Aleksandar Fatić
Institute for Philosophy and Social Theory
University Of Belgrade

## Corruption, Corporate Character-Formation and 'Value-Strategy'

**Abstract**  *While most discussions of corruption focus on administration, institutions, the law and public policy, little attention in the debate about societal reform is paid to the "internalities" of anti-corruption efforts, specifically to character-formation and issues of personal and corporate integrity. While the word "integrity" is frequently mentioned as the goal to be achieved through institutional reforms, even in criminal prosecutions, the specifically philosophical aspects of character-formation and the development of corporate and individual virtues in a rational and systematic way tend to be neglected. This paper focuses on the "internalities" of anti-corruption work with special emphasis on the pre-requisites that need to be ensured on behalf of the social elites in order for proper individual and collective character- formation to take place throughout the society. The author argues that a systematic pursuit of socially recognised virtues, both those pertaining to society as a whole and those specific to particular professions and social groups, is the most comprehensive and strategically justified way of pursuing anti-corruption policy, while institutional and penal policies can only serve an auxiliary role. The pursuit of institutional and criminal justice policies against corruption in a society that is subject to increasing relativism with regard to values and morality is at best ineffective, and at worst socially destructive. Thus the paper suggests a re-examination of the social discourse on the level of what the author calls "value strategy" and the gradual building of a plan to create and solidify specifically designed features of "corporate character" for key sectors of the society. This approach can serve as the main long-term strategy to improve the public profile of integrity and reinforce morality in both the public and civil sectors.*

**Keywords**  *Corruption, Value-Strategy, Relativism, Morality, Social Elites, Character-Formation, Prosecution, Social Discourse, Corporate Virtue.*

## Introduction

The institutional context for discussions of corruption portrays it as an issue of control. The less effective the controls conducted by public institutions, presumably there will be more corruption in society. Furthermore, the weaker the democratic credentials of a society and the popular control of institutions through the independent media, the more likely it is that institutions themselves will become corrupt. Once the institutions are sufficiently corrupt, the society becomes hijacked

by what is called "systemic corruption": the main method of doing business of any kind in the society becomes corruption.[1]

All three claims are well empirically justified, and unfortunately, especially the post-communist states of Eastern Europe have proven in their social realities that weak institutions mean rampant corruption. Much has been said and written about this, so little remains to be added. However, all three claims, empirically validated as they are, tend to be predicated upon a negative premise: that people are prone to being corrupt, and institutions are there to stop them from actually engaging in corruption. This premise is rarely discussed, and like most negative or pessimistic premises in social theory, it tends to become commonplace and "accepted knowledge" without being sufficiently supported by argument. Much the same as the pessimistic view of human nature that stands at the core of liberal economic (and to a considerable extent political) theory, with the idea that people are driven mainly by selfish interest and ambitions and that institutions are there to ensure fair rules for the otherwise essentially egotistically driven competition for the limited resources, the view that people will be corrupt unless prevented to engage in corruption is commonplace in most discussions of institutional reforms and anti-corruption policies today.

Despite their tacit acceptance as "common sense", the pessimistic premises of social and political theory tend to be poorly proven, and some are couched in what could be considered sheer phantasm. Consider for example the theory of social contract — many would say the founding theory of modern political liberalism. The theory stipulates that society is justified on the basis of assumption that the initially totally sovereign individuals, equipped with full personal liberties and mutually independent, have created a consensus to relinquish the necessary minimum of their sovereignty to common institutions that would rule them all, in exchange for the provision of basic needs such as security and some predictability in their mutual interactions. This presumption

---

1  To avoid creating dense text I refrain from citing full sets of references for each of the commonplace statements in political philosophy, ranging from Mill and Locke to Nozick and Rawls. Such sources can be found in any of the review texts on the subject that abound in social and political theory publications, and their quoting, aside from the cumulative bibliography at the end of the paper, may distract the reader from the arguments I put forward for an alternative view of looking at anti-corruption policy. I have discussed the social contract theory in a perspective similar to this, but in far more detail, in Fatić, 2007. As for the points about the liberal conceptualisation of sovereignty and the consequences for trust and fellow-feeling, Aleksandra Bulatović and I have discussed those in Fatić and Bulatović, 2012, internet.

is used by liberal theory to justify the need for the state to remain at a necessary minimum of prerogatives so as not to encroach on more personal sovereignty of the individual than is required by the presumed consensus. Consequently, corrupt institutions that develop full-fledged corporate interests of their own and start to artificially reproduce their own prerogatives threaten the legitimacy of liberal society — *because* such transgressions violate the social contract. This contract makes it clear that liberty lies primarily with individuals; it is not granted by the state as a product of the political community. Individuals are supposedly more "liberally free" outside the community, but they receive comparatively greater benefits from communal life than is the price they pay by relinquishing some of their rights, allowing the institutions to regulate their transactions.[2]

62

The problem here, of course, is not just that the presumption of social contract is difficult to prove, but that such an event would have been existentially impossible. First of all, the idea that the "original" human condition is "asocial" is a phantasm: from the most primitive forms of social organisation "human animals" were living and hunting in some type of community. This applies to all major human endeavours and the respective communities range from those based on family and broader kinship to modern industrialised and multicultural societies. Aristotle's definition of man as "political animal" is based exactly on the observation that man's primary condition is social, rather than solitary.

Secondly, even if human animals were solitary to start with, any "consensus", "congress" or similar event resulting in a social contract would not have been possible, especially when the idea that man is essentially selfish and interest-driven is added to the cocktail of assumptions. Mutually hostile, antagonistic and solitary individuals would have no common ground on which to actually work on a consensus. Much less would they be able to muster sufficient mutual trust to embark upon a common project that, if it went astray, would have guaranteed the demise of them all. Empirically speaking, social contract theory is nonsense. Aesthetically, it is a nice and elegant hypothetical explanation of how liberal ideology could be "generically" justified. In this case, the aesthetics of the argument has clearly prevailed over its empirical and existential viability.

---

2   The debate over just how much needs to be regulated, and respectively how much of the liberties may properly be forfeited to the state, is of course, the perennial debate within the liberal political discourse. This debate is not directly relevant for our context here.

In reality, human beings were never solitary, and equally they are not as selfish and interest-driven as the liberal paradigm would have us believe. True, the advocates of market as the main (or even the only) regulating force for social relationships allow that what appears as "altruism" will sometimes occur, but they are usually quick to explain this as a method of preventing drastic outcomes and thus of maintaining a degree of systemic stability. Such common biologistic models of collective self-preservation that dampen competition in liberal communities are conceptualised in the same way as the instinct of preservation of the species, which prevents predatory animals from killing each other when competing for hunting grounds or females to breed with.

A crocodile may be biologically programmed to stop short of killing another crocodile and rather expel him from the preferred hunting ground in much the same way as a liberal market society will stop short of letting its poor starve to death, and will or provide them with free emergency health care. This is strongly opposed to ordinary acts of self-sacrifice for the benefit of another as exemplified in people who have run, jumped or dived to their death to save strangers engulfed in flames, caught by avalanches or drowning in the water. No crocodile will sacrifice itself for another crocodile, but some men will do so for another, often entirely unknown, man or woman.

It is almost as though liberalism and liberal competition are more ideologically suited to crocodiles than to the men and women most of us would aspire to become. That is why the morally educational role of liberal meritocracy is of limited value in developing the virtues arising from self-denial that tend to be posited towards the top of the value systems of most cultures. It appears that one of the problems of liberal political pragmatics is that it focuses too much on tolerance: tolerating the various religious and cultural value systems thus becomes a moral principle of liberal democracy itself. This principle is insufficient as far as the liberal democracy does not produce its own morality that can flourish as neutral from any of the plurality of religious and cultural normative systems:

> Independently of particular religious and metaphysical assumptions — assumptions among which a modern liberal state must presumably maintain a certain neutrality — can there be a nonarbitrary basis for making moral judgements? Without a positive answer to this question, liberalism must self-destruct as a coherent moral ideology. The viability of liberalism as a political theory is closely tied to the

63

> possibility of a secular moral culture founded on something other than the controversial religious or metaphysical assumptions of any particular group. If, in order to maintain neutrality among religious and metaphysical assumptions, a liberal state must be constrained from any rational basis for values at all, then its foundational assumptions are self-delegitimating, that is, they undermine their own moral legitimacy by entailing the arbitrariness, the sheer subjectivity, of all moral claims, including any claims that can be made on behalf of the liberal state itself. (Fishkin 1984: 2)

Indeed the liberal moral theory is equipped with various non-arbitrary moral criteria, and all of them tend to focus on issues such as individual and group rights, entitlements, special and general obligations. All of these criteria are ultimately based on *interest* as the driving force of human action. The general shape of the liberal theory is one of a negative structure that acts restrictively upon the otherwise completely selfish spontaneity in satisfying one's desires and appetites. Liberalism thus cannot serve as a comprehensive philosophy of life. Liberal moral theory does not promise a good life or happiness: it merely purports to protect the society from the unrestrained exercise of anyone's "human nature", which is seen, pessimistically, as essentially selfish. The more "liberally moral" one is, the more capable one is to internalise the need to restrain one's selfish drive: it is entirely consistent for a person to be perfectly moral or virtuous, yet perfectly unhappy and unfulfilled. Unhappy people can be moral people, and happy people can be amoral ones. Fulfilment in life is in no way connected to one's moral values.

Thus contrary to the idea that everyone is programmed to act selfishly, there are situations that make it clear that, under certain conditions and on the basis of certain values, people will act un-selfishly, not like crocodiles, but like humans, that is, without expectation of longer-term benefit. Whether or not in a particular situation and a particular social context they will act in this way will depend on their values, and not on their biological programming.

Self-sacrifice has not been a rare occurrence in human history, and more often than not it was the result of far more profound reasons that preservation of the species; in fact, man's awareness of his own finiteness makes self-sacrifice a potentially highly spiritual act. It is doubtful whether crocodiles are aware of their finiteness, and it is even more doubtful whether there is anything spiritual about them stopping short of killing each other in a fight.

The offensiveness of the "anthropological pessimism" that underlies economic and political liberalism is a matter of common sense. It contradicts the relatively frequent examples that support optimism with regard to the human nature. Not surprisingly, such examples tend to occur in value contexts that embrace an optimistic picture of man, quite opposed to the hypothetical and almost certainly counterfactual, even though aesthetically pleasing, liberal theories about human nature, such as the social contract theory (Solomon 1995). Pessimism about human nature originates from the conceptualisation of man as a *rule-abiding predator*. This idea denies him his more poetic and constructive attributes that operate on the same level of "anthropological constitutionality" as do interest, rights and greed.

In a very similar manner, the presumption that man is essentially corrupt or corruptible, and that institutions are there to keep him from resorting to his natural instincts when it comes to corruption, is both ill-founded methodologically, and dangerous practically, because it tends to become a self-fulfilling prophecy. The methodological fallacy comes from taking the institutions as the departure point for the conceptualisation of human nature. Institutions are seen as being there primarily to regulate, and consequently it is assumed that what needs regulation is corruptible. However, the regulatory function of the institutions is only one aspect of them. There is an alternative perspective according to which institutions serve to maintain *social solidarity and trust* in complex societies that are *insufficiently transparent* for members to be able to *directly identify* with each other. In small organic communities people more or less knew each other and were able to sympathise with others, because everybody lived similar lives. In complex metropolitan communities, which are not only large, but also structurally heterogeneous, with members from a variety of cultural and geographic backgrounds, the transparency of life styles is no longer possible. Thus institutions take over as points of reference. While I may not be able to sympathise with the condition and situation of somebody else, whose life script is entirely different, if the institutions are impartial and equal, I may still be able to maintain a degree of understanding of that person's position *vis-a-vis* the common institutions. For example, I do not know whether or not a politician has committed a crime, embezzled funds or misused office in some way. As politicians live a different life from mine, and are socially differently positioned, I may have a limited ability to sympathise with them or understand their views or situations.

However, assuming that I live in a society where criminal justice institutions are reliable and trustworthy, I can sympathise with a politician who is accused of a crime by the public prosecutor, because I have reason to believe that the public prosecutor does not accuse people without good reason, thus that the minister has ample reason to be worried about his future. Secondly, in short, where otherwise I would have no yardstick by which to judge what to sympathise with or what to take critical positions about, institutions are there to provide an orientation as to how it is to be someone else. In a sense this is the question about other minds that Thomas Nagel phrased similarly: "What is it like to be a bat?" (Nagel 1974).

In addition to being regulators, in an integrative society institutions serve a cognitive function. They allow a degree of rational and "emotional cognition" that is necessary for the various types of fellow-feeling to occur. In a functional sense, fellow-feeling "makes" a community. It is difficult to feel for someone whose identity is not known; it is correspondingly easy to sympathise or empathise with someone who is close, especially if we can identify as members of the same group. Institutions, when they are working well, serve as beacons that navigate us towards each other and help us determine our relative positions as members of the same community. This "navigation" occurs on a variety of levels, from cognitive to emotional to value-judgments about each other. Institutions, in an important sense, facilitate fellow-feeling between members of the complex, large communities of the modern world.

## Institutions and trust

The proposed view of the institutions focuses fellow-feeling as the main social capital. There are various types of fellow-feeling, ranging from formal ones such as trust, to more intimate ones such as sympathy or empathy. Perhaps trust has been the best investigated fellow-feeling from an institutionalist point of view so far.

Fellow-feeling is closely connected with what I call "organic" as opposed to instrumental trust. Eric Uslaner labels the same distinction "moralistic" as opposed to "strategic" trust (Uslaner 2002).[3] Organic or moralistic trust is a priori: it characterises members of trusting communities

---

3  This distinction should not be confused for that between institutional and individual trust, or its normative implications (Maldini 2008; Lefkowitz 2007; Luhmann 1979).

in which there is an ethical precept that, unless arguments to the contrary are provided, people should generally be trusted. In such communities another's word is taken as sufficient for all kinds of relationships. Credentials are rarely sought, and only in cases where trust has been broken or threatened to be broken. It is a matter of *good character* in such communities to trust others; distrustful behaviour reflects badly on those who show distrust. Trust, in other words, is a *moral expectation*. Opposed to organic trust is instrumental, or "strategic" trust. This is a trust based on experience and/or evidence: one trusts one's friends because they have "earned" the trust by living up to expectations many times before. One trusts one's parents because they have a vested emotional and biological interest to advance one's well-being and thus be trustworthy. One trusts the doctor because, first, the doctor is formally institutionally credentialed in the field, and secondly, if she proved untrustworthy, she knows the sanction would be prohibitive — thus, the doctor is both trained and *forced* to be trustworthy, (at least in institutionally functional communities). Strategic trust is *earned* and based on documented grounds. Moralistic trust is simply *extended* as a matter of courtesy and good character.

It is interesting to consider the trust exhibited in closely-knit religious communities. In churches candles, icons and other items are regularly left for members of the congregation to purchase without supervision; theft is an exceptionally rare occurrence. On the surface, this would seem like moralistic trust, however one must note that the people in the congregation are pre-selected on the basis of their beliefs and character; they are mutually connected by the common faith, usually know each other, and thus feel a personalised moral obligation. They have every reason, empirically well proven and circumstantially confirmed, to expect that all of the others are trust-worthy in matters of morality defined by the faith (theft being ruled out by such morality). Thus the trust involved in such communities may or may not be moralistic; this is difficult to ascertain because, regardless of the moral dispositions of all members of the congregation, there is usually plenty of empirical evidence to found instrumental or strategic trust.

Uslaner describes, however, rural communities in America where fruit is sold on unmanned stalls along the roads. Any driver or passenger is free to take the fruit and leave the money on the stall. Apparently theft here is also a rare occurrence. In such a scenario, what is at stake is clearly and undoubtedly moralistic trust: stall owners have no way of

knowing who will stop by the stall, what kind of person they will be, where they will come from, and they thus have no empirical grounds to believe in the honesty of potential visitors. Moralistic trust in such communities is a matter of character, not of calculations of odds, although, admittedly, if theft were to become common the trust would be quickly withdrawn and stalls would no longer be left unsupervised. The moral expectations and facts are closely interconnected. The point of the examples, however, is that: "(t)rusting intentions reflect a basic sense of optimism and control. Trusting others is not so much a reflection of your life experiences as of what you were taught when you were young" (Uslaner 2002:12).

It is not surprising that experience supports the hypotheses about the positive correlation between optimism and trust. Clearly a more positive view of the human nature encourages moralistic trust, while the sombre picture of man as predominantly motivated by interest and selfish ambition discourages trust. Institutions facilitate trust in societies where states are stable, humane and understanding:

> Leaders (…) are relatively honest. They believe in popular government, and they are predisposed to compromise with their political adversaries. (…) Social and political networks and organised horizontally, not hierarchically. The community values solidarity, civic engagement, cooperation and honesty. Government works. (Putnam 1993:115)

Conversely, institutions degrade trust in failed states. Dysfunctional communities exhibit a high degree of personal unhappiness because of the absence of trust:

> Corruption is widely regarded as the norm, even by politicians themselves, as they are cynical about democratic principles. Compromise has only negative overtones. Laws (almost everyone agrees) are made to be broken, but fearing others' lawlessness, people demand stronger discipline. Trapped in these interlocking vicious circles, nearly everyone feels powerless, exploited, and unhappy. All things considered, it is hardly surprising that representative government here is less effective than in more civic communities. (Putnam 1993:115)

On one level, corruption is a manifestation of pervasive lack of faith in fellow-men and women and in the institutions that serve both as beacons for social navigation and as regulators. On another level, corruption is a result of induced pessimism about human values and motives that is reproduced by the institutions themselves. Institutions are typically not the *source* of integrity in society, although they may and

should adopt a high degree of integrity, but they may be and often are the main source of corruption. In communities that are morally upright to start off with, institutions, if solid, tend to reinforce that moral uprightness. This is synonymous with catalysing the ongoing processes of collective character formation. One external form that many morally strict communities take is a high threshold of standards that needs to be reached in order to become a member:

> As a general rule, trust arises when a community shares a set of moral values in such a way as to create expectations of regular and honest behavior. To some extent the particular character of those values is less important than the fact that they are shared: both Presbyterians and Buddhists, for example, would likely find they had a great deal in common with their co-religionists and therefore form a moral basis for mutual trust (...). In general, the more demanding the values of the community's ethical system are and the higher are the qualifications for entry into the community, the greater is the degree of solidarity and mutual trust of those on the inside. Thus Mormons and Jehovah's witnesses, who have relatively high standards for community membership like temperance and tithing, would feel stronger mutual bonds than, for example, contemporary Methodists or Episcopalians, who allow virtually anyone into their communities. (Fukuyama 1995:153-154.)

However, the high initial threshold of membership is only an external manifestation that may or may not exist. Christian communities are welcoming and accept everyone, however the moral standards imposed on members are extremely high. On a moral level, Christian communities require not only temperance and benevolence, but also the wilful development of *positive love* for others, which may appear as the most difficult moral task of all. Such communities, when they are tightly knit, have proven extremely powerful in morally transforming delinquent individuals, such as prostitutes or gangsters.

The practice of virtue and adherence to moral values imposed by the community, combined with a strong attachment to the non-judgmental community of those who show positive affection for the person, tend to be powerful catalysts of moral development. The institutions (or various institutional rituals) within such highly integrative moral communities may serve as guardians of membership in the formal sense: without being formally admitted to the Christian community, and without being Christened, one cannot be a Christian, however the moral substance of the community's character-forming role is embedded in the community itself and the everyday relations between its members.

In Christian communities, the crucial character-forming influence comes from the congregation, namely from the social influence arising from common acceptance and adherence to the same values. The same principle is at work in any community: the "congregation", namely the dense network of inter-personal relationships that make up any meaningful community, sets values and helps individuals map their own "value strategy" — a road map that allows the person to navigate from the current set of values to new ones. *The value strategy accounts for the transformation of character and is a key dynamic process of character formation.* All these processes take place outside and independently of institutions; they unfold under a key influence of social networks rather than formal authority. Such social networks reinforce strong elements of fellow-feeling, including trust, solidarity, sympathy and empathy, allowing the individuals to feel accepted and understood. At the same time, they provide powerful dynamic factors for the internalisation of the community's morality by all members.

Clearly there is a crucial connection between the moral uprightness of a community, trust, and institutional integrity. I will discuss this connection in what follows, focusing on what I believe to be its determining context, namely the process of character formation: individual, collective and corporate. This, I will argue, is the root of public integrity.

## Integrity and character-development

Morality is an internal character trait in that it depends on deep-seated values and convictions, and cannot be reduced to mere functional attributes of its various cognitive and emotional components. I have hinted above at the connection between trust and morality, and have mentioned the distinction between moralistic and strategic trust. The main difference between strategic and moralistic trust, apart from the *a posteriori* character of the former and the *a priori* nature of the latter, is that unlike moralistic trust, strategic trust is conceptualised functionally:

> (...) we are essentially dealing with a form of what economists term "externality", a good or commodity that enables further production of articles of worth that cannot in itself be traded on an open market. We are positing a "self-reinforcing" mode of behavior that obviates the necessity of any third-party enforcer to contracts. It is this very property of what the above-noted authors have termed "trust" that makes of it such a potent "system-lubricant". And as we have noted, the more system develops and its roles differentiate, the more

this lubricant must come into play for the system to continue functioning. (Seligman 1997:79)

Moralistic trust is not primarily a "social lubricant": it is a moral attitude not primarily determined by expected consequences. This is a characteristic moralistic trust shares with the other types of fellow-feeling, such as sympathy. While capable of acting as "social lubricants" externally viewed, fellow-feeling focuses on the "here-and-now" of another's human condition rather than on forward-looking consequentialist expectations of smoother social transactions or greater effectiveness in social relationships.

One of the most convincing philosophical accounts of character development is that proposed by David Hume. This account is based on the idea that one must first diagnose one's own moral issues, to follow with a careful "plan" to develop the virtues that constitute the character one wishes to acquire (Hume 1963).

71

> While Hume (...) mocks the 'monkish virtues', he (...) recommends practices that just are traditional spiritual exercises. Moral formation, he (...) says, requires 'the utmost art and industry' (...). By 'art' he means a set of skills and techniques, while 'industry' is hard work involving effort and discipline. Hume (...) identifies two main tools of moral cultivation — 'study and application' (...) These parallel the steps of moral formation — illumination and purification — found in the spiritual practice literature of the western medieval contemplative traditions. First, we must awaken — identifying truth (in the form of moral standards) and knowing ourselves (by monitoring our behavior). Second, we must cure the self by habitually renouncing evil and turning to good (through active self-interruption). The practices of study and application counteract the two main causes of moral failure (ignorance and weakness of will) and develop the two basic types of virtue which Aristotle identifies (intellectual and moral). (Gould 2011:843)

Hume is a consistent empiricist in believing that the development of virtues is possible through practice and repetition. However, to start off, the person must be "tolerably virtuous" (Hume 1963: 174). "Where one is born of so perverse a frame of mind, and of so callous and insensible a disposition, as to have no relish for virtue (...) such a one must be allowed entirely incurable, nor is there any remedy in philosophy" (Hume 1963:172). With sufficient willpower, and with a reasonably morally sound character, one should, according to Hume, be able to develop most of the virtues one strives for in order to reinforce one's moral character. Moral practice will lead to moral improvement; conversely, moral

decadence will lead to relativism and moral degradation. The same principle applies to cultural influences on personal and group morality: cultures that foster moral efforts and promote demanding moral values help those who already have some "relish for virtue" to increase their integrity and perfect their moral virtues. On the other hand, cultures that neglect, or mock moral values, those that promote lowly hedonism, pornography and disrespect for systems of high moral demand (including religions), as many modern cultures do, contribute to character degradation on both individual and community levels. The conclusion seems obvious and has been frequently lamented; however its influence on public integrity appears not to have been adequately recognised.

"Corruption" is a word originally used to denote any type of moral decadence, such as "civilisational corruption", or "sexual corruption". Only recently has it been limited to the meaning of bending proper action in line with private interest.[4] The difference in scope between the two uses is insignificant for the present argument: corruption remains a phenomenon of moral degradation, or the opposite of "integrity", whatever scope is ascribed to either concept. It is not surprising, thus, that corruption, either on the general, cultural level, or on the more limited, institutional and legal one, will increase in communities that lower the moral standards by treating virtues as relative to life-plans.

The modern liberal lifestyle is potentially a threat to public discourse based on character development; its pluralism tends to be confused with relativism. While it is possible for various moral integrative systems to co-exist in multicultural societies, with each of the cultural communities maintaining their own morality, the danger in liberal societies is that such value-pluralism is easily translated into the idea that those not belonging to either value community, and — by extension — to any shared value community — have equal moral rights as everybody else. This is a situation exemplified by the status of atheists in multi-religious communities: given that people are allowed to maintain faith in various deities, it seems logical that those without faith occupy some kind of "middle" or possibly "third ground" that is on the same moral level as everybody else's. The problem here is that, if along with the faith, they also reject any common system of moral values, they still retain liberal rights, including the rights to be treated as moral equals to everybody

---

4   I avoid quoting the numerous academic and institutional definitions of corruption here, as they are immaterial for the philosophical aim of the paper, namely relating corruption to corporate character and the conditions for its development.

else, while in fact they are not. The further danger is that pluralism leads to a cognitive "clogging up" of the community, so the plurality of moral values collapses into no moral values at all: instead of character, integrity and common morality (which is usually unpopular, because it tends to be restrictive), the dominant politically correct language invokes "life-styles" and "life-plans". In such morally diluted settings the initiatives for character development, and indeed for any consensus on a socially accepted concept of good character, become obscured; corruption becomes just a "social evil" that needs to be controlled institutionally without seriously considering the internal causes of its development.

Tightly knit moral communities act as powerful catalysts of character development. They not only stimulate the moral practice that Hume posits as the method for attaining proper character, but also greatly increase its effectiveness by fostering the feeling of belonging and acceptance. Such communities allow those who otherwise may not have the sufficient strength of character, and even those of "a callous and insensible disposition", who otherwise would not be able to work on their own character development by themselves, to transform their moral characters almost entirely. Through the influence of morally highly integrative communities, even those who are not "tolerably virtuous" — thieves, traitors and the like, have been known to have progressed through transformative "value strategies" that have changed them as persons to levels unrecognisable. Conversely, corrupt, decadent communities will test to the limit the virtuousness of even the best character: they will not only deprive their members of any meaningful initiative to engage in moral practice, but will drag down those with demanding values and defame them as enemies of "freedom of lifestyles and life-plans". The reason is in the simple fact that high moral standards militate against nihilism, if only as irritating beacons of what once was or of what is being lost through moral degradation.

Everything that has been said about individual character development applies to collective and corporate character-building, as well. Where no consensus exists on the relatively few clearly defined moral expectations within each profession or public office, the possibility of shame with regard to corporate honour and morality is banished. Without the internal sanction of shame there is no stimulus for corporate character development. Furthermore, in societies with sufficiently lax and fluid standards, justified by "cultural relativity" or "freedom of life-styles and life-plans", the very idea of corporate character tends to be transformed

73

in line with instrumentalist and functionalist expectations: business-men continue to be honest, not because this is an inherent moral value, but because dishonesty in the long term is functionally bad for business. Public officials continue to be expected to maintain certain standards, but not because by doing so they fulfil the demands of corporate morality. They are expected to perform because otherwise they will be punished by the politicians, and if they are not, the politicians will be expelled from office at the next election. This neat functionalist picture seems pretty. The rather administrative term "integrity" is used instead of "morality" to fit that picture. The system of controls is such that one had better have "integrity", or else will be expelled. However, even in highly functioning democracies, something is lost by this functionalist transformation of morality into "integrity".

What happens if, for some reason, the electorate or the political elite do not react to the public servants falling below the expected standard? Does this make their behaviour acceptable, even though it is not sanctioned? Furthermore, what are the consequences of moral relativism and confusing pluralism where those with (different) values and those renouncing any moral values are treated on a par, if institutional mechanisms fail to check transgressions? After all, every mechanism fails sometimes. Does this make those with strong moral character and those without it (perhaps through their own choosing) equal? Finally, does this mean that in such pervasively institutionally-mediated societies, where "integrity" is seen as a value required primarily by functionalist considerations, morality and immorality are equal, that those with strong and those with weak character equally qualify for public office?

Corporate character standards are not a novelty in the history of development of public administration; it would be more appropriate to conclude that they have been gradually pushed out of public discourse fairly recently. For example, the rules for the selection and behaviour of police officers in early modern Montenegro, among other things, stipulate that:

–   Police officers may never behave to others "bitterly" and offensively;
–   They must always be sober and reasonable; they must never live an immoral and disorderly life, and may never "idly stay late in pubs and taverns".

- The most important character traits a police officer must possess are the following: incorruptibility, sincerity, truthfulness and trustworthiness to keep secrets.

- In the place of duty the police officer should know the whereabouts of people from all walks of life, and especially the thieves, fraudsters, adulterers, idlers, troublemakers, gamblers, etc. He should also know about the places of gathering of potential suspect persons, such as robbers, fraudsters, gamblers, adulterers, etc.[5]

In most western societies today the implementation of many of these standards would be considered open discrimination. For example, it is considered politically incorrect to demand that public servants "do not live an immoral and disorderly life", much more so to ask that they "do not idly stay late in pubs". The right to live "an immoral and disorderly life", to be "gamblers" or "adulterers" appears to be guaranteed to public servants today. In other words, they are considered to have a right not to have strong moral character, to be persons with whom one would not necessarily want to socialise. While "acting in public capacity", that is during their work hours, they are not allowed to gamble or drink (nothing is said about "adultery"), however as soon as they go home they can revert to the character traits considered less than exemplary. The highly selective moral requirements apply only to office hours.

## Conclusion

Institutionalised requirements of virtue tend to be seen as heresy in modern liberal society. They are seen as transgressions of the right to privacy, violation of the boundary between the private and the public, and intrusions into one's intimate spheres of life. In fact, there is nothing intimate about virtue: the practical dimensions of being virtuous concern both the holder of virtue and the broader community, because virtue relates individual values to those of the community, allowing an optimum of positive exchange between the individual and the collective. On the one hand, the possession of virtue facilitates one's contribution to the community, or one's ability to constructively participate in "joint projects" (Macintyre 1981). This is the facet of virtue emphasised by the political philosophy of communitarianism. On the other hand, the possession of virtue allows one to effectively and fully enjoy

---

5 The Rules are printed today at the wall of the Montenegrin Police Academy in Danilovgrad.

life while making one's particular abilities arising from virtue useful to the community. This is the facet of virtue emphasised by eudaemonistic ethics. Someone who is of keen mind and understanding character may find personal fulfilment in helping others resolve their issues. Another person with a meticulous character and administrative abilities to find normative solutions for various real life situations will find fulfilment by assisting in the running of public administration or private companies, and will simultaneously make life better by acting efficiently for a large number of clients. A person who is particularly courageous and righteous will find fulfilment acting as modern society's "warrior" (soldier or police officer). In each particular case the development of virtue and corresponding character goes hand-in-hand with the performance of adequate duties. This also means that the selection of people to perform various social functions should be based not only on their formal qualifications, but also on the virtues that encompass their private lives — a familiar idea from Plato. It makes sense that the police officer "does not idly stay in pubs" and does not socialise with "thieves and adulterers". This is a requirement that touches one's private life, but only insofar as virtue connects private life and public duty. Indeed, virtue is private in an important sense, yet it is crucial for public office. A disgraced president caught in adultery naturally loses the respect of his citizens, and although his improper sexual behaviour belongs to the realm of the private, when uncovered it is a delegitimating factor for his presidency, because it reveals an aspect of his personality that lacks the virtues of loyalty and honesty that are normally expected of a nation's president. The same principle naturally applies to any other public duty. A dishonest and disloyal police officer who cheats, drinks and gambles is delegitimated by the lack of virtues normally expected of a police officer. Private virtues or their absence *are relevant* for one's public persona.

For all of the above reasons, the moral perspective inherent in a political system will strongly impact prospects for the cultivation of corporate character throughout the society. A medical profession in a caring system that favours the value of human life over most other values will likely develop moral standards for its members that will foster the development of caring character amongst the doctors and nurses. Corruption will be a far-fetched possibility, and when it occurs, reactions by the other members of the profession will act as powerful deterrents. A commercial system of medical care, on the other hand, such as those in some modern liberal states, will naturally stimulate the development

of entrepreneurial character in doctors and nurses. Just as the idea of not providing care to someone who cannot pay for it has become not only acceptable, but increasingly "natural", so could the idea that doctors should not treat people when they do not have the best of work conditions and salaries that allow opulent life styles. For the public administration, in systems where citizens' claims are seen as the legitimating basis for the public service as a whole, the public servants will have reason to develop outgoing and understanding characters, along with creative abilities and incentives to solve problems on behalf of their clients. In systems where the state is accorded normative priority in relation to the people, public servants will be encouraged to develop bureaucratic characters.

To a large extent, corporate character is a matter of context, value-system and the strategy that lies behind the manner of governance. Organic communities such as religious ones have demonstrated that a "value strategy" that targets both the cognitive and emotional aspects of one's moral convictions can shift values and generate sufficient dynamic momentum for a dramatic change of personal character. The same principle, applies generally both on the level of persons and on the corporate level. The nature of the social world where the individual or the group are embedded finally decides the direction in which they will develop, assuming that they possess the basic moral faculties and soundness of judgement to understand what is expected of them and decide to choose a path of personal development.

Just as a certain "climate of change" is required for political and social transformations, even revolutions, so a climate of integrity is required for the flourishing of a morally highly integrated public administration and a society that encourages personal character improvement. Liberal societies, with their reluctance to posit substantive values as guiding lights for their members and their excessive sensitivity for the partly artificial boundaries between private and public virtue, character and public persona, are not particularly conducive to either individual or corporate character development. In an atmosphere arising from a near deification of interest and inviolability of lifestyle, it is difficult to generate a strong moral climate. Conversely, in a social climate where interest, profit and entitlements are seen as dominant categories, and morality is seen as predominantly restrictive — in fact often opposed to human fulfilment and happiness, any restrictive insistence on administrative and institutional controls of corruption is unlikely to succeed

77

in the long term. Much less is it likely to address the key underlying issues and deficiencies of the social system that lead to high levels of corruption.

Liberal democracy appears to be in a crisis not entirely unlike the cyclic crises of liberal economic systems. Crudely speaking at least some global economic crises arise from the systems of borrowing, investment and job creation occasionally falling so "out of sync" that the entire structure of transactions defaults to various extents. The recovery then requires interventions such as injections of large amounts of cash into the banks by the governments, major cuts in consumption and structural re-adjustments in order to get the system back on its feet. The situation is similar with integrity when it is perceived as an institutionally-mediated system of interruptions of an otherwise free pursuit of interests: sooner or later the interests will become tangled up in ways that prevent effective institutional intervention, or will include institutions as bearers of their own corporate interests that were not calculated into the system. Such situations will then require moral intervention by the elites to get the basics right again.

78

On an individual level, the liberal morality requires active self-interruption in what is otherwise perceived as a free pursuit of one's selfish motives. More generally, liberal morality requires an active self-interruption, by the pessimistically conceived human individual, of his own, *constitutive* selfish motivation. In such a context, corruption is a natural occurrence. The contemporary organic communities, on the other hand, teach us an important Humean lesson: it is possible to teach both individuals and corporate entities to be moral and thus reduce corruption in a *non-repressive* manner. This, however, requires a different value context: one that allows more optimistic starting assumptions about human nature to be at play. Such an approach may sacrifice parts of the liberal edifice, including the isolation of private virtue from the realm of public expectations; however, the rewards in terms of fighting informality, corruption and other social vices would be considerable, and would largely stem from the building of a social consensus on virtues, along with an atmosphere that, much like a "collective mood", is able to enthuse and energise people to act morally out of their own accord. Such circumstances would conduce to a maximisation of autonomy and would thus give public morality its fullness by allowing moral action to flourish from a freedom not directly bounded by a threat of sanction.

Bibliography

Barry, Brian (2005), *Why social justice matters*, Cambridge: Polity Press.

Fatić, Aleksandar (2007), "What has happened to firstborn social theory: The social contact", *South-East Europe Review* 10 (3): 121 –131.

Fatić, Aleksandar (2009), *Freedom and Heteronomy: An essay on the liberal society*, Beograd: Institut za međunarodnu politiku i privredu.

Fatić, Aleksandar and Aleksandra Bulatović (2012), "The role of sympathy vs. Competition in communal ethics: Crocodile liberalism and fellow-feeling". Paper for the Aleksanteri Institute Conference "Competition and Good Society: The Eastern model", University of Helsinki, 24–26 October 2012, (internet) available at: www.http://www.helsinki.fi/aleksanteri/english.

Fishkin, James S. (1984), *Beyond subjective morality: Ethical reasoning and political philosophy*, New Haven: Yale Universitiy Press.

Fukuyama, Francis (1995), *Trust: Social virtues and the creation of prosperity*, New York: The Free Press.

Gould, James B. (2011),"Cultivating character: Hume's techniques for self-improvement", *Philosophical Practice* 6(3): 832-843.

Hume, David (1963), "The Sceptic", Essay 18 in Home, *Essays: Moral, political and literary*, Oxford: Oxford University Press.

Lefkowitz, David (2007), "On a moral right to civil disobedience", *Ethics* 117: 202–233.

Luhmann, Niklas (1979), *Trust and power*, New York: Jonh Wiley.

Macintyre, Alasdair (1981), *After virtue*, Notre Dame, University of Notre Dame.

Maldini, Pero (2008), „Političko povjerenje i demokratska konsolidacija", *Politička misao* 45: 184–186.

Nagel, Thomas (1974), "What is it like to be a bat", *Philosophical Reviw* 83: 435–450.

Nozick, Robert (1974), *Anarchy, state and utopia*, New York: Basic Books.

Putnam, Robert (1993), *Making democracy work: civic traditions in modern Italy*, Princeton: Princeton University Press.

Rawls, John (1971), *A theory of justice*, Cambridge (Mass.): Harvard University Press.

Seligman, Adam B. (1997), *The Problem of trust*, Princeton: Princeton University Press.

Solomon, Robert (1995), *A passion for justice: Emotions and the origin of the social contract*, New York: Rowman and Littlefield.

Uslaner, Eric (2002), *The moral foundations of trust*, Cambridge: Cambridge University Press.

79

Aleksandar Fatić

Korupcija, formiranje korporativnog karaktera i „strategija vrednosti"

Apstrakt

Aktuelne rasprave o korupciji većinom su usredsređene na pitanja o administraciji, institucijama, pravu i javnoj politici. Istovremeno, nedovoljno pažnje se poklanja raspravi o unutrašnjim faktorima antikorupcijskih napora u društvenim reformama. S jedne strane, reč „integritet" se često pominje kao cilj koji institucionalnim reformama treba postići. S druge strane, međutim, specifično filozofski aspekti formiranja karaktera i razvijanja korporativnih i individualnih vrlina, na racionalan i sistematski način, uglavnom se zanemaruju. Ovaj tekst se bavi unutrašnjim faktorima antikorupcijskog delovanja, sa posebnim naglaskom na pretpostavke formiranja individualnog i kolektivnog karaktera čije je ostvarivanje u rukama društvenih elita. Autor argumentiše da je sistematsko unapređivanje društveno prepoznatih vrlina, kako onih koji se odnose na celo društvo, tako i onih koje su specifične za pojedine profesije i društvene grupe, najobuhvatniji i strateški najopravdaniji način za sprovođenje antikorupcijske politike, dok institucionalna, a posebno kaznena politika, mogu igrati samo dopunsku ulogu. Naglašavanje institucionalne, a posebno krivično-pravne politike, u jednom društvu koje inače karakteriše moralni i vrednosni relativizam, u najboljem slučaju je neefikasno, a u najgorem slučaju društveno destruktivno. Stoga se u tekstu sugeriše preispitivanje društvenog diskursa na nivou onoga što autor naziva „vrednosnom strategijom" i postepena izgradnja i učvršćivanje posebno određenih aspekata „korporativnog karaktera" za pojedine ključne sektore društva. Ovaj pristup može biti dugoročna društvena strategija za unapređivanje javnog profila integriteta i za jačanje morala kako u javnom, tako i u privatnom i građanskom delu društva.

**Ključne reči** korupcija, vrednosna strategija, relativizam, moral, društvene elite, formiranje karaktera, društveni diskurs, korporativne vrline.