

**LeaderPerfect Newsletter**  
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**Lessons From Russia  
For American Business**

by Dr. Mike Armour

Later this week I'm slated to fly to Russia to train a hundred public school teachers, part of a project with which I've worked over a decade. Its goal is to help Russian teachers merge character training with their classroom curriculum. And therein is a story with towering implications for business and cultural life in America.

Shortly after the Iron Curtain collapsed, the Russians decided to entrust their future to free enterprise and Western-style democracy. This week, with their national presidential elections, that experiment continues.

But savvy educators, sociologists, and political leaders in Russia recognize that their fledgling experiment can come undone unless the kind of effort I'm part of this month succeeds. Here's why.

**Power Versus Principle**

In the history of mankind we've found only two ways to resolve our differences. One is to resort to power. The other is to appeal to principle.

For most of human history, power has gone largely unchecked. Absolute monarchy, dictatorship, and tyranny were the norms. The strong ruled. The weak were reduced to voiceless masses, and the vanquished were humiliated and enslaved. Personal differences were settled by duels, differences between clans by massacres or family feuds.

Democracy stepped into this world of power and violence to hold forth a revolutionary concept. Democracy opted to substitute the rule of principle for the rule of power. In democracies we no longer settle differences on the dueling field. Instead, we take them before a court of law. There the matter is settled on the basis of governing principles.

*And here is a critical key.* In democracies like ours, the rule of principle is so sacrosanct that we accede to the court's decision, even when it goes against us. We may believe that the court acted unfairly, that it treated us unjustly. But most of us would never think of settling our grievance with the judge by striking him down.

To us it is more important to preserve the rule of law than to have the court consistently decide in our favor. Assassination of judges, a major threat in less stable democracies, is so rare in the U.S. that the very notion of it is shocking and scandalous.

## Flourishing Free enterprise

That's why free enterprise has done so well in America. Free enterprise can only flourish in a principled culture where rules and the rule of law are respected. Free enterprise depends on a political and social setting where contractual agreements have binding force, where open competition determines winners and losers, and where business transactions are generally free of fraud and larceny. In a word, principle is as vital to free enterprise as principal.

And because democracy and free enterprise both rest on bedrock commitments to principles, free enterprise tends to succeed most fully in democracies that are highly stable.

## The Crumbled Foundation

Now, back to Russia. After three generations of Marxism, Russia was left without those bedrock principles. The abolition of religion led to a spiritual vacuum in which no place was found to explore transcendent values. The celebrated values in Russian Marxism were power-driven. After all, Marxism itself rests on a theory of class warfare, incessant struggle, and the dictatorship of the proletariat.

Moreover, under Marxism the Russian economy became so stagnant and inefficient that millions faced a daily struggle with survival. They learned to do whatever it took to get by, with little regard for the ethics involved. And in a police state, where anyone nearby might be a government informant, many learned to lie convincingly and cover their tracks.

When that kind of environment prevails for decades, what happens to the ethical foundation of a society? It crumbles, to say the least. Realizing this, Russian educators are assiduously trying to shore up democracy and free enterprise by equipping their students with a framework of ethics and principles for dealing with life.

Nor are educators alone in recognizing the urgency of this task. Even before the Iron Curtain fell, Mikhail Gorbachev wrote in *Pravda* about the need for a spiritual transformation in Russia. And his minister of finance, meeting with businessmen in Dallas, sounded the same note. He invited them to bring their investments to Russia, then added, "But first, be sure to bring your Ten Commandments. Otherwise, we will steal you blind."

## Time Well Spent

After a decade of working with Russian educators, I've developed a renewed respect for foundational values. And it has deepened my conviction that time spent talking about values is always time well spent.

That's why the pages of this newsletter so frequently underscore the importance of clarifying corporate and personal values. That's why I repeatedly ask my coaching clients about the core values of their company and how those values are promoted and aligned. Values are imperative. Principles are essential.

## A Postscript

Should we abandon the rule of principle, only one course is left open to us economically and politically. We will be left with power as the only way to arbitrate our differences. And the moment that happens, the American life as we know it is doomed.

The paradox within democracy is that we build political parties around principles. But in order to advance their agenda, political parties must gain power. They must win elections.

Thus, in the name of principles we embark on political power struggles. And when those struggles become bitter enough, when political polarization becomes deep enough, there is always the temptation to win at any cost. Which amounts to sacrificing principle to power. Yet when we choose power over principle, we undermine the most basic tenets of democracy and freedom and set the stage for both to fail. The Russian experiment with democracy and free enterprise may be much younger than ours. But value-centered decisions are as vital for us as for them.

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