

# Epilogue

## Defining the indefinable: East–West Cultural Encounters

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*Czechs have a German approach, which is: Tell me where to go and how, and I will go there. However, what is expected is that one will begin to search for solutions.*

—An Italian bank manager

*An Italian manager means chaos... mafia... a monstrous mess. Strategy and vision are missing. Then there is a fuck-up.*

—A Czech bank employee

It was not only the *dramatis personae* of our case studies but also we, the researchers, who went through a number of surprising cultural encounters when bridging the gaps between our original expectations and the final outcomes of the project.<sup>1</sup> The chapters of this volume speak for themselves. Now it is the editors' turn to try their abilities of introspection.

In sum, DIOSURI put forward four main assumptions:

- (1) East–West hybridization instead of presuming Western-led colonization (or Eastern self-colonization) as a typical outcome of cultural encounters.
- (2) Similarity between the individual countries/subregions of Eastern Europe in terms of post-communist cultural change in the economy instead of postulating a civilizational divide between East-Central and South-Eastern Europe.
- (3) Importance of the composite nature of the protagonists of post-communist capitalism, and of the proto-capitalist potential of *Homo Sovieticus* instead of defining the concept of the “Soviet type of man” in the light of a totalitarian theory of communism.

<sup>1</sup> This transpires from the comparison of what comes below with some of the earlier publications of the editors. See, for example, Kovács (2002, 2006a, 2006b, 2007); Zentai and Szabó (2011); Zentai and Krizsán (2005).

(4) Existence of Eastern cultural assets instead of portraying Eastern Europe exclusively as a region of liabilities for the West.

## Unexploited Possibilities

In suggesting these hypotheses, our research group decided to miss a series of spectacular chances for cultural analysis.

*Core cultures?* We resisted the temptation to construct even a tentative typology to identify a set of “core economic cultures” of Eastern Europe, however impressive such a typology might be. For the reader of the case studies in this volume, this should not come as a surprise. He/she would hardly feel encouraged by the enumeration of, say, ten essential cultural traits prevailing in the economies of the region. Hopefully, he/she would formulate ten ambiguities instead. True, the global or European-wide surveys of values, attitudes, norms, and so on that were mentioned in the *Prologue* offered us a plethora of such traits to test in the case studies. However, these surveys tend to summarize popular perceptions/opinions that, as a rule, did not match our fieldwork experience based on observed practices rather than mere perceptions.

Let us take an example from a selection of widely cited “Eastern features” of *organizational culture* including components such as paternalism, organized irresponsibility, improvisation, non-transparency, nepotism/clientelism, overregulation, short-termism, and so on. How could we come up with a catalogue like this when in the field we have found its items in pure form far too rarely. Instead, the case study authors were confronted with a turbulent world of transforming, evolving, mixing cultures—a Janus-faced universe. The same applies to *business culture*. Free riding, reckless competition, corruption, informality, rule-bending, contract avoidance, overpoliticization, that is, properties that occur in most descriptions of “Eastern business ethics,” were not witnessed as stable and unmistakable attributes in the majority of our cases. Likewise, a weak sense of quality, overcommitment, deadline phobia, mixing work and private life, scapegoating, and so on appear in most analyses of *work culture* under post-communism, yet we saw quite a few diligent workers, responsible public servants, well-organized entrepreneurs, and conscientious scholars in the course of our research program.

*Convergence?* Second, the above—predominantly negative—features are rooted in the traditional concept of *Homo Sovieticus* and

reflect relative judgment. They are commonly interpreted in terms of a comparison with a fixed ideal-typical model of Western (capitalist) economic cultures. One would have great difficulties in harmonizing these cultural traits with the most recent experience of both nascent capitalism in Eastern Europe and changing economic cultures in the West. In looking for a way out from this trap, DIOSCURI refused to take another spectacular approach, namely, the one based on presuming convergence between the “Westernization of the East” and the “Easternization of the West.” Rather than identifying Grand Trends like this, we observed that most of the allegedly essential features of Eastern economic cultures (those ranging from theft, laziness, and alcoholism, through negative thinking, passivism, and a beat-the-system mentality, all the way through collectivism and egalitarianism) have lost much of their relevance by now. At the same time, self-exploitation, flexibility, informality, preference for loose organizations, that is, characteristic traits that had been produced by communism by default, were reinforced after 1989. They contribute to a new capitalist culture in Eastern Europe that, incidentally, may remind the observer of some facets of recent cultural change in Western economies.<sup>2</sup> However, we do not think that this kind of similarity would require the use of lofty phrases such as Westernization or Easternization.

To take the example of new entrepreneurship in Eastern Europe, the authors of this volume did not meet many helpless, dependent, unprofessional business agents. Nor could they discover a whole army of perfect Weberian *Unternehmer* who would have replaced these agents. No doubt, there is *some* convergence between the East and the West in this field, too, but the imaginary meeting point of the two cultures seems to be far from the Weberian ideal type. In its stead, less ascetic, more risk-taking, and informal as well as socially less responsible actors are emerging on both sides of the former Iron Curtain, though nothing guarantees that their “Eastern species” would actually match the Western ones.<sup>3</sup> Be as it may, even a small degree of convergence may bring some relief to the researchers: one could finally avoid walking the minefield of age-old stereotypes based on simple dichotomies

<sup>2</sup> Cf.: Castells (1996–1998); Giddens (2000); Reich (2007); Bauman (2000); Beck (1992); Sennett (2006); Comaroff and Comaroff (2001).

<sup>3</sup> Actually, both species are characterized by their own populists adversaries with terms such as “predatory,” “hedonistic,” “Wild-West/East,” and so on.

of Western and Eastern economic cultures (cf. organized/disorganized, frugal/hedonistic, individualist/collectivist, and so on).

*East-West difference?* Third, DIOSCURI also resisted the temptation of building, with the help of the above dichotomies, a stunning typology of East-West difference of economic cultures as they live together in Eastern Europe today. In studies of cultural difference, the reader is informed about the status quo, while he/she can learn little about how the cultural gaps come into being and are, or are not, bridged in the real world (Adam et al. 2005; Sztompka 2000). The difference is simply assumed to be there; it has no internal dynamic with all its conflicts and compromises. Our research group chose a different strategy that, again, did not promise spectacular results. Instead of stating upfront that, for instance, “Western transparency” and “Eastern obscurity” do not fit together in a joint venture, we challenged both concepts (for example, what if it is the Western businessman who prefers secrecy?) and paid attention to the emerging combinations of these hypothetical cultural traits.

*Culture as suffix?* To be sure, even if one does not aim at discovering “core cultures” in Eastern Europe or “underlying cultural differences between the East and the West,” he/she may gain valuable insights into the region’s economic cultures. But this fourth opportunity for a spectacular inquiry should remain unexploited, too. One needs to abandon using the word “culture” almost as a suffix, and theorizing about poverty culture, dependency culture, war culture, informality culture *ad nauseam* that is, to stop substituting high-sounding phrases for detailed empirical verification. Arguably, the inflation of the word “culture” is an uncomfortable consequence of the “culture matters” thesis. DIOSCURI did not want to fly so high; it departed from the plain proposition (fact?) that since 1989 nearly uniform legal-organizational changes in the economies of the region have often led to a rather diffuse set of institutions, depending on the cultural context of those changes. To put it differently, Western-style organizations have not evolved automatically into Western-style institutions in our half of Europe. Therefore, rather than insisting on (and often getting stuck with) popular perceptions, we turned our gaze to the emergence of a great variety of economic institutions (ranging from transnational banks through local EU agencies to university departments) and to the ways in which these institutions carry cultures from the West to the East.

*Gray fields?* Fifth, our research group did its best *not* to follow a few fashionable avenues of research into economic cultures. Instead of launching just another project on new business elites, corruption, and trust or ethnic discrimination in the economies of Eastern Europe, we selected three research fields: entrepreneurship, state governance, and economic knowledge, which seem rather gray and lifeless at first glance. Nevertheless, they include two vast bundles of economic institutions: the market and the state, that relate to many areas of culture (ranging from business habits through administrative norms to scholarly behavior), and—in contrast to most research programs—do not ignore a cultural terrain of growing importance, knowledge production, in the economy. From among the three fields, entrepreneurship has been discussed by the greatest amount of literature thus far. State governance is a relatively new research area with a limited coverage, whereas economic knowledge has not quite yet attracted the attention of scholars.

But has leaving so many research opportunities deliberately unexploited been justified by the success of those we actually decided to exploit? Let us return to the working hypotheses of the project. In a nutshell, assumptions 1 and 2 have received strong support from the case studies, whereas assumptions 3 and 4 require additional evidence. While hybridization proved to be an extremely frequent phenomenon, and the countries under scrutiny showed much similarity to each other in cultural exchange with the West, the twin hypotheses concerning the capitalist virtues of *Homo Sovieticus* and the “Eastern assets” of economic culture need further reflection. In other words, as an essentially qualitative inquiry, DIOSCURI laid, we believe, solid foundations for quantitative (realistically: less qualitative) surveys of hybridization in Eastern Europe as a whole, whereas the assumptions with regard to cultural assets and their origins under communism do not lend themselves to quantification yet. The existence of such assets must be corroborated by meticulous historical research, but even that would not help answer the question whether or not the West will accept those as a stock of cultural capital from which it can profit.

Let us now examine the hypotheses one after another.

## Hybridization

It is always tempting to understand cultural encounters between East and West in a simple framework of cultural imperialism. The fieldwork, however, confirmed our original expectations that one rarely sees fierce conflicts (“clashes of civilizations”) between the foreign and local economic actors in the region, even if the initial cultural distance between them is rather large. Similarly, the outcomes of the encounters do not boil down to major asymmetries in any direction (for example, colonial invasion from the West or stubborn resistance by the East). In most cases, a pragmatic combination or “negotiation” with a limited synergy of cultures result from the exchange. Yet, even if one witnesses voluntary takeover rather than imposition, the adaptation processes are lengthy and messy, offering little chance for impressive generalizations like in the field of consumer culture. Hence, right or wrong, another spectacular approach had to be ignored by DIOSCURI.

The concept of hybrid outcomes of cultural encounters is, of course, as old as the notion of creolization (or syncretization and pidginization).<sup>4</sup> Witnessing a great diversity of cultural blends (“patchworks”, “mélanges,” and so on) could be predicted in the whirlpool of post-communist transformation as well. Although initially our research group had been interested in the ratio of the imported and domestic ingredients of the new economic cultures, it became clear during the field work that the concept of hybridization deserves further thought. If nuanced it promises a whole series of helpful analytic categories. For instance, provisional cultural adjustment at the personal level versus long-term institutional adaptation, real and simulated hybridity, or eclectic combination of cultures versus organic cultural integration seemed to be fruitful distinctions.

Furthermore, we noticed that the *locus of encounter* also matters: balanced hybrid solutions are more frequent in firms, especially in smaller ones, and in certain segments of economic science, education, and advocacy. However, in larger foreign-owned companies, including transnationals, those cultural blends prevail that are closer to unilateral takeover/emulation. Here, imposition and imprinting are rather com-

<sup>4</sup> Cf.: Appadurai (1996); Bhabha (1994); Clifford (1988); Featherstone et al. (1995); Friedman (1994); Hannerz (1992), (1996); Pieterse (2004). For a new analysis of the concepts, see: Knörr (2010).

mon. In large domestic firms acquisition, inducement, and incorporation may overshadow these practices, whereas smaller enterprises also follow the strategy of bypassing. With civil servants, cultural adjustment is often conflict-ridden, also showing “Eastern defeat” or withdrawal. Obviously, here the local actors cannot offer cultural commodities acceptable for the foreigners: The Easterners either resist Western cultures or subscribe to them. Or they simply pretend subscription while trusting in a “they come, instruct, and leave” sequence, as one of our interviewees put it, which leads to temporary/simulated adaptation. True, the foreigners leave a legal-organizational legacy behind, but it may be offset to a large degree by the local culture of state governance.

In other words, entrepreneurship proved to be a terrain of relatively deep, mutually accepted, “organic” hybridization, while state governance displayed temporary, *ad-hoc*, and simulated adjustment in quite a few cases. In the field of economic knowledge we found eclectic combinations rather than well-reflected “negotiated” hybridization. Although we did not set out to search for differences between the individual research fields, it became clear for us as the project progressed that entrepreneurship and economic knowledge react to cultural challenges faster and more ingeniously than public administration. The latter shows more resilience and explicit resistance, if not barriers, to spill-over effects than the two other fields. Here, the encounters often result in hidden and overt resistance to accommodation on both sides. Resistance is driven by strong political convictions, lobby interests, or pure inertia. Similar to the foreign aid industry, our EU accession stories cast light on how new institutions can be inserted into long-frozen governance structures, that is, into either still fully centralized or reluctantly decentralized administration apparatuses saturated with corruption and clientelism. Nevertheless, as evidenced by the SAPARD cases, civil servants in some countries (Slovenia, the Czech Republic) took a pragmatic approach and adjusted to the new norms rapidly. Countries like Hungary and Poland were not so successful in the short run but could catch up in the post-accession phase.

As test cases to the EU, technical assistance programs delivered by other international donor agencies in the region uncover that, on the whole, the relationship between local managers and experts and their Western counterparts has evolved from a dependence on outside expertise towards a more cooperative partnership. The power structure, how-

ever, tends to remain asymmetric. Asymmetry may be of a paternalistic nature, whereby the foreign agency takes the lead, imposing the rules of the game and allocating the roles and tasks. The local partners accept this as legitimate and willingly comply with this strategy. In the empowerment mode of asymmetry, the agency takes a participatory approach and invites the locals to share the ownership of the project. Still, the initiative and much of the power reside with the West that has generously decided to redistribute competence. The response of the indigenous actors varies: they may grasp the opportunity, resist out of distrust or lack of experience and capacity, or simply withdraw into passive dependence. Finally, in a rare emancipatory mode, the superiority of the West is experienced by the local actors as domination and fiercely challenged.

In regard to our third field of research, economic knowledge, since the 1960s neither Eastern exceptionalism nor an uncritical emulation of the West have ever been all-exclusive options in Eastern European economic thought and advocacy. True, the cultural compromises between them have changed considerably. Concerning post-1989 intellectual and institutional encounters, both the older and younger generations of economists continued to cope with Western ideas in a selective manner and to combine imported knowledge with local knowledge. However, the former insisted on generating local knowledge with great determination while the latter showed a strong disposition for the incoming mainstream economics. Beyond this gap, no heated and lasting conflicts occurred between the “Western” and “Eastern” worlds of ideas. Today, instead of culture wars one sees an ongoing unilateral adjustment (by the East)—in Hirschman’s terms, weak voice and rare exit. Although peace is not unconditional and eternal, utopian expectations about the originality of Eastern European economics slowly disappear, as do frustrations with the growing lack of hybrid concepts and theories.

It occurred that the *length of the transnational encounters* is also an important variable. Lasting (personal) coexistence of foreign and indigenous actors (for example, in the framework of a privatization deal with a foreign investor) is a strong incentive for mutual adjustment, while brief encounters with short-term stimuli for success (for example, EU development programs) may lead to pure simulation on both sides. Of course, coexistence and even cohabitation do not matter in themselves. They have to be equipped with powerful motives, mate-

rial and/or spiritual—a distinctive feature of business as compared to state administration. To be sure, the physical presence of the foreigner is not always a necessary condition: think of *ex-ante* adaptation in economic sciences through self-education. Obviously, as evidenced by the above examples, the relative size/power/ownership of the partners are the major determinants of adjustment in cultural exchange. Nonetheless, hybridization may be a conscious strategy initiated even by dominant foreign actors to minimize cultural conflicts. It can also be limited to certain “islands” in the economy (for example, certain banks or universities) or segmented, incorporating only the “internal West” of the given country (for example, certain professional groups).

Finally, hybridization depends on the given area of state administration, industry, or science, the business success/failure of a given field, the age of the cultural partners, their position in the institutional hierarchy, and so on. For example, a well-established domestic company with quite a bit of local knowledge, applying traditional technologies in an industry of low capital intensity and secure markets has good chances for retaining its business habits, organizational norms, or work ethics even if it cooperates with (has been taken over by) a powerful foreign firm. To make such an assertion, however, requires research case by case. At first glance, one would presume that foreign investment projects in retail trade, tourism, food and beverages, and business services would exhibit a particular dynamic throughout the region, where local knowledge of business norms and consumption habits is the key factor. Yet, these sectors may also provide the clearest examples of Westernization, for instance, by importing a new ethos and imagination for products and services (as demonstrated by the case of the Hungarian wine producers).

All in all, the case studies equipped us with a number of comparative variables that could serve as building blocks of a tentative typology of hybrid economic cultures in post-communist Eastern Europe. Should countries and/or subregions also feature among these variables?

## Similarities

Hybridization means a lack of hegemony or colonization and certainly communicates their relative weakness. The concept of “Balkanization” usually implies that South-Eastern post-communist societies

resist incoming cultures from the West more fiercely than their northern neighbors; therefore, hybrid solutions are less frequent or the emerging blends are closer to the Eastern points of departure in the cultural encounters. As mentioned in the *Prologue*, our research group avoided making a sharp distinction between the “Visegrad” and the “Balkan” subregions/countries of Eastern Europe at the outset of the project,<sup>5</sup> and we were happy not to feel inspired to revise that reluctance by its end. Anyway, the lack of clear-cut regional and country types was counterbalanced by an unexpected diversity of hybrid types across the three research fields in both subregions.

It was paramount in all research fields that one cannot speak of a civilizational slope between these two parts of the region in terms of actual cultural exchange with the West. The countries of South-Eastern Europe do not exhibit, as a rule, more bumpy roads of cultural adjustment than their Central European neighbors. If the past two decades are taken as a whole, the case studies do not reveal major differences in the overall structure and quality of adaptation. Undoubtedly, the East–West encounters varied in frequency, pace, scope, and depth (for example, the ex-Yugoslav societies, many of which pioneered in self-Westernization under communism, were isolated in the 1990s, or the phases of EU accession created new, though temporary, divisions between the “included” and the “excluded”), but the first decade of the new millennium managed to even out much of the divergence in both quantitative and qualitative terms.<sup>6</sup> We did not ask whether it was hardship, pride, the desire of catching up, or just the advantage of the latecomer that made Bulgaria, Romania, and Serbia no less diligent and capable “builders of capitalism” than the Visegrad countries or Slovenia. We simply resisted the temptation to explain each and every difference in the “construction technology” by means of cultural(ist) arguments.

In war-ridden Serbia, for instance, one could not expect a noisy cel-

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<sup>5</sup> We also avoided dividing the countries into two similar groups: the new and the even newer EU member states.

<sup>6</sup> It was only the Slovene research team that insisted on the exceptional status of their own country, drawing a straight line of development from the richest republic of Yugoslavia to the most advanced new EU member state in the post-communist world, which shows more resemblance to Austria than to its Eastern neighbors.

ebration of Western values of entrepreneurship, yet, as the *Hauzmajstor* case in the volume shows, the way in which cultures mix in this company has little to do with nationalism or state capitalism, not to speak of Orthodoxy, that is, eminent explanatory variables in the standard discourse of Balkanization. Similarly, it would be misleading to call a Romanian or Bulgarian affiliate of the same transnational bank “more Eastern” than its Polish or Czech counterpart, or to consider economics in Croatia “less Western” than in Hungary.

Having said that, we do not want to ignore the cultural nuances of the Eastern European economies, especially as far as popular perceptions are concerned. For example, Czech businesspeople and state officials “in general” are considered less corrupt than, say, their Romanian colleagues. Yet, we did not strive to measure the difference, even if we knew that metaphors such as Balkanization can become self-fulfilling prophecies, for it is hard for both Eastern and Western partners to release themselves from their mutual spell in real economic transactions. An exciting by-product of our fieldwork, it supplied plenty of information on the opposing stereotypes. According to our Eastern European respondents, many of the Western actors they encounter are socially insensitive, rigidly formalistic, overspecialized, stressed, unimaginative, and so on. Quite a few South-Eastern European entrepreneurs and managers interviewed went even further by using a kind of “thermometric language.” The word “warmness” occurred fairly often when talking about the relationship with their business partners from Italy, Greece, or Spain, representing, as a rule, small and medium-size firms, frequently in family ownership. They said that if they could choose, they would opt for a sort of “Mediterranean economic culture,” as they called it, as opposed to a cold “Nordic” one (meaning German in the first place), which they described as megalomaniac, rigid, and impersonal. The Americans, although they were not depicted as champions of the Mediterranean mentality, also received a couple of compliments for their easy-going, non-hierarchical, flexible, and informal business practices.

Ironically, a case study written about an Italian bank that took over a Czech one points in the same direction. There, the indigenous employees regarded the behavior of their foreign partners as alien to their own “German-like” traditions. In any event, attitudes/perceptions like these may differ between the “North” and the “South” of the region, and they probably color certain phases of the cultural encounters but,

as evidenced by most of our case studies, do not change the composition of their final outcomes fundamentally. At the same time, they show how mistaken the conventional East–West discourse can be. If a Bulgarian firm finds a “warm” Greek partner in a joint venture, and no major cultural adjustment is needed, will this firm become more Westernized? And conversely, provided that the Czech employees get the upper hand in cultural exchange in the Italian bank, will the latter then become more Easternized? Finally, does the Bulgarian (Balkan) firm resist Western cultures more than the Czech (Visegrad) bank? Or to take the example of state governance, our fieldwork revealed that the implantation of EU norms and procedures, and thus the establishment of new administrative cultures, were not predetermined by the prevailing political regimes of the region. Countries advancing relatively fast with Western-inspired democratic reforms performed rather weakly in responding to the accession requirements of state governance whereas relatively slow countries proved to be diligent students in this field. Sometimes, the new rules are eagerly accepted by those who have no choice but to become “Europeanized.”

## **Eastern Assets (Capitalist Virtues in Communism)**

Here, we assumed that one cannot capture the initial status of Eastern European economic cultures by relying on the old, totalitarian-style concept of *Homo Sovieticus*. It may sound paradoxical but it is a rather old discovery: communism was not only a modernizer but also a school of capitalism, even if in a distorted manner. Under Soviet rule, industrialization, urbanization, mass education, public health, and so on were well-known achievements of “quantitative modernization” (or simply, detraditionalization). However, in the course of this, also calculative behavior, risk-taking, competitive attitudes, and so on were obligatory subjects to learn, by default, not by design, to oil the machinery of planned economy. In many segments of that economy, communism conserved/reproduced a sort of capitalist ethos (rooted in trust rather than formal rules, personal rather than institutional transactions, small rather than large organizations, human rather than physical capital), part of which eroded in the West during much of the twentieth century. According to our last working hypothesis, this *Gründerzeit* ethos might perhaps grant a comparative advantage to the Eastern Europeans in the global marketplace today. As a consequence, the

region could cease to be considered a pure liability for the West, a region that needs to be supported and taught the “right” economic behavior. On the contrary, its economic cultures could be an asset and competitive advantage as Eastern Europe begins to rejuvenate economic cultures beyond its borders.

The case studies offer plenty of information about the alleged comparative advantages. Indeed, our Eastern European respondents put forward a great many arguments to defend the thesis of local exceptionalism (even superiority) *vis à vis* the West.<sup>7</sup> In a Schumpeterian tone, they talk about a higher level of flexibility and assertiveness, a greater propensity for innovation, and so on, and also refer to (neo)-liberal macro-experiments (for example, flat tax and the privatization of welfare regimes) that presuppose the existence of “more capitalist” cultures than the ones normally prevailing in the West, at least in Europe. An image of a “little America” emerges from their sentences.

Probably, we, the authors of this volume were nearly as biased as our local interview partners when emphasizing the maturity of economic cultures in the region to join the capitalist world at the turn of the millennium. The “we are not inferior” feeling is more than a proud response to Orientalist prejudices: it reflects the optimism of the first years of the twenty-first century prior to the global crisis. This period witnessed an EU-generated and EU-compatible acceleration of legal-organizational change in the economies of East-Central Europe, and a rapid catching-up by those in South-Eastern Europe, that is, a sort of ongoing homogenization of Eastern Europe in the framework of European capitalism. A large part of the new economic organizations did not remain empty shells but evolved into veritable institutions, and the regimes of capitalism began to flourish in both state regulation and the market. Entrepreneurship prospered in the form of local start-up ventures and foreign investment. The capitalist transformation of the region’s economies seemed irresistible, in particular, as it gained recog-

<sup>7</sup> DIOSCURI was not planned to classify the combination of legacies but the field work warned us of the fallacy of indulging in a “linear” interpretation of history. Those who were eager to derive the current patterns of development of a “Visegrad” or a “Balkan” country directly from the fact whether its pre-communist and communist regimes as well as its post-communist transformation moves were less or more liberal would have a hard time. The causal relationships between the three kinds of legacy are much more complex, not to mention the generalization of these relationships to the whole of the alleged subregions.

nition through the repeated rounds of EU accession. One could optimistically predict that transnational cultural differences can be solved, sometimes rather quickly, through gradual institutional change and economic development. According to a great majority of our interviewees, “there is no curse on Eastern Europe”: the negative truisms referring to moral decay, social anomie, and so on are grave exaggerations. Similarly, what is widely promulgated by the media and accepted even by non-populist politicians in the West as to deep corruption, an extremely low level of trust, or scarcity of social capital under post-communism is not an entirely unrealistic cultural stereotype, but it can become obsolete rather rapidly if institutional arrangements and economic conditions change for the better.<sup>8</sup>

This optimistic mood did not prompt our interview partners to go a step further and reflect on the alternative scenarios of “Americanization” and “Europeanization” for the region’s economic cultures—a question we had also hoped to receive profound answers to. As a matter of fact, what the Western respondents were stressing as precious cultural assets of their domestic partners related rather to the American than the European alternative. On the one hand, they praised the instinctive entrepreneurial skills of the local actors, their propensity for “creative destruction,” competitive attitudes, fresh minds, ambition and desire to learn; on the other hand, they were not too anxious about the fact that their partners did not show much interest in social equality and inclusion, industrial democracy, legality, and the like, that is, in some of the ideal components of the European welfare states.<sup>9</sup> One of our foreign interviewees called the region an “oasis of flexibility” where the West can make management and business experiments. Nevertheless, however telling and practice-based the opinions of the Westerners

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<sup>8</sup> Those authors who revisited their research fields during the global crisis report a switch from optimism to skepticism in both sides of the cultural encounters.

<sup>9</sup> Appreciating Eastern assets in economic culture may help the foreign actors avoid self-criticism. In the European scholarly and policy debates one hardly finds critical appraisals of the ways in which Westerners adjust “downward” to local cultures. It is not unknown, however, that “Easternized Westerners” take easy advantage of clientelism, corruption, and undue privileges in many fields of the nascent capitalist regimes, leaving behind many of their Western norms and habits.

were, they did not provide enough ammunition to decide with sufficient certitude whether the liability or the asset thesis is to be accepted.

At the same time, DIOSCURI discovered something it did not really want to examine: once again, the research fields displayed conspicuous differences. The fact that the case studies revealed a rather strong proto-capitalist legacy in entrepreneurship and a weak one in state governance was not a colossal surprise. However, the record of the “knowledge producers” in economic science remained below our expectations. To put it simply, in many countries of the region economists emerged from communism with the necessary “amount” of scientific culture to appropriate Western economic theories, at least on a medium level, but did not carry over from the *ancien régime* either original discoveries or the ability to make any soon. In this respect, without intending to offer gold, silver, and bronze medals, one might say that the economists were lagging behind the entrepreneurs almost as much as the state officials behind the economists.

## Coping with Cultural Encounters

When our research group began to study how economic actors in Eastern Europe cope with transnational cultural encounters, we did not foresee the extent to which these encounters might diverge from a simplistic ideal type. That type depicts two actors who meet only once, and the encounter means that one of them hands over his/her “cultural commodity” to the other. It was, of course, not a big deal to predict that an “East meets West”-style dual scheme would be superficial and that encounters also usually imply a (repeated) exchange of cultures. The *Prologue* suggests a few preliminary thoughts about “irregularities” reminding the observer of the complexity of dynamic multiple-person games. The quotation marks express the fact that the bulk of our case studies report on nothing else but irregular encounters with the sole regularity of their hybrid outcomes. In discussing hybridization above, we named a whole bunch of factors (ranging from the length of the encounter to the incentives for simulation) that affect cultural compromise between the parties. In conclusion, let us sum up our research experience with regard to the principal concept of DIOSCURI, that is, transnational cultural encounters, in a somewhat more systematic fashion.

As regards the *locus of encounters*, we focused on Eastern Europe but it turned out that important moments/phases of the cultural exchange

take place outside the region. This is most obvious in the field of economic science where an international workshop or research abroad can determine cultural adjustment for the whole life of a scholar, not to mention the fact that in this field the place of the encounter may be totally indifferent (cf. reading a book, communicating via the internet). In fact, the two other research fields are not entirely different: a training course at the headquarters of a transnational company or a round of negotiations with a department of the European Commission in Brussels can largely affect the result of a given cultural transaction. Moreover, we experienced that the foreign party is less influential if he/she has to face the “home advantage” of the domestic one while, for the same reason, the latter is more exposed to cultural effects abroad.

As for the *time of encounters*, the actual meeting of the partners is usually preceded by a preliminary accumulation of information about each other, in the course of which mutual expectations crystallize. Similarly, the encounter does not end with their last meeting: drawing the lessons is a crucial task affecting later rounds of cultural exchange with the same or different partners. The adjustment process is seldom continuous. It may be interrupted for a long time, include repeated trials and errors, or can slow down and speed up without following any regular cycle. In our project, entrepreneurship showed relatively fast and uninterrupted exchanges of cultures, while in the field of state governance adaptation by the local partners was rather sporadic and obstructed. Even in smaller institutions the encounter normally includes a whole series of encounters (between the same or different persons) mixing synchronic and diachronic transactions. It may be that at a certain point in time the different key actors of the same party do not reach the same phase of cultural exchange: while one is still insisting on his/her initial position, the other has already agreed on a *modus vivendi* with the representative of the other party.<sup>10</sup>

As far as the *actors of encounters* are concerned, we already referred to a great variety of them: “real” and “Easternized” Westerners as well as “real” and “Westernized” Easterners, including expatriates, young and old, long-time and occasional partners, and so on. Several encounter stories reveal a tripartite cultural space, in which one foreign actor and two main local actors can be identified. One of the latter is thoroughly

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<sup>10</sup> We found such a “disorder” in a great variety of cases: banks, wine producers, development programs, university departments, and so on.

exposed to transnational ideas and practices while the other is only moderately so. They may be at a greater cultural distance from each other than one of them from the foreign partner. The case studies portray a large number of encounters, in which the actors are experienced in cultural mediation. Typically, it is the “localized foreigner” and the “internationalized local” who meet. Striving to attain a win-win situation, they do not want to overpower their partners, and offer them some kind of peaceful cohabitation. They bargain rather than fight, and avoid making an enemy out of the partner. We saw extremely powerful Western actors make significant concessions in terms of their corporate or administrative cultures in order to strike roots in the local environment. For instance, even a weak government can blackmail, mislead, or deceive an EU agency if the latter cannot afford to punish the country for legal or diplomatic reasons. Incentives matter but it would be foolish to think that they must only be of economic or political nature. As the example of banking demonstrates, borrowing cultures may originate in clearly professional aspirations, but in economic science it may also stem from ideological considerations.

Encounters may be virtual, the foreign partner appearing primarily in the mind of the domestic actor. This is often the case with scientific adjustment processes in which ideas are exchanged. With real (personal) encounters, however, hierarchy and expertise seem to be crucial variables. Our fieldwork testifies that cultural exchange is smoother between parties working on the upper-middle level of the organizations concerned, where authority counts less than on the top and professional knowledge more than on the lower levels. All things considered, one of the greatest surprises for our research group was to see the impact of cultural geography upon the specification of the actors. As mentioned above, the local actors tended to make distinctions between their near and distant Western partners, indicating who are their “advanced” cultural relatives/neighbors (the Slovenes chose the Austrians, the Romanians the Italians, the Czechs the Germans, and so on). At the same time, the cultural slope does not always run toward the East: an East–West encounter may exhibit a greater cultural distance between the foreign and the local partner in different parts of a country than between two countries. For instance, a German firm probably faces less cultural resistance in Western Romania than in Eastern Hungary.

The concept of the West is plural in many other senses, too. For instance, the cultural packages it sends to the region include both neoliberal values and the principles of political correctness, just to mention two extremes.<sup>11</sup> Although such kinds of ambiguity often manifest themselves in the fields of entrepreneurship and state governance, it is perhaps the evolution of economic thought in Eastern Europe during the past decades that offers the most lucid examples for double standards. In both science and advocacy the local economists face conflicting messages coming not only from America and Europe, respectively, but also from Europe proper. The same EU bureaucracy represents interventionist policies and the principle of social responsibility on the one hand, and free-market values on the other. Hence, the Eastern European experts may easily succumb to hybridity, if not to mere eclecticism. Confronted with this confusing source of inspiration, they feel free to make pragmatic or opportunistic choices by mixing, or for that matter, by opting for what is more akin to the local idiosyncrasy. Whatever their preference is, they do not have to bother with innovation: no special efforts are required to find similarly mixed cultures in the Western half of the continent.

Finally, as to the *sequence of encounters*, the DIOSCURI hypotheses suggested to consider a number of phases leading from the initial expectations up to the final outcomes but did not reckon with a straight progression through each of them. We were aware of the fact that certain phases can be skipped, the exchange can derail or get stuck in a certain phase or return to an earlier phase. At the same time, the assumption of hybridization excluded one-phase encounters (at least in great numbers), in which the incoming cultures would immediately replace the indigenous ones without negotiation, or the latter's resistance would defeat the former right after their arrival. By the way, even in these cases the encounters may include introductory stages, in which expectations are formed and cultural gaps are identified by the partners, not to speak of the lessons to be drawn in the end. However cautious the hypotheses were, our cases presented an even more complicated picture of the actual give and take of cultures, showing a large array of strategies, sequences, and outcomes, and bordering on the indefinability of the concept of cultural encounter.

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<sup>11</sup> This is what Peter Berger calls “Davos culture” as opposed to “faculty club culture.”

As for the consecutive stages of encounters, our fieldwork identified both high and low, negative and positive expectations, the conflicts were both soft and hard, the partners passive and proactive, the coping strategies instinctive and conscious, and the conflict resolution spontaneous and institutionalized, and so on, not to speak of a great number of intermediary types. By and large, however, we witnessed rather peaceful adaptation procedures with low expectations (thus, also low frustration levels), soft conflicts as well as sophisticated coping strategies and resolution techniques. Sometimes, the actors jumped directly into the phase of coping with cultural differences without having clear expectations about the partner's behavior and collecting knowledge of those differences. As regards the phase of negotiations, these included a huge diversity of coping strategies, a considerable distance between verbal commitment and practical adaptation, a lengthy process of mutual adjustment, and just a few items of unambiguous compromise.

Stable agreements, even if they were not put on paper, were built on mutual consent supported by rational motives, while those outcomes of encounters that were based on force, misunderstanding, or simulation proved rather unstable. As mentioned above, simulation was less frequent in the field of entrepreneurship where constant communication and strong personal ties prevent the actors from misleading each other (or themselves). In this field, like with economic science, the encounter stories are normally long, providing ample opportunity for renegotiation and the revision of outcomes. What seemed to be a peace treaty may prove to be a truce in the near future. Also, as often entire cultural packages are exchanged, in an extreme case, total acceptance of a given cultural commodity can combine with total resistance to another—thereby revealing a new source of hybridity. No matter if the adjustment processes are synchronous or asynchronous, they can be linked together to craft refined bargaining strategies: for example, a domestic firm may accept part of the business culture of its Western partner with the proviso of non-interference by the latter with certain elements of local work culture.

## **After DIOSCURI**

The program left our research group with an alternative: as a next step should we try to quantify or rather deepen our qualitative results? In striving to support the working hypotheses, we could have embarked

upon quantification but, apart from being intimidated by its tremendous costs, we did not really feel committed (and competent) enough to construe more precise typologies. Also, some of the qualitative DIOSCURI's conclusions were not reassuring enough for us in and of themselves. However firmly we wanted to anchor cultural analysis in actual cases, its institutional underpinnings proved less than systematic. Therefore, rather than plunging into quantitative comparisons, we decided to improve our qualitative results by revisiting a few research fields and refining the key concepts of DIOSCURI.<sup>12</sup> Simultaneously, some of us (including the two editors) moved toward comparative political economy and have embedded what we had learned about economic cultures in Eastern Europe in an inquiry on the regimes of nascent capitalism in the region.<sup>13</sup> Now, while working on CAPITO,<sup>14</sup> our new research endeavor, we stopped for a moment to publish this volume in the sincere hope that it would stand on its own feet.

The decision to study regimes, that is, the legal-organizational rather than cultural features of economic institutions was also prompted by the global crisis of 2008–2012 that marked rapid and spectacular changes in the former (cf. bailout programs, stricter state supervision, new taxes and budget rules, and so on) while leaving the researcher in uncertainty as to the future of the latter. Although cultures do not change overnight, and therefore it would be fantastic to have a chance for revisiting the DIOSCURI research fields in say, two decades from now, one might already make a few assumptions on the probable paths of cultural evolution because the crisis hit each of our fields with remarkable strength.

Currently, in all likelihood the most turbulent changes are occurring in economic sciences, at least on the rhetorical level, irradiating to the other two fields. In the cultural encounters with Western scholarship, Eastern European economists witness unexpected conflicts between their role models (Posner versus Lucas, Becker versus Krugman, Krugman versus Mankiw, and so on) whom they considered to belong, in the last analysis, to the same neoclassical camp. In addition,

<sup>12</sup> See, for example: Kovács (2010a); Kiossev and Kabakchieva (2009); Kochanowicz (2007).

<sup>13</sup> See, for example: Kovács (2010); Aligică and Evans (2009); Avramov and Pamuk (2006).

<sup>14</sup> See <http://www.capitoproject.net>.

these conflicts concern crucial concepts of economics such as the rationality of market behavior, the scope of state regulation, or in general, the stability of capitalism, and reopen old chapters of economic science like Keynesian interventionism.<sup>15</sup> This may have a much more profound impact on economic thought in the region than the simple fact that in the coming years it will be very difficult to return to a Hayekian-style libertarian approach to the market process. Remaining with our main example in this volume, institutional economics, we do not exclude a substantial reinforcement of “old” institutionalism, reviving regulatory ambitions in the government sphere, doubts about the merits of private ownership, and an emphasis on public interest, sound intervention, guided evolution, and the like.

In a similar vein, the overall incertitude caused by the crisis cannot but affect cultural evolution in the two other research fields, entrepreneurship and state governance. Cultural encounters in both fields are inhibited by a considerable growth of mutual mistrust: while the Easterners began to suspect the “decline of the West” (as so often in history) and to show interest in interventionist practices of the BRIC countries, their Western partners tend to fall back on prejudices with regard to the “perennial” anti-capitalist attitudes of Eastern European economic actors. A good example in the first research field is the shattering of international banks and rating agencies as cultural idols in the eyes of these actors. In their frustrated mood, poor regulation of financial markets is often mistaken for a lack of regulation, which may even result in a demand for some kind of renationalization. Also, due to a combination of low performance and a high degree of income polarization in banking and some other industries, a new wave of propounding egalitarian norms may be predicted. Conversely, in the second research field, it is the Western party in the encounter who complains about the imprudence of public finances, revealed by the international crisis in the post-communist countries. Unfortunately, that complaint is also leveled against the governments of all old EU member states in Southern Europe, thereby resonating with the above-mentioned “thermometric” approach detected in the discourse of our South-Eastern European respondents.

Nevertheless, it would be close to a tragicomedy if the East–West cultural divide in Europe ceased to exist in order just to be replaced by

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<sup>15</sup> See Kovács (2009).

a North-South cleavage. Be as it may, new cultural frictions are to be expected. As hinted above, cultural compromise, that is, a predominant feature of the encounters evidenced by our case studies, is contingent not only on common interests but also on common beliefs and trust. With volatile Western economic cultures after the crisis, self-confidence will seem to be a proof of arrogance in the eyes of the Eastern partners; and *vice versa*, any relapse into pre-capitalist and/or communist cultures in Eastern Europe (for example, protectionism, fiscal populism, *étatisme*, and so on) will support those Westerners who have always stressed the un-reparability of Eastern economic behavior. In their interpretation, one will hardly find reference to nuanced differences such as the one between the successful “crisis manager” Poland, on the one hand, that is not exposed to huge cultural pressures in the wake of the crisis, and Hungary, on the other hand, that has had a disastrous economic record during the past decade and witnesses a serious retreat of capitalist cultures today.

All things considered, one cannot predict, whether for example, a decision like the recent abolition of the private pension schemes (to remain with Hungary) would significantly alter the savings behavior of the population in the long run. Too many things are changing in the world economy simultaneously but not in the same direction. Consumption habits in housing, for instance, are doomed to change but who would dare to tell if an overbureaucratization of credit operations or more rational consumer choice will be the dominant cultural consequence of the recent shock? What degree of social responsibility will be regarded as a necessary component of fair business in banking? How high is the level of socially acceptable managerial bonuses? Or to cite a current example from Eastern Europe, ordinary people who are suffering the burden of the increasing monthly rates of their residential loans taken in foreign currency might hate the market and demand state intervention fiercely, but at the same time, learn foresight, the basics of currency regimes, and the ability to balance household budgets. As a result of the crisis, they may become much more conscious customers and, equally, supporters of much less free markets.

The editors do not want to conceal the fact that in publishing this volume they have an “ulterior motive” as well. In the current, crisis-ridden state of the East–West imagination, the idea of the “clash of civilizations,” a term one hoped to have forgotten, seems to materialize in various attempts at disintegration within the European Union.

Today, the “two-track Europe” blueprints are back on the planning boards of leading Western policymakers, and the East–West and North–South conflicts in the EU are being filled with militant culturalist/ ethnicist arguments borrowed from an old version of the East–West rhetoric (cf. the “lazy and treacherous Greeks” and the “stingy and arrogant Germans”). We would not mind if our book could contribute to a more peaceful discourse of cultural coexistence. Why not believe, perhaps a bit naively, that the warlike noises generated in the public arena by seriously considering the compartmentalization of the EU, the termination of its Eastward expansion, and the expulsion of low-performing countries can be moderated a little by presenting a fair number of cases of cultural compromise and cohabitation? Instead of invoking the infamous figures of the “Polish plumbers,” the “Albanian drug dealers,” and the “nationalist dictators of the East” on the one side and those of the “predatory multinationals,” the “foreign adventurers,” and the “Brussels imperialists” on the other, one might start asking prosaic questions again, questions we raised in our three research fields. How is a code of business conduct formulated in a transnational company operating in Bulgaria? What does a government official in Poland do if he/she is offered a bribe by a French investor? Or, to look in our own mirror, why are there so few economists among the anthropologists and why are so many economists indifferent to cultural studies in Hungary today?

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