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*On Virtue and Peace:  
Creating a Workplace Where People Can Flourish*

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On Virtue and Peace: Creating a Workplace Where People Can Flourish

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## *Introduction*

Peace has traditionally been defined as freedom from war and has been associated with the affairs of nations and communities.<sup>2</sup> While it is intuitive that corporate action and businesses are affected by peace or the lack thereof,<sup>3</sup> little discussion has revolved around what businesses can do to promote peace and what business practices build skills aimed at conflict resolution.<sup>4</sup> In taking a fresh look at these issues, it is important to consider the notion that all business organizations are comprised of individual human beings coming together in a community. As such, all such organizations should be involved in promoting human flourishing. The work of John Finnis<sup>5</sup> creates a starting place for analyzing what is necessary to promote human flourishing. Related to the notion of human flourishing is the question of what constitutes a virtuous organization? Early philosophers understood the connection between virtue and human flourishing<sup>6</sup> but only recently have current business ethicists explored the connection in more detail. In fact, the resurgence of virtue ethics is credited with the work of Elizabeth Anscombe<sup>7</sup> in 1958 and while it has been more recently applied to the business ethics arena by Robert Solomon,<sup>8</sup> much work is still to be done. This work involves detailing the types of virtues that are important for businesses to possess and discussions concerning how those virtues can be acquired and maintained in a business setting.

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<sup>2</sup>See THE OXFORD ENGLISH DICTIONARY 383-386 (1989).

<sup>3</sup>See Timothy L. Fort & Cindy A. Schipani, *Corporate Governance, Stakeholder Accountability, and Sustainable Peace*, 35 VAND. J. TRANSNAT'L L. 389, 400-415 (2002) for a discussion about the reasons businesses should be interested in peace between nations.

<sup>4</sup>See Timothy L. Fort & Cindy A. Schipani, *An Overview of the Symposium*, 35 VAND. J. TRANSNAT'L L. 379 (2002).

<sup>5</sup>JOHN FINNIS, NATURAL LAW AND NATURAL RIGHTS (1980) [hereinafter FINNIS, NATURAL LAW]; John Finnis, *The Natural Law Tradition*, 36 J. LEGAL EDUC. 592 (1986) [hereinafter Finnis, *Tradition*].

<sup>6</sup>In particular see ARISTOTLE, NICOMACHEAN ETHICS (Jonathan Barnes ed., Bollingen Series 1991); ST. THOMAS AQUINAS, SUMMA THEOLOGICA (Fathers of the English Dominican trans., 1948).

<sup>7</sup>G.E.M. Anscombe, *Modern Moral Philosophy*, 33 PHIL. 1 (1958).

<sup>8</sup>ROBERT C. SOLOMON, ETHICS AND EXCELLENCE: COOPERATION AND INTEGRITY IN BUSINESS (1992) [hereinafter SOLOMON, ETHICS AND EXCELLENCE].

This article explores in more detail what virtues are necessary for human flourishing to occur in a business organization. In particular it argues that the virtue of peaceableness is missing from the current discussion of business ethics. It further argues that without peaceableness, human flourishing cannot exist. After an exploration of the connection between human flourishing and virtue ethics, the paper will look at the proposed virtue of peaceableness. In so doing, we will examine one dimension of peaceableness, i.e., freedom from conflict. In the discussion of freedom from conflict we will highlight, as an exemplar, the case of Champion Paper Products, Sartell Minnesota Paper Mill, where management and labor, after a protracted labor conflict, jointly chose a proactive path toward peaceableness. This choice resulted in significant improvements in human flourishing and organizational performance.

### *Human Flourishing*

Much of the theoretical work on businesses, especially businesses in a capitalistic market setting, focus on rationality and rational behavior.<sup>9</sup> The assumption is made that individuals, within an organization, make rational decisions and that organizations act rationally.<sup>10</sup> Under this view, it can be argued that human flourishing need not be considered because the very nature of humans assumes that their decisions are rational and therefore compatible with the human condition.<sup>11</sup> Much of this assumption is credited to the work of Adam Smith in *Wealth of Nations*.<sup>12</sup> What is generally missing from the discussion, however, is the role individual virtues play within any organization. The absence of this discussion is perplexing given that

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<sup>9</sup>See generally, ADAM SMITH, *WEALTH OF NATIONS* (Prometheus Books 1991) (1776).

<sup>10</sup>For discussions about how this theory relates to business ethics see the following: Christina Bicchieri & Yoshitaka Fukui, *The Great Illusion: Ignorance, Informational Cascades, and the Persistence of Unpopular Norms*, 9 BUS. ETHICS Q. 31 (1999); Ken Binmore, *Game Theory and Business Ethics*, 9 BUS. ETHICS Q. 31 (1999); Kevin Gibson, et. al., *Once Bitten: Defection and Reconciliation in a Cooperative Enterprise*, 9 BUS. ETHICS Q. 69 (1999); Kay Mathiesen, *Game Theory in Business Ethics: Bad Ideology or Bad Press?*, 9 BUS. ETHICS Q. 37 (1999); Edward F. McClennen, *Moral Rules as Public Goods*, 9 BUS. ETHICS Q. 103 (1999); Christopher W. Morris, *What is This Thing Called 'Reputation'*, 9 BUS. ETHICS Q. 87 (1999); 9 BUS. ETHICS Q. 31 (1999); Robert C. Solomon, *Game Theory as a Model for Business and Business Ethics*, 9 BUS. ETHICS Q. 11 (1999); Peter Vanderschraaf, *Introduction: Game Theory and Business Ethics*, 9 BUS. ETHICS Q. 1 (1999); Peter Vanderschraaf, *Hume's Game-Theoretic Business Ethics*, 9 BUS. ETHICS Q. 47 (1999).

<sup>11</sup>See generally, Binmore, *supra* note 10.

<sup>12</sup>SMITH, *WEALTH OF NATIONS*, *supra* note 9.

Adam Smith's work was predicated on his earlier work in *A Theory of Moral Sentiment*.<sup>13</sup> In this work, Smith argues that individuals are not inherently selfish and spends much time focusing on the virtues of sympathy and fellow-feeling as essential to human flourishing.

A starting point for a modern discussion about human flourishing comes from the work of John Finnis.<sup>14</sup> While Finnis is primarily concerned with formalistic legal systems and ensuring that those legal systems conform to the notion of practical reasonableness as the corner stone of natural law, it need not be so narrowly viewed. It has been argued that "natural law is able to determine what is good for humanity in general, and what is good for persons in specific situations."<sup>15</sup> Finnis himself argues, that "[a] theory of natural law claims to be able to identify conditions and principles of practical right-mindedness, of good and proper order among men and in individual conduct."<sup>16</sup> He further argues "[a] theory of natural law need not be undertaken primarily for the purpose of thus providing a justified conceptual framework for descriptive social science. It may be undertaken ... primarily to assist the practical reflections of those concerned to act, whether as judges or as statesmen or as citizens."<sup>17</sup> For those of us who are concerned to act, it is important that we turn our attention to the role of human flourishing and practical reasonableness in business organizations.

Human flourishing is the underpinning for any discussion of what is "good" for humans, and is an important component to a Finnisian analysis. Finnis states,

An account of basic reasons for action should not be exclusively rationalistic. It should not portray human flourishing in terms only of the exercise of our capacities to reason. We are organic substances, animals, and part of our genuine

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<sup>13</sup>ADAM SMITH, *THE THEORY OF MORAL SENTIMENTS* (Prometheus Books 2000) (1759).

<sup>14</sup>As examples, see FINNIS, *NATURAL LAW*, *supra* note 5; Finnis, *Tradition*, *supra* note 5; John Finnis, *Natural Law and Legal Reasoning*, 38 CLEVE. ST. L. REV. 1 (1990)[hereinafter Finnis, *Legal Reasoning*].

<sup>15</sup>Caryn L. Beck-Dudley & Edward J. Conry, *Legal Reasoning and Practical Reasonableness*, 33 AM.BUS. L.J. 91, 97 (1995).

<sup>16</sup>FINNIS, *NATURAL LAW*, *supra* note 5, at 18.

<sup>17</sup>*Id.*

well being is our bodily life maintained in health, vigour and safety, and transmitted to new human beings.<sup>18</sup>

For Finnis, the only way to determine what is necessary to human flourishing is to identify those practical principles, or goods, which are essential to human well being. These practical principles, or goods, include knowledge, life, play, aesthetic experience, sociability/friendship, practical reasonableness and ‘religion’.<sup>19</sup> Finnis admits that the list can be criticized and that others have developed similar lists with slightly different “goods.”<sup>20</sup> Providing a list of goods is important, however, because it helps orient practical reasoning. Also, the goods are not judged against their utility rather they are valued because they help us achieve other goals. For Finnis, these goods are incommensurable, that is they are valued for their own sake and one is not more valued than another. He states, “[e]ach is fundamental. None is more fundamental than any of the others, for each can reasonably be focused upon, and each when focused upon, claims a priority value. Hence there is no objective priority of value amongst them.”<sup>21</sup>

Practical reasonableness is not only a practical principle but is also the process by which practical principles are identified. As such, practical reasonableness “*is* a basic aspect of human well-being and *concerns* one’s participation in all the (other) basic aspects of human well-being.”<sup>22</sup> The basic requirements of practical reasonableness are set out as (1) having a coherent plan of life;<sup>23</sup> (2) expressing no arbitrary preference among values;<sup>24</sup> (3) having no arbitrary preference among persons;<sup>25</sup> (4) detachment;<sup>26</sup> (5) commitment;<sup>27</sup> (6) limited relevance of

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<sup>18</sup>Finnis, *Legal Reasoning*, *supra* note 14, at 2.

<sup>19</sup>FINNIS, *NATURAL LAW*, *supra* note 5, at 86-90.

<sup>20</sup>He states, “There is no magic in the number seven, and others who have reflected on these matters have produced slightly different lists, usually slightly longer. There is no need for the reader to accept the present list, just as it stands, still less its nomenclature (which simply gestures towards categories of human purpose that are each, though unified, nevertheless multi-faceted).” *Id.* at 92.

<sup>21</sup>*Id.* at 93.

<sup>22</sup>*Id.* at 103.

<sup>23</sup>*Id.* at 103-105.

<sup>24</sup>*Id.* at 105-106.

<sup>25</sup>*Id.* at 106-109.

consequences: efficiency, within reason;<sup>28</sup> (7) respect for every basic value in every act;<sup>29</sup> (8) favor the common good;<sup>30</sup> (9) follow one's conscience.<sup>31</sup> Finnis argues that the product of these requirements is morality, to which we now turn.

Morality is inherently a human activity. While some have given animals human characteristics, one does not hear of a moral tiger or a moral mosquito. Because it is uniquely human, it is important to place a discussion of morality in the context of human existence.<sup>32</sup> As humans, it is important to remember that we are social<sup>33</sup> and one aspect of being social is to remember that humans live and work in communities.<sup>34</sup>

This notion that business is a community has been explored by Jeff Nesteruk<sup>35</sup> and Tim Fort.<sup>36</sup> In tying the notion of business as community to peace, Nesteruk notes,

[u]nder such a view, the corporation, by tailoring its relationships to diminish its own accountability, risks corrupting its own character. It thus does not necessarily escape responsibility by strategically structuring its relationships with the other actors involved with corporate undertakings. Indeed, this structuring may itself be irresponsible because of the way it diminishes the potentially

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<sup>26</sup>*Id.* at 109-110.

<sup>27</sup>*Id.* at 109-110.

<sup>28</sup>*Id.* at 111-118.

<sup>29</sup>*Id.* at 118-125.

<sup>30</sup>*Id.* at 125.

<sup>31</sup>*Id.* at 125-26.

<sup>32</sup>Aristotle and other ancient philosophers were grounded in the notion equating morality with human nature and the human experience. This, of course, leads to criticisms that morality is relative and in this context is biased in favor of Western civilization. See generally, FINNIS, *NATURAL LAW*, *supra* note 5, at 134-136 and Timothy L. Fort, *Goldilocks and Business Ethics: A Paradigm That Fits "Just Right,"* 23 J. CORP. L. 246, 249 (1998). That discussion is beyond the scope of this paper.

<sup>33</sup>See ROBIN DUNBAR, *GROOMING, GOSSIP, AND THE EVOLUTION OF LANGUAGE* 192-207 (1996).

<sup>34</sup>See Timothy L. Fort, *Goldilocks and Business Ethics: A Paradigm that Fits "Just Right,"* *supra* note 31, at 256-272.

<sup>35</sup>Jeffrey Nesteruk, *Conceptions of the Corporation and the Prospects of Sustainable Peace*, 35 VAND. J. TRANSNAT'L L. 437 (2002)

<sup>36</sup>Fort, *Goldilocks and Business Ethics: A Paradigm that Fits "Just Right,"* *supra* note 31.

positive influences corporate relationships can have over the character of other such actors.<sup>37</sup>

Nesteruk then goes on to explore how a corporation can avoid legal liability for governmental acts of brutality even when the company had tacit knowledge of the brutality and financially benefitted from the brutality.<sup>38</sup>

Tim Fort also utilizes the language of business as a community to promote the concept that mediating institutions are necessary in large multinational corporations to promote ethical behavior.<sup>39</sup> He uses the example of a small town used car dealer who must be careful not to take advantage of his or her customers, not only because word might get around, but because of a basic commitment to honesty and fair play. In applying this concept to corporations, he argues, “[w]e thus must have a corporate community which maintains internal feedback mechanisms as an ongoing communal approach valuing all of the goods important to at least internal constituents.”<sup>40</sup> This reference to business and business organizations as communities may have a long term effect on our behavior. In fact, Mark Johnson, argues “our most basic moral concepts are structured by metaphor, and typically by multiple metaphors that are not always consistent with one another.”<sup>41</sup> If true, the use of metaphor, becomes very important in describing our relationships with one another and in detailing how we relate to one another. Solomon argues, “[t]he first line of attack in any concern about ethics in business must be against those images and metaphors that blind and govern so much of our thinking. ... We live by and through metaphors.”<sup>42</sup> If we use the metaphor that business is a community, then it can be argued that

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<sup>37</sup>Nesteruk, *supra* note 35, at 451.

<sup>38</sup>*Id.* at 451-455 reviewing the case of John Doe I v. Unocal Corp., 110 F. Supp. 1294 (C.D. Cal. 2000).

<sup>39</sup>Fort, *Goldilocks and Business Ethics: A Paradigm that Fits “Just Right*, *supra* note 31.

<sup>40</sup>Timothy L. Fort, *Corporate Makahiki: The Governing of Telos of Peace*, 38 AM. BUS. L. J. 301, 355 (2001).

<sup>41</sup>MARK JOHNSON, MORAL IMAGINATION 35 (1993)

<sup>42</sup>SOLOMON, ETHICS AND EXCELLENCE, *supra* note 8, at 23.



[h]appiness is found in living in a virtuous community and in being a virtuous person. Therefore, a theory of virtue ethics in business must be based upon the following premises. First, a business organization is recognized as a community made up of individuals. As such, it should behave like a community, which means it can be expected to further the ‘good life’ of the individuals it impacts. Second, individuals within a business organization can be expected to behave virtuously. Third, because a business organization is a community it must be stable in order for individuals to thrive much like a ‘state’ or government must be stable in order for its citizens to thrive.<sup>43</sup>

### *Virtue*

Much of the past two decades of work in business ethics and business morality has focused on applying the concepts of utilitarianism and deontology to a business setting.<sup>44</sup> In both these theories, there is little recognition of the notion of business as a community. The discussion of community really only arises in the recent reemergence of discussions about virtue ethics.<sup>45</sup> Virtue ethics, at its heart, is concerned with who a person is and what composes a person’s character. Lately, the focus of virtue ethics has also turned to how an organization behaves.<sup>46</sup> The roots of virtue ethics, however, are set forth by Aristotle.<sup>47</sup> Aristotle’s discussion of virtues, is of course tempered by the historic time in which he lived, but his virtues

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<sup>43</sup>Caryn L. Beck-Dudley, *No More Quandries: A Look at Virtue Through the Eyes of Robert Solomon*, 34 AM. BUS. L.J. 117, 126 (1996).

<sup>44</sup>See James E. Macdonald & Caryn L. Beck-Dudley, *Are Deontology and Teleology Mutually Exclusive?* 13 J. BUS. ETHICS 615 (1994).

<sup>45</sup>Besides Anscombe’s work, *supra* note 7, the most often cited works on virtue ethics are N.J.H DENT, *THE MORAL PSYCHOLOGY OF THE VIRTUES* (1984); PHILLIPA FOOT, *VIRTUES AND VICES* (1978); ALASTAIR MACINTYRE, *AFTER VIRTUE* 2d (1984); EDMUND L. PINCOFFS, *QUANDARIES AND VIRTUES* (1986); *THE VIRTUES: CONTEMPORARY ESSAYS IN MORAL CHARACTER* (Robert B. Kruschwitz & Robert C. Roberts eds. 1987); Lawrence C. Becker, *The Neglect of Virtue*, 85 ETHICS 110 (1975); R.B. Brandt, *Traits of Character: A Conceptual Analysis*, 7 AM. PHIL. Q. 23 (1970); W.K. Frankena, *Pritchard and the Ethics of Virtue*, 54 MONIST 1 (1970); Edmund Pincoffs, *Quandary Ethics*, 80 MIND 552 (1971); J.O. Urmson, *Aristotle’s Doctrine of the Mean*, 10 AM. PHIL. Q. 223 (1973).

<sup>46</sup>SOLOMON, *ETHICS AND EXCELLENCE*, *supra* note 8.

<sup>47</sup>See ARISTOTLE, *supra* note 6.

still find resonance today. Aristotle listed courage, temperance, liberality, wittiness, friendliness, shame, justice and honor as the required virtues for a good Athenian.<sup>48</sup> Several centuries later, St. Thomas Aquinas listed faith, hope and charity (the religious virtues) and wisdom, justice, temperance and fortitude (the intellectual virtues) as virtues required for all good individuals.<sup>49</sup>

Robert Solomon builds on this background (and for that matter so does John Finnis) by identifying honesty, fairness, trust, toughness, friendliness, loyalty, honor, shame, caring and compassion as virtues required of individuals working in business.<sup>50</sup> He further identifies community, excellence, membership, integrity, judgment and holism as virtues that should exist in business organizations.<sup>51</sup> This step toward moving virtue ethics into the language of business ethics is important because “[t]he making of money pure and simple is not the culmination of business life, much less the fulfillment of one’s social responsibilities.”<sup>52</sup> Solomon recognizes that businesses are communities and states “as communities-not legal fictions, not monolithic entities, not faceless bureaucracies, not matrices or price/earning ratios, net assets and liabilities-then the activities and the ethics of business become much more comprehensible and much more human.”<sup>53</sup> Therefore, the organizational virtues of community, excellence, membership, integrity, judgment and holism create an opportunity for determining whether the real goal of human flourishing exists. What is not so apparent, however, is whether these organizational virtues are all that is required. We would argue that there is at least one other organizational virtue that should be considered and that virtue is peaceableness.

### *The Virtue of Peaceableness*

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<sup>48</sup>*Id.*

<sup>49</sup>See ST. THOMAS AQUINAS, *supra* note 6, at pt. II-II, qq.1-27; pt. I-II, qq. 56-62.

<sup>50</sup>SOLOMON, ETHICS AND EXCELLENCE, *supra* note 8, at 207-241.

<sup>51</sup>SOLOMON, ETHICS AND EXCELLENCE, *supra* note 8, at 145-186. See also, Beck-Dudley, *supra* note 43, at 124-130 for a discussion of how these virtues focus our understanding of business ethics.

<sup>52</sup>SOLOMON, ETHICS AND EXCELLENCE, *supra* note 8, at 19.

<sup>53</sup>SOLOMON, ETHICS AND EXCELLENCE, *supra* note 8, at 150.

An explicit assumption of virtue theory is that humans are respectful to each other, that they care about each other and that they exercise compassion. An implicit assumption, however, is that they exhibit peaceableness towards each other and towards their work environment. Peaceableness is not necessarily the absence of conflict, although peace is sometimes defined as the absence of conflict. In fact, conflict and its resolution permeates modern day living. Rather, we define peaceableness as freedom from hostile conflict. Hostilities may range from overt acts of aggression such as physical and emotional violence, to covert acts of hostility such as the passive/aggressive behaviors of stonewalling and rumor spreading.

The virtue of peaceableness must exist in organizations in order to promote the other virtues; individual virtues as well as the organizational virtues. It is hard to imagine an organization where human flourishing can occur when there is a lack of peace. To illustrate the difference peace can make in an organization we turn to the Sartell Paper Mill case.

**Peaceableness as Freedom From Conflict: The Sartell Paper Mill-A Case Study**

Built on the banks of the Mississippi River in Central Minnesota, the Sartell Paper Mill was established in 1905 by the Watab Pulp and Paper Company. The plant was unionized in 1937, with the formation of Local 274 of the United Paperworkers International Union. In 1946 the mill was purchased by the St. Regis Corporation, and then in 1984 St. Regis was acquired by Champion International Corporation, creating one of the largest paper and wood products companies in the world.<sup>54</sup>

While it would be inappropriate to suggest that labor and management at the Sartell plant had coexisted entirely peacefully during the years under St. Regis ownership, it is clear that relationships took a turn for the worse beginning in 1984, when Champion purchased the firm and with it, the Sartell Mill. David Leyk,<sup>55</sup> plant employee and vice president of Local 274, described the situation this way:

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<sup>54</sup>Champion Paper was purchased by International Paper in June of 2002. Data for this case was gathered in 1998 and tracks the transition at the Sartell Mill from 1984 through 1998.

<sup>55</sup>David Leyk is currently president of Local 274, but at the time of this transition and at the time when the data was collected for the case, he was the Local vice-president.

We had been owned for many years by St. Regis. We had a pretty typical union management relationship. We were pretty traditional. Contracts came and went. We took strike votes, but it always seemed that somehow we never had a strike or a lockout or a major layoff... .

We were purchased by Champion in late 1984. We had negotiated a contract in 1983 which was a three year contract. As Champion took over, there was really little, if anything that changed.... . In 1986 our contract expired and we found out that Champion had a very different philosophy of negotiating. We tried to push back, it really didn't get us anywhere, other than one day I can recall coming out to work and there was some sleeper cars sitting out on the railroad tracks, right in full view of the employee entrance, and there was a janitorial company there cleaning those cars and preparing for a strike or lockout.

At that particular time we went about five months [with a labor impasse]. We finally settled that contract. It was a concessionary contract, and we were told at the time there would be more concessions as the contract expired in 1989. In between this three year period, some of our sister mills negotiated, those concessions were taken, and we knew it was coming. The union was saying, "prepare for war," "put some money away," and things like that. The relationship really kind of started to go south. When 1989 came, the concessions were on the table. There was no doubt they were serious about getting what they had in mind. We pushed back. We ended up in a nineteen month long war.<sup>56</sup>

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<sup>56</sup>David Leyk & Tom Pollock, *Union Management Woes to Union Management Wows!* Presentation to Annual Shingo Prize Dissemination Conference, Lexington, Ky., May 13, 1998 [hereinafter Leyk & Pollock, *Woes to Wows*] (on file with authors).

In the intervening months of impasse, management implemented an unnegotiated contract on the workers. According to people on both sides, these were difficult times. Dave Leyk's use of the "war" metaphor seems to be appropriate. There were threats and counter threats. Workers and managers who had worked together for years no longer spoke to each other. Tacks were placed on the pavement in areas where management would park. The union president was terminated for an alleged act of sabotage. Tom Pollock, quality manager at the plant, who had recently moved from an accounting position into the production area, described his assessment of the situation as follows:

I mean, this was not a fun place to work. ...[P]eople were at war with each other and I was going, "Why am I here?" I used to go walking at night, thinking "Why did I ever do this?" "This is just crazy!"<sup>57</sup>

Ultimately, the impasse was broken and in November of 1990 a new contract signed. Three months later a meeting was scheduled with an outside mediator in an effort to resolve all the grievances remaining from the impasse period. Something unique happened on this occasion: Dave Leyk describes it this way:

In February a meeting was scheduled to resolve the grievances that were left over from this period of time... . There was over 23 of us, since we were going to resolve it in one day, and an offer was floated across the table between our international representative and our corporate human relations director – and they'll both take credit for it – 'How about if we try to work cooperatively in some way and develop a partnership.' They (management) thought it was a good idea and the offer was made that if we could write our partnership agreement, the company would pay all those grievances and we could go on from there. So in February the agreement was written.<sup>58</sup>

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<sup>57</sup>*Id.*

<sup>58</sup>*Id.*

Like a phoenix rising from the ashes of conflict and distrust, with this event, a spirit of *peaceableness* emerged, both sides realizing they needed to do something different. Dave Leyk explained:

Basically we ended up with a new bargaining committee in 1991. As I said, our president had been fired – the rest of the guys were just totally burned out... . The interesting part was that the bargaining committee really knew we needed to do something different. They didn't feel we could even stay unionized – 'They won't let us talk about what the hell we ought to be doing here.' People had pretty much bailed out. We had a new committee. They felt that we needed to go in a new direction. At that time, we really didn't know it, but management was feeling the same way.<sup>59</sup>

It appears that after the long impasse, or “war,” as it is referred to by the employees, a decision was made to become a different type of organization. This organization would be more cooperative, less hostile. Speaking before the U.S. House of Representatives Committee on Education and the Workforce, Tom Daugherty, President of the United Paperworkers International Union, Local 274, and David Libby, Manager of Human Resources at the Sartell Mill, reported on the early cooperative activities at the plant.

One of the first actions taken early in 1991 was the creation of the Joint Leadership Team (JLT). Membership included the entire union executive board as well as all mill management employees that reported to the mill's vice president and operations manager. The team totaled 28 people and began meeting every two weeks to chart a path of change and

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<sup>59</sup>*Id.*

improvement for the mill. The first product of this team was a Joint Statement of Commitment and Cooperation.<sup>60</sup>

This initial agreement really sets out a framework for creating a virtuous organization.

For example, key elements of the agreement included:<sup>61</sup>

- A commitment to “work closely together in a joint partnership which extends from the shop floor to the front office.”<sup>62</sup>
- Agreement that “[s]uccessful results are dependent on cooperative, active participation, the building of trust, honest and open communications, and encouragement by both the Company and the Union.”<sup>63</sup>
- A commitment to create a culture wherein “information is freely and willingly shared, and issues and concerns are resolved using a problem solving approach in an atmosphere free of hostility and confrontation.”<sup>64</sup>
- A commitment to “create an environment were employees at all levels...are involved in decision-making,” to “train and educate the employees as needed to move forward at an acceptable pace.”<sup>65</sup>
- Key principles guiding the process were trust, mutual respect, and shared leadership.

The use of these virtues, and virtue language, began to transform the organization. One of these transformations resulted in the willingness to undertake benchmarking other companies and

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<sup>60</sup>*The American Worker at a Crossroads Project, Hearing Before the House Committee on Education and the Workplace*, June 24, 1998 (statement of Tom Dougherty & David Libby) [hereinafter, Dougherty & Libby, Joint Testimony].

<sup>61</sup>Labor Agreement between Champion International Corporation, Sartell, Minnesota and the United Paperworkers International Union Local 274, September 1, 1995-August 31, 2000, Section 1.2. (on file with authors).

<sup>62</sup>Shingo Prize Application, Publications Paper Mill, Sartell, Minnesota, Champion International Corporation and United Paperworkers’ International Union, October 25, 1996 (on file with authors).

<sup>63</sup>*Id.*

<sup>64</sup>*Id.*

<sup>65</sup>*Id.*

organizations to identify best practices they wished to jointly instill in the Sartell Mill. This early project resulted in several visits to world class organizations and based on these visits the JLT realized that progress toward worldwide competitiveness began with a clear statement of vision and purpose. Hence, the JLT developed the following vision/mission statement for the plant.<sup>66</sup>

*The mission of the Sartell Mill is to be the preferred supplier of quality  
publication papers in the marketplace.*

*We will ensure our long-term profitability and security by continuously  
improving everything we do.*

*Our vision is to have pride in our work through:*

*Empowerment*

*Customer/Quality Focus*

*Shared Union Management Leadership*

*Social and Environmental Responsibility*

*Manufacturing Excellence*

*A Safe Workplace*

This vision stated helped to transform the organization in ways that were not initially anticipated. The people within the organization began to think of themselves and of their relationship with each other differently. While the employees do not use the language of peaceableness, notice how this vision statement reflects Solomon's organizational virtues of community, excellence, membership, integrity, judgment and holism. This organizational vision, however, would not have been possible without the foundational commitment to peace.

The transition to peaceableness at Champion did not happen overnight or even quickly. As Tom Pollock recalls, sessions designed to vent some of the anger in the workplace and the introduction of the plant's joint total quality initiative received mixed reviews. According to

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<sup>66</sup>Dougherty & Libby, Joint Testimony, *supra* note 60.



Pollock, “[w]e got presents brought to us by some of the membership. We got some horse manure, we got ‘bull shit’ spray, little tokens to let us know how much they appreciated being asked to attend this particular presentation.”<sup>67</sup> A key component of the sessions was a question and answer session that occurred in the second day of the meeting. Pollock recalled, “I devised a way of doing the venting where people could, if there was a problem, and it was a tough question, I’d go put it on the flip chart and say, ‘All right, the next day the union president and the mill manager and the union vice president and the HR/OD manager will come in here and answer these questions.’”<sup>68</sup>

These question and answer sessions were important to demonstrate open communications and perhaps more importantly, a united front in working collaboratively to improve mill operations. According to Pollock, feedback from these meetings had a positive tone. Comments included, “Well it’s about time we’re doing something together;” “It’s about time we’re looking at this;” and “This stuff looks good–You’ll never be able to do it, but it’s what you should be doing.”<sup>69</sup>

These sessions went on for a period of 18 months and ultimately involved every employee in the mill. Tom Pollock noted that with each session, the process became smoother, and by the end of that period, people were beginning to feel differently about the plant. As can be expected, peaceableness took time to evolve. This was particularly true in an environment where mistrust and warlike attitudes and behaviors had prevailed. It took a long time to be free from hostile conflict while resolving issues of disagreement.

The failure to include key people created another challenge in the move towards a more peaceful organization. Everyone was aware that there was conflict between front line supervisors and middle managers. To help resolve this conflict, the JLT included union

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<sup>67</sup>Leyk & Pollock, *Woes to Wows*, *supra* note 56.

<sup>68</sup>*Id.*

<sup>69</sup>*Id.*

leadership and upper management of the plant. However, first and second level managers were not involved in the process. Says Leyk,

Early on we did not involve the front line supervisors and middle managers. We found out some of those guys were ... trying to sabotage some of the effort. They didn't believe in it. They didn't buy into it. They were trying to convince the people that worked for them that it was wrong, bad, whatever. There was a lot of fear and resistance. When people are afraid of something, they're certainly going to resist it until they can really learn about it and see maybe there's a reason for doing it.<sup>70</sup>

Regarding this challenge, Tom Pollock also reported:

Well we screwed up as Dave stated at the beginning with not getting the first line supervisors' involvement early. And what we ended up doing was to take the next level down from staff positions and train them and tour them around the country and see a little bit about what world class was. And they became what came to be called the super 9 group. They took that education and brought it down to the front line supervisors and started training them, and that group meets on a monthly basis now.<sup>71</sup>

This example indicates that achieving peaceableness in an organization requires more than simply giving a mutual commitment to work together. It requires the development of key skills and competencies for working together, hence replacing old patterns of interaction with new tools for effective communication and cooperative action. Much of this behavioral transition occurred through formal training and by bringing together all levels of the

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<sup>70</sup>*Id.*

<sup>71</sup>*Id.*

organization. In the case of the Sartell Mill, one of the most important tools, undergirding the entire cooperative process, was the implementation of interest-based problem solving.<sup>72</sup>

In 1991 union and management leaders of the Sartell Mill were invited by a sister plant in Deferiet, New York, to attend a negotiating class taught by Bernie Flaherty from the School of Industrial and Labor Relations at Cornell University. In this class they learned how to apply interest-based problem solving principles to address issues at the mill. Following this initial orientation, union and management representatives began to utilize the process for grievance resolution at the mill. Early successes with the process lead to efforts by the JLT to institutionalize interest-based problem solving as “a key corner piece for change at Sartell.”<sup>73</sup> Mandatory “Win-Win” training was provided to all employees at the Mill. The training focused on enabling the parties to “understand each others’ interests rather than focusing on positions.”<sup>74</sup> As employees and management developed skills and experience with the interest-based problem solving process, it began to permeate communications throughout the plant and beyond, impacting not only grievance resolution, but discussions regarding the direction and strategy of the mill, supplier quality assurance, and as we shall see later, even discussions with the mills HMO health care provider. According to mill officials, “[t]his concept is used every day throughout the organization.”<sup>75</sup>

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<sup>72</sup>See ROGER FISHER & WILLIAM URY, GETTING TO YES: NEGOTIATING AGREEMENT WITHOUT GIVING IN (1995); ROY J. LEWICKI, ET. AL., ESSENTIALS OF NEGOTIATION 69-73 (1997).

<sup>73</sup>*Putting the Pieces Together*, Champion International Corporation and United Paper Workers International Union Local 274. (brochure on file with authors).

<sup>74</sup>*Id.* The interest-based problem-solving process at Sartell involved the following steps: State the current problem; Define the current state; State your interests (hopes, needs, fears, concerns, aspirations, worries); Prioritize your interests; Paraphrase back to the other party what you heard them say; Brainstorm options that satisfy each others priority interests; Choose and support the best option. *Interest-Based Problem Solving*. Training brochure produced by Champion International Corporation and UPIU Local 274, Sartell, Minnesota. (brochure on file with authors).

<sup>75</sup>*Id.*

The ability to resolve issues peacefully does not necessarily come easily. In the beginning employees were less than frank with each other. According to Leyk, this was sometimes a challenge in the early days of the JLT:

One of the things at the Joint Leadership Team level, which really became a problem for us – probably a couple of years we were really too light with each other. We were really trying to make this thing work – there was a lot of things that were hidden. People didn't talk about issues that were really bothering them, because they didn't want to upset the other side. And that happened as much probably on the union side as it did on the management side. Well over a period of time, we began to realize that wasn't healthy for us, we needed to have those little spats, you needed to get things out on the table.<sup>76</sup>

This experience serves to remind us that peaceableness does not necessarily mean the avoidance of frankness. Also, while it is important to consider the input of all, even a group of 22-25 can be an unwieldy decision making body. To reflect this reality, and with experience the JLT group's process has evolved. To work out issues among each group, union and management now hold separate meetings before the JLT meeting. Over time the team has learned to utilize sub-committees effectively to work on issues, before bringing these to the full JLT. For instance, when working on the decision whether to move to 12 hour shifts, Leyk explains:

We took I believe two people from the union, two people from the management side, and basically gave them the task to figure out the schedule, any language changes associated with it, and to come back with a recommendation.<sup>77</sup>

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<sup>76</sup>Leyk & Pollock, *Woes to Wows*, *supra* note 56.

<sup>77</sup>*Id.*

Another early initiative of the JLT was to form a small subgroup with both union and management representatives to benchmark other facilities as a baseline for putting together a 5 year plan for the Sartell Mill. Tom Pollock describes this experience as follows:

Right after we started the awareness presentations, we continued to go to different organizations that we figured were world class quality organizations. And we decided to build a five year plan. Again, there was a subgroup put together. We went out and we took a look at the best in the world and we were having some fun doing this stuff. We really became a close team. We decided, ‘All right, let’s put together this beautiful plan here, and everyone was really excited to build it.’ We wanted an empowered workforce, we were going to do employee satisfaction surveys. We can take one of these now and think of where we’re going to go up in the future. And put in a gain sharing plan—God we were excited. We want a safe mill – we’ve never gone a million hours without a lost time accident, and we thought, ‘Gees that would be nice someday if we could do that.’ Maybe even apply for a quality award. Go do some benchmarking and that would be built in (the five year plan), so we’d do ongoing benchmarking. We’d run a mill that was jointly managed, you know.<sup>78</sup>

The group returned and made a two day presentation to the Joint Leadership Team. From this process came a joint Total Quality Plan for the plant, drawing best practices from many of the plants visited.<sup>79</sup> Initial reactions by Mill and Union leadership was skeptical – the list seemed overwhelming but they began working on a few pieces at a time. Dave Leyk says: “The

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<sup>78</sup>*Id.*

<sup>79</sup>The Total Quality Plan comprised the following elements: Empowered work force; Employee satisfaction surveys; Gainsharing plan; Safe mill; Apply for quality award; Benchmarking; A mill jointly managed; Supplier quality assurance; Customer partnering; Self managed teams; Statistical thinking/Problem solving; Standard operating procedures; Quality training; Just in time; Environmental excellence; Community involvement; Customer focus; Employee education; Customer/Employee interaction; Continuous Improvement. *Id.*

... interesting thing is that if we look at the plan today, we're doing everything that was in that five year plan, and much more. So really, it was just a matter of getting those guys beyond the fear."<sup>80</sup> This fear of the unknown once again almost derailed the peaceableness initiative. Recognizing, however, that total quality concepts were essential to continuous improvement, and ultimately to competitiveness and long-term job security for workers, the JLT began to implement several initiatives in this area including a major supplier assurance effort, development of operating specifications and standard operating procedures for each production process, development of on-line measuring devices to provide immediate process feedback.

The JLT also directed major initiatives in training the workforce. Workers were trained in total quality tools such as statistical process control, Pareto charts, flowcharts and problem solving processes. Indeed a comprehensive training program was developed at the plant comprising of (1) competency-based technical training, and (2) teamwork and interpersonal skill building. The plant engaged in an ongoing skills assessment process to identify skills and performance gaps that can be eliminated by effective training. As of 1998, the mill employees were receiving approximately 100 hours of training per year, representing an investment of about \$3,000 dollars per employee per year.<sup>81</sup>

Another key JLT initiative has been the redesign of workplace systems and processes to eliminate impediments to quality and to improve efficiency. Associated with this has been the development of self-directed work teams. Also, joint leadership of the mill required significant improvements in communications. Key initiatives in this area include: Publication of a 10-15 page weekly newsletter called *Run of the Mill*; quarterly face to face meetings where the Operations Manager, Controller and the Union President and Vice President present and discuss financial and operating results with employees; and publication of a monthly union newsletter.<sup>82</sup>

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<sup>80</sup>*Id.*

<sup>81</sup>Dougherty & Libby, Joint Testimony, *supra* note 60.

<sup>82</sup>Leyk & Pollock, *Woes to Wows*, *supra* note 56.

This cooperation resulted in significant improvements in the plant and peaceableness emerged. Apprehension started to set in, however, when workers began to anticipate the next round of labor contract negotiations, slated to begin early in 1995. The real question was whether they would again find themselves involved in a concessionary bargaining process and back to “war.”. Dave Leyk explained these concerns and management’s reaction:

We had a five year contract in place. That was set to expire in 1995. In order to really justify what we had been doing, we knew we really couldn’t go through another mess like we had in ‘86 or ‘89. We were talking to the executive vice president of our division, as early as ‘92 or ‘93 mentioning this fact and, “Hey, we can’t expect this stuff to keep working if we’re going to end up in concessionary bargaining in 1995.” And he agreed that when we [would] go into negotiations in 1995 they were not going to be concessionary. He said, “You’re going to see that we’re serious about this stuff, and all I can say is that you’ve got to trust me ‘till then and we’ll see what happens.”<sup>83</sup>

It turned out that the employees’ fears would not be realized and the 1995 negotiations demonstrated that the transition to peaceableness had truly taken hold in the plant. Leyk described the negotiations this way:

We started negotiating in February of 1995, completed it in 21 formal sessions at the table. We used the interest based problem solving or mutual gain process all the way through it, including the monetary portion. It certainly was non-concessionary. In fact, it was the best contract within Champion at the time.<sup>84</sup>

One unique aspect of this negotiation recalls Leyk, was that there was a genuine effort to clear up the language of the contract, to ensure it was clear. In prior negotiations, due to a spirit

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<sup>83</sup>*Id.*

<sup>84</sup>*Id.*

of mistrust, both parties had left unclear language in the agreement in hopes it would work to their advantage. In an environment of trust, clarity of contract language was felt to be important by both sides. Once again this move towards a more virtuous, peaceable organization created a place where employees could flourish. This flourishing has continued into several areas. Tom Dougherty and David Libby discuss the ongoing work of the JLT as follows:

Today, the JLT continues to meet monthly and is still creating the changes needed to improve mill productivity, profitability and job security.

Members are involved in all hiring decisions of both hourly and salary positions at the mill by jointly participating in interviews and candidate review meetings. Members participate in corporate planning meetings where union members present five year planning targets to top executives....Our union/management partnership has fostered a culture and belief that employees are our key resource. Our relationship is built and sustained by mutual respect, a win-win approach to resolving differences and the determination to ensure business success.

Working cooperatively and in a spirit of peaceableness yielded significant accomplishments since the process began at Sartell. Some of the major accomplishments achieved in the plant between 1991 and 1998 include:<sup>85</sup>

- Employee driven training systems have created a highly skilled workforce
- 3 million safe work hours without a lost time accident reached in 1997
- Work redesigns have reduced costs by over 5 million dollars per year
- Paper machine efficiencies are up 10-15 percent
- Employee grievances reduced from 87 in 1990 to 2 in 1997
- Supplier quality assurance partnerships have saved the mill millions of dollars

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<sup>85</sup>Dougherty & Libby, Joint Testimony, *supra* note 60.



- Rejected paper costs are down from over a million dollars in 1990 to under \$50,000 in 1996
- In 1997 the Sartell Mill was awarded the Shingo Prize for Excellence in Manufacturing.<sup>86</sup>

Summarizing the experience as of 1998, Dave Leyk, offered the following reflections:

The traditional labor management relationships are very quickly becoming obsolete. And its just a fact of life the way it is. The unions have really gone down in size and membership has really declined. There's a lot of reasons for that – some are beyond our control. Changes are inevitable. They will occur with or without our involvement. And as I said earlier. I personally don't want to leave it all to the company. I think we can influence a lot of these decisions. I think we can make better decisions together. With the cooperation comes influence. The benefits surpass the risks. It has certainly not been easy for us as a union. We did a lot of going back to the membership, seeking approval in the early days. What's in it for the union and its members? Involvement. We're basically involved in just about every aspect of the operation. We're involved in their planning process, the strategic planning. I've got a lot of people involved in ...committees and task forces. People are empowered to control their [production] processes much more than they have in the past. We're certainly not in a perfect world, but it's a lot better than it was. We've got a lot more influence – things like career development, and the hiring process for all managers, and so on. That door was not open to us in the past. We have a gainsharing plan in place – we've gotten quite a bit of money – base rate money – by this redesign process we've

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<sup>86</sup>*Id.*

gone through.... We've got access to information, basically everything that is there, we have access to it. Using interest based methods we have the ability to address issues.... There's a lot of interaction between the union bargaining committee and the managers as needed – that pretty much happens on a day to day basis. Certainly the relationship has improved drastically.<sup>87</sup>

Reflecting on achievements since 1991, Tom Pollock, Quality Manager noted that “everything was jointly done: joint leadership, joint benchmarking, joint training, joint planning, and joint hiring.”<sup>88</sup> Said Pollock, “I will look at you and very seriously say right now, “Our union is our competitive advantage.”<sup>89</sup>

Of interest in the Sartell Mill case is the fact that virtue and peace not only play a key foundational role in setting the stage for improving firm performance, there is also evidence that its influence is beginning to be felt beyond the boundaries of the plant. For instance, the Sartell Mill continues to work with many of its suppliers in a joint problem solving mode to improve quality and reduce overall product costs. One successful project has been a cooperative effort between the plant and the Burlington Northern Railroad to reduce damage to paper during shipping to Champion's customers.<sup>90</sup>

Another successful project has occurred with the plant's HMO. Recognizing that spiraling health care costs might pose a considerable obstacle in future negotiations, the JLT formed Health Care Cost Containment Committee (again, a joint management-union endeavor) to begin working on these issues. This committee soon (1992) formed an alliance with the Plant's HMO provider to work collaboratively on improving service quality while controlling health care costs for Sartell's workers. This collaborative effort resulted in a partnering

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<sup>87</sup>Leyk & Pollock, *Woes to Wows*, *supra* note 56.

<sup>88</sup>*Id.*

<sup>89</sup>*Id.*

<sup>90</sup>Shingo Prize Application, *supra* note 62.

mission/vision statement between the two entities.<sup>91</sup> These collaborative efforts have resulted in reduced health care utilization on the part of Champion employees and only modest increases in health care premiums paid by Champion International and its employees. Percentage rate increases went from 18% in 1987 to near 1% in the years 1994, 1995 and 1996.<sup>92</sup> Taking what was learned in working with Champion International, Central Minnesota Group Health Plan has subsequently been able to share improved efficiencies with other employers in the Sartell area.

The experience of creating peaceableness is spreading into the community through the lives of Sartell employees as well. For instance, Denny Molitor, a union paperworker, has taken the skills learned in the Sartell Mill transition and utilized them in community service, serving on the city council, and was a candidate for the Minnesota State Legislature.

### *Conclusion*

The case of the Sartell Mill holds out hope that organizations can choose to become virtuous organizations which exhibit membership, integrity, holism, excellence and judgment. Before these virtues can result in human flourishing, however, the organization and its participants, need to choose to act on the virtue of peaceableness. Since one participant cannot choose peace without the cooperation and choice of peace by other participants, it is imperative that all members of an organization understand the benefits peace can bring. In the case of Sartell Mill, peace brought with it an organization that improved its productivity. It also enabled its employees to live fuller lives and created a place where individuals wanted to work. This in and of itself seems to be a worthy goal.

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<sup>91</sup>“To foster and support the long-term relationship between Central MN Group Health Plan and Champion International Corporation to achieve high quality cost effective health care in an atmosphere of sound business and health care practices that protects and enhances the success of both by: sharing information/data; measuring performance (surveys); problem solving; communication; utilizing the philosophy and practices of CQI/TQL; working toward shared goals/mutual benefit; education of customers/suppliers”

*Health Care Cost Containment Committee*. Document provided to the authors by Champion International Corporation (on file with authors).

<sup>92</sup>*Id.*

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