

## **Ethics and Economics in Postcommunist Europe**

JONATHAN ROWLAND

A conference entitled 'Ethics and Economics in Postcommunist Europe' took place from 10 to 13 November 1993, in Zagreb, Croatia, sponsored by the Chesterton Society. Half of the participants represented a variety of Eastern European countries including Croatia, Poland, Lithuania, the Czech Republic and Hungary. With Britain, Ireland, the USA and Canada represented by the other members, the conference produced a genuine dialogue between East and West on the problem of reconstructing the economies of Eastern Europe.

The proceedings began with a brief word of welcome from Jure Zovko, the Croatian deputy minister for Science and Technology. His remarks were followed by an opening statement from Stratford Caldecott, the conference chairman, which set out the aims of the conference. At this moment in history Eastern Europe finds itself with both an enormous task and a unique opportunity. The task of rebuilding society has already proven costly and difficult, but with this comes the opportunity to choose what kind of society to rebuild. The aim of the Zagreb conference was therefore to provide a forum for reflecting on what it might mean to reconstruct a European economy in a manner consistent with Christian social teaching.

The conference was organised around two central themes: Christian social thought in relation to economics, and the practical problems involved in transforming the economies of Eastern Europe.

From some of the Anglo-American speakers came a strong plea for restructuring economies in a manner broadly consistent with Chesterton's vision of small local economies based upon property ownership. Others defended the virtues of free-market policies while recognising the need for conducting economic policy in an ethical manner. From the Eastern European side came a variety of reports and analyses which tended to be critical of the harmful effects of unrestrained capitalist reforms.

The first conference speaker, Professor Wilfried Ver Eecke (Georgetown University, USA), argued that the economic domain has an independent order which should be respected. At the same time this order is not inconsistent with implementing ethical policies. Among the economic tasks facing Croatia are reducing the excessive bureaucracy of the welfare state, creating private property, creating a stable currency and ensuring the protection of family life.

The next speaker, Dr William Kingston (Trinity College, Dublin), argued that many of the injustices in western economies can be traced to a tendency to absolutise property rights, especially copyrights, intellectual property rights and patents. A more just system would try to integrate the rights of individuals with the needs of the community.

Ralph Ancil (President of the Wilhelm Roepke Institute, USA) defended Roepke's economic vision as both well balanced and humanising. Among its chief virtues is its

combination of cultural conservatism and a rejection of the absolute claims of the market economy. The freedom of the market within its proper sphere must be protected, but the workings of the market must be conducted with proper regard to the human costs of some economic activities.

A strong plea for distributist economics was presented by Professor Dermot Quinn (Seton Hall University, USA). Professor Quinn argued that Chesterton's distributism is not an economic theory, but a vision for a way of life. This vision is essentially antiutopian because its proposals are rooted in real possibilities for organising economic life around the needs of the local community.

David Schindler, editor of the North American edition of *Communio*, ended the first day of the conference with a challenge to the ideas of American neoconservatism. In particular he argued that the work of the Catholic writer Michael Novak (author of *The Spirit of Democratic Capitalism*) is not consistent with Catholic social teaching. Neoconservatism and John Paul II understand economic activity to be essentially about human creativity. But neoconservatism understands this creativity in terms of irreducible human autonomy, while the Pope sees human freedom as rooted in a receptivity to grace which demands that human action be conditioned by concern for the other.

The second day began with a presentation by Professor Ingrid Frankopan (lecturer at the London School of Economics and professor of economics at the University of Stockholm) on the structural changes involved in making the transition from a state-controlled economy to a free market economy. She focused especially on the problems of transforming state assets into privately owned assets, arguing that the transition has to be conducted within an ethical framework that aims at fairness, doing what is ecologically appropriate, preserving family life and having due regard for the poor.

Jolanta Babiuch (professor of sociology at the University of Warsaw) then gave a detailed analysis of the state of the Polish economy. The recent election of neo-communists in Poland cannot be explained merely in terms of nostalgia for the past, nor in terms of the sacrifices involved in the transition to a free market. Recent polls among the population indicate three things: first, that democracy is viewed by many as an unknown, threatening reality with anarchic tendencies; second, that the willingness of the government to stay away from certain areas of economic and political life has given the impression that the government does not care for the people; and third, that the growing disparity between rich and poor conveys the impression that capitalism does not have much to offer the majority of the people. Hence large difficulties with the transition to free market democracy stem from widespread perceptions that it does not offer a better way of life. Professor Babiuch argued that an ethic of solidarity needs to be developed which takes adequate account of both the individual and society.

In a talk entitled 'Homo Sovieticus, Homo Jugoslavensis' Tomislav Sunić (Ministry of Foreign Affairs, Croatia) followed the analysis of the Polish experience with a critique of social and economic habits that have been bred under communism. In his view, many people in Eastern Europe are attracted to the benefits of democracy and free markets but are unprepared or unwilling to embrace the habits and disciplines of this way of life. While communism restricted freedom and property, it offered security and an undemanding work life. Workers in Eastern Europe learned to exploit the inefficiencies of planned economies and were prepared to accept a lower standard of living in return for secure employment and protection from competition. The desire for security and relative ease in work has become deeply rooted in the character of the people of Eastern Europe and these proclivities have left them unprepared for the

burdens of free market competition and the demands of democratic participation. Dr Sunić anticipated that learning the habits of a democratic way of life would take decades, perhaps even a century.

The perspective on Eastern Europe widened significantly through a series of short papers dealing with Hungary, Lithuania, Poland and the Czech Republic. Géza Németh, a Presbyterian pastor from Budapest, warned against treating western culture as a kind of false religion. Eastern Europe possesses a deep religious and social tradition from which the West could learn and benefit. Laimantas Jonusys, a Lithuanian journalist, reported that the recent election of reformed communists in his country points to a significant distance between the intelligentsia (which has supported reform) and the experience of the working classes. Andrzej Paszewski, of the Polish Academy of Sciences, argued that despite the continuing economic problems (non-competitive industry and agriculture, unemployment, disparities between rich and poor) economic performance has generally improved. The medium-term strategy of economic reform has been successful. Nevertheless, long-term planning is based upon continued imitation of the western model which would bring with it certain western problems (consumerism, materialism) which long-term thinking should try to avoid. Dr Václav Benda, chairman of the Christian Democratic Party in the Czech Republic, argued that the Czech Republic is in a relatively good position to recover its democratic traditions.

The burdens that war had created for the people of Croatia were highlighted by a report from Dr Adalbert Rebić of the Croatian Office of Displaced Persons and Refugees. At the present time there are 525,656 displaced persons and refugees in Croatia. This amounts to 12.5 per cent of the entire population, the highest percentage of refugees in any nation on earth. Some 119,000 refugees are in state-organised accommodation, living in old schools, hospitals and military barracks. Some 380,000 refugees are accommodated by Croatian families. Some 12,000 to 13,000 tonnes of food are required each month to support the refugees with a \$20 dollar per month per person subsidy going to families supporting refugees. Caring for refugees is therefore putting great demands on scarce government resources. Refugees continue to pour into Croatia at a rate of 120 per day. Some of these go on to other countries, but some of them remain in Croatia. Among the refugees are also Muslims from Bosnia. Despite the conditions of war, attempts are made to keep relations between Croats and Muslims good.

Dr Rebić's talk was followed by a paper on the New Economics Movement by Martin Summers (Eastern European Director, CAFOD). Inspired by Schumacher's *Small Is Beautiful*, the New Economics Movement attempts to promote ways in which economic decisions are made increasingly by the local community. A number of practical proposals were put forward to help promote this ideal, including the development of local currencies, community land banks and cooperatives which allow workers to own a stake in the company for which they work.

Borna Bebek (Faculty of Economics, University of Zagreb) argued in a paper entitled 'Ethics and Organisation' that building political and economic structures cannot be done by reference only to efficiency and expediency. Organisations by their very nature possess an ethical element which should be attended to by managers and politicians.

Jaime Fernandez (director of the Institute for Economic, Political and Cultural Development, USA) then examined the nature of juridical structures which govern economic activity in modern economies.

The final day of the conference included a paper by Russell Sparks (Ethical

Investment Consultancy) in which he argued that modern economies are unnecessarily biased in favour of big business. A more humane economy could exploit a modern version of mediaeval guilds which integrated the social life of a local community with its economic life. Guild organisations could provide quality through competition, act as mediating structures between the individual and the larger economy, and foster a sense of community in work.

In the closing plenary session it was pointed out that some Eastern European countries which had embraced a programme of radical reform were beginning to reject the results of this process. Many participants felt that the time had come to develop an alternative vision avoiding unrestrained capitalism on the one hand and collectivism on the other. The hope was expressed that Eastern Europe could learn from both the successes and shortcomings of economic organisation in the western world.