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# The Positive Unity: How Solovyov's Ethics Can Contribute to Constructing a Working Model for Business Ethics in Modern Russia

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## INTRODUCTION

The last ten years have been especially fruitful with respect to business ethics textbooks that came out in Russia.<sup>1</sup> Several factors contributed to this phenomenon. Among them the increased importance of Russia in global economics and politics, globalization with attendant pressures for greater integration of Russian businesses into world business structures and the tremendous potential for business development in Russia. These books have significant similarities to Western books on business ethics, both structural and material. They discuss topics like the nature of business ethics, ethics of management and gender issues in the workplace much in the same vein as western business ethics manuals. Some newly minted Russian business ethics books do not discuss the ethical specifics of business in Russia at all. Others have one or two chapters, normally at the end, that give a brief historical summary of the development of ethics in business relations in Russia and name a few distinct characteristics of Russian business culture.<sup>2</sup>

From this structure one can conclude that the ethic operative in Russian business practices is very similar to business ethics as it is understood in the West, and the distinction between the two does not carry a lot of material significance. Yet this conclusion does not seem to square with some of the well known realities of doing business in modern Russia. Mikhail Khodorkovsky, who owned the largest Russian oil company, was put in jail in 2003 on what many observers see as trumped up charges. He was sentenced to eight years. Many believe the real reason behind his imprisonment was the funding he provided to opposition parties. In 2010 Khodorkovsky was put on trial again. The consensus in the West was that the new charges were also politically motivated and would not stand scrutiny in a Western courtroom. Nevertheless, Khodorkovsky was found guilty, and his sentence was extended until 2017.<sup>3</sup> British Petroleum had to agree to replace the CEO of TNK – BP because he came under relentless pressure from Russian shareholders who, among other things, seemed to be able to use state structures to deny him a visa.<sup>4</sup> Royal Dutch Shell had to “voluntarily” agree to

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<sup>1</sup> See, for example, V.K. Borisov, et al., *Etika Delovykh Otnosheniy* (Moscow: Forum, 2009); A.Y. Kabanov, et al., *Etika Delovykh Otnosheniy* (Moscow: Infra-M, 2009); Y. Y. Petrunin, V. K. Borisov, *Etika Biznesa* (Moscow: Prospect, 2008); A.K. Semyonov, E.L. Maslova, *Psikhologiya I Etika Menedzhmenta I Biznesa* (Moscow: Dashkov i K, 2006); G. N. Smirnov, *Etika Delovykh Otnosheniy* (Moscow: Prospect, 2008).

<sup>2</sup> Petrunin, 290-336; Smirnov, 141-161.

<sup>3</sup> As of this writing, Khodorkovsky's lawyers are appealing this latest sentence.

<sup>4</sup> When Dudley became BP president, he signed a major share swap agreement with Rosneft, a Russian government-controlled oil company. This demonstrates the willingness of some major Western corporations to stay in Russia despite significant risks of doing business there.

alter the production sharing agreement for the Sakhalin II project to allow Gazprom, a government controlled company, to become the majority shareholder. In the West all these tactics were considered major ethical infringements. Whatever one's view on these issues may be, it is clear that there are important disparities in how business ethics is understood in Russia and in the West. These events suggest, among other things, that Russian business culture is different from business culture in the West in some important respects, and the distinct characteristic of business ethics operative in Russia deserve more than the scant treatment they receive in many books on business ethics.

The differences between American and Russian business ethics were examined by Rafik I. Beekun, Yvonne Stedham, Jeanne H. Yamamura and Jamal A. Barghouti in their 2003 article in the *International Journal of Human Resource Management*. Using the conceptual framework worked out by Gert Hofstede, a Dutch organizational sociologist, the authors surveyed American and Russian managers to determine how the differences in the power distance and individual/collective dimension of the respective cultures impact the moral sensibilities of the managers. Hofstede understood power distance as the degree of acceptance of the unequal distribution of power and the individualism of a given culture as the extent to which members of society define themselves apart from the group. The authors went into the survey with the understanding of Russian society as being more collectivist and having a greater power distance. Based on that, they expected American managers to judge a given business decision as less ethical (seeming suggest that American managers should have higher ethical standards). After all, the lesser power distance should imply a greater willingness to question ways in which power and wealth are acquired.

The results of the survey confirmed these expectations, but only partially. American managers indeed made harsher ethical judgments on business practices that shortchanged groups of people, such as a store chain allowing its outlets located in ghettos to raise prices coincidentally with the distribution of welfare checks. Americans were very keen to see that people of all racial and ethnic backgrounds are treated equitably. However, when it came to actions that have an adverse effect on the group that put trust in a businessperson, such as sharing confidential information of clients, Russian managers were harsher in their ethical judgments. Breaking trust in the Russian system of values turned out to be a greater sin than violating the law. The authors of the study explain that Russians tend to treat the in-group, the group of their trusted friends and coworkers, differently than those who do not belong.<sup>5</sup> By and large Russian managers believe that it is necessary to treat these groups differently, even if that entails

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<sup>5</sup> Rafik I. Beekun, Yvonne Stedham, Jeanne H. Yamamura and Jamal A. Barghouti, "Comparing Business Ethic in Russia and the US." *International Journal of Human Resource Management* 14, no. 8 (December 2003): 1333–1349.

acting contrary to the letter of the law. This example shows that there are indeed important differences in the ways business ethics is understood in the Russian Federation and the USA, and this reflects significant differences in business ethics in Russia and the West in general.

In the background lurks the question of the source of ethics in modern Russia, particularly business ethics. Until a couple of decades ago, all business relations within Russia were subject to norms derived from the Leninist version of Marxism within the context of a totalitarian state ruled by Communist party apparatchiks. Communist ideology was an exclusive source of morals for Russian society, and any other potential sources were quashed mercilessly. Of course, this ideology could not provide a serious business ethic for a market economy, if only because it rejected business as it is understood in the modern world. The emergence of business in Russia occurred on the heels of the downfall of Communism and the attendant collapse of Communist ethics. Consequently, young Russian businesses had to make the first steps in an environment that can be characterized as a fluid mix of competing ethics. When the Communist ethic lost its legitimacy with the Russian public, no single ethical system emerged to take its place. At times the situation came close to what can be characterized as an ethical vacuum. This put a strong imprint on the emerging Russian business community and ultimately contributed heavily to its falling under tight state control.

There are many questions related to the emerging business ethic in modern Russia. One of them seems of greatest importance, namely the matter of governmental control over the business community, which is a part of the broader issue of state control over voluntary associations. Obviously, voluntary associations should be subjected to state regulation to a reasonable extent. At the same time, in order for them to function effectively, they need to enjoy a substantial degree of independence. This paper will point to resources within Russian thought that could contribute to the formation of a viable ethic of relation between the state, on the one hand, and voluntary associations (including corporations), on the other. These resources will be identified in the thought of Vladimir Solovyov, a Russian religious philosopher of the second half of the 19<sup>th</sup> century, specifically in his concept of positive all-unity.<sup>6</sup>

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<sup>6</sup> The scope of this paper will not permit a detailed discussion of an obviously important question of the rule of law in modern Russia and of the concomitant matter of relation between executive and judicial branches of government. The question of whether there are resources in Russian thought that would facilitate formation of a viable ethic of law will also have to be left for another occasion. So will other important issues typically associated with business ethics, such as ethics of negotiations, business contracts and job interviews. Certainly, the question of the role the Russian Orthodox Church has actually played in shaping business ethics in Russia deserves a separate detailed inquiry.

### SOLOVYOV'S CONCEPT OF ALL-UNITY

Solovyov became known in Russia in 1880s for his master and doctoral dissertations, *Crisis of Western Philosophy (Against Positivists)* and *Critique of Abstract Beginnings*, respectively.<sup>7</sup> In these works, Solovyov argued that the Western philosophy of his day painted itself into the antirealist corner by attempting to build philosophical systems on elements of subjectivity taken in abstraction, be that experience or rational thought. Empiricism cannot get beyond multiple varieties of external human experience to assert the existence of objective reality underlying them. The most it can maintain is the subjective reality of our experience. Hallucinations could be just as much a part of our experience as representations of things that really exist. Inevitably empiricism leads to positivism, which holds, rightly, that reality cannot be given in an extrinsic experience. So, in order to access the objective reality, we need something that goes beyond external experience. In this way, experience points to its own incompleteness and to something beyond itself. The same can be said in relation to rationalism. The most that it can establish is the reality of our thoughts. When Descartes put forward his *cogito ergo sum* as an indubitable proof of our real existence, he made the rational mind taken in abstraction from the rest of human personality the foundation on which he and subsequent rationalists built their philosophy.<sup>8</sup> The eventual result of this abstraction was the inability to establish the existence of reality independent of the rational mind, which was evident in the thought of Fichte and Hegel. As is the case with positivism, the realization of this inability points to something beyond the rational mind as a tool for grasping objective reality. In order for objective reality to be comprehended, the Cartesian abstraction of mind from the rest of human personality needs to be overcome. Objective reality can be known neither through the objects of our mind, for these objects may well be created by mind, nor via pure thinking, for it cannot transcend itself and does not give us objective reality, or through experience, for it is heavily conditioned by our consciousness. Therefore, concluded Solovyov, Western philosophy inescapably leads to the notion that objective reality cannot be known at all, at least not through the paradigms of abstraction dominant at the time. To speak of something that cannot be known at all is meaningless. Consequently, antirealism is an unavoidable result of both philosophical schools taken to their logical conclusions. Solovyov

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<sup>7</sup> Vladimir Solovyov, *Filosofskioye Nachalo Tsel'nogo Znaniya* (Minsk: Harvest, 1999), 5-177; 398-883.

<sup>8</sup> Solovyov is referring to Descartes' In reality *Cogito* is used by Descartes as a validation of rationalism rather than the foundation of knowledge. For a detailed discussion of this subject, see Stephen Gaukroger, *Descartes: an Intellectual Biography* (Oxford: Clarendon Press, 1997), 340-352.

deemed this result as falling short of satisfactory, in part because, in his view, it leads to ethical nihilism.

As an alternative, Solovyov offered to base the unity of subject and object on an immediate intrinsic intuition of holistic subjectivity. We cannot help thinking of ourselves as a whole unit. While we certainly have wills, thoughts, feelings and desires, our personalities cannot be reduced to any one of these. Moreover, it is impossible to single out the most important part of human personality because all of the parts are vitally important. It is difficult, indeed impossible, to imagine a human being without will or knowledge, emotions and aspirations. Moreover, we do not perceive ourselves as fragmented. All the above mentioned parts cannot be perceived in isolation from a human being that integrates them into a single personality. To abstract a given part of the human being, be that reason, experience, will or something else, goes contrary to how human beings intuit themselves. Because the human being is a part, and in an important sense a reflection, of the cosmos, no model built upon an abstraction of this sort will render a valid anthropology, epistemology or ontology. It is important to point out that the immediate intrinsic intuition of holistic subjectivity does not reflect the wholeness of human person taken in abstraction from the rest of reality. This intuition reflects, both in form and content, the positive all-unity of reality and the human being as a part of this objective all-unity.

Solovyov's mystical intuition of unity grasps not only the unity of a human being but the ontological unity of the cosmos. In fact, the very act of this intuition is the act of unity with the rest of the cosmos. The basis of this unity is the Absolute. Solovyov's doctrine of the Absolute is somewhat complicated and at times downright confusing. In fact, Solovyov has two Absolutes: the first Absolute, or God, being the underlying ground of all-unity. The second Absolute is God's "other," which has been created by God in an act of pure love. It is the "becoming Absolute," a world of ideas which form the overarching unity. Things in the world are reflections of these ideas and, as the world moves toward greater unity, it is progressively becoming a greater reflection of two Absolutes. Furthermore, the holistic intuition points to holistic epistemology. The fundamental unity of the Absolute, the cosmos and the human being implies the overarching unity of human knowledge and all its branches. There is the intuitive sense that various fields of human inquiry form a whole, that they complement, not contradict, each other. If we stumble upon what appears to be a contradiction, whether within a given discipline or between different disciplines, we strive to resolve it. This urge to eliminate contradictions stems from the intuitive sense that our knowledge forms a coherent unity. Solovyov believed that this unity calls for a synthesis of religious, philosophical and scientific knowledge. This synthesis, which Solovyov called "holistic knowledge," is what he was striving for in his system.

Of course, the Solovyovian approach is not immune to criticism. A few hard questions can and must be asked. Does the unity of human personality taken as an epistemological foundation for knowing both self and the world protect us from the kind of abstract beginning Solovyov excoriated in empiricism and rationalism? Does not this unity so conceptualized become itself an abstract beginning similar to those? Solovyov definitely made an effort to construct his idea of all-unity in such a way as to avoid taking a given part of human personality, be that mind, desire, will or extrinsic experience, and hang the rest of his system on this part. However, at times he seems to imply that holism protects him from such an abstraction by the sheer virtue of including all the parts of human personality, without leaving anything out. However, does that move alone offer a sufficient protection from such an abstraction? There is an even harder question: does not that move create another abstraction of this sort out of the intrinsic immediate intuition of the whole? Would it not be sounder to assert the dialectic of unity and particularity, each playing an important role in understanding both the human being and objective reality? Would such dialectic bring a much-needed balance to Solovyov's metaphysics and ethics? The argument has been made that in reality Solovyov remained captive to the abstract beginning methodology, and it is difficult to deny that this argument may have merit.<sup>9</sup>

#### THE RELIGIOUS ROOTS OF SOLOVYOV'S THOUGHT

In his section on Solovyov, Zenkovsky says, "from the closeness of philosophy and faith in Solovyov philosophy gained more than faith...it is no wonder, then, that Solovyov is talking not about 'justification' of philosophy by faith but...about justification of faith by Western philosophical developments."<sup>10</sup> To support this idea Zenkovsky cites Solovyov's master and doctoral dissertations, where philosophical and ethical considerations are of primary importance. Perhaps that should not surprise anyone, given that these works were directed primarily at the academic community. At the same time, a few pages earlier Zenkovsky points out that the idea of Godmanhood, the concept with explicitly strong religious overtones, was "*the source of philosophical inspiration* and the determining force of...[Solovyov's]...dialectical constructions."<sup>11</sup> So, perhaps the most helpful question is not which dimension, faith or philosophy, is the primary for Solovyov but whether the religious component is germane to his

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<sup>9</sup> This argument was made in Igor Evlampiyev, *Istoriya Russkoy Filosofii* (Moscow: Vysshaya Shkola, 2002), 185 – 192.

<sup>10</sup> Vasily Zenkovsky, *Istoriya Russkoy Filosofii* (Moscow: Raritet, 2001) 470.

<sup>11</sup> *Ibid.*, the italics are Zenkovsky's.

writings. The answer to this last question must be unequivocally ‘yes.’ Without the faith dimension Solovyov’s system would fall apart. The doctrine of Godmanhood is the glue that holds it together.

Indeed, nowhere are the religious roots of Solovyov’s thought more evident than in his doctrine of Godmanhood, which Solovyov developed in his *Lectures on Godmanhood*.<sup>12</sup> Here his system comes together, and all its strengths and contradictions become apparent. Solovyov describes the first Absolute, God, as containing ideas of all the things existing. In God these ideas exist in perfect unity and harmony. At the same time, in order to become the all-unity, God needs the other. So, God produces the second Absolute, a conglomerate of ideas, and then the cosmos in which ideas become things. In this process the primal all-unity was lost as things began to establish their independence against each other and the overarching ideal unity. In the ensuing cacophony Sophia, the Wisdom of God, directed the development of the world toward the emergence of a human being. Because humans partake of the nature of both divine and earthly realms, they are effectively positioned to serve as a bridge between the two and bring the world back into the positive unity with God. This they are supposed to do by establishing a society that would reflect the primal all-unity. Once this society becomes reality, the rest of creation will join the divine-human unity and thus consummate the new all-unity.

Solovyov’s system certainly contains a utopian bent, and utopianism rarely, if ever, makes a sound basis for a functional ethic. So, if Solovyov’s thinking is to contribute to the emerging ethics in modern Russia and beyond, these utopian elements must be duly noted. There will never be a sort of perfect harmony that Solovyov envisioned, and business and other entities will be in perpetual competition with each other. Moreover, extinguishing this competition does not seem a good idea, for it would rob businesses of creativity so vital to progress. Furthermore, in practice utopianism often follows by having one institution of society, such as government, dominating all the others, which can only happen by abstracting this institution of dependence from other vital parts of society, the very abstraction that Solovyov decried. At the same time, it seems that the vision of diverse elements of society united by some notion of common good is much preferable to an outright no-holds-barred fight between different institutions and businesses where they carve up for themselves different assets and resolve differences with bribing state officials and contract killings. In other words, in order to draw on Solovyov for constructing a business ethic for modern Russia, one needs to bring his utopianism to the level of vision that could be

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<sup>12</sup> Vladimir Solovyov, *Lectures on Godmanhood* (Poughkeepsie, NY: Harmon Printing House, 1944).



inspiring for the majority of Russians, particularly for Russian business community.<sup>13</sup>

### THE ETHICS OF ALL-UNITY

Solovyov laid out his ethics in the book titled *Justification of the Good* written three years before his death, the most substantial work since his doctoral

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<sup>13</sup> The question of the extent to which Solovyov's ideas are in alignment with the basic tenets of Russian Orthodoxy has always clouded his works. Two issues have been on the forefront of these doubts: his concept of all-unity where God in a certain sense seems to be a part of the cosmos and his attitude to the Catholic Church. There is no question that, in Solovyov's framework, God is linked to creation in the most intimate way, and it will probably be right to say that this linkage is intimate enough to make the creation in an important sense a part of God. At the same time, there is at least an attempt to draw a qualitative difference between God and the world. This attempt is most obvious in Solovyov's dialectic of existence and being. In his doctoral dissertation Solovyov described the existence of God as qualitatively different from the being of everything else. Being is derivative from existence, and the existence of the first Absolute and the human being is not predicated on the existence of anybody or anything else. The perception of objective world is conditioned by the existence of Absolutes.<sup>13</sup> Of course, this dichotomy of existence and being seems in tension with Solovyov's critique of the Western dualism of subject and object and at times comes close to Berkley's empiricism with its idea that things need to be perceived in order to exist. Even though Solovyov certainly attempted to make an important distinction between God and the world, this distinction in Solovyov falls short of the infinite qualitative difference between the two that was mostly accepted in the Russian Orthodox tradition. Solovyov thought about the Christian church as the primary locus of all-unity. But the church can serve as a model of unity only if it overcomes divisions. He lamented the reality of the church's fragmentation as undermining the model of unity which the Christian church was supposed to present to the world. Solovyov developed a sort of theocratic utopia, where the political power of the Russian tsar would combine with the ecclesiastical power of the Roman pope to rule the world, and during 1880s much of his writing elaborated on this topic. This culminated in his Paris lecture in 1887, where he was sharply critical of Russian Orthodoxy and compared it unfavorably to Roman Catholicism. See Vladimir Solovyov, *Russkaya ideya* (Moscow: Vekhi, 2001). However, by the 1890s Solovyov grew colder to this idea and soon abandoned it altogether. Moreover, even at the height of his exploration in this direction Solovyov did not formally renounce Russian Orthodoxy or join Roman Catholicism. The rumors that he converted to Catholicism a few years prior to his death are now regarded as unfounded, and Solovyov partook of the Orthodox Eucharist shortly before his death. In addition, his writings show significant influences of the Slavyanophil tradition of earlier 19<sup>th</sup> century, and his whole approach to metaphysics and ethics, while undoubtedly influenced by an array of Western thinkers, is clearly impacted by the Russian Orthodox tradition. The refusal to compartmentalize experience, rational thought, feelings and will and the striving to construct a theory that would account for the multiplicity of ways they influence each other and thus present a holistic picture of the world and of the place of human beings in the order of cosmos, and the particular way Solovyov went about accomplishing this task is indicative of the influence of both Russian Orthodox mystical spirituality and Russian religious philosophy prior to Solovyov.

dissertation.<sup>14</sup> Here he addressed a wide array of issues related to ethics, religion, metaphysics and various aspects of society and culture. In the introduction Solovyov argues that, even though in its essence moral philosophy is very closely linked to religion, it should not be understood as a product of positive, or historic, religions. Every major religion seems to contain a set of similar moral rules distinguishing the morally good from the morally reprehensible, and the debate between religions revolves not so much around the content of these rules but around the question of which religion implements them better. In addition, Solovyov introduces a three-tiered hierarchy of determinisms. At the bottom is the material determinism, which relates to everything in the material world and states that everything in it happens according to specific laws. In the middle is psychological determinism, which relates to animals and humans and allows for some moral elements. At the top is moral determinism, which relates to humans only and demands from them actions that would be in accordance with universal moral laws. The latter is most relevant to Solovyov's inquiry but the whole hierarchy begs the question of whether it is in tension with Solovyov's holism and his critique of abstractions. Is not singling out ethics in such a determinist fashion and making them the foundation for interpreting all realms of human activity tantamount to an abstraction that Solovyov was so critical of throughout his life?

Of course, one would expect in a book dedicated to ethics to have an analysis of many spheres of human activity from the perspective of moral philosophy. Certainly, one should not be surprised that the author attaches a great, indeed commanding, significance to what he perceives as ethical universals. At the same time, that does not necessarily entail constructing a hierarchy of determinisms with moral determinism being on top. Nor does that have to imply the notion that ethics ought to shape our approaches to various spheres of human activity without itself being affected by these processes. One does not need to choose between maintaining the existence of moral universals and denying that their perception is affected by a given cultural context. In fact, if Solovyov recognized that specific concepts of ethical universals are indeed affected by a specific cultural milieu with its material and psychological considerations, and that there is nothing objectionable in this two-way process, it would arguably be more consistent with the critique of abstract beginnings that is so prominent in his earlier writings. In addition, it would not lead to the denial of a positive role for freedom of the will. Once Solovyov set up a moral imperative in such a deterministic way, the only role left for freedom of the will was to facilitate deviations from moral determinism. Of course, such an idea of freedom is unsatisfactory. While the concept of primordial freedom existing as antecedent to

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<sup>14</sup> Vladimir Solovyov, *The Justification of the Good: an Essay on Moral Philosophy* (Grand Rapids, MI: William B. Eerdmans Publishing Co., 2005).

God had currency in Russian religious thought of the late 19<sup>th</sup> and early 20<sup>th</sup> centuries, it does seem in tension with Solovyov's holism and its vision of various entities freely coexisting in a harmonious society.

Already in *Critique of Abstract Beginnings* ethics and metaphysics are closely intertwined. In fact, the first half of Solovyov's doctoral dissertation is a discussion of ethics, which then transitions into his treatment of metaphysical issues. While in his master thesis he opposed empiricism and rationalism on metaphysical grounds, in his doctoral dissertation this opposition becomes primarily ethical. This line of thought continues in *Justification*. The eventual antirealism inherent in empiricism and rationalism is a death knell to objective ethics. If people were like phantoms and the world a gigantic illusion, all that was left of moral philosophy would be inward judgments in relation to actions and passions, not social responsibility of a moral agent. Continuing his critique of what he sees as abstract foundations of Western philosophy and their moral ramifications, Solovyov goes on to discuss eudemonism in its various versions. Eudemonism, says Solovyov, is a natural consequence of abstract philosophy because, if experience and/or rational thought is all we have left with, the state of happiness becomes the most natural and reasonable thing to strive for. But that brings us to the whole array of questions to which eudemonism has no answers. Should we strive for the highest intensity of pleasures, even though many of them shorten our life expectancy? Should we enjoy only those pleasures that do not affect negatively our bodies? Or perhaps the way to happiness is to conquer all the passions to the greatest extent possible? Or, given that the individual human being finds happiness only within the context of a community, however illusory that community maybe, she or he should strive for the greatest good of the community? To those questions, says Solovyov, eudemonism and abstract thinking give no answers, for there is no single definition of happiness within that framework. The way out of that impasse is a holistic ethic of all-unity that defies metaphysical abstraction. A holistic ethic needs to be put forward. It should be based on the immediate intuition of the wholeness of human personality, human knowledge and cosmos undergirded by immanent wisdom that shows itself most vividly in moral universals.

There is a section on "the economic question from the moral point of view."<sup>15</sup> Here Solovyov attempts to find a third way between capitalism with its unmitigated power of private property and socialism with its denial of private property. Solovyov found both ethically deficient, and this deficiency, says he, stems from both capitalism and socialism attaching a defining importance to the material side of things in a way that abstracts it from other dimensions of human life. Here Solovyov calls this abstraction not only intellectually inadequate but

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<sup>15</sup> Solovyov, *Justification*, 282–311.

morally wrong. Looking at people primarily in terms of their roles in the economic order strips them of their dignity and fundamentally dehumanizes them. This approach is a result of the abstraction whereby the material and economic realm was taken out of its broader context and then made into the foundation of everything else. In reality this realm is secondary to the moral laws that stand above it. There is no such thing as economic laws that exist in abstraction from ethics. On the contrary, the main purpose of society is to facilitate moral development of its members, and business and economics should serve that primary purpose. If we look carefully at Solovyov's reasoning, we notice that there are really two arguments running together in this chapter. According to one of them, capitalism and socialism are wrong because they made economy into the kind of abstraction Solovyov so vehemently criticized in his earlier writings. It is wrong to abstract economics from the rest of human activities and make it into both the foundation for a new world order and a hermeneutical prism that allows us to see all the other activities in their true light. According to the other argument, both capitalism and socialism got their priorities backwards by perceiving the economic realm as primary and all the other spheres, including ethics, as secondary. They should have done exactly the opposite because moral determinism has primacy over material determinism in the real order of things. It is not difficult to see that these arguments do not have to be bound together, and the deficiency of one of them does not imply that the other is faulty. While the argument based on the supremacy of moral determinism cannot stand scrutiny, the argument for the fundamental deficiency of abstracting the economic realm is valid. Other spheres of society, such as science, art and religion cannot be either explained in exclusively economic terms or treated as if they are mere byproducts of economic activity, even though to do so is a perennial temptation for business people and economists. Even though this temptation can at times be strong, it must be resisted.

#### THE RELEVANCE OF SOLOVYOV'S ETHICS OF ALL-UNITY FOR BUSINESS ETHICS IN MODERN RUSSIA

As was pointed out above, the significance of Solovyov for business ethics in Russia today should be examined within the broader context of the relations of government and nongovernmental associations. To date the record of these relations has been decidedly mixed.

On the one hand, the importance of nongovernmental organizations for the building of civil society is commonly acknowledged in the Russian Federation. While too many observers it seemed that during the past years independent civic institutions have been systematically destroyed, and this perception contains a substantial grain of truth, the talk about the need to build a civil society was a

staple in Russian academic papers and business articles. There is a common recognition that nongovernmental organizations are underdeveloped, and there is a need to develop them. To the best of my knowledge, no serious thinker in Russia objects to this notion in principle. On the other hand, by its actions the state conveyed a strong message that only those nongovernmental associations will be allowed to function normally that subject themselves to a significant, and many would say overbearing, measure of government control. Of course, everywhere nongovernmental associations, including businesses, have to abide by governmental rules and regulations. At the same time, it seems that in Russia these regulations come very close to emasculating voluntary associations of all real independence. It has come to the point that many of these associations seem little more than window dressing for the government. In case of large business corporations, this means that they are owned by government either in whole or to a significant degree, and that their boards are stacked by government appointees and people loyal to the Kremlin.

On the surface this situation seems a fairly common case of government deciding to take nongovernmental associations, among them businesses, under control and squeezing out those who resist. This is certainly true, but there is more to it than meets the eye. In order to gain a proper understanding of these processes, one needs to realize that by and large, for Russians the independent function of nongovernmental associations is primarily a moral issue and cannot be treated apart from the question of whether these associations work for the good of the society. In other words, these associations do not possess an intrinsic right to exist; they need to earn this right by convincing the public that their existence contributes to the common good. In the case of businesses, if the public perceives that they enrich a few and benefit the rest of society only marginally, people will not resist the government taking businesses over even if the government bends the law to make it happen.

Of course, many in the West would agree with the notion that businesses should exist for the public good. Moreover, it can be argued that western societies have time-tested mechanisms of ensuring that businesses work for the public good, such as free markets. If a business has a positive cash flow, it must meet some public needs well enough for people to be willing to pay for its services. By its nature business cannot exist without meeting any public need whatsoever, or it will run out of money. Furthermore, it is not necessary that public good be the primary motivation of business people. In fact, most often it is not: the nature of business is such that most often the primary motivation is making a profit. However, again according to the nature of business in capitalist societies, public good is served best when business people are primarily motivated by making a profit. Whether or not one shares this often cited line of reasoning, it is important to remember that it can be operational only in the context of a broad

social agreement that voluntary associations, including businesses, have the right to operate independently, which is well protected by laws and the existing legal system. Absent that, businesses become vulnerable to all sorts of perils, and the most lucrative of them tend to end up in the hands of government, which is often not hesitant to bend the law almost to the breaking point to make it happen. In places where there is no such broad social agreement, the public first needs to be convinced that businesses make substantial contribution to the public good.

The recent global financial meltdown brought a widely shared concern across the globe that markets have been under-regulated for quite some time, and perhaps their potential to bring lasting prosperity has been overrated. While this is not the place to debate these issues, it matters a great deal how the free markets' potential is perceived. If they are viewed as fundamentally incapable of offering reasonable opportunities to the masses while enriching a few, the chances are that at some point the system will be altered significantly, even if the aforementioned perception has a more limited basis in reality than may appear on the surface. As for Russia, at the end of the 1990s there was a widespread perception that whatever reasons independent corporations have for their activities, public good was not one of them. How did this perception come into existence?

During the 1990s Russians had to deal with a whole array of issues brought to the fore by monumental changes Russian society was undergoing at the time. Three of these issues were especially relevant to how emerging Russian business was perceived, all of them moral in nature. The first issue had to do with the way vast amounts of state property were redistributed. There was the pervasive sense that those who ended up with huge chunks of property on their hands did so because they were less, not more, virtuous than most others. The second issue was that Russians had doubts regarding whether business activities were directed toward the common good. People struggled to understand how extracting hydrocarbons from the Russian soil, selling them for substantial amounts of hard currency and spending the proceeds for extraordinarily lavish lifestyles contributed to the public good. The third issue was rampant lawlessness and the seeming merger of criminal and state structures. Often competing business interests resolved their differences in shootouts, not in a court of law. Taken together, these developments convinced the public that, in order to be a successful businessperson, at some point one almost had to make decisions and take actions in contravention of basic ethical norms. Nor were people convinced that businesses worked for the public good while making a profit. Russians understood that the most lucrative business was in selling hydrocarbons to the West and they kept hearing about oligarchs making huge profit from those sales. But somehow these profits did not seem to trickle down to ordinary people. Of course, not all of that should be blamed on emerging businesses; the overall economic climate at the time also played a role. Nevertheless, much of that was

blamed on the behavior of new business elites. The quality of social services declined sharply because businesses bribed state officials to avoid paying taxes. Social safety nets became almost nonexistent. Unaccustomed to a sharp social and economic stratification Russians saw the lifestyle of super rich oligarchs on television and witnessed their elderly neighbors digging in garbage bins for food. This was bound to produce moral outrage. As a result, when the state came knocking at the door of businesses, there were very few public voices to defend their independence. Certainly, the state was lucky to ride the wave of high oil and gas prices during the last few years. At the same time, the state made sure to let some of the petrodollars trickle down. The quality of social services has somewhat improved. At the same time, the current situation has substantial drawbacks. When the government in effect controls every major business, this tends to stifle innovation, create unnecessary bureaucratization and slow down productivity. In addition, when boards feel more accountable to the state than to other shareholders, businesses tend to spend some resources for purposes that have little to do with immediate business tasks or social services. Instead, they give money to causes that happen to be in favor with the government. Furthermore, this situation is not conducive to building up civil society, for oligarchs will contribute only to those nongovernmental associations and political parties that support the government. So, these considerations bring us to the following question, which acquires a new importance: Is there the possibility of constructing an ethic, Russian in its origin and flavor, which would map a way for Russia to have a robust and independent business community that enjoys public support?

On the surface it is not obvious how Solovyov's ethic of all-unity can point the way of constructing a business ethic that has a chance of both being accepted in Russia and leaving room for the independence of nongovernmental associations, including businesses. After all, his main emphasis falls squarely on all-unity, which can be interpreted as an ethic of a greater government control over all spheres of society. This would be contrary to the consensus that is very much in place among Western analysts of Russian society: at this particular point Russia needs less, not more, government in various spheres of society, particularly in business. As the Russian government is increasingly concentrating control over many spheres of society, would the ethic emphasizing diversity and individual freedom be more helpful than Solovyov's? Should we instead choose a thinker, such as Berdyaev, who celebrates diversity and individual freedom?

Solovyov's thought indeed could be taken in the direction of justifying steps to achieve greater governmental control over businesses. Yet to so use Solovyovian philosophy and ethic will become profoundly unsolovyovian. There are serious reasons to believe that an ethic originating from his thought could

provide emerging Russian business culture with a foundation for a viable moral code.

First, Solovyov's ethics indeed has a strong collectivist flavor. For the purposes of constructing a viable business ethic in Russia, it may be an asset rather than a liability. An ethic that would take hold in Russia must resonate with cultural sensibilities of the population. As Russia largely remains a collectivist culture, an ethic with a strong collectivist flavor will have a much better chance of being accepted in that country, at least for the foreseeable future. There may be substantial benefits for Russia in becoming a significantly more individualistic society. For instance, individualistic societies tend to have the power of their rulers circumscribed by law to a much greater extent than is the case in collectivist societies. Consequently, on the whole individualist societies give greater legal protections to both its individual members and their voluntary associations, such as businesses. In addition, individualist societies give their members more freedom to develop their talents and unleash their creativity, and this generally leads to a greater prosperity of a society as a whole. These societies are more democratic and protective of civil rights of their members. Of course, individualist societies certainly have their drawbacks, such as excessive litigation, which often hampers business development. Some think that Western societies would benefit from becoming less individualist. It seems almost certain that, at the very least, as Western businesses expand into emerging markets, they will need to learn to operate in societies that are significantly more collectivist than the societies of their origin. In turn, most Western observers believe, and probably rightly so, that Russian society as a whole, and Russian business community in particular, will benefit greatly if Russian society becomes more individualist. Perhaps in time Russia will become a more individualist society than it is at present. In any case, it already is a much more individualist society than it was twenty five years ago under Communist leadership. At the same time, Russian society remains primarily collectivist, and the emerging business ethic in Russia is bound to reflect that reality. An ethic that does not do so will simply not be accepted there. Consequently, the fact that Solovyov's thought is primarily collectivist means that potentially it can serve as a foundation for an ethic that can take a root in the Russian business community.

Second, even though Solovyov's ethic is primarily collectivist, it is not exclusively so. In fact, it is bipolar. On the one hand, there is the first absolute that underlines the overarching all-unity. On the other hand, there is the human, the microcosm. The human being is the place where the world-soul meets the eternal Logos, where the nature becomes a conscious of itself and in a sense takes a step beyond itself. Thus there is a place in Solovyov's thought for the absolute value of an individual human being, and this could serve as a basis for the concept



of human rights and human dignity.<sup>16</sup> If every human being has an unlimited value, then at the very least there must be limits to the power of the state over an individual. There must be a sense that every human being possesses certain rights, and they cannot be violated by state structures without bringing major distortions in the order of creation. In fact, if these rights are sacrosanct, they must be protected by laws, and these laws must be enforced. If every human is absolute in a very important way, it can unite with other humans in multiple kinds of association, such as corporations, and there are limits to what the state can subject such associations. Consequently, the state cannot treat businesses as mere auxiliary to its purposes. Businesses should have a degree of independence protected by law, and this law must be implemented fairly. In turn, such an absolutist view of the human being puts a special responsibility on businesses. Business people cannot treat those working for them as simply means for achieving business purposes. Of course, the nature of the business environment demands that business considerations should be given primacy in making the vast majority of business decisions. At the same time, humans possess an intrinsic value and dignity, and it must be taken seriously by those making business decisions that affect the livelihood of others. That Russian business people often did not take those considerations seriously contributed greatly to ordinary Russians' coming to the conclusion that businesses should fall under much tighter state control. In short, collectivist tendencies are balanced in Solovyov by the notion of the absolute value of a human being, and Solovyov's ethic seems as individualistic as it can be within a collectivist framework, which will probably be dominant in Russia for the immediate future.

Third, Solovyov's ethic is universalist, not nationalist. In a very important sense it is incompatible with nationalism: for Solovyov, no nation can find its meaning solely in itself. The idea, or mission, of a given nation can be understood only in terms of its contribution to humanity as a whole. For instance, the mission of the Russian nation, or the Russian idea, is to show how the world could be transformed by Christian truth, goodness and beauty. But this is similar to the missions of many other nations, even though every nation must do so in its own way. So, in order to accomplish its true mission, Russia must reject the notion that it is divinely chosen for a special mission. Instead, Russians must strive to unite with all the other peoples into a sort of unity that would reflect the primordial all-unity. Now, in a very important sense, the world is more united than it was at the time of Solovyov, and perhaps in a more Solovyovian way than Solovyov himself envisioned. Even though the main thrust of Solovyov's concept of all-unity is organic, he understood the future unity of all the nations and

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<sup>16</sup> In fact, the tradition of an absolute value of an individual human being runs deep in Russian thought. It was espoused by some outstanding Russian writers, such as Dostoyevsky.

Christian churches in somewhat organizational and mechanistic terms. He was speaking about all nations uniting under a single government and all Christian churches uniting under the leadership of the Roman Pope.<sup>17</sup> Of course, these things are highly unlikely to come to pass at least in the short term, and probably will never happen. However, the world has become more interconnected and globalized in the past several decades, and it has done so organically in the sense that this process was controlled by governments and official world bodies only to a limited extent. The World Wide Web made possible the formation of all kinds of communities of people with common interests. Many people in these communities have never met their internet “friends” in person. Often these communities are formed by people living in different parts of the world. Communication with people of different countries has become as easy as pressing keys on the keyboard. Phone calls have become much less expensive and, if people have an internet connection and a computer with a camera, they can make free video calls to their friends and acquaintances in other parts of the globe. It has also become quite affordable to make video recordings and share them with the entire world. Information has become much more accessible and controlling the flow of and access to information has become much more difficult. More people travel internationally today than at any other time in history. Business practices have become more international and cross-cultural: oftentimes businesses move entire assembly lines overseas. In addition, the growing middle class in emerging markets offers opportunities that require businesses to learn to market products in different cultures and dealing with legal systems different from those business people were accustomed to in their countries of origin. If globalization continues apace, and there is every indication it will in the foreseeable future, nationalist approaches to business ethics will become increasingly less adequate.

Particularly, in Russia there will be a growing demand for a business ethic that would have a strong Russian flavor and at the same time provide a framework for a greater integration into the world business and legal systems. Solovyov’s thought could give fitting material for such a framework. Attempts to integrate into world business structures while practicing nationalist ethics will prove very challenging. Potential investors in Russia will want to be reasonably certain that their investments are protected by law, not just by the goodwill of the current powers that be. They will not want to spend an inordinate

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<sup>17</sup> Given that Russian Orthodox Church at the time viewed Catholicism as a significant threat (and it still does), this was a pretty daring thing to maintain. This speaks to the seriousness with which Solovyov took the concept of all-unity: he saw recognizing papal authority as the only way for churches to unite, so he called on Russian Orthodox hierarchs to recognize papal authority, even though for those hierarchs such a call was almost treasonous. Among other things, this demonstrates how profoundly non-nationalist Solovyov’s thought is.

amount of money on bribes. Passing laws and business regulations that conform to international standards will not be sufficient to assure potential investors and other business people. Russia has a long history of bending laws, or even disregarding them altogether, when push comes to shove. For example, even though the Soviet Constitution enshrined the freedoms of assembly and of the press, no one in Russia took those constitutional paragraphs seriously. People knew that those “freedoms” are no more than window dressing. In order to assure foreigners that want to do business in Russia, several other things need to be in place. Among them is a business culture that, while profoundly Russian, demands equitable treatment for people of all national and cultural backgrounds. Not having such a culture will cost more and more as the world becomes more globalized. To cultivate this culture successfully Russia will need, among other things, to shed its messianic complex. Russian elites should stop pursuing “restoration of Russian greatness,” whatever that may mean. Instead, they should ask how Russia can best contribute to the emerging globalized society. Solovyov’s thought could provide a conceptual basis for this shift.

What would this shift mean in practice for the Russian business community? It would mean, among other things, that the Russian state would cease using business as a means for achieving political ends. Replacing nationalist ethics with the ethics of all-unity would entail that all businesses will be treated equitably both by government officials and in the court of law, regardless of the country of origin of the business or the level of connections a given business may have within the government. Environmental inspectors would not be used as pressure tools to rewrite existing contracts as happened to Royal Dutch Shell in the Sakhalin II project. Khodorkovsky would not be singled out for prosecution. Even more importantly, if accepted within the Russian business community, Solovyov’s ethics of treating all groups equitably and putting the well-being of the entire society above the well-being of one’s close-knit group would redefine the nature of trust. Certainly, trust would remain crucial in making business decisions, such as whom to hire. It would still be important for people to trust their coworkers.

But no longer would it be the pseudo-pragmatic trusting members of a close-knit group to fight competitors for a greater slice of the market pie by any means necessary, even by breaking the law and common sense moral norms. The basis of trust would shift from personal loyalty to new ethical considerations. Those who would not do anything unethical or break the law would be deemed trustworthy, not those who would do anything out of personal loyalty to the boss, or to the government, or to the highest bidder. The level of trust within business groups will increase: because those less likely to betray a trust will be more trusted, the instances of betrayal will become less frequent. The mafia would no longer be hired by businesses in search of protection. Lying and cheating would

no longer meet an almost unlimited tolerance in the Russian business environment. As a result, the process of integration of Russian businesses within world business structures would become much smoother, and prospective investors would consider doing business with Russia lesser risky than they do at present. In addition, the business environment in Russia will become much more pleasant for those who work there, and they will certainly have a much happier clientele. Furthermore, Solovyov's ethic would highlight the need for Russian businesses to be conscious that unless the Russian public perceives that they, including the largest ones, contribute to the public good, their independent existence in Russia is likely to be short lived. The government will be tempted to take them over and, unless the public perceives that businesses play a vital and positive role in society, both morally and economically, it will not protect them from a government takeover. Neither will the judiciary, no matter what the law may say: the independence of the judicial branch from the executive is still very weak.

These dynamics are likely to persist in the short term at least. So, when Russian businesses manage to gain a greater degree of independence again, as they probably will, they need to understand that for them taking their social responsibility seriously is not just a matter of charity but of survival as entities reasonably independent of governmental control. Paradoxically as it may sound, the road to independence for the Russian business community lies through the realization of both the radical interdependence of their context and of its moral nature. Russian business people need to part with the illusion that some day they will be able to amass sufficient wealth to bribe state officials on all levels and thus forever insulate themselves from possible takeovers. Money will not buy business people an abstraction from their social responsibilities. They are bound to remain forever a part of the organic unity that is Russian society, which in turn will become more and more interconnected with the diverse global unity that is our world. Unless business leaders heed the basic insight, Solovyovian in nature, that they are an integral part of a society that needs to be convinced that they serve the public good, where they are interconnected with every other major part and should not strive to achieve exclusive dominance using their money, they will sooner or later find once again government officials knocking on their doors with court orders and the public cheering on.