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Code of Moral Principles and Rules of Economic Activity

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CODE OF MORAL PRINCIPLES AND RULES
OF ECONOMIC ACTIVITY ADOPTED
BY THE 8TH WORLD RUSSIAN PEOPLE'S
COUNCIL IN MOSCOW, 2004

The World Russian People's Council, an influential forum of different Russian and foreign nongovernmental organisations united by Orthodoxy, initiated to work out the Code. In December 2002 the Council, devoted to the topic 'Faith and labour. Spiritual and cultural traditions and economic future of Russia' decided to work out the document. The final version of the draft was adopted on 4 February 2004 by the 8th World Russian People's Council. The representatives of all traditional religions of Russia, including Islamic, Buddhists and Jewish leaders, participated in the work of the Council and support the Code.¹

Moscow, 4 February 2004

This Code of Moral Principles and Rules is offered for voluntary reception by leaders of enterprises and commercial structures, businessmen and their communities, workers, trade unions and all other participants in the economic processes including state bodies and public associations involved in economic activity.

This document does not repeat legal provisions. Nor does it touch upon any conventional specificity of economic relations regulated by decrees of state and professional communities.

The ethical principles and rules formulated below are based on the Ten Commandments given by God and on the experience of their implementation by Christianity and other religions confessed traditionally in Russia. These principles and rules should not be taken however for a literal interpretation of the Biblical text. They are rather provisions stemming from God's commandments in their broad sense and from the age-old religious and moral heritage, including that of Russia. The Code of Moral Principles and Rules describes an ideal model of economic activity, which does not exist today but the implementation of which can and must be sought every day. Perhaps, reality will not conform to this document for yet longer time. However, one cannot say beforehand that the aim of observing it is

unattainable, for a person seeking good faith and life in dignity can cover, with God's help, the hardest possible ways even in such complex area of human life as economy.

- I. *Without forgetting about one's daily bread, one should keep in mind the spiritual meaning of life. Without forgetting about one's own good, one should show concern for the good of one's neighbour, the good of society and the Fatherland.*

In the history of Russia, there have been various approaches to the issue of what takes priority – the material over the spiritual, or private over public interests. Many times the spiritual ideal has been sacrificed to utilitarian interests and vice versa. In some periods, things public were preferred to private things, while in other periods, the opposite was the case.

This problem became a subject of discussions between 'Josephites' and 'Non-seekers', Westernisers and Slavophiles, and among public leaders in the post-Soviet period. However, the very fact of such discussions shows that the individual and the common good, the spiritual and the material are equally integral parts of the human existence.

That is why neither the spiritual ideal, nor the search for the material benefit, nor one's vital interests, nor the good of one's neighbour and society can be neglected.

Historically, the Russian spiritual and moral tradition has been inclined predominantly to give priority to the spiritual over the material, the ideal of personal selflessness for the sake of the good of the people. However, the extremes of this option would lead to terrible tragedies.

Remembering this, we should establish such an economic order as to help realise in a harmonious way both spiritual aspirations and the material interests of both the individual and society. This harmonisation, as the historical experience has shown, is promoted by rules based on biblical principles.

- II. *Wealth is not an aim in itself. It should serve the building of a worthy life for the person and the people*

The worship of wealth and morality are incompatible in the human being. The attitude to wealth as idol will inevitably destroy the economic and legal culture, generate injustice in distributing the fruits of labour and cause a social war 'of all against all'.

The accumulation of wealth for the sake of wealth will lead the individual and his business and the national economy to an impasse.

Wealth in itself is neither a blessing nor a punishment.

For a moral person, property is not only a means of profit, but also a means of service for the ideals of good and justice.

Property brings return only if it is used effectively, while the fruits of its use are distributed equitably and responsibly and invested in social stability. Those who produce material goods exclusively for themselves, for their own families or social groups, while ignoring the interests of others, violate the moral law and lose much economically.

The greater one's property is, the more powerful one is over others. Therefore, the use of property in an economy should not be of narrow egoistic nature and should not contradict the common interest.

Honest economic activity excludes any enrichment at the expense of society. The welfare of conscientious businessmen and workers should correspond to their working contribution and result from their diligence in creating, utilising and augmenting universally beneficial goods.

It is a duty of a wealthy person to do good to people without expecting public recognition. Both the businessman and the state should proceed from the principle of justice in making economic decisions.

The level of consumption and the living standards should be reasonable and moderate and should take into account the state of the environment.

Money is only a means of achieving a stated goal. It should always be in movement and turnover. It is a business, real and engrossing, that is a businessman's richness. Rejection of the cult of money emancipates a person, making him internally free.

One's poverty or richness in themselves does not speak of one's morality or immorality. A poor person who wastes his abilities or uses them only for selfish purposes is no less immoral than a rich one who refuses to donate some of his income to public needs.

Poverty, just as richness, is a test. A poor person is obliged to behave in a dignified way, to seek to make his work effective, to raise his professional skills so that he may come out of his misery. State, society and business should help him in this endeavor.

III. *The culture of business relations and fidelity to given promises help both the individual and economy to become better.*

Business relations should be built on respect for the rights and legitimate interests of their participants. In an economy, the principles of justice and affectivity should be combined.

Having power over material resources and people, the employer including the state should be responsible for his economic decisions, for the actions of his employees and for the consequences of these actions.

Honesty and professionalism in one's relations with customers and business partners would win confidence and strengthen the economic condition of one's enterprise, while unfair play would doom one to inevitable collapse.

Observance of verbal and written agreements is a foundation of harmonious relations in an economy, whereas the failure to meet one's engagements will undermine the authority of both the business community and that of the country as a whole.

Such conduct should be put to public censure. The forms of this censure are manifold, including denial of personal contacts, public boycott, expulsion from professional communities, etc.

The same rules are applicable to unscrupulous workers who fail to fulfil the labour contract. An enterprise can be successful only if internal obligations are mutually fulfilled.

The state is called to adopt laws which support and develop the culture of fulfilling obligations. At the same time, the state itself gives an example of such culture, especially in the fields of economy and administration and in fulfilling political promises. The most important function of the state is to ensure effective control over the fulfilment of obligations.

Such vices as foul language, sexual harassment, assault and battery, debauchery, familiarities are inadmissible at work and in business relations.

The good name of one's company cannot be used for private purposes and private profit at the expense of the common cause.

Commercial fraud and service fraud lead to the loss of confidence and often to bankruptcy. Bourishness, laziness, negligence, untidiness of a worker dealing with a customer – all this antagonises him and does damage to the business.

Moral participation in economic activity is expressed, among other things, in politeness and propriety, self-control in critical situations, respect for others' opinion even if it is considered wrong.

It was not accidental that the principal motto of the Russian merchants was this: 'Profit is above all, but honour is above profit'. One's fair business reputation is one's long-term asset. It takes a long time to build up, but it is easy to lose.

IV. *A human being is not a 'perpetual machine'. A person needs time for rest, spiritual life and creative development.*

Continued monotonous work, even if intellectual, depletes the personality, leading to its degradation. Nothing can justify the renunciation of one's legitimate time for rest, days off and wholesome holidays. In addition, one should have an opportunity for changing one's sphere and type of work.

It is necessary that businessmen, authorities and society should be concerned about the intellectual, spiritual and physical development of every person. The material and financial capital can be neither built up nor held today without the intellectual capital – the voluntary use of individual capabilities, skills and knowledge. The individual must have access to the knowledge and the depository of culture and an opportunity for self-fulfilment through education and scientific and creative work. A part of one's working time spent on this will be repaid a hundredfold. A far-sighted employer will take care of the self-improving leisure of his employees.

Indeed, the individual whose potential and talents are fully unfolded will be of maximum benefit to society as a whole and to a particular business.

V. *State, society and business should be together concerned for a dignified life for workers, especially those who cannot earn their living. Economic activity is a socially responsible type of work.*

A national economy will destroy itself if it does not take effective measures to offer social protection. A worker who has no prospects for earning an appropriate pension and is deprived of access to education, healthcare and social security will never work with joy and satisfaction. The lack of social support forces a person to look for additional opportunities for earnings on the side, which affect his or her professional level. The aim of such a worker is social survival, rather than conscientious, constructive and purposeful endeavour. Disability for such a person is tantamount to the loss of everything.

On the contrary, a person's confidence in the future creates a necessary condition for professional growth and makes it possible to draw up a long-term strategy for the development of an enterprise.

The employees of an enterprise should have opportunities for responsible participation in its management in accordance with their professional level and education, so that they could feel themselves partners and co-participants in a common cause.

An employer, including the state, should bear public responsibility for their participation in social and retirement insurance programs.

The state bears responsibility for the protection of the life, health and human dignity of old people, the disabled and destitute children. It should not only support the disabled, but also create conditions for developing works of charity undertaken by enterprises, religious and public organisations and individuals.

The degree of society's welfare depends directly on its attitude to the disabled and the old. Allocation of a part of income for the support of the old and the sick, the disabled and deprived children should become a norm for any profitable enterprise as well as any well-off working person, including an employee.

An enterprise is called to give special attention to the retired and the disabled who contributed their own labour to its welfare. An employer who acknowledges the past and present working services of his or her employees reconciles the past and the future and increases the strength of his or her business.

VI. Work should not kill or cripple a person

Creating adequate work conditions and observing safety measures at work is an area in which an employer including the state bears a heightened responsibility.

However, an employee should take seriously the safety requirements by excluding carelessness or drunkenness, especially in operating dangerous machinery. An employee should remember that his or her irresponsible attitude may threaten the life and health of other people.

Work for an employee is the principal bread-winner. Therefore, ungrounded dismissal, low salary, delayed or partial wage payment put him or her on the verge of survival, while an employer's careful attitude to the work, health of life of his neighbour is beneficial for both him and his employees.

Enterprisers should reject the unlawful methods of doing business with the use of force or threat of force.

A desire of success by all means and disregard for the life and health of others is a crime and a vice.

VII. *Political power and economic power should be separated. The participation of business in politics and its impact on public opinion should be open and transparent.*

The entire financial support given by business to political parties, public organisations and the mass media should be made public and verifiable. Any secret support is to be condemned publicly as immoral. Private mass media should declare openly the sources, amounts and use of their funds.

Production and entrepreneurial structures, which belong to the state fully or partly, should not show any political preferences.

In the economy, there is no place for corruption and other crimes.

It is inadmissible for the state authorities to be involved in any competitive activity and in settling economic disputes. The assertion of its interests by a business before the authorities should be lawful and open for public control.

Individuals and structures guilty of grievous crimes, especially those involved in corruption, should be unacceptable as business partners or participants in the business community.

A morally responsible business cannot have anything in common with such things as traffic of people, prostitution, pornography, medical and spiritual charlatanism, illegitimate trade in arms and drugs, and political and religious extremism.

VIII. *Appropriating others' property, neglecting a common property, refusing to reward a worker for his labour, deceiving a partner, a person violates the moral law and does damage to both society and himself.*

The state, an entrepreneur, an employee and any citizen should treat common and any other property with care. The habit of stealing from the state, a neighbour or a work collective and of damaging their property should be condemned and driven away from our life. Those who take what does not belong to them from the common or other people's pocket are to be held up to public shame.

Stealing from a business partner and depriving him of his negotiated part of the common profit should become generally known and should necessarily lead to sanctions from the business community.

One of the forms of misappropriation is inequitable distribution of the fruits of labour among partners and employees. Society should not be divided into the super-rich and the super-poor.

Production and all other forms of economic activity should not do irreparable harm to nature which is the property of not only those who live on the Earth today but also the future generations. The natural resources, which are necessary to people today but which cannot be restored tomorrow, should be used counting on many centuries ahead and be replaced, if possible, by renewable resources. The ecological aspect of the activity of all economic subjects should be transparent for society and open for control by it. Participation in projects aimed to protect the environment and the introduction of resource-saving and zero-discharge technologies is an essential task for the business community.

A businessman should remember that the failure to pay taxes prescribed by the law is a theft from orphans, the elderly, the disabled and other unprotected people. The transfer of some of one's income in the form of tax for the needs of society should become not a painful obligation discharged involuntarily and sometimes not discharged at all, but an honorary cause deserving the gratitude of society.

Concealing profits and carrying them off to other countries are tantamount to the robbery of one's own compatriots.

Robbing their employees are also those who do not pay them adequate salaries, dooming them to poverty and bitterness and depriving them of the joy of labour. In determining the amount of payment for labour and the share of income to be paid out in salaries, an employer should be guided by the principle of justice, not looking back at the standards of the hard past or at the examples of the poorest countries. The despair of those who agree to a low salary just to earn their daily bread must not be abused.

The remuneration of labour cannot be below the subsistence wage. It should allow an employee not only to eat well, but also to buy goods necessary for everyday life, for raising children and securing accommodation.

Those who fail to pay salaries, who delay them systematically and allow them to stay below the subsistence wage are to be censured by society.

The state existing on public funds should assess its share in the common wealth proportionally. Unburdensome taxes are one of the foundations of effective and moral economic activity in which citizens can cover public expenses without unreasonable burdens.

IX. *In competitive struggle, one must not lie or insult, nor exploit vices or instincts.*

Competition is one of the motors of economy. Monopolism is tantamount to mothballing and backwardness.

Results of conscientious competition serve the interests of society; competition puts its members in equal conditions and gives them the right to choose.

Competition is appropriate and morally justified if it does not destroy business relations.

The most reliable partner in concluding a bargain is he who is confident of the decency of his colleague. The more credible your business is, the faster it grows in profitableness. Honesty is an investment in the future.

In competitive struggle, morally abject methods must not be used. Thus, a businessman should not hurl public insults at his competitors or spread wittingly any false or unverified information about his business partners.

Advertisements containing blunt deception, exploiting the sexual instinct, encouraging people to drinking and smoking, using the spiritual immaturity of children and teenagers should be viewed as immoral and should not be supported by the business community. Advertising must not insult people's religious and ethnic sentiments.

X. *The institution of ownership and the right to own and dispose of property must be respected. It is immoral to envy the welfare of a neighbour and to encroach on his property.*

Ungrounded requisition of property undermines economic stability and ruins people's faith in justice.

The nationalisation of private property is morally justified only if the way it is used obviously contradicts the security and life of

people. In any case, property may be requisited strictly by law and with an appropriate compensation.

This equally applies to the alienation of state and public property. Its usurpation is almost always accompanied with the destruction of the national economy and the suffering of millions of people.

Privatisation is not an aim in itself. Legal transfer of public property to private hands is morally justified. This should result in a real improvement of goods and services, lower prices, stronger economy and the building of a dynamic and harmoniously developing society with justice.

Any unlawful re-distribution of property is always a crime against society and a violation of the moral law. A private person who has come into possession of a property through deceit has neither moral nor legal right to be called its owner. In such a case, the state is called to restore justice, observing the law and the moral duty.

The state of an economy stands in direct dependence on the spiritual and moral condition of the personality. Only a person with a good heart and lucid mind, spiritually mature, industrious and responsible, can support himself, while being of benefit to his neighbours and his people. May it be so in Russia as she has entered the 21st century.

NOTES

¹ See more above in the article by Pavel Shashkin, Chapter 27.