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The Ethics of Transformation and the Role of Business Ethics. The Polish Perspective

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1. Introduction

The economic, social and cultural transformation which has occurred in Central and Eastern Europe is not only a highly complicated process but also one which invites many different interpretations and evaluations. Since this process is not completely spontaneous or out of control,[1] subjective views of different actors, from the so-called man on the street (a potential voter) to high-level politicians, become important or even crucial factors influencing and directing the change. One of the most interesting questions in these circumstances is: To what extent does the moral point of view matter? Can it have any practical impact on the course of events? Or, as some people claim, should moral judgements be suspended during the transition period? As a matter of fact, there are a great many supporters of the "first million" argument. Is it really justified or rather extremely dangerous? I am deeply convinced that the latter is true despite the common views to the contrary.

Naturally, the evaluation of the very process of transformation is an extremely interesting subject and can hardly be avoided within academic and everyday discourses, but my focus is on the conditions for and the legitimacy of such evaluation and the role of business ethics as an academic and practical ("professional") activity. I have stressed the "Polish perspective" not to narrow my analysis but to underline the origins of my interest in the transformations of the whole region. In other words, I am interested in the possibilities of evaluating the moral fitness of a complicated process of socio-economic transformation in Central Eastern Europe (CEE), i.e. the legitimacy of an ethical perspective, and in reflection on business conduct (morality), "business ethics," as one of the possibilities.

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1 Paradoxically, the restoration of free market economy was planned and introduced by reformist elites. It was and still is a "capitalism by democratic design". *Offe, Claus*, Varieties of Transition. The East European and East German Experience, Cambridge, Mass. 1997, p. 29.

There are other options as well. Another possibility would be to deny the legitimacy of ethical perspective and to understand the whole process as purely technical change within an economic system or as something spontaneous which is not amenable to abstract, philosophical treatment. The middle-ground position would be to deny this legitimacy temporarily according to the argument of the "first million".

Paradoxically, the criticisms of the economic situation are not morally neutral but in most cases are based on moral arguments. Even the "first million" argument is a cynical statement grounded on the expectation of beneficial consequences for the "greatest number".

In any case, when we want to speak about popular beliefs and perceptions of reality, influenced by values derived from culture, we cannot ignore the tradition of Central Eastern Europe (CEE). It is the economy of this region and the possibilities of ethical reflection focused on this part of Europe which are central to my focus here. One cannot elude historical analysis. There are not only the 45 years of communism which constitute a difficult heritage but also a more distant past.

At the present moment, CEE is not the only area concerned with itself and its future. All of Europe is in search of a new identity. As a matter of fact, Europe in political, cultural and even economic terms cannot be reduced to a set of univocal geographical meanings. Europe is rather an idea, a dream, a project – as it has always been. "No other continent is so obsessed with its own meaning and direction. These idealistic and teleological visions of Europe at once inform and legitimate, and are themselves informed and legitimated by, the political development of something now called the European Union. The very name 'European Union' is itself a product of this approach. For a Union is what it's meant to be, not what it is."[2] As a matter of fact, Europe cannot be reduced to pure geography or to one simple cultural meaning. Rather, it is, among other things, an ongoing conversation about possible unification. This situation is even more true now than before 1989, the year which marked the watershed in Eastern Europe's liberation.

The sudden destruction of the Iron Curtain opened up a vast area in Europe's East and created an abyss devoid of meaning. Eastern Europe was no longer a frozen part of the continent under Soviet domination; it was no longer defined by

2 *Ash, Timothy G.*, History of the Present. Essays, Sketches and Despatches from Europe in the 1990s., London 2000, p. 316.

this political factor. Accordingly, it was possible to define the Western part of Europe by the opposite pole of the political spectrum: freedom and democracy. The fall of the Berlin Wall heralded the end of easy divisions and simple interpretations. Many descriptions were used to reinstate semantic clarity: "triumph of liberal values," "return to democracy" and many other "family reunion" type of expressions. Yet the truth remained: the meaning of both Western and Eastern Europe had become problematic and semantic simplicity was lost for good.

2. Where is (Central) Eastern Europe?

Despite these ambiguities there are many examples of a simplistic use of the expression "Eastern Europe": in discussions about this part of the continent, usually the "post-communist" countries and their economies in transition are meant. From the point of view of Poland, the Czech Republic or Hungary (whose national histories and identities cannot be reduced to the post-war period), the bitter paradox is that the defining characteristics are not a local invention because "real" socialism or communism was introduced by the Red Army from elsewhere and approved by the superpowers in Yalta. Even though the countries in question have had long pre-communist histories, what is now truly local and distinctive is the "post" phenomenon and the transition for which Poles, Czechs, Hungarians, Slovaks and others are solely responsible.

It has become apparent that "Eastern" is not a simple geographical description. In the past it meant "Eastern" not "Western," as in the case of a divided Berlin. "Eastern" meant "under Soviet domination." Exactly because of this former, unfortunate meaning, in the 1990s Western politicians began to use the term "Central Europe" or "Central Eastern Europe" in order to break with the memory of the old divisions.[3] This well-meaning intention did not imbue the term with any new clarity. When one says "central" it means that this region is defined by its central location but its borders (frontiers) are not well marked. Moreover, even this central position depends on a geographical point of view. For example, in Austria, where there is still a vivid memory of the "good old days" of the Austro-Hungarian empire, the centre of Central Europe would simply mean "Vienna," "the city of dreams."[4]

3 *Ryan, Leo V.*, The New Poland: Major Problems for Ethical Business, in: Business Ethics. A European Review: Vol. 1, 1/1992.

4 *Ash, Timothy G.*, History of the Present. Essays, Sketches and Despatches from Europe in the 1990s., op. cit., p. 386; see also *Janik, Allan* and *Toulmin, Stephen*, Wittgenstein's Vienna, New York 1973, p. 33.

There is much truth in the statement that Central Europe was and still is a "state of mind" rather than pure geography or even the place where "people want to negate their geography."[5] Of course, it was political geography which was denied by the anticommunist opposition of the 1980s. When the Eastern European intellectuals returned to the idea of Central Europe (George Konrad, Vaclav Havel, Milan Kundera, Czeslaw Milosz), it was directed against the domination of the Soviet Union in the whole region. As Kundera put it, Central Europe was "the kidnapped West."[6] Before the Second World War, this part of Europe was a natural participant in Western cultural tradition. The Soviet Bloc entrapped it in the East. The reaction of Joseph Brodsky followed and took a form which could have been easily predicted. He claimed that all these speculations neglected the achievements of Russian culture. In any case, as T. G. Ash described Kundera's effort, "out of a cultural canon he made a cannon – firing against the East."[7] Regardless of the possible injustice done to Russian culture, Kundera's slogan became an effective tool of breaking with the misleading notion of "Eastern Europe." Even today "Central Europe" does not refer to a particular region but rather to a complex of aspirations. It signifies a group of post-communist countries with the most advanced economic and social reforms, which are ready to join EU. (Ready but not yet in, still in a limboland, as an anonymous author ironically expressed it.[8])

The case of Slovakia under Vladimir Meciar shows how plastic geography can be. His populist and authoritarian rule pulled the country eastwards. "Slovakia ejected itself from Central Europe."[9] On the other hand, the closer Poland or the Czech Republic are to the EU, the more the expression "Central Eastern Europe" becomes a kind of invitation addressed to other Eastern European countries, like the Baltic Republics or the Ukraine. If one country "moves westwards," some vacant place in Central Europe can be filled by other Eastern European countries waiting in line.

5 Where is Central Europe? in: The Economist: July 8, 2000, p. 49.

6 *Kundera, Milan*, The Tragedy of Central Europe, in: New York Review of Books: April 26, 1984.

7 *Ash, Timothy G.*, History of the Present. Essays, Sketches and Despatches from Europe in the 1990s., op. cit., p. 387.

8 Where is Central Europe? op. cit., p. 50.

9 *Ash, Timothy G.*, History of the Present. Essays, Sketches and Despatches from Europe in the 1990s., op. cit., p. 390.

Not only is the centre difficult to identify, the frontiers are likewise fuzzy. The most interesting question is "where are the Eastern borders of Central (Eastern) Europe?" "Where is Russia on this map?" The perception of Russia is different in Western Europe (Great Britain, France, Germany) from the way it is seen in the former communist countries such as Poland, the Czech Republic, Hungary, Lithuania and others. Western politicians want to include Russia in Europe and believe in the possibility of both transitions: economic (capitalism as an ultimate goal) and political (democracy as a parallel ultimate goal). Eastern politicians are more moderate in their views and ordinary citizens are quite open-minded. They want to exclude Russia because they do not believe in the possibility of a dual transition to capitalism (free market) *and* democracy. Capitalism is not meant here to denote a market for American or EU products but the institutions of a free market, the culture of capitalism with its ethical values, the spirit of entrepreneurship and work ethos.

The arguments being raised in the CEE are cultural and point up cultural differences, e.g. the fact that Russia has never experienced any kind of democratic political system or that corruption in this country is not a deviation but rather a way of life. If Russia belongs to Europe, it is its most Eastern reaches, just as Orthodox Christianity is independent of Rome. As a matter of fact, this view does not only reflect anti-Russian resentment in Central Eastern Europe. It also contains a detached historical analysis, such as reflected in Samuel P. Huntington's famous article and book on the clash of civilizations. The line between Western (including Central) Europe and Eastern Europe (if it still deserves the name) is the same as the border in 1500 between Western Christianity and Islam.[10]

Central Eastern Europe wants to separate itself from Russia and Huntingtonian cultural demarcation has always been welcomed. Oskar Halecki's description of Central Eastern Europe as a coherent region characterized by its Catholicism and subscription to "Western" values has also served this purpose.[11]

Closer historical analysis reveals a more complicated picture which undermines the validity of Halecki's thesis. As Philip Longworth suggests, his "argument fails because it ignores vital social, institutional and economic dimensions of the region's history. The distinguished Cambridge economic historian M. M.

10 *Huntington, Samuel P.*, The Clash of Civilizations? in: Foreign Affairs: Vol. 72, 1/1993, p. 25.

11 *Halecki, Oskar*, Historia Europy – jej granice i podziały. (in Polish, History of Europe – its borders and divisions), Lublin 1994.

Postan regarded the River Elbe as an obvious dividing line between economic zones of Europe in the Middle Ages – and the Elbe is very close to the political dividing line today."[12] So, the whole non-Western region can be seen from the point of view of economic history as a single undeveloped area. As Longworth notes:

"A division between Eastern and Western Europe existed in the time of Charlemagne. For the greater part of the last millennium the lands of Eastern Europe have been characterized by endemic shortage and poor development. The demography of the two Europes was distinct, their linguistic history largely different; and Eastern Europe has long been peripheral to the world economy. Its population's attachment to democracy has been both uncertain and of brief duration; its institutions were weaker than the West's, its legal formation less developed. Certain distinctive inclinations and habits of mind also arose: tendencies to bureaucracy and collectivism; stronger urges to national self-realization than to personal autonomy; a disposition to ideology. And love of poetry, idealism and cynicism are all more evident in Eastern Europe than in the West."[13]

On the other hand, not only the level of economic development matters – the collective, cultural aspirations are also important. One should not fall prey to historical determinism. What distinguished Western-oriented elites in Eastern Europe from the Russian elites was the great value they attached to Western culture. The same does not hold for Russia where there are still powerful Slavophile, traditionalist and anti-Western feelings. "Outward-looking Westernizers, enlightened monarchs (Catherine the Great, Alexander I), and aristocracy (Decembrists) opposed the conservative Slavophiles. More recently, outward-looking Gorbachev confronted inward-looking Yeltsin. The ultimate Slavophile revival is associated with novelist Alexander Solzhenitsyn's return to Russia in 1994."[14]

Those Central European aspirations (and the gap between aspirations and reality, especially in the field of economy) could be seen as a common denominator for the countries of this region. The common denominator is marked by an uncertainty about its truly "European," Western character. Aspirations and a lack of certainty also define this region. At the same time, these characteristics are

12 *Longworth, Philip*, Central Europe: selective affinities, in: TLS 4/1989, p. 1028.

13 *Longworth, Phillip*, The Making of Eastern Europe. From Prehistory to Postcommunism, London 1992, p. 5 –6.

14 *Rosser, Barkley J. Jr.* and *Rosser, Marina V.*, Comparative Economics in a Transforming World Economy, Chicago 1996, p. 239.

two sides of the same coin. Longworth's determinism explains the sources of uncertainty. On the other hand, aspirations can be realized through economic and social reforms today.

3. Business Ethics After Communism

If we seek to assess the ethics of today's transformation and ascribe some tasks to business ethics, we have to take into account the tradition inherited by this region. The fall of the Berlin Wall created an interpretative confusion concerning both the notion of Central Eastern Europe and the value of democracy and free market. That is reflected in the question asked too often by most of the unemployed: am I more free now than I used to be? The abstract value of democratic ideals is confronted by a tide of economic hardships. This confusion results in cynicism, which I regard as a crucial and distinctive cultural phenomenon of today's CEE.[15] People are distrustful of selflessness in others. Cynicism implies the lack of trust in other people's motives, making absurd any attempt to cooperate to achieve some common good. There can be no spontaneous cooperation, no social capital, no civil society. The ethical message will be addressed to these people and their knowledge, attitudes and emotions will determine their response.

Let me list some of the specific experiences of the social actors in CEE which shaped their perception of reality and fostered a deepening cynicism:

- the causes of the collapse of communism are subject to constant reinterpretation, as is the very nature of the 45 years of communist rule;
- reforms have been introduced by the elites "from the top" and differed from the "bottom-up" spontaneous movement, such as the Solidarity Trade Union;
- the younger generation of communist party officials took advantage of their privileged positions to become the group of pioneer capitalists; there was no room for sentimental albeit motivating "rags to riches" stories;
- many people made their fortunes in an unethical way or at least the source of their new-found fortunes seemed obscure;
- liberation from communism was at the same time a process of the restoration of state sovereignty, taking the form of the nationalist revival. In many

15 see e. g. *Vrba, Tomas*, The Trade-offs of a Cozy Life, in: Transitions. Changes in Post-Communist Societies: Vol. 5, 3/1998, p. 65.

cases, that cannot be readily reconciled with the demands of globalization, in particular with privatization based on FDI;

- there can be no immediate effects of economic reforms; unemployment in Poland has reached 15%; further reforms will necessitate more bankruptcies, even of entire industries. This is happening despite the high growth rate of the Polish economy. For many, rates, indices, percentages and other data about the development of the Polish economy constitute a fictional or virtual world.

Business ethics has to take into account the specific business cultures of this region and link this with "universal" dilemmas faced by managers or business people everywhere. In the face of this complicated situation, an opportunity has emerged for business ethics in general to rethink its objectives and methods as well as its own legitimization as an academic subject. The ongoing transformation in CEE has created a real test for this discipline. But most crucial is the future of the economy, so the natural question arises: to what extent will the whole movement of ethical reflection on business be able to influence reality? The hope is that things in progress and now developing might be influenced, shaped or changed in the process.

Ethical discussion, I would argue, can help in several respects:

- in describing modern economies in most advanced countries (and the ethical dilemmas faced by managers), business ethics has a general educative function;
- in describing organizational cultures, economic values and norms, business ethics introduces new concepts, opens new horizons in the field of management education (social responsibilities of corporations, the notion of stakeholders, mission formulation as something similar to existential reflection by individuals, social audits etc.);
- in describing the way markets function in well-developed economies in a global and globalizing world, business ethics helps to combat myths and stereotypes which poison social imagination, such as the "first million" argument, the vision of capitalism as a jungle, understanding of the free market as something separate from morality etc.

I would even venture a thesis: "talking about" transformation (including ethical analyses) is (or should be) a part of this very transformation; public discourse is at the basis of the democratic process which has in turn a basic impact on the economic reforms being introduced by political means, from the top down. Nevertheless, the immediate task of business ethics in Poland and throughout the region is to combat cynicism, to show a different face of the market economy and democracy, and to improve the quality of arguments and discourse on the transformation as a whole. No one can deny that there are transformation winners and transformation losers and the army of losers (i.e. those who measure democracy and freedom by the yardstick of their individual economic problems) is becoming a potential danger for any democratic process. Unfortunately, there can be no immediate cure for this state of affairs. To change the proportions of these groups requires considerable time and effort.

In order to become a part of a civic discourse which can, in the long run, increase the acceptance of economic reforms among the wider audience, business ethics ought to avoid the pitfalls of "ideological" divisions between left and right, post-communists and free market advocates, Catholic and liberal thinkers, etc. This is why the choice of vocabulary, as Richard Rorty would phrase it, is so crucial. In other words, the choice of philosophical tradition has far-reaching consequences, even though, at first glance, it is not too evident during practice-oriented debates. Business ethics in CEE has to avoid yet another danger: the possibility of contributing to a quite old rift in society. Under communism, the classic divide of "us vs. them" prevailed: *us* – citizens unable to influence the political system; *them* – those who have created, supported and benefited from this system. The us/them binary opposition did not disappear in the 1990s. It still exists as a line between transformation winners and transformation losers. "They" are seen by losers as immoral individuals taking advantage of the weakness of the state and its institutions – not as creative entrepreneurs. "We" are the immediate victims of their craft and cunning.

Business ethics cannot adopt the point of view of "us," which entails the perception of business as an eternal abuse of what is best for society as a whole. It cannot represent "us" as the only honest side of the social spectrum. The truth is that business reflects the average level of morality of the entire population. Consequently, business ethics will more likely achieve its goals as the inner voice of the business community than as the external judge. Indeed, we should draw a lesson from what Alasdair MacIntyre wrote 24 years ago:

"We ought to view with suspicion the recent American addiction to easy and instant moral indignation. It exhibits the kind of need to find a whipping boy which characteristically is a symptom of a deep, but unacknowledged unease about oneself. It reinforces the suggestion that the problems of American business are in crucial part the problems of the whole society. We ought always to remember what that keenest of all students of business ethics, Karl Marx, re-

marked: that we ought not to 'make the individual responsible for relations whose creature he socially remains'."[16]

This average level of moral ability is manifest, among other things, in the widespread cynicism and lack of trust. It is impossible for business ethics to build trust among CEE citizens, but it is possible to combat cynicism by undermining the "descriptive" part of cynical arguments. In order to achieve this goal, it has to configure an accurate picture of the free market economy, to learn more about the historical forces which have shaped CEE societies. It should also examine how certain ethical problems, hesitations and ambiguities notwithstanding, are being solved in everyday life. I am convinced that pragmatist philosophy, with its confidence in the common wisdom and trust in learning by doing, can become a source of inspiration for business ethics. People are cynical not because they do not know the difference between right and wrong; on the contrary, but because they know it and are extremely dismayed by the immorality and corruption they see around them. I would also define cynicism in a pragmatic way as a form of doubt – not an abstract, Cartesian doubt, but the skepticism that springs from real situations and disappointments – and as a pathway towards solutions, as a struggle to find response to unresolved situations.[17]

Business ethicists should join the business community and turn it into a "community of inquiry" in the Peircean sense. In practice, that entails "ethics without sermonizing," collective probings into the consequences of our actions and into the tacit preferences and evaluations already present in people's minds.[18] The ethicist will not achieve his or her goals by telling people that something is wrong. Instead he or she should start with the audience's experiences and their interpretations of the phenomenon in question. In my view, business ethics should not be too normative or too evaluative (meaning too openly normative), because by being descriptive it actually can better perform its normative function. For instance, there is sufficient historical evidence for the existence of commercial morality in modern economy (as opposed to feudalism) to substantiate the claim that business has been based on moral values "from the outset." Starting from a description of the "familism" characteristic of the Middle Ages and a myopic trust in the feudal era, and then proceeding on to tracing the development of modern economic institutions based on non-familistic trust, a key moral message can be conveyed without being overly judgmental about one's audience. As mentioned earlier, this is also the way to dismantle and deconstruct the descriptive part of the cynical argument (the "everybody does it" type of story).

"Sermons" can be also dangerous in view of the fact that there is still a fresh memory of the ideological fetters put on the market in the so-called command economy and the total, Marxist critique of capitalism (in its CEE institutionalized version). Consequently, the choice of the right strategy is crucial in our attempts to establish business ethics as an independent field of research and a legitimate subject in academic teaching.

I believe morality cannot be propagated by teaching abstract reasoning. Transmission of values and norms is possible only as a product of socialization, i.e. the process through which an individual absorbs not only values but also the whole way of life of his or her community. This process is already based on an individual's embeddedness in a group and at the same time strengthens this link between a group and a person. But in the context of teaching business ethics, more important are the opportunities created by secondary socialization. Business ethics can be considered a part of socialization into a profession, role learning and acquiring a new identity. The classroom should become the point for entry into this particular community. Here students should start learning "who they are" and should perceive themselves in a new way at the end of this process. This self-actualization does not consist in mechanical learning of certain roles and necessary standards. Much more is involved here: a change in personality, a strengthening of a person's integrity or sense of "wholeness.". A static view of character is rejected, replaced by the belief that human beings are always able to develop certain new personal characteristics. This recognition of the possibility for continuous development of human character goes back to Aristotle as well as Confucius.[19] It is also part of the tradition of American pragmatism.

16 *MacIntyre, Alasdair*, Why Are the Problems of Business Ethics Insoluble? In: Proceedings of the First National Conference on Business Ethics. Business Values and Social Justice: Compatibility or Contradiction? Center for Business Ethics at Bentley College, Waltham MA 1977, p. 99-100; the Karl Marx quotation is from "Capital", Vol. 1, Preface to the First Edition.

17 See *Rosenthal, Sandra B.* and *Buchholz, Rogene A.*, Rethinking Business Ethics. A Pragmatic Approach, New York 2000, p. 43, passim; see also *Nahser, Byron F.*, Learning to Read the Signs. Reclaiming Pragmatism in Business, Boston 1997, p.9, 60, 65.

18 *Nash, Laura L.*, Ethics without the Sermon, in: *Andrews, Kenneth R.* (ed.), Ethics in Practice. Managing the Moral Corporation, Boston, Mass. 1989, p.244.

19 see *Paine, Lynn S.*, Ethics as Character Development: Reflections on the Objective of Ethics Education, in: *Freeman, Edward R.* (ed.), Business Ethics. The State of the Art, New York 1991, p. 72.

Business ethics based on this approach is not an external reflection on business practice but an internal understanding of business, an awareness of its purpose and the necessity of certain virtues in business practice. As an academic subject, it answers the question: who are we as managers, who are we becoming as a result of our study of business administration? It is an attempt at building self-identification and successful enterprise: young people need this self-definition, which often contradicts what they have learned at home within their families and what they see around them in the society (more often than not through the media).

4. The Necessity of Trust

Since business morality reflects the morality of the entire society, business ethics cannot avoid discussion about society at large. There is only one "us" – the society of which business is an integral part. It is not possible to separate economic transformation from cultural change or any other transformation. So the question arises: how can business ethics contribute to the larger discussion on the course of reforms? I would contend that a description of contemporary global business will show that change is always possible, since most of the story is about successful change.

One of the most interesting and fruitful debates of the last ten years or so has focused on the problem of trust, summarized and popularised by Fukuyama in his well-known book.[20] The topic is still popular, its discussion illuminating. At the same time, it offers a prism for looking at societies in CEE and the prospects for reform. In Poland, for instance, this topic has been widely discussed for a number of years.

According to some sociologists, Polish society is familistic. Due to obvious historical reasons, the institutional environment for more than a century has been regarded as alien, even hostile, representing the "them" end of the "us-them" polarity. The "us" pole, of course, was constituted by the family. This process in itself does not necessarily undermine social virtues such as non-kin trust and the ability to form spontaneous voluntary associations. In reality, however, the public sphere suffers badly from this familistic bias prevalent in Polish society.

In this connection, Miroslawa Marody has spoken of "privatization of the public sphere," by which she meant a pattern of cooperative behaviour of individuals consisting in projecting the rules of the private sphere onto the public one. Among other things, this means coping with problems in social life in an unofficial, non-institutional way.[21] It is not difficult to notice that corruption and nepotism are the most obvious examples of such a "privatization." A similar diagnosis was put forward by a Czech journalist in looking at the Czech Republic and its problems.[22]

Piotr Sztompka wrote about the "culture of trust," a conception akin to Fukuyama's notion of "social virtue." Sztompka claimed that this mode of culture is absent in Poland. Rather the opposite mechanism prevails, generating antisocial behavior, corruption and egoistic approaches to dealing with social dilemmas.[23]

The economic consequences of familism are quite predictable. Short-term gains outweigh long-term profits in importance. That attitude has a remarkable impact on investment decisions taken by professional managers, small entrepreneurs and ordinary citizens with extra funds for investment.[24] Profit anticipated in the more distant future demands greater levels of trust in other people and their motives as well as in institutions both public and private. The lack of this trust may also shed some light on the widespread view that we cannot afford morality in business at the present difficult moment. Pressure for short-term gains drives out both patience and confidence. Both are necessary in order to achieve future profits, which themselves hinge on one's good reputation and high moral standards.

In the light of these arguments, one may be apprehensive about Polish society: it could remain a low-trust society characterized by a large number of small family businesses, the "us" – while large economic organizations and transnational corporations will always belong to the antipodal sphere of "them." Need-

20 *Fukuyama, Francis*, Trust. The Social Virtues and the Creation of Prosperity, New York 1995.

21 *Marody, Mirosława*, Kulturowe aspekty zmiany systemowej. (In Polish: The Cultural Aspects of a Systemic Social Change), in: Acta Collegium Invisibile, zeszyt 2., Warszawa 1997, p. 32.

22 "The well-developed Czech sense of comfortable survival, a sense of improvisation to create the coziest life possible, filled the vacuum between the individual and the state. This gap, was filled with something that bore a slight resemblance to a civil society; a self-help, self-regulating, and perverse form of a civil society." *Vrba, Tomas*, The Trade-offs of a Cozy Life, op. cit., p. 65.

23 *Sztompka, Piotr*, Czy kryzys zaufania w spoczeństwie polskim? (In Polish: Are we dealing with a crisis of trust within Polish society?), in: Acta Collegium Invisibile, zeszyt 2, Warszawa 1997, p. 59.

24 See e.g., *Marody, Mirosława*, Kulturowe aspekty zmiany systemowej, op.cit., p. 35, *Sztompka, Piotr*, Czy kryzys zaufania w spoczeństwie polskim? op. cit., p.62.

less to say, this process would again reinforce the inveterate familistic attitudes rampant in Poland. Is this fear justified?

Actually, this interest in trust can lead to unexpected conclusions. Once it becomes clear that a certain society is marked by features of low social trust, there is nothing one can do except summarize findings. The very idea of introducing the notion of trust into social-scientific discourse was in a bid to replace the legalistic, contractual bias with more "conservative" foundations related to the spontaneous, traditional and local social phenomena. As Peter L. Berger has put it: "Formal law (...) is the inevitable result of a decline of trust. One is tempted to say that it could not be otherwise in a complex modern society, but this too is open to doubt. Highly complex modern societies in East Asia function very well with much less formal law than we regard as indispensable."[25]

Indeed, there can be a bad law that cannot be trusted; the only hope then would be traditional morality and social relations based on trust. On the other hand, a "bad morality" or destructive, corrupting mode of trust (such as cronyism) can exist which can be remedied only by the law and public institutions. Probably this is the case in Poland today. At least some sociological diagnoses seem to indicate that. Given this lack of trust, what we need is better legislation.

Business ethics, then, should be more concerned with these social processes in order to better participate in public discourse on how to reform social institutions. Alone we cannot change the past or alter inherited deeply ingrained social habits, but we can contribute to dialogue on the directions these reforms should follow. When I read the title of an article in a serious but also very popular daily "The law which forces people to circumvent its regulations,"[26] I can only assume that not only is the centuries-old tradition to be blamed but the evident deficiencies in the work of our legislature as well. Instead of a preoccupation with the purported immorality of business, business ethics should position itself in the ongoing debate about those social institutions which will make it possible to change the habits of Polish society as a whole.

25 *Berger, Peter L.*, Trusting Laws, Trusting Others, in: First Things: April 1996, No. 62, p. 12.

26 *Bochniarz, Henryka*, Prawo, które zmusza do omijania przepisów. (In Polish: The law which forces people to circumvent its regulations), in: Rzeczpospolita: No. 172 (4729), 25 July 1997, p.22.

An interesting discussion took place in 1997 at a sociology conference. Professor Marody's rather pessimistic diagnosis[27] – Poland as a low-trust country, marked by weak social cooperation and with an underdeveloped, uneducated middle class lacking structural balance – was countered by Janusz A. Majcherek.[28] He brought a detailed analysis of statistical data which showed that change is not only possible but, in fact, is well advanced. Miroslawa Marody claimed that Polish collective imagination was filled with illusions about the capacity of Polish society to reorganize itself along the lines of Western standards. Janusz A. Majcherek replied that we are dealing with self-fulfilling prophecies which in part had already come true, not with illusions.

Two years later however, Piotr Sztompka supported Majcherek's views with a more optimistic assessment based on his own latest research:

"It seems that the vicious loop of deepening distrust in Poland has been overcome, and the virtuous self-amplifying loop of growing trust culture has finally been started on its way. A trust culture has entered into a mutually beneficial interaction with the slowly crystallizing democratic and market institutions, providing support for their viable operation, and being facilitated itself by the conducive context of democracy and market."[29]

Which brings me to my final conclusion: today's challenge for business ethics in CEE entails a new focus on historical traditions and cultures of this region, but without falling prey to cultural determinism. The normative claim of business ethics cannot be burdened by the ballast of illusions, though it ought not to do without a modicum of hope. Let me close with a quote from the most recent book by Timothy Garton Ash, a volume summarizing his experience and impressions on repeated visits to CEE during the 1990s:

"As I was preparing to fly to Slovakia from Heathrow Airport, I met a banker of my acquaintance who travels extensively in CEE. He bluntly summed up his personal finding thus: 'The further east and south you go, the more corruption and chaos'. The cardinal fault, it seems to me, is to turn probabilities into certain-

27 Her views were summarized by *Cieszewska, Barbara*, Mity polskie, czyli lekcja pokory. (In Polish: Polish myths or a humbling lesson), in: Rzeczpospolita: No. 240 (4797), 14 October 1997, p. 5.

28 *Majcherek, Janusz A.*, Trwalosc mitow a dynamika przemian. (In Polish: The persistence of myths and the dynamics of change), in: Rzeczpospolita, No. 265 (4822), 14 November 1997, p. 5.

29 *Sztompka, Piotr*, Trust. A Sociological Theory, Cambridge 1999, p. 190.

ties, grey zones into lines between black and white, and, above all, working descriptions into self-fulfilling prophecies. We know, for example, that the following pairings will be difficult to achieve: Balkan tolerance, Ukrainian prosperity, Russian democracy, Turkish respect for human rights. But to suggest that these are contradictions in terms is not just to relativize our own values. It is also to betray the many, many people who are fighting for these things in these places, against the odds, and sometimes at the risk of their lives."[30]

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30 *Ash, Timothy G.*, History of the Present. Essays, Sketches and Despatches from Europe in the 1990s., op. cit., p. 396.

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