking her short-term interests and wants. But her example also illustrates the internal inconsistency in the arguments for altruism.

GENERAL ACCEPTANCE

To most people, benevolent action with no benefit to the giver is seen as a sign of a superior morality. John Stuart Mill makes an explicit coupling to the Golden Rule: "As between his own happiness and that of others, utilitarianism requires him to be strictly impartial as a disinterested and benevolent spectator. In the Golden Rule of Jesus of Nazareth, we read the complete spirit of the ethics of utility. To do as you would be done by, and to love your neighbor as yourself, constitute the ideal perfection of utilitarian morality."¹⁵

The main revision of major secular philosophers like Mill and Kant is to tame the self-destructive element. Instead of claiming that the other, *alter*, should have priority over *ego*, they teach that morality should be agent-neutral, i.e. that *alter* = *ego*. It is also suggested in several parts of the Bible that "you

¹⁵ John Stuart Mill, *Utilitarianism, Liberty and Representative Government* (London: Dent, 1910), 10.

should love your neighbor like yourself.”¹⁶ It seems reasonable to assume that all men occasionally slip into favoring themselves and therefore must do extra deeds for others if an equal concern for self and for others is to be attained. This difference should not be exaggerated and the line defining altruism is where $alter \geq ego$. The reciprocal individual will honor agreements, but she will not say that maximizing the general welfare function is her moral obligation. She will act within constraints, yet she will not deny that ego is valued more highly, i.e. $alter < ego$.

Kant suggests a disregard for self-interest and gets into trouble with justifying why any individual should behave in such a disinterested way. Kant backs up the unselfish advice with divine support. This argument is called “the moral proof of God”; to maintain an unselfish morality, there is a need for support, and therefore God exists. Kant also makes some descriptive comments with more modest claims for morality detached from self-interest: “I am willing to admit that most of our actions are in accord with duty; but if we look more closely at our thoughts and aspirations, we come everywhere upon the dear self, which is always turning up, and it is this instead of the stern command of duty (which would often require self-denial) which supports our plans. One need not be an enemy of virtue, but only a cool observer who does not confuse even the liveliest aspiration for the good with its actuality, to be sometimes doubtful whether true virtue can really be found anywhere in the world.”¹⁷

The legacy of the Golden Rule has survived in modern philosophy. There is a long list of philosophers seeing it as a gem, e.g. Hare, Gensler, and Wattles.¹⁸ Some intellectuals have taken a radically critical stand against religion. Richard Dawkins¹⁹ has convincingly argued against the accommodating judgment of compatibility between religious and scientific views on the world e.g. Gould.²⁰ Dawkins also argues against any wisdom in religious morality, although this attack limits itself to the Old Testament. The critique of the New Testament is mainly that it has links to the Old. This brings the critique to a sidetrack, since the dominant message in our culture is the New Testament, while the Old is now more of a straw man. What explains the popularity of the New Testament and its moral teaching? One evident explanation for the acceptance of religious beliefs is socialization. Hence, it seems reasonable to suspect some socialization effects behind the admiration of the New Testament, and a special need for skeptical inquiry. But here

¹⁶ Matt. 22:39.

¹⁷ Immanuel Kant, “Foundations of the Metaphysics of Morals,” in *Self-interest – an Anthology of Philosophical Perspectives*, ed. Kelly Rogers (New York: Routledge, 1997), 164.

¹⁸ Richard Hare, *Freedom and Reason* (Oxford: Oxford University Press, 1965); Harry Gensler, *Formal Ethics* (New York: Routledge, 1996) and Jeffrey Wattles, *The Golden Rule* (New York: Oxford University Press, 1996).

¹⁹ Richard Dawkins, *The God Delusion* (Boston: Houghton Mifflin Company, 2006).

²⁰ Stephen Gould, “Nonoverlapping Magisteria,” *Natural History* 106 (1997): 16-22.

Dawkins is disappointing. He has even written an article, with no irony, called “Atheists for Jesus”²¹ and later expressed pride for wearing a T-shirt with this text.²²

Sam Harris is another firebrand against religious beliefs and religious morality. Harris attacks what probably is the strongest argument behind religious moral beliefs: the faith in a rewarding and punishing God should motivate people not to commit crimes condemned by the religion. Since criminality in the USA and internationally is correlated geographically with high levels of religious faith, religion does not seem to have such expected indirect effects on social behavior.²³ However, there is an exception to Harris’ critical review of religion. He writes: “It is true, of course, that Jesus said some profound things about love and charity and forgiveness. The golden rule is a wonderful moral precept.”²⁴ Since even secularized and critical persons treat this rule as sacred, some explanations are needed.

REASONS FOR POPULARITY

Hope of privilege

There is a strong attraction in being forgiven. It is more convenient to be forgiven than to be asked to compensate for one’s mistake. We can all see ourselves in the role of shirking egoists who want the easiest escape route. There will be situations when we do wrong and would like to receive an amnesty, but the question to be asked is whether it really is justified to make such an exception, and usually the answer is no. We are not always thinking about rational rules, but rather about avoiding their consequences. To pretend to be generous is good PR, and to teach others to be generous is a rational manipulative strategy. It seems reasonable that it is not the altruistic giving that is the main attraction in the Golden Rule, but the element of egoistic receiving.

As Aristotle noted, people are more ready to receive than to give benefits.²⁵ The Silver Rule strikes them as justified and most people can adjust their behavior to it, but there is still a temptation to get more than fairness. When cheating on substantial social rules like the Silver Rule, one excuse is to refer to even “higher” laws. There are two dimensions in “higher”; one is more important, but the other is more ambitious. All men can be excused for failing to achieve the impossible, so there is an inverse relationship between ambition and fulfillment. A common idea is that higher ambitions, despite a higher degree of failure according to scripture, still deliver more than does a lower

²¹ Richard Dawkins, “Atheists for Jesus,” *Free Inquiry* 25, no. 1 (2005): 9-10.

²² Dawkins 2006, 250.

²³ Sam Harris, *Letter to a Christian Nation* (New York: Alfred A. Knopf, 2006).

²⁴ *Ibid.*, 10.

²⁵ Alvin Gouldner, “The Norm of Reciprocity: A Preliminary Statement,” *American Sociological Review* 25, no. 2 (1960), 173.

ambition with a higher success rate. The notion that there is no smoke without fire makes people perceive some substance in boasting. Declarations of intent and ambition are skeptically received, but not sufficiently reduced. There is certainly a danger when making the best the enemy of the good. The important Silver Rule is attacked with the argument that the Golden Rule is of a higher dignity.

Expectations of role-model effects

The conclusion that people are attracted to the egoistic part of the unbalanced exchange does not imply that no altruistic deeds are done. They are, and one reason for this is the belief in really acting as a role model. Most of us have experienced strong rejection when we make claims for a rule and then violate it ourselves. Getting caught smoking by our children undercuts our normative insistence that they should not smoke. To “walk the talk” is essential.

The altruistic philosophy is, for logical reasons, averse to rationality and instrumentality. If it clearly pays to enact Deed 1, this is no longer self-sacrifice, but an act of cooperation or enlightened self-interest. The altruist has to go for intrinsic reasons; the agent does not do Deed 1 because it is to his advantage, but because he thinks the deed is good in itself. Yet how is he to sustain the belief that Deed 1 is good? The role model and divine authority are two ways to influence beliefs, and Jesus combines those two methods. The persuasive reason for acting according to the Golden Rule is the example of Jesus.

That the believer should follow the prophet and see him as a role model is reasonable and unsurprising. But the enthusiasm for the role-model psychology is taken much further, as indicated by the quotation of St. Luke 6:37. The implicit argument for altruism is that you can even serve as an influential role model for God. He is likely to follow your example when judging you. If you condemn others, He will condemn you, and if you are generous He will be generous to you too.

Another kind of role-model expectations is the hope for beneficial social effects in this world. Asocial individuals may be locked into a hostile view of others, and they are used to being both suspected and avoided in social interaction. Surprisingly benevolent behavior might bring them into a new mind-set, imitating the generous approach of ignoring other people's misdeeds. A “kindness shock” could change a rigidly asocial attitude. However, a skeptical reciprocal jury will expect more people to be seduced by the possibilities of free-riding on altruists who do not seem to mind, than to be ashamed and cured of a cheating mind-set. Unfortunately, the good example does not seem to have as much influence as the negative example. That most of us do not steal has failed to make an impression on thieves.

Conformist frames

Modern Western society has opened up to different opinions, but their diversity should not be overrated. The term PC, or Political Correctness, is often used for new dominant ideas that are supported by conformist pressure. And some old conventions survive. In certain countries, being an atheist is still a social offence and “having religious doubts” or being an agnostic is as far as one can go without risking stigmatization. Honoring Jesus and his teachings while holding that religious fundamentalism is extreme and stupid constitutes the middle ground in the West today.

The futility of justice and rationality

The strong position of conformism influences what is considered fact and fair, but there is another influential factor here, called the egocentric predicament. An adage says that where you stand in a position depends on where you sit, and empathy may not be sufficient to give a more objective view of a situation. There are many wars between two parties who both seek a just peace. Frank Knight often made the pessimistic statement that “The search for justice will destroy the world”²⁶

Two cooperating people can both reach the judgment that they themselves did 60 percent of the job, while their partner did 40 percent. Unfortunately there is no 120 percent to be shared. If human rationality cannot solve these problems by rational analysis, perhaps a false consciousness can help? A perception of actually doing most of the job, but abstaining from a part of the proper compensation to benefit the partner out of sheer generosity, might be a solution. Oscar Wilde remarked that a happy marriage is based on a mutual misunderstanding. The idea suggested here is that norms of generosity might be a solution if man is not rational enough to perceive reciprocal possibilities. Amitai Etzioni suggests acceptance of 75-75 perceptions, meaning that people should be ready to increase their contribution from a fair 50 percent to a generous 75 percent to maintain the cooperation. If both sides have such a view, the risk of defection and conflict decreases.²⁷ But of course such rules open the door for one 75 percent and one 25 percent contribution, implying exploitation.

Donald Campbell argues that the fact that all societies have a substantial amount of altruistic agitation should be interpreted as a strong indication that it has an adaptive effect for human societies.²⁸ Altruistic teaching is often inconsistent, and there exists a huge difference between normative statements and actual behavior. But conceivably it might still —

²⁶ Walter Block. *The Case for Discrimination* (Auburn, Alabama: Ludwig von Mises Institute, 2010), 317.

²⁷ Amitai Etzioni, *The New Golden Rule* (New York: Basic Books, 1996), 194.

²⁸ Donald Campbell, “On the Conflicts Between Biological and Social Evolution and Between Psychology and Moral Tradition,” *American Psychologist* 30 (December 1975): 1103-1126.

despite, or even because of, these shortcomings — function as an effective pro-social force. Perhaps a society without it would disintegrate? ²⁹

The Campbell reasoning is probably the best there is for an altruistic morality, yet it is hardly convincing. The achievements of modern society are correlated with changes in attitudes and values. These new rules in practical prescriptive ethics are the product of a substantial influence by reciprocity and a decreasing influence by altruistic ethics. Essentially modern social systems like the market and democracy are products of liberal ethics of enlightened self-interest and reciprocity. To a high degree, individuals work, buy and vote to find ways to better the conditions for themselves under the restriction that the solution is acceptable to others. The mission of morality is to sustain justice, *alias* reciprocal rules. A constructive ethics implies placing priority on rules to be followed rather than rules of ambition, and supporting moral rules with incentives when possible.

Idealistic critique of instrumentalism

Others disagree with the judgment above and advocate a morality independent of incentives. According to this view, the crucial advantage of altruistic morality is that, in theory, it avoids instrumentality. The “lower” moral rules are often linked to instrumental morality — good deeds should be rewarded and bad deeds should be punished. But monitoring is not always possible. In theory, values that are internalized and become intrinsic are more robust since they are independent of incitements.

Philosophy is largely a thought experiment built on previous thought experiments by prior philosophers. Philosophers can refer to the excuse of confining themselves to theory, not practice, thus appearing to sidestep hypocrisy and implementation issues and indulging in utopian scenarios. This tradition is strong and the Golden Rule is a central part of it.

The commandment of love asks for a great influence on behavior, but it is more of an ambition and a recommendation than a requirement. An effect of widespread hypocrisy is to be expected, but the target of criticism should not be all the “sinners”. When hypocrisy is a more general phenomenon, it should be seen as a reaction to over-demanding moral rules. Condemnation for hypocrisy should then be focused on the persons actively preaching these messages, and not on those who only passively pay lip service to the yoke of dominant utopian rhetoric. The problems with utopian morality become more severe if increasing moralistic pressure turns over-demanding norms into repressive rules. A lack of instrumentality can under such circumstances be

²⁹ For a further discussion of the evolutionary rationality of altruism see Elliot Sober and David S. Wilson, *Unto Others - the evolution and psychology of unselfish behavior* (Cambridge, MA: Harvard University Press, 1998) and Jan Tullberg, “Rationality and Social Behavior,” *Journal of Theoretical Biology* 224 (2003): 469-478.

judged as beneficial, but this is certainly not the kind of advantage that proponents of intrinsic values have in mind.

To a rational mind, the instrumental value of a rule is what qualifies it to be perceived as a virtue and, later on, becoming an intrinsic value. Philosophers as different as David Gauthier and Alasdair MacIntyre point out that instrumental values build intrinsic values.³⁰ Verification, rational support, and punishment for violations all make a rule stronger; murder does not become less of a vice to the consciousness because it is also linked to severe punishment. However, many philosophers arguing about vice and virtue link them to guilt and pride, but not to punishment and reward. This distancing sustains a moral utopianism that persists as a major problem for ethical philosophy.

GOLDEN RULE AND THE ETHICS OF BUSINESS

Idealistic Universalism

Business ethics has so far not really separated itself from conventional moral philosophy. The most prominent scholars in the field are adepts of various idealistic philosophies like those of utilitarianism and.³¹ Boatright, De George, and Valesques are all “pluralists” having both Kantianism and utilitarianism as first principles.³² Utilitarianism, counting all as one and none as more than one, results in very altruistic recommendations, and also Kant proposes idealistic universalism.

If the business ethics scholar starts with a deductive approach, there is a strong tendency for business ethics to become applied ethics. An inductive approach will appear more detached from ordinary philosophy. However, normal business practice is only one reference point when making a normative conclusion about what should be seen as recommendable and what should be seen as dubious. Other reference points will be popular norms like the Golden Rule, perhaps not as a requirement, but as a supererogatory obligation. Therefore also the more pragmatic inductive approach is influenced by a morality that has serious compatibility problems with liberal economic activity. Sigmund Wagner-Tsukamoto notices a tendency that business-ethics

³⁰ David Gauthier, *Morals by Agreement* (Oxford: Clarendon Press, 1986) and Alistair MacIntyre, *After Virtue* (Notre Dame, Indiana: University of Notre Dame Press, 1981).

³¹ Velasquez, M. 2002. “Moral Reasoning,” In Bowie, Norman (ed.), *The Blackwell Guide to Business Ethics*. Oxford: Blackwell.

³² John Boatright, *Ethics and the Conduct of Business* (Englewood Cliffs, NJ: Prentice Hall, 1999); Richard De George, *Business Ethics*, 5th Edition. (Upper Saddle River, NJ: Prentice Hall, 1999); Manuel Velasquez, *Business Ethics: Concepts and Cases* 5th Edition (Upper Saddle River, NJ: Prentice Hall, 2001).

research “implicitly and unwittingly drifts into a system critique of the market economy.”³³

The medieval perception that the mission of economic life was to finance philanthropy is still with us, and influences the concept of corporate social responsibility. Moreover, there is also a strong belief in the crucial impact of the Good example, which breeds utopian expectations of what business can do, should do, and will do. One-sided giving is promoted and one-sided receiving is hoped for. This is acknowledged as unrealistic, but still thrills people as a goal or a dream – and the Golden Rule is a central part of such a dream.

Business ethics addresses issues at three levels: the macro-level of the economic system, the meso-level of the company, and the micro-level of individuals. Which rules should be recommended? Unfortunately the advice of the Golden Rule is justified only at a fourth level: a super-macro-perspective including speculation about a life after death. This is hardly a solid foundation for secularized business ethics.

However, morals and ethics are not only a field for finding the good and the true, but also a field of deceptions, manipulation and self-promotion. A common tactic for promoters of altruism has been to take a step toward personal closeness in order to generate ethical emotions; people do feel obligations to mothers, neighbors and brothers. A common rhetorical tactic is to transfer feelings of sympathy and obligations by describing strangers and unrelated persons as metaphysical brothers and neighbors. If agitators in religion and politics routinely mix metaphorical and real terms, why should the business ethicist not be as cunning? There is always a problem with breaking out of a paradigm, but is it any real choice when getting caught in “a degenerated research program”³⁴ – and there is an alternative.

The Silver Rule alternative

Other moral rules appear more compatible with modern liberal society than the Golden Rule. Moral rules since Aristotle have promoted an enlightened self-interest, *eudemonia*. In a world of short-term temptations, it is hard to detect and maintain a sound long-term strategy. Good advice and good rules are in demand. A universal empirical perspective amounts to a priority of, not indifference to, personal closeness. David Hume summarized morals as based on emotions, and these emotions are generated by proximity.³⁵ The two main sources of morals are the feeling of reciprocity and kinship, ideas that later have been confirmed by anthropology and sociobiology (Ridley 1996).

³³ Sigmund Wagner-Tsukamoto, “An Economic Approach to Business Ethics: Moral Agency of the Firm and the Enabling and Constraining Effects of Economic Institutions and Interactions in the Market Economy,” *Journal of Business Ethics* 60 (2005), 77.

³⁴ Imre Lakatos. *The methodology of scientific research programmes* (Cambridge: Cambridge University Press, 1978).

³⁵ Hume, David. 1740/1973. *A Treatise of Human Nature*. Oxford University Press, Oxford.

These are the norms that are not only praised but practiced – empirical universalism.

The core of social contract theory since Hobbes (1650) has consisted of agreements to mutual advantage.³⁶ Christoph Luetge points out that suggested rules should address the issue of implementation since supererogatory duties without incentives will be of minor importance. He proposes another kind of motivation for not taking immoral advantages: “Thus abstaining is not abstaining in the long run, it is rather an investment in expectations of long-term benefit.”³⁷ But if there is a sound rationale there seem no benefit in describing such restrictions as sacrifices practiced because of recommendations by an altruistic morality. Rather that argumentation implies offering altruism goodwill it has not rightly earned and obscuring the rationality in following the social contract.

David Gauthier made a distinction between “essential ethics”, which primarily is reciprocal ethics with a basis in nature and rationality, and “artificial ethics”, which includes the various ideas based on speculation about the supra-natural.³⁸ Francis Bacon made a judgment that still seems valid: “All good moral philosophy is but a handmaid to religion.”³⁹ Secularization has made an impact in many areas, but when getting to the ultimate human rules, ideas about how God wants the creation in his own image to behave are dominant.

It is remarkable that ethical theories have been so minimally influenced by economic theory and experiences of market economy. Edward Freeman and colleagues make a sensible proposal for a kind of pragmatism that stands close to the essential ethics supported by empirical universalism: “Werhane has suggested that Adam Smith saw the centrality of ethics for business, but not even Adam Smith saw the centrality of business for ethics. If the institution (i.e. business) in which most people spend the majority of their lives working, finding meaning (intrinsic and instrumental) and forging relationships with others is not central to the development of principles about how human beings interact, then the resulting ethics is likely to be sterile at best and extremely difficult to apply at worst.”⁴⁰

Furthermore, in a liberal society there must be pluralism concerning what is good. Some consumers have a preference for products not tested on animals; other consumers prefer rigorously tested products. At the meso-level, there are strong reasons for a volunteer differentiation instead of striving for a “one size fits all” policy. It is an advantage if different companies differ in

³⁶ Thomas Hobbes, *Leviathan* (London: Penguin Books, 1651/1981).

³⁷ Christoph Luetge, “Economic ethics, business ethics and the idea of mutual advantage”. *Business Ethics: an European Review* 14, no. 2 (2005), 112.

³⁸ David Gauthier, *Morals by Agreement* (Oxford: Clarendon Press, 1986).

³⁹ Francis Bacon, *Advancement of Learning* (London: Athlone 1605/1975), II, xxii, 14.

⁴⁰ Thomas Jones, Andrew Wicks, and Edward Freeman, “Stakeholder theory state of the art,” in *The Blackwell Guide to Business Ethics*, ed. Norman Bowie (Oxford: Blackwell, 2002), 34.

values so that consumers have a broader choice. Also for the employee this is of value especially if there is some continuity in the morals of a company. By self-selection the employee positive to testing products on animals can work in a company of his choice as well as the employee with the opposite preference.

Stakeholder theory - an illustration of incompatibility

The basic practical idea of stakeholder theory is that the success of a company is very dependent on smooth cooperation with its stakeholders. From that follows the advice to pay close attention to the needs and wants of these stakeholders. A practical program with links to a stakeholder philosophy is the concept of Balanced Scorecard.⁴¹ To a large extent the main idea is to organize attempts to get out of an egocentric and short-term perspective to find solutions to a wider range of problems.

If business ethics has a great idea “of its own”, this idea is probably the stakeholder theory. Partly this theory is breaking out of a narrow organization interest to a broader picture, but it should be understood that this broader picture is not from “the point of view of the universe,”⁴² but from a particularistic perspective. The aim is not to show sympathy for anybody who has claims, but to focus and reach a better relation to significant others.

A serious problem is that none of the popular philosophies of idealistic universalism give any reason for some specific obligations to company stakeholders compared to other persons. Some Stakeholder theorists are ready to promote everybody with a claim on the company to a stakeholder, but others are more restrictive. An estimate by Mitchel, Agle, and Wood listed 28 different definitions of who is a stakeholder.⁴³ It is however important to stipulate who is not, in order to protect the concept from expanding far beyond its usefulness. There seems to be more of agreement in a short-list of who are the vital stakeholders: shareholders, customers, employees, suppliers and, sometimes, the community.

The definition of “stakeholder” I suggest, using the terms “influencers” and “claimants”⁴⁴, can be classified as a combinatory definition – one that requires a stakeholder to be both a influencer and a claimant, rather than the more inclusive definition also accepting only having one of the two roles. Some influencers (as media and the state) are not sufficiently dependent upon agreement with the company and the company is not sufficiently dependent on some claimants; a stakeholder relation should be a two-way street. Kaler

⁴¹ Kaplan, R. & Norton, D. 1992. “The Balanced Scorecard – Measures that drive performance”, *Harvard Business Review*, Jan-Feb, pp. 75-85.

⁴² Henry Sidgwick, “The Method of Ethics,” in *Self-interest – an Anthology of Philosophical Perspectives*, ed. Kelly Rogers (New York: Routledge, 1997).

⁴³ Ronald Mitchell, Bradley Agle, and Donna Wood, “Toward a theory of stakeholder identification and salience,” *Academy of Management Review* 22, no. 4 (1997): 853-886.

⁴⁴ John Kaler, “Morality and strategy in stakeholder identification,” *Journal of Business Ethics* 39, (2002): 91-99.

suggests a “contributing principle” as a requirement for being a stakeholder.⁴⁵ This requirement can be seen as a Silver Rule connection.

The core of concepts like “friendship” and “marriage” is that it is a specific personal and non-exchangeable relationship. Your partner in the relationship is not exchangeable with any other human being. Universal human rights imply substantially less than justified demands from your friend or your spouse. The idealistic universalism blurs this priority and sees no crucial difference between real customers, suppliers and employees and an almost unlimited number of potential ones.

If the central stakeholder idea is a special relationship established by a role and a contribution, then general obligations, such as human rights, are simply irrelevant for that purpose. An employee is a human being and her human rights imply some obligations, but these obligations are towards all human beings and say nothing in addition about an interest in this employee. One effect of such limitless altruism is that it sustains the tendency to consider every human being a stakeholder, and that way dissolves stakeholder theory. Joseph Heath illustrates the problem of stakeholder theory by presenting a conventional moral view: “From the moral point of view, a potential relationship can be just as important as an actual one.”⁴⁶ This becomes the case if an agent-neutral moral is assumed to be the moral position, and since most stakeholder theorists make that assumption, they end up in a problematic contradiction. The central message of stakeholder theory is to make a distinction between the real suppliers and the potential/hypothetical suppliers, and focus these real stakeholders. But if the assumption of idealistic universalism is right the special concern for the real ones is to be seen as immoral discrimination. Therefore, such philosophical ideas are not supportive or compatible, but positively harmful for stakeholder theory. There are reasons to make a more skeptical analysis rather than to perceive the own discipline as applied ethics, based on the premise that religious and philosophical norms are verified by tradition,

Edward Freeman has repeatedly argued against what he calls “the Separation Thesis”, i. e. treating the business discourse and the moral discourse separately.⁴⁷ He claims that doing so is a fallacy and that a major purpose of stakeholder theory is an “integrative revolution” and I agree with that ambition. However, such a project demands compatibility and there is a mismatch between altruistic philosophy, honoring a rule of agent-neutrality, and stakeholder theory, honoring a special relationship with some agents. Many researchers try to find a way to bring the two together, but unfortunately

⁴⁵ John Kaler, “Arriving at an acceptable formulation of stakeholder theory,” *Business Ethics – A European Review* 13, no. 1 (2004): 73-70.

⁴⁶ Joseph Heath, “Business ethics without stakeholders,” *Business Ethics Quarterly* 16, no. 4, (2006), 544.

⁴⁷ Edward Freeman, “Ending the so-called ‘Friedman-Freeman’ debate,” in “Dialogue: Toward superior Stakeholder Theory,” ed. Agle et al., *Business Ethics Quarterly* 18, no. 2 (2008): 153-190.

that is a futile exercise. The integration ambition should not be abandoned, but it should be understood that it implies some major reconsideration of common philosophical positions.

Freeman seems to strive for a practical integration and avoid more fundamental philosophical issues. "There is no need for a 'normative foundational justification' as many have suggested. We do need some simple and very practical ideas."⁴⁸ In contrast to Freeman I think it is necessary for business ethics to question popular principles in conventional ethics. It is necessary to make a choice between stakeholder theory and the compatible Silver Rule on one side, and idealistic universalism that ignores close relations and mutual interests as morally relevant on the other.

BUSINESS MORALS AND SOCIETY

Suspensions of hypocrisy

It has been said before, but is no less true, that there is nothing more practical than a good theory. You need to justify your principles and if you do not have thought things over, it is hard to be consistent. Companies are often suspected of generous promising on the front page and then to limit commitments in the fine print; declarations of endless love can at best be accepted as insincere sales talk, but also as attempts of fraud. An alternative attitude is to give high priority to honesty and clarity.

It might be argued that people are accepting the Separation Thesis with religion saying one thing and behavior in economic matters being something different. Robert Wuthnow found such a view common: "If a single word had to be used to describe the relationship between religion and money, however, it would be compartmentalization"⁴⁹ But it should be pointed out that this was about judging oneself rather than companies. He also found that people were extremely tolerant of their own behavior, finding it praiseworthy. No less than 89 per cent of the informants considered themselves behaving "always ethically", this despite 75 per cent confessing that they had conducted at least one minor crime during the last couple of months.⁵⁰ "Being true to yourself" often excused transgression of rules that the respondents affirmed normatively. However, this extreme tolerance of hypocrisy is limited to the own self, and other people, such as company representatives, cannot expect such uncritical judgments.

A parameter of great importance for society is the level of trust. Companies contribute to this by behaving trustworthy meaning delivering what is promised. If people in general are trustworthy, it is a waste of opportunity not to be trustful, so then there are strong incitements to become more trustful. Proposing trustfulness in a first step to stimulate trustworthy

⁴⁸ Ibid., 163.

⁴⁹ Robert Wuthnow, *God and Mammon in America* (New York: The Free Press, 1994), 150.

⁵⁰ Ibid., 82

behavior in a second step will not work, since trustful people will imply lucrative deals for non-trustworthy cheaters and fool the trustful into such exploitive deals. The incentives will be for non-trustworthy agents to keep their cheating manners. Therefore trustworthiness is the key to increased trust and loose kinds of vision/ambition talk from companies will reduce trust.⁵¹ The normative conclusion is that companies should do their outmost to be trustworthy and spend less in promoting trustfulness for others. From another point of view marketing guru David Ogilvy advised: "Do not advertise your aspirations."⁵²

If society shall function with low transaction costs⁵³ it is important with honest signaling and easily decoded messages. This means adequate information about the quality of company products. Also this perspective comes to a critical evaluation of do-good rhetoric.

The hit on the second cheek

There are often reminders about the risks of escalation when reacting too strongly on perceived cheating, since there is often a convincing case for accepting that mistakes can be made with no intention or malice. But when mistakes happen, it might be wiser to offer possibilities to correct or compensate rather than just ask for forgiveness of the wrongdoing.

In private and company life, there is not only a potential for over-reaction but also for under-reaction. If you have been fooled or bullied, you can try to forgive and forget the incident, rather than tackle the problem. Such *de facto* acceptance can be felt like a frustrating submission or the behavior can be described as showing generosity from a *von oben* position; you are on too high a level to settle the score with this cheating individual, so just let him keep his ill-gotten gain as a coin given to a beggar. A representative for a company can be generous with other people's money and that stimulates this method for solving conflicts. My reason for bringing up such a behavior as a social problem is that the person hitting the first cheek and got away with it, will be encouraged to hit again, but the second cheek might be on another person.

That crime should not pay is a philosophical or personal judgment, but also an important social policy. I do not think a small company has a practical choice to avoid paying bribes to officials if such a habit is established. But I think that all companies have an obligation to resist accepting frauds whenever this is possible. When considering accepting something wrong, one may ask for principles in support of the disputable act, and the Golden Rule

⁵¹ Russel Hardin, *Trust and Trustworthiness* (New York: Russell Sage Foundation, 2002) and Jan Tullberg, "Trust – the importance of trustfulness versus trustworthiness," *Journal of Socio-Economics* 37, no. 5 (2008): 2059-2071.

⁵² David Ogilvy, *Ogilvy on Advertising* (London: Pan Books, 1983).

⁵³ Oliver Williamson, "Corporate Governance," *Yale Law Journal* 93 (1984): 1197-1230.

conveniently makes it a virtue to accept a theft of a coat. Unfortunately the permissive person is not the only one that can be expected to be hurt by such a policy; a second coat to be stolen might be from another person.

The first shipping company paying ransom to Somali pirates did not only get their own crew free by ransom, but that money financed further piracy. A victim of rape or robbery who denies witnessing against the criminal is likely to indirectly having supported further crime. The police is not a force that on its own can maintain good rules in society, but this is a task for many more individuals and organizations. There are good reasons for companies to be engaged in reacting against crime, rather than to take a more “tolerant” view and consider bribes and theft as ordinary business expenses that are passed on to consumers in higher prices. The successful campaign in New York with the label “zero tolerance” is an illustrative example of prompt reactions on minor crime having preventive effects on more serious crimes.⁵⁴ This policy can hardly be more different from the advice in the Bible of forgiving repeatedly, seven times seventy.

The idea here is not to endorse the American attraction to frivolous suits, or the popularity of a self-victimizing attitude, which by themselves are other social problems. Also, as suggested above, a good idea is to open up possibilities for correction and not jump to conclusions of malice when clumsiness is another explanation for an improper behavior. But when suffering a theft or demand for bribes there are reasons to react rather than walk away in the hope that someone else will defend the functionality of the system. There is a need for some vigilance, increasing the transaction costs for the criminals. It is necessary to stand firm and hit back instead of taking the blow and hope that a second blow will hit somebody else.

There is also a question of fairness. Few consumers want to pay higher prices because the company is accepting shoplifting and claims there is a moral virtue in turning the other cheek. Whenever companies are overpaying bosses or indulge in some other exuberant spending, many people see an alternative loss; the money could have been beneficial if not spent in this mismanaged way. Even worse is when the mismanagement encourages further antisocial behavior. The position of companies in society depends upon whether they are considered being a part of the solution or being a part of the problem. Companies are a crucial part of society and so is their behavior. Therefore, it is important that popular ethical ideas promote a responsible behavior and not, like the Golden Rule, offers a rhetoric undermining trustworthiness and a behavior tolerating crime/free-riding.

CONCLUSIONS

⁵⁴ James Q Wilson and Joan Petersilia, *Crime: public policy and crime control* (Oakland, CA: ICS Press, 2002).

People friendly to the Golden Rule ought to acknowledge that it is probably the most hostile text, in all categories, to the ethics of reciprocity. Such an exceptionally harsh attack should not simply be seen as inspiring rhetoric, good intentions or divine instruction.

The Golden Rule differs from what is called the Silver Rule, the principle of reciprocal balance advocated by Confucius, Cicero and many others.⁵⁵ The Silver Rule builds on thinking that your behavior is dependent on the behavior of the other person; her good deeds should be rewarded, but not her negative deeds. Social and personal benefits of this rule can be expected. In contrast, the Golden Rule stresses rewarding bad conduct; behaving nicely towards those who misbehave is its central message. The consequences of following the Golden Rule are against the interest of the agent as well as for the community except then for the cheater.

The Golden Rule is treated in an unreflective way, being honored and respected by people who have made minimal efforts to understand its message; it is regarded as folk wisdom with divine support. As a vague attitude, it has established itself as a kind of vision: one should act as far as possible according to this law and be a nice person. Negative effects are excluded by merely assuming that good intentions and unselfish deeds automatically bring positive effects.

One expected negative effect of Golden Rule rhetoric is that it will support suspicions of companies for hypocrisy. A divide between the walk and the talk reduces an important factor in society - the level of trust. A second negative effect is that the generous forgiving provides strong incentives to further antisocial deeds. The victim's forgiving reaction misses the opportunity to stop the criminal before hitting a second time.

Its semi-religious character has helped the Golden Rule to survive in a more secular society and has strongly influenced ethical thinking. The rule is the strongest manifestation against a cooperative view of ethics and morality. By pitting morality against self-interest, it harms the prospects for developing justified moral rules, and instead supports the strong tendencies to make ethics an arena for public relations statements and efforts to manipulate others.

The Golden Rule has so many friends that it does not need to be justified. This article is an attempt to correct that negligence. A serious evaluation is long overdue.

⁵⁵ Marcus Tullius Cicero, *Selected Works*, (London: Penguin Books, 50 BC/1971) and Confucius, *The Analects of Confucius* (New York: Quality Paperback Book Club, (500 BC/1992).