The Hidden Form of Capital

Spiritual Influences in Societal Progress

Edited by
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Chapter 7

IMPORTING SPIRITUAL CAPITAL: EAST-WEST ENCOUNTERS AND CAPITALIST CULTURES IN EASTERN EUROPE AFTER 1989

János Mátyás Kovács

> … *Of the last stage of this cultural development, it might well be truly said: 'Specialists without spirit, sensualists without heart; this nullity imagines that it has attained a level of civilization never before achieved'.* (Max Weber)

This paper is my latest attempt in a series at comprehending the spirit of new capitalism in Eastern Europe. In contrast to a widespread view according to which this spirit is extremely weak, I will suggest that its real strength cannot be discovered if one a.) looks for it only in the delicate and airy forms of economic culture; b.) focuses exclusively on the anti-capitalist legacy of communist economic culture, ignoring its pro-capitalist heritage; c.) disregards a large-scale borrowing of economic cultures from the West during the past two decades.

First the thesis of 'spiritless capitalism' will be discussed. Then, I will introduce the concepts of 'soft culture' and 'implicit spirituality', as well as sketching up the road that led me to a research project on transnational cultural encounters in the economies of Eastern Europe. In the second half of the paper, one of the project's core empirical studies, which has been made in the heart of the 'emerging markets', banking, will be revisited to test the applicability of the notion of spiritual capital in secular societies of the region. In contrast to the assumption of a lack of capitalist spirit, one witnesses a veritable pro-capitalist cultural revolution unfolding in a major field of the post-communist economies, even if its results seem rather fragile for the time being.

1. Spiritless Capitalism?

Let us imagine for a moment a continent with a short supply of spirituality. Religion is almost lacking, philosophy, ethics and aesthetics have declined, and the inhabitants cultivate only a few popular myths, primitive historical legends and ancient superstitions. Their worldview and everyday choices are instinctive and capricious, reflecting a fundamentally instrumentalist/secular attitude to life. Spontaneous relativism and social anomie prevail. The inhabitants speak the language of a kind of deserted, hollow post-modernity – and they speak it with a post-communist accent.

In fact, the self-appointed guardians of civilization in Eastern Europe have always liked to use the metaphor of a continent that, following a desperate struggle for protecting *the* European values against both communist barbarism and American-style capitalism, may sink in a cultural vacuum. Prior to that, it will inevitably lose its traditional spirituality and suffer from a decay of civilization for a long time. This *Untergang der Morgenlandes* will reveal a chaos of languishing values, habits and sentiments until culture as such disappears. Frequently, this prediction is accompanied by a whole series of jeremiads, nostalgic references to the 'good old days' or a demonization of the current state of humankind hit by globalization, misled by old-fashioned nationalists or neoliberal zealots, and inundated by junk culture[1]. Accordingly, under post-communism culture has been reduced to economic culture, the poorest form of culture in terms of spirituality, unless one considers a desperate pursuit of a rough and merciless version of economic rationality as a spiritual exercise.

Eastern Europe has no comfortable place in current history-writing if it comes to cultural/spiritual issues. Originally, the above master narrative was based on the proverbial dichotomy of the *Homo Sovieticus* reflecting the quintessence of communist culture on the one hand, and the non-communist, 'European-oriented' dissenter on the other. After 1989, this narrative could be harmonized less and less with the fact of a rapid and successful economic transformation in many countries of the region unless one referred to the revival of pre-communist capitalist cultures, and a kind of neoliberal conspiracy. The two together were supposed to suppress (not eradicate) Soviet-type culture, and – as collateral damage – also that part of 'European' culture, represented by the dissenters, which challenged 'worshipping the market' and had something to do with the spirit of equality and fraternity as well as other beauties of civic culture.

In the light of these new arguments, the most successful among the 'transforming countries' of Eastern Europe at the turn of the millennium had also been the most advanced before World War II. In a way, the frontrunners in the 1940s managed to keep their advantages under communism, and raised a minor neoliberal-minded elite in the last minutes of Soviet rule which, with strong help from their Western allies, introduced capitalism following the 1989 revolutions. Because the people at large and the anti-communist dissenters had mixed feelings about the neoliberal scenario of the transformation, this elite implemented the change in the framework of a 'reform dictatorship' that overpowered the traditionally 'European-oriented' dissenters by 'American-style' strategies of development (cf. the conflict between Václav Klaus and Václav Havel in the Czech Republic).

As regards the countries that had been less advanced prior to the communist takeover in the last century, they allegedly conserved their backwardness for many decades under communism, and follow the historical path of economic stagnation, state intervention, *democradura*, ethno-nationalism and the like after the collapse of the Soviet empire. By and large, goes the argument, the current fault line between the fast and slow (liberal and illiberal) transformers corresponds to the secular cleavage between Western and Eastern Christianity. Both alternatives of post-communist change have neuralgic points. To put it simply, fast liberalization leads to social crisis while the lack of it results in neo-authoritarian regimes. The former leads to the revival while the latter contributes to the survival of *Homo Sovieticus*. The former has happened in East-Central Europe, i.e., on the Western side of the civilizational cleavage, and the latter in 'real' Eastern as well as South-Eastern Europe, i.e., on the Eastern side of it[2].

This extension of the original narrative of spiritless capitalism has a number of weak points that arise from the strict assumptions concerning historical continuity between pre- and post-communism, and the geographical pattern of the postulated civilizational cleavage. There are too many exceptions to the rule. In addition, the dubious stereotype of *Homo Sovieticus* still looms large in the argument, and the impact of the West upon Eastern European economic cultures is specified in a horrendously simplistic way. It is suggested, especially by the Cultural Studies literature, that in the encounter between the East and the West, the worst features of the two worlds tend to combine with each other, leading to what is widely called 'Wild-Eastern capitalism'[3].

Many of those analysts who, right after 1989, celebrated the return of Eastern Europe as a whole to the West and the emergence of certain models of capitalism, in particular, the small-scale and/or welfare-oriented ones, in the region, lament the roughness of post-communist capitalism today. In their view, the region is just another victim of a global (post-colonial) decay of culture, the only difference being that the previous colonizer, the Soviet empire had also left its traces on the cultural universe of the region.

Allegedly, in that universe the Soviet legacy of mistrust, lack of solidarity, rule-bending, illegal business-making, corruption and the like paves the way for a direct transition to reckless rivalry, social polarization and lawlessness under global (American) capitalism today. Many of the former communist apparatchiks have become business tycoons, converting political domination under communism into economic power under new capitalism. From the Schumpeterian words 'creative destruction' they opt for the latter, showing no compassion with the losers of the post-communist transformation and preferring short-term enrichment to social cohesion, industrial democracy, corporate social responsibility and the like. While some of the small entrepreneurs in the informal sector of the planned economy have also turned into capitalists, at the other pole of society there remained large masses of helpless, passive, lazy – 'Oriental' – subordinates who have not had a chance to become Western-type citizens, i.e., members of the civil society.

A Counter-Narrative?

One would presume that the economists could not remain silent upon hearing such apocalyptic warnings from a large array of intellectuals including not only artists, historians and human scientists but also representatives of harder social sciences, many of whom find powerful allies in the new political parties. Interestingly enough, the above stylized narrative has not been confronted yet by a similarly compact counter-narrative based on the economic success story of post-communist transformation. In principle, that narrative might emphasize the spiritual aspects of rational economic behavior and the 'beauties' of the market[4] in order to counterbalance the thesis of spiritless capitalism. Instead, some economists take a determinist approach, and expect the new economic cultures to emerge from the success almost automatically. They put their faith in a simple feedback mechanism, contending that the takeover of Western institutions will unavoidably modify the norms, habits, values, etc. of the economic actors, and produce development that will justify, in retrospect, the change of institutions. Most economists, however, tend to ignore the horror scenario of inevitable spiritual decay by saying in an indifferent and irreverent mood: 'perhaps, it is not too bad to revitalize the distant past, emulate the West, and sink in a cultural vacuum if those give birth to our Eastern European 'small tigers'[5] with brilliant growth rates, marvelous market indicators and comprehensive institutional change'.

It is rather difficult to enchant the economists by historical/cultural explanations because they see that the post-communist success stories in the economy tend to intersect those (primarily ethnic/national and religious) boundaries which served for a long time as important explanatory variables in making distinctions between 'modern' and 'backward', 'liberal' and 'conservative' as well as 'Western-style' and 'Eastern-style' societal regimes (pre-communist, communist and post-communist alike) in the region. No matter if a given country of Eastern Europe belongs to the sphere of Western or Eastern Christianity, lies closer to or farther from the West, had a more or less advanced capitalist society before, and more or less radical market reforms under communism, was more or less deeply imbued with the spirit of liberalism, it is sharing a general capitalist take-off with its neighbors today. Thus, it would be rather difficult to explain the upsurge of new capitalism in the region (especially in its Western borderlands that have already joined the European Union) by referring to certain ethnic groups, national ideologies, religious denominations, or paths of communist prehistory. At the same time, economic determinism, I believe, would contribute as little to the explanation as historical essentialism does.

In Search of the Spiritus Loci

As a matter of fact, Eastern Europe has gone through a stage of breath-taking economic development during the past one or two decades, following the period of 'transformational recession' in the first half of the 1990s. In the wake of a deep-going liberalization (privatization and deregulation) of the planned economy, nascent capitalism seems to be robust, despite the current crisis of the world economy. Its catching-up trajectory was recently acknowledged by the geopolitical enfranchisement (NATO) and economic integration (EU) of a large part of the region by the West, which enhanced the stability of the post-communist economies. Can this capitalist turn implying complex institutional change be primarily regarded as a result of tradition-based response to current challenges, of sheer imitation, and/or of capricious choices made by economic and political actors representing an increasingly empty and spiritually poor culture?

In any event, does Eastern European new capitalism really need as solid and coherent spiritual foundations (religions, ethical norms, intellectual convictions, passions, etc.) as some other 'Great Transformations' in the past? Should one necessarily interpret the certainly turbulent cultural conditions under post-communism as a chaotic precursor of a final decay of civilization? Is spirituality evaporating or changing its configuration and fervor?

Apparently, one *can* become a capitalist entrepreneur (or a hard-working, rationally calculating, etc. employee) in an ex-communist country of the region at the turn of the millennium without going to a Protestant church every Sunday, repeating Confucian truisms when falling asleep or studying Adam Smith's teachings on the virtues of the market in a business course. He/she may just continue to follow certain quasi-capitalist routines acquired in the course of communism and refine them under the new conditions. He/she may also import capitalist culture (more exactly, various capitalist cultures) but not primarily in their airy and elevated forms as e.g., Protestant ethics mediated by an evangelical community but in those of down-to-earth cultural practices (norms, habits, modes of behavior, etc.) embedded in economic and political institutions. Can't 'worldly philosophy', to use a forgotten expression, complement (or even substitute for) philosophy, especially if the former permeates everyday economic behavior? What is the driving force of the current capitalist take-off if not – at least to a certain extent – spiritual factors? If spirituality matters, how could we grasp the new 'spirit of capitalism' with the help of social sciences? What is the *spiritus loci* of the Eastern European economies today? Too many questions, too many white spots …

'Soft Culture', 'Implicit Spirituality' and 'Surrogate Religion': A Few Words on Terminology

Although faith, transcendence, sense of belonging, revelation, giving meaning to life, emotional bonds, interiorization and the like are crucial attributes of spirituality, this paper will not identify spirituality exclusively with religious thought and sentiment[6]. Moreover, the spirit of capitalism will not be sought only in refined, ethereal, that is, 'soft' components of culture, pertaining to the world of ideas, values, beliefs, emotions, myths, magic, etc. Its 'harder', 'more tangible' components such as rules, norms, habits, routines, modes of behavior, ways of life, etc. will also be put under scrutiny[7]. Thus, one can speak of important spiritual developments in the new capitalist societies of Eastern Europe even in the absence of strong religions like Protestantism, social theories like liberalism or political ideologies like nationalism, if some harder constituents of culture incorporating a degree of spirituality become more (or less) prominent. What at a first glance seems to be a spiritual misery may be, if seen from another perspective, an enrichment of some of the harder components of culture, which carry softer ones or embody the spirit of capitalism directly. In discussing the takeover of spiritual capital from the West, I will pay special attention to this kind of 'implicit spirituality' of economic cultures. For instance, transplanting a bundle of rules governing a business organization (as we will see in our case study below) may in turn create a specific 'faith community' by transcending the world of daily, embedded, rational practices without any kind of strong religious support. In other words, a 'surrogate religion' may grow out from these practices; a kind of quasi-religion that gives its believers a new meaning of life, sense of belonging, moral cohesion, etc. without postulating a God or promising an Otherworld.

Accordingly, spiritual capital is, in my interpretation, not equivalent with religious capital (the latter is a subset of the former). From another angle, spiritual capital will be regarded as a form of cultural and social capital; a form that has something to do with faith, transcendence, sense of belonging, etc[8]. The metaphor of capital, however, will be used in a conventional way: I will regard spiritual capital as a set of resources that can be acquired, invested, accumulated, wasted, used with profit, exchanged, etc.

Antecendents

Why focus on transnational cultural encounters? Would it not make sense to accept the widespread view of an ample domestic supply of capitalist spirit in the region as a result of a dramatic revival of national(ist) and/or religious passions? That revival, I believe, must not be mistaken for a capitalist revival. Nationalism under post-communism follows statist (interventionist, collectivist) principles rather than representing a kind of constitutional patriotism with a strong liberal program. In the best case, it is tolerating rather than promoting capitalism. Therefore, nationalist sentiments would not really help understand the processes of far-reaching economic liberalization and opening-up to the foreign capital after 1989. With some exceptions (emergence of neo-Protestant communities, a recent flirt by the Orthodox church with the idea of capitalism, etc.), the same applies to the established churches in Eastern Europe. They have deep reservations with regard to any sort of capitalism that goes beyond an interventionist version of *Soziale Marktwirtschaft*, and to global capitalism as such, and concentrate on the social costs rather than the benefits of the changes. As to the sociological carriers of the post-communist transformation, the region does not give room to new, pro-capitalist ethnic groups (except for the Chinese merchants in a few countries) that would be comparable with the Jews and the Germans in the era of early capitalism. Consequently, the bulk of spiritual capital conducive to fast and deep-going liberalization had to come from other internal sources, or external ones.

Internally, the effects of pre-communist and communist legacies may be of interest while among the external sources one cannot avoid focusing on two vast cultural packages coming from the West, globalization (Americanization) and European integration. During the past decade, I have devoted a series of essays to exploring these impacts in Eastern Europe in general, and my country, Hungary in particular[9], and come to the following tentative conclusions:

1. *The Westernizing elites.* Focusing on the ruling elites, I asked why the secular cleavage between the two dominant mentalities, 'Populism' and 'Westernization' did not cease to exist under communism, and why are they still involved in local culture wars over national isolation versus opening up to the West, discovering 'third ways' versus borrowing Western patterns of capitalism, collectivist/ethnic versus individualist/civic social philosophies,

etc. It became clear for me that while waging these wars on the rhetorical level, they tend to criss-cross the frontlines to end up with rather controversial hybrid (post-modern) programs of societal change; programs that are produced under the pressure of attaining pragmatic compromises rather than spiritual coherence.

One might think that a fair amount of spiritual capital has been accumulated in the rival camps of the political and cultural elites. Nevertheless, the populist messages have difficulties in reaching the economic elites, and do not crystallize as spiritual assets in popular economic cultures such as work and business ethics, consumption habits and the like. The liberal sources of the spirit of new capitalism are also ambiguous. Since 1989, the human rights-based and the economic as well as the conservative and the communitarian/egalitarian types of liberalism have not ceased to confront each other, damaging the spiritual capital accumulated in the anti-communist opposition, the market-socialist reforms and the shadow economy. Thereby, the harder segments of capitalism-friendly culture, which had emerged under communism in the form of quasi-market behavior and quasi-private ownership have lost much of their ideological and ethical support by now. Moreover, the idea of Westernization has also got fragmented due to the uncertainty caused by an enhanced competition between a large variety of capitalisms in the West. Borrowing spiritual capital from *the* West became a rather complicated task in the light of heated debates over globalization, the 'European Social Model', the 'Asian values', etc. As a consequence, two kinds of ambiguities confront each other: to put it simply, a populist prophet does not buy more domestic products, and a liberal entrepreneur is not less corrupt than the average citizen today.

2. *Accepting* and *resisting 'global culture'.* Turning to the external sources of spiritual renewal, I challenged, in a study of cultural globalization, the thesis of a post-communist cultural vacuum, and the related theory of sweeping globalization (Americanization, colonization). A great variety of cultural blends were described which result from a partial acceptance of *and* a partial resistance to the incoming cultural packages (which are often mixed themselves). Transfer and transformation of cultures were examined in parallel with a special emphasis upon bricolage and simulated takeover of capitalist values, norms, rules, etc. According to common wisdom, 1989 marked the beginning of cultural homogenization in the region. Since then, goes the argument, global culture has conquered, eradicated, or at least, marginalized its indigenous rivals, while the 'natives' eventually surrendered to the 'occupants' or even fell in love with the 'civilizers'. In disputing this interpretation, I focused on the ambiguities of cultural import from the West, enumerating quite a few cases of failed globalization as well as a great number of cultural hybrids ranging from the post-communist constitutions, through welfare policies, all the way down to eating habits. These hybrids have emerged from a rivalry between the cultural exporters and from spontaneous – and predominantly passive – resistance by the importers to cultural influences from abroad. As a result, spiritual capital has been transformed while transferred. Frequently, transformation was tantamount to a kind of 'spiritual evacuation' whereby, an intrinsic moral command (e.g., paying taxes, rejecting bribes, etc.) appeared as a mere pragmatic consideration, a second best solution for avoiding punishment.

3. *America versus Europe.* In another attempt at understanding the turbulence of external impacts, I examined two major dimensions of acculturation, to put it simply, Americanization and Europeanization. Discovering a 'Little America' in Eastern Europe, I focused on the ongoing competition between the two main cultural packages coming from the West for the hearts and the minds of the people in the region. At least since the collapse of the Soviet empire, a whole series of economic, political, welfare, and other regimes wearing a US trade mark have put down roots in the region. A low share of public ownership in industry, banking, and housing, emerging forms of 'managerial capitalism', privatized pension schemes, non-progressive tax systems and decreasing tax burdens, a low rate of unionization, permissive hire and fire regulations, a high degree of social polarization, lax rules of environmental protection – could anyone disregard these systemic features of new Eastern European capitalism? Is it possible not to recognize the striking similarity between the region and the United States in terms of the style of entrepreneurship (fierce competition, informal business-making, underregulation), propensity for self-exploitation, individualism and self-reliance, suspicion toward the state, and so on? Is it fair to stigmatize that style by calling it 'Wild-Eastern' in a condescending manner?

While asking these questions, I also highlighted quite a bit of ambiguity in the reaction of the European Union to this kind of cultural change in the region. On the one hand, in demonstrating its liberal, perhaps even American, face, the EU is resolutely expanding the single market with all its freedoms toward the East. On the other, it has expropriated the old slogan of the anti-communist dissidents of the region, 'Return to Europe'. Two decades ago, the dissidents wanted their region to leave the Soviet Bloc for the West. Currently, however, the same region is strongly requested to come back from Little America to the territory of the celebrated but partly imaginary 'European Social Model'. The two competitors are incessantly spoiling each other's spiritual assets, keeping the Eastern Europeans in uncertainty, thereby limiting their chance for an emotional (transcendental) identification with capitalism as such.

4. *Spiritual capital: the local stock.* Finally, I became interested in the ways in which cultural legacies affect economic development in Eastern Europe after 1989. More exactly, I wanted to explore 'which past' matters in shaping the spirit of nascent capitalism: the precommunist or the communist one. This question was provoked by a master narrative of the current economic history of the region, according to which Eastern Europe consists of two – so-called historical – subregions, Central (more exactly, East-Central) Europe as well as Southern and Eastern Europe (whatever they should mean), to which the following syllogism applies: the former had been more Western/capitalist/modern than the latter prior to Soviet occupation, *therefore* it resisted communism more vehemently, and *therefore* it became more Western/capitalist/modern after communism. The emphasis is on a direct link between pre-communism and post-communism.

In contrast to this kind of interpretation, I suggested that communism *did* and *does* matter, it also represented a major cultural turn, and had at least forty years to remix the cultural cards, thus substantially influencing the record of the individual countries of the region in capitalist development during the past two decades. It destroyed the spirit of a certain kind of capitalism but, ironically, also contributed to the emergence of the spirit of another kind of capitalism. The rankings of the countries in an imaginary hierarchy of 'more' or 'less' capitalism have changed over the past century substantially, showing little correlation with the distant past (e.g., Slovenia preceding Czechoslovakia in the communist period, or Estonia preceding Hungary today). Moreover, the conventional cultural explanations for the success of post-communist transformation do not work well if applied to the whole region and for a longer period. For instance, geo-cultural proximity to the West loses its importance in the era of globalization. Protestantism, Catholicism, Orthodoxy: there is no such hierarchy in terms of capitalist success stories. Today, the 'Catholic' Slovenes are still better off than the 'Protestant' Estonians, and the 'Catholic' Poles may be worse off than the 'Orthodox' Romanians tomorrow. What remain as significant explanatory variables for post-1989 capitalist development are the cultural exit status of the given communist regime and the change of that status due to external effects.

As regards the exit status, one cannot capture it relying on the old, totalitarian-style concept of *Homo Sovieticus*. Actually, this cultural stereotype had been Janus-faced already under communism, and its legacy became even more complex in the period of the transformation. State paternalism and informal markets, public ownership and private redistribution, central commands and decentralised bargaining, over-regulation and free-riding, collectivist economic institutions and individual (or family-based) coping strategies, apparatchik and technocratic mentality, learned helplessness and forced creativity, etc. – one could go on listing the controversial features of economic culture in Eastern Europe prior to 1989. To a varying degree country by country, it combined the command economy with elements of a rather diluted *Soziale Marktwirtschaft*, and all this with pre-capitalist traditions and a dynamism/aggressiveness reminiscent of early capitalism. (In a sense, it was not double- but quadruple-faced.)

It sounds paradoxical but it is true: even if in a distorted manner, communism was not only a modernizer but also a school of capitalism. Industrialization, urbanization, mass education, public health, etc. are well-known achievements of 'quantitative' modernization (or simply, detraditionalization) under Soviet rule. In the course of this kind of modernization, calculative behavior, risk taking, competitive attitudes, etc. were also obligatory subjects to learn – to be sure, by default, not by design (e.g., filling the supply gaps in the economy of shortage). 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 physical capital etc.), part of which eroded in the West in the meantime. Ironically enough, this *Gründerzeit* ethos may grant a comparative advantage to the Eastern Europeans today.

To avoid misunderstandings, this ethos does not reproduce the old Weberian prototype of the Protestant entrepreneur, and does not have much in common with such neo-capitalist success stories as Confucianism and Evangelical Protestantism. As a crucial part of the spiritual capital of present-day Eastern Europe, this ethos has no religious foundations, contains weaker feelings of responsibility for the family or the community, it is less self-denying, less savings-oriented, etc. While in 1989, most observers expected that it is the legacy of the social market that would possibly create an organic connection between the economic cultures of Eastern and Western Europe in an enlarged EU, the past two decades have proven that another kind of cultural link is also possible. The virtues of *Gründerzeit* capitalism could qualify the countries, in *both* the Central and the Southern/Eastern subregions of Eastern Europe, for taking their fair share in globalization. Moreover, given that contemporary global/American capitalism relies, to a growing extent, on networks, informality, flexibility, decentralized knowledge production, etc., the economic cultures represented by the European Union might become a brake rather than an accelerator of a capitalist take-off in the region.

What do the above conclusions tell us about the spirit of new capitalism in Eastern Europe after 1989? They suggest, no doubt about it, that there is a considerable amount of spiritual capital accumulated in the region but this capital

- lost two important sources of past transitions to capitalism, ethnic nationalism and religion;
- stems from a peculiar mix of pre-capitalist legacies, proto-capitalist virtues emerging under communism and a large quantity of imported cultural goods that come from different 'Wests';
- therefore, the current capitalist revolution in Eastern Europe is rather turbulent (even chaotic), tends to produce hybrid cultures, and is 'dryer', much more worldly or profane than its predecessors.

Hybridity and dryness – but how do these features of spiritual capital come into being? How exactly is spiritual capital being produced? How do the imported goods combine with local assets? I cannot imagine a research field that could reveal the secrets of the formation of the capitalist spirit in today's Eastern Europe better than the transnational cultural encounters in the economy.

Transnational Cultural Encounters

This paper originates in a large comparative research project named *Dioscuri* that studied the cohabitation of 'Eastern' and 'Western' economic cultures in eight countries of Eastern Europe over the past five years[10]. In order to illuminate the basic *problématique* of the project, let me present a stylized talk between the eternal *Wessi* and the eternal *Ossi*, typical figures in German popular discourse. This is how we imagined our research terrain at the very outset.

The *Wessi* and the *Ossi*

What the *Wessi* calls Eastern Enlargement of the EU (and of the West in general) not only covers all civilizational benefits that the West generously and light-mindedly offers to the East but also refers to the Westward expansion, a sort of Western Enlargement' of the dangers originating in the former Soviet Empire. The *Wessi* is anxious about what will happen to his job, family, savings, etc., after 'those over there' (the renowned Polish plumber and Hungarian truck driver) are allowed to enter the West, either as employers or employees, for more than brief visits. Will you pay taxes properly? he asks the *Ossi* with deep distrust in his voice. Won't you accept lower wages, less safe working conditions than us? Will you protect *our* environment? How long do you want to profit from our budgets?

Won't your 'Wild-East' entrepreneurs ignore the social standards in our country? Will they observe the business contracts? Will they leave the mafia behind?

As a mirror image of how populists in Western Europe portray the Eastern 'savages' *ante portas*, one witnesses in Eastern European nationalist discourse the icon of the 'honest' and 'creative' Czech, Slovene or Romanian worker and businessman who, while matching their Western colleagues in terms of capitalist virtues, are allegedly better-educated, respect family values, religion and rural bonds. Accordingly, the West should feel honoured to receive the newcomers and be lucky to gain so much 'fresh energy and authentic culture' at such a low price.

This pride mingles with the worries of our *Ossi*. For him, the Eastern Enlargement of the West seems risky because, as a result of it, he also may lose his job. Similarly, he is also anxious about the lowering of the social standards (e.g., in child-care) in his country. Moreover, he fears the erosion of both his pre-communist traditions and the filtering of his new entrepreneurial freedoms, consumption habits, etc. in the world of more regulated capitalist regimes (cf. the *acquis communautaire*). For instance, as an employer he may have to comply with equal opportunity rules, and as a consumer he may be forced to abandon shopping around the clock. Or, to quote even more profane examples from my country, Hungary occurring in the first years after the EU accession, he is not allowed to slaughter pigs in his backyard, distil *pálinka* in the bathroom, and what is the *non plus ultra* of his fears, he must reconcile himself with the fact that the Romanians may also call their traditional drink, the *tuica*, *pálinka* (a Slovak word by the way).

Won't you use us as cheap labourers and buyers of low-quality consumer goods—a poorhouse of the West? Will you not paralyze our innovative spirit and abuse our talent? Will you accept our quest for informality or will you simply subsume it under the heading of lawlessness and corruption, and keep on stigmatizing and monitoring us? Questions such as these reflect the concerns of our *Ossi* who would prefer to see a kind of Western Enlargement that brings his old and new virtues to the West.

What, on the surface, seems to be a regular Ossi-Wessi conflict of perceptions, a two-person game, is in a closer scrutiny an interplay of at least three actors, including also a powerful challenge by global (basically American) capitalism. As the aforementioned reference to an imaginary 'Wild East' demonstrates, Eastern Europe and the United States are supposed to forge a peculiar coalition in the game, and the eternal *Wessi* finds himself in the crosshairs of similar economic cultures. For those who tend to think that this kind of *Wessi* mentality is only characteristic of the potential losers in the West (ranging from the employees in industries moving Eastward, to employers in the service sector facing Eastern competitors moving Westward), and of a few noisy trade unions, chambers and small populist parties that do their best to instrumentalise the fear from that coalition, I have bad news. That fear already sits in the minds of a whole series of influential European leaders such as the conservative French president, Nicolas Sarkozy or the former social-democratic leader in Germany, Franz Münterfering when they are heaping curses on Eastern-European tax dumping or U.S.-based *Heuschrecken-Kapitalismus* – a metaphor portraying financial investors as swarms of locusts.

'Shaken Orientalism' and the 'Temperature of the West'

The talk between the *Ossi* and *Wessi* seems to be a dialogue of the deaf, full of mutual distrust. Our research program also started off to explore East-West cultural encounters in a minefield of prejudices. The economic actors to be observed were expected to indulge in essentializing arguments about the 'Other'. We presumed to face the usual catalogue of rhetorical stereotypes that would make the understanding of the actual processes of cultural exchange extremely difficult.

As far as our Western respondents – entrepreneurs and managers working in Eastern Europe – are concerned, they did exhibit some confusion when narrating their cultural encounters with the 'natives'. On the one hand, they brought along to the region the traditional concept of *Homo Sovieticus* and characterized the local authorities, business partners and employees by means of old adjectives such as collectivist, egalitarian, unorganized, short-termist, irresponsible, passive, negativist, lazy, rule-bending, corrupt, nepotistic, paternalist, even alcoholic and thievish. Such Soviet-type people, according to the Westerners, prefer improvisation to following routine procedures, free riding to cooperative behaviour, conflict to compromise, and promise to contract, and mix up politics and business, work and private life, public and private property, etc.

On the other hand, our respondents ostensibly had great difficulties harmonizing this list with many of their new experiences, basically with the clear upswing of entrepreneurship in Eastern Europe. In any event, their traditional – Orientalist – pride *vis à vis* Eastern Europe faded. They saw less and less helpless, dependent, egalitarian-minded economic actors there while, at the same time, they witnessed the emergence of increasingly risk-taking societies with a rather creative, informal and socially not too sensitive economic culture.

This – I would call it – 'shaken Orientalism' was confronted with a sort of 'shaken Occidentalism' of our Eastern European respondents who also entered the encounters with ready-made, albeit less condescending mirror images in their mind. Accordingly, their Western partners were supposed to be socially insensitive, rigidly formalistic, overspecialized, stressed, unimaginative, etc. Of course, the attitudes varied country by country with both the Western and Eastern respondents. The Eastern interviewees, for example, developed a kind of 'thermometric language' to reveal their preferences. In quite a few in-depth interviews, especially those made in South-Eastern European ex-communist countries, the local entrepreneurs and managers often use the word 'warmness' when talking about the relationships with their business partners from Italy, Greece, or Spain, representing as a rule small and medium size firms, frequently in family ownership. They say that if they could choose, they would opt for a sort of 'Mediterranean economic culture' as they call it as opposed to a 'Nordic' one (meaning German in the first place), which they describe as megalomaniacal, rigid, and impersonal. The Americans, although they are not depicted as champions of Mediterranean mentality, also receive a couple of compliments for their easy-going, non-hierarchical, flexible, and informal business practices.

Both the traditional stereotypes and the metaphoric generalizations such as the one 'measuring' the temperature of the encounters and the ensuing cohabitation point to a multitude of key spiritual elements of Eastern European economic cultures appearing in and resulting from the cultural exchange. But how can one distill from the popular (and often populist) mind/mythology/rhetoric what actually goes on in that exchange, i.e., what elements of spiritual capital are being imported?

Going Beyond the State of the Art

Current cultural history-writing seldom offers broad empirical insights in Eastern European economic cultures. What one knows about these cultures, comes from a combination of large value surveys, a few case studies, manuals of what is called 'cross-cultural management' and anecdotal evidence[11]. Moreover, as a rule, these proofs do not refer to the very emergence of economic cultures, and do not observe their major sources simultaneously. The economic actors occur as prisoners of certain – historical or economic – arrangements rather than instinctive or conscious culture-makers. The surveys apply a few synthetic concepts such as 'power distance' or 'post-materialist values' and test them by means of standardized questionnaires, while the case studies explore specific components of economic culture (work culture, business ethics, corruption, etc.) using rather small samples but similarly impersonal techniques of data collection.

In contrast to the mainstream literature, our research focused on multiple sources of current cultural change (including spiritual one) in selected fields in many countries of the region. It put one of the major sources, the external cultural impacts under scrutiny, asking how the encounters between the economic actors in the East and the West, i.e., encounters, the number and scope of which have dramatically increased during the past two decades, influence the evolution of economic cultures in the region. By placing the transnational cultural encounters in the center of inquiry, the internal sources (communist and pre-communist legacies as well as local cultural innovation) were not neglected at all. On the contrary, they appeared as important variables explaining how the indigenous actors, that is, flesh-and-blood workers, entrepreneurs, government officials, economists, etc. in Eastern Europe, select (accept, adjust and mix) certain cultures while rejecting others, and how they exchange, accumulate and utilize spiritual capital.

Our research discussed the ways in which new capitalism is being built 'from outside'; more exactly, the ways, in which Western-made economic cultures are received by the Eastern European economies. This choice was also urged by a conspicuous gap between the scarcity of empirical knowledge concerning the reception of vast cultural packages arriving in the region from the West, on the one hand, and the abundance of high-sounding generalizations about cultural colonization, convergence, Americanization, Europeanization and the like, on the other.

In observing how the *spiritus loci* of new Eastern European capitalism is being shaped by external factors, we refrained from formulating strong hypotheses concerning the outcomes of cultural exchange with the West. The only firm assumption we made concerned the existence of the exchange itself. In other words, despite the vast power of external supply of cultures, the process of takeover was not presumed to be either smooth or uni-directional. We expected to see a blend of acceptance and rejection even mutual adjustment rather than servile imitation. In concentrating on importation, we did not exclude the possibility of finding a few cultural goods exported by Eastern Europe.

Although we presumed cultural exchange to be asymmetric, we thought that it would be a grave simplification to talk about a 'strong Western' culture that devours (civilizes) the 'weak Eastern' one, or about ongoing 'clashes of civilizations'. Instead, we expected to find a great variety of lasting cultural hybrids, some of which may even contain elements that Eastern Europe brings to rejuvenate economic cultures in the West. Thus, in an unprecedented way, Eastern Enlargement of the West was studied in conjunction with its neglected counterpart, Western Enlargement of the East, whereby the results of the latter were not *a priori* labeled as obsolete, improper or harmful. This cautious normative assumption aside, our research program took an impartial stance, and posited that Eastern and Western economic cultures come across each other in a varying mix of competition, conflict and cooperation *without* defining

in advance what exactly is to be meant by these two clusters of culture. The tentative definitions were expected to rise from the actors' narratives. In taking a detached look at the cases and stories of cultural encounters, we let the actors (our interviewees) talk, and did our best to make *ex-post* rather than *ex-ante* generalizations[12].

In order to reduce the stress of deconstructing the discourse of the economic actors, we decided to study 'real' stories of cultural encounters embedded in 'real' cases and explored by loosely structured, narrative in-depth interviews. Irrespective of being close to the actual cases, both well-known methodological constraints of anthropological inquiry were considerably eased; a.) thanks to a large number of cases we studied in many countries with the help of unusually great samples of respondents, we managed to increase the level of abstraction of the final conclusions; b.) by means of covering quite a few similar (or identical) cases in different countries, we succeeded in reducing the risk of attaining incomparable research results.

The research covered *eight countries* of post-communist Eastern Europe: to follow conventional classification in symbolic geography, four of them belong to *East-Central Europe* (Czech Republic, Hungary, Poland and Slovenia), and four to *South-Eastern Europe* (Bulgaria, Croatia, Romania and Serbia). We identified *three research fields (1. entrepreneurship, 2. state governance, 3. economic knowledge)* that give room to a great many producers and mediators of economic culture[13]. In the third field, the inflow/emergence of spiritual capital could be observed in a direct manner whereas in the first two the spirit had to be 'extracted' from the incoming culture.

Our research program was not only unique in terms of the quantity of cases and depth of their studies but also in the diversity of cases. We selected small and large, old and new, public and private, etc. institutions that operate in various branches of the economy, polity and science, and embody encounters with different countries/regions in the West. With the help of 'thick description', the researchers reconstructed detailed histories of the encounters ranging from the initial expectations through various surprises/conflicts to the final compromises.

2. Importing 'Soft' in 'Hard': The Case of Banking

How do harder cultural goods carry in softer ones from the West to Eastern Europe? Why does it make sense to switch from the concept of culture to that of spirit? What kind of spiritual capital will remain in the region at the end of the day? In order to respond to such questions, I chose a spectacular case of entrepreneurship, the birth of a Western-based new transnational bank in the ex-communist countries. It was observed by means of what we called 'close comparison' of five local subsidiaries, and placed in the context of three other cases of takeover of local banks in the region.

It would be too much to say that this branch of the post-communist economies is typical in any sense. It has been one of the most dynamic and profitable area of business since 1989, though a very turbulent one in terms of institutional change. Powerful business actors from many countries of the West moved to the region, bringing along their own economic cultures, to take part in a great number of FDI operations. When they bought a bank (or a part of it) they applied similar techniques of restructuring. In granting more or (usually) less autonomy to the local partners, they dismissed a good part of the employees, got rid of the bad loans, introduced a rigorous risk management, upgraded the sales and human relations departments, integrated the back offices and reinforced the front offices, took harsh anti-corruption measures and so on, thus offering a wide terrain of research for those interested in transnational cultural encounters.

At the same time, many of the Eastern European banks we studied had gone through various acts of privatization, government-led consolidation, merger, etc. before our fieldwork began. Moreover, their Western partners had also been transformed to a large extent by major deals in the European and global capital markets, and the transformation did not stop during the period of the case studies. Hence the starting conditions for a 'normal' cultural transfer between the East and the West were favorable and unfavorable at the same time. We observed highly interesting and easily comparable cases as they evolved but occasionally it was difficult to decide if a change we wanted to comprehend had cultural causes or it was rather attributable to an accidental (even chaotic) decision contingent on some sort of rapid reorganization. Turbulence had, however, an important side effect. The radical and controversial transformations mobilized not only the intellect but also the soul of their participants who made new emotional choices, new commitments by gaining lived experiences and transcending a great many boundaries. As a consequence, they portrayed the transnational encounters according to an 'us and them' scheme, and, not infrequently, narrated the history of the encounter (as individuals or, more often, as members of a group with the same conviction) in *explicitly spiritual* terms.

A Republican Empire?[14]

During the past twenty years, a medium-sized bank (I will call it W-Bank) rooted in a small country of Western Europe has developed into a large institution by taking over a series of smaller banks all over Eastern Europe. While growing and, in the end, entering the stock exchange, it changed many of its original cultural attributes and became a multinational network from a local one, a risk-taker from a cautious player, and a cutting-edge organization from a traditional undertaking. As its leaders like to say, a group of banks turned into a banking group. Meanwhile, the mother company exerted an enormous influence on its daughters in the region by transplanting part of its original corporate culture into them, and, almost simultaneously, adjusting it to the new, global rules of the game in banking.

Below, I will not be able to decide whether or not the transplantation was successful, and will not want to discuss whether or not its results are desirable in my view. I will presume that *some kind of* cultural transfer has taken place, and only examine the spiritual content of the exported/imported cultural goods. The case studies make it clear that the W-bank acted carefully, took a gradual approach, and, instead of imposing its own culture as a whole on the new partners, offered them some opportunity of choice and co-determination. In addition, what was transferred right after the acquisition did not go fully against the indigenous cultural standards of the region. The new, Eastern European members of the bank belonged to one of the most Westernized segments of the late communist and/or post-communist economies, could continue to rely on their local roots and enjoy a rather high degree of autonomy in an unusually flat organizational structure. As one of our Polish respondents remarked, 'we are not Coca Cola where the main objective of the [local] marketing department is to translate the slogan 'we love it' into our language'.

Nevertheless, the basic institutional arrangements changed considerably by the takeover and reorganization of the local banks. No matter if it came to the market strategies or the relations with the authorities, to the internal management system or the attitudes toward the customers, there was no area of banking operations which remained untouched. The same applied to the behavior of the local managers and employees. They were confronted with a whole series of new cultural patterns ranging from an almost self-humiliating respect for the client to maintaining a distance from the political parties, from team work and information sharing to being an equal opportunity employer, from adjusting to predetermined procedures to performance – (versus position) – based authority within the company, from the appreciation of good communication skills to a strong loyalty to the bank, from cooperative behavior to strict rules, from a high level of impersonal trust to controlling personal emotions, etc.

The patterns often boiled down to seemingly banal instructions: e.g., dismantle the counters and receive the clients at desks, do not wear a mini-skirt, or answer the phone before it rings three times. To quote our respondents at random, they were asked to avoid vulgar speech, keep the door of their offices open, and not to get in an intimate relationship with the customers. They were informed about the price limit of the presents they are permitted to accept, and taught how to avoid meeting the omnipresent 'lamb brigades' (these are the agents of the companies applying for credit, who want to bribe the bank's officials dining in fancy restaurants in Serbia). Sugar-coating the critical remarks made to colleagues, not asking about each other's wages, communicating in writing, keeping the deadlines, etc. – the local employees faced many dozen similar 'suggestions' that were (or were not) included in the company's code of conduct. As a Romanian interviewee put it, in the beginning it was difficult to harmonize these norms with the national character: 'we are all Latins, we all have ideas, we all come with solutions, we all criticize, … we all step on others' toes …'

When asked/instructed to accept these patterns, the local partners had to cope not only with the usual dilemmas of the 'natives' undergoing Westernization but also with those stemming from the conviction that in a sense they were already more Westernized than some of the Westernizers. 'First-rate Easterners meet third-rate Westerners', goes the argument in one of the Hungarian interviews, complemented by a long list of self-congratulations in the other countries with regard to certain habits and skills acquired under communism. These include spontaneity, flexibility, risk-taking, informality, innovativeness and improvisation, properties that are indispensable if one has to react fast in the market, for instance, if 'there is fire in the house' as a Croatian interviewee said. When the predetermined rules fail, our fantasy and innovative drives, not to mention local knowledge, are there to help. To assess the risks, we, Easterners do not always have to apply complex mathematical models, it is enough to 'walk around the clients', boasted another respondent from Croatia. While being proud of their business instincts, an overwhelming majority of our respondents admit the poverty of their technical knowledge in banking during the first stages of cohabitation with the mother company. The message is clear: we are smart; they, the Westerners are (only) well prepared.

Ostensibly, the local employees have not always been prevented from taking instinctive, occasionally bold decisions. Hence, they have currently nothing against subscribing to the corporate identity of the bank. 'We are not a McDonald's bank', 'ours is not a totalitarian organization', etc. – our respondents reiterate these slogans rather often, and quite a few of them believe in the existence of the 'bank's spirit' that would appear in its non-hierarchical organization (subsidiarity), client-friendliness, cultural diversity, politically correct practices and the like. These features were cemented in the 'Mission, Vision, Values' statement of the company. As the author of the comparative analysis claims, a small empire is in the making. A Polish interviewee calls it a 'republic of noblemen', true, as he adds, without a *liberum veto*.

Learning Capitalism

Nonetheless, in adjusting to the empire's identity, many of the Eastern European partners realized that, despite experiencing a huge increase in their expertise about banking procedures such as product development, the introduction of new management systems or marketing techniques, there was still a great deal to learn of capitalism as such. To put it briefly, they had to interiorize both the 'philosophy' and the *modus operandi* of the new system as a whole. The employees were making efforts to understand the advantages of competition (even if it hurts them) and the disadvantages of state regulation (even if it pleases them), the constant need for innovation and the value of market information, the image of the company, etc., not to mention the complex arrangements of property rights and organizational hierarchies in a corporation heading toward the stock exchange. Perhaps more importantly, for most of them it was during the integration in the mother bank that they first 'felt on their skin' what the textbook formula of minimizing costs/risks and maximizing profits really means. This 'skin feeling' emerged in the course of the first wave of dismissals right after the takeover of a given local bank, got stronger during the recurrent HR evaluation/selection rounds, or when they were 'requested' to work overtime, or when their internet access was limited. It is astonishing how deeply they have been able to understand and accept the new rules of the game even if those seemed detrimental at the first glance (or were really such). Was this just due to sheer imposition, or an indignant approval of the *quid pro quo* principle: sacrificing leisure for high salary, private life for prestige, etc.? Or did they draw a sober conclusion: it cannot be worse than before?

The emerging mega-bank incorporates values, norms, habits, etc. that 'contaminated' the employees of its Eastern European subsidiaries in all-important fields of economic culture. Their perception of time changed radically ('from slow time to fast time', to cite the author of the Romanian study), and the space of economic action expanded enormously by becoming part of regional, European or even global competition almost overnight. Professional knowledge, openness, dynamism, accuracy, constructivism, responsibility, cooperative behavior, etc. represent values that are not only enacted in the W-Bank's official documents but also cherished in daily practice. Our interviewees report about their initial impressions/surprises in great detail. They were amazed by the value of expertise in the transforming institution, by the fact that knowledge is protected by continuous training, and that it results in promotion irrespective of one's age; by a clear definition of (meritocratic) incentives and division of responsibilities, by the fact that in this way one cannot free-ride on his/her colleagues, and that both success and failure have foreseeable consequences; by a strict divide between work and leisure as well as company and private life ('between the two families', as a Hungarian respondent remarked sarcastically), and the prohibition of nepotistic practices; by collectivist habits (team work, loyalty to the company, social gatherings during the weekends) amidst competition between the employees of the bank; by incessant specialization and standardization; by rigorous planning, evaluation and reporting (i.e., 'communist-style' activities they could finally regard as reasonable); by sustaining transparency inside the bank and guarding its secrets outside of it; by the ethos of peace (self-restraint, conflict-avoidance, tolerance) and pluralism within the institution, etc.

In other words, they were impressed by cultural patterns, many of which served to tame their learned individualism and arbitrariness as well as to keep their entrepreneurial moves within operational limits and under professional supervision. The Eastern European players were prompted to accept the fact that the game is more rewarding in the long run if its rules call for clairvoyance and cooperation (as a Polish respondent said, 'after many years I understood that ego may spoil many projects'), and are not regarded as strait-jackets that need to be loosened up by special deals from time to time.

All in all, our interview partners convey the image of a quickly expanding institution, an empire that teaches its new provinces capitalism, more exactly, a certain kind of capitalism. To a degree, this capitalism with its emphasis on the agents of entrepreneurship, local knowledge and networks, brings one back to the 19th century and/or forward to the 21st. But why are those learning so satisfied? How come that they seem to comprehend and master the new course material so rapidly? The authors of the national case studies did their best to balance the picture and deduct from the satisfaction of the respondents what might be attributed to self-justification, snobbery, fashion, newly-acquired loyalty, or fear from the employer. Even so, the sense of belonging to the bank remains extremely strong. A reason for that may be preselection, i.e., the fact that the interviewees represent one of the most capitalist-minded layers of Eastern European societies, those who had been such under communism, and who have successfully surpassed all the hurdles of adaptation within the W-Bank until now.

Another reason is gradualism and cultural proximity stemming from the initial conditions of the takeover. It was a medium-sized European institution that comes from the 'near-West' and not a large American transnational company that expanded resolutely, almost hazardously in the region while also increasing the profitability of the whole enterprise. The growth of the organization was commanded by a chief executive whose family roots stretch into Eastern Europe, and whose business moves remind the observer of a blend of ex-communist entrepreneur and American venture capitalist. With the exception of several bankers in different countries who are convinced to drive the 'flagship' of the W-Bank, the respondents cannot hide their appreciation (mixed with a bit of anxiety) toward the captain of acquisitions, who became the *de facto* leader of the whole company later. He is honored by them also because during the phase of expansion, he did not mind if they continued to stick to part of their established business routines. (They were not instructed to prepare their meals from his 'cookbook' as a Croatian interviewee said.) That phase served as a foundation enabling the Eastern European subsidiaries to become, if need be, screws in the machine of a 'Coca Cola bank' with less difficulty today. The narratives of the employees reflect anxiety over this prospect.

The potential advent of a new – more centralized (more colonial, if you please) – model of Westernization in the current history of the Bank also explains why I am so cautious about proclaiming the success of acculturation. However, precaution must not lead one to ignore the actual flood of spiritual capital to Eastern Europe under the aegis of the new transnational bank. In the course of importing (more exactly, receiving the export of) institutions such as management systems, sales procedures and work regimes the local partners got acquainted not only with the harder components of rational economic culture but also with a bunch of general market principles, elements of business knowledge, professional ethic, symbolic representation of economic power and so on. These contain a large catalogue of norms and values concerning trust, cooperation, self-discipline, mutual respect, hard work and so on. In other words, those employed by a local subsidiary of the Bank were given a chance of accumulating spiritual assets in a sort of 'on-the-job training'; assets they may capitalize on (profit from) in the future.

Rite de Passage

'The spirit of the W-Bank' may be a conventional PR item, no doubt about it, but reading the interviews and the case studies I grew more and more inclined to accept this formulation and found the term 'culture', even 'soft culture' not quite sufficient. With many of our interview partners, the process of acculturation seems to have reached a point where it transcended cognitive training and habituation, and 'went into their blood' as a Croatian respondent put it. (Expressed more pompously, it became a 'habit of the heart'.) Knowledge and creativity became lived experiences associated with a series of positive emotions, pleasant impressions and corroborated by success in general, and by improving cohabitation between foreigners and locals within the bank in particular. More than that, the new values, norms, habits and the like were offered to the Eastern Europeans as a gesture of enfranchisement or even as an act of initiation. For them, overwhelmingly young and middle-aged urban professionals, the long series of tedious job interviews, evaluations, training programs and promotion cycles they have undergone during the past one and a half decades represented stages of a long *rite de passage* that led (or may lead in the near future) to full membership in a distinguished group. Some call that group with quite a bit of exaggeration 'transnational corporate class', or with Peter Berger's irony, the 'Yuppie International'. Our respondents talk about becoming a 'Westerner', that is, about emancipating themselves, getting rid of the stigma of symbolic geography. This was a long journey, and they arrived in a safe haven. Working together with the 'real' Westerners in the bank led to the weakening of mutual stereotypes, and the common interests forged cohesion, largely increasing the social capital of the Eastern European employees. To twist Willy Brandt's solemn words, what had *not* belonged together, grew together. A Serbian manager expressed this as follows: 'I have already started to think like them, and now I do not know what is ours and what is theirs'.

Emancipation was combined with the romantic experience of being pioneers ('seeds of change', to use the Bank's language) in spreading new – allegedly superior – cultures, thereby educating the uneducated. A Serbian manager, for example, was proud of teaching his fellow-citizens the notion of a collateral or that of electronic banking while his Croatian colleague told us how they trained the employees of 'more Eastern' daughter companies in retail banking. Our respondents provide lengthy reports of their own selection process, emphasizing its professional and impartial nature, and look back on it with satisfaction and pride. (In fact, their ascendance in the hierarchy was extremely rapid due to a major restructuring of the local banks right after the acquisition.) Apparently, having been selected and promoted is one of the great formative/cathartic experiences of their lives, a real success story that has been reaffirmed by the irresistible expansion of the bank and the whole banking sector of Eastern Europe, one of the few Big Winners of the post-communist transformation[15]. Today, the local managers and employees regard themselves as lucky insiders (family members) who have common enemies and possess secrets that remain hidden for the outsiders. As a result of all these preconditions, the economic cultures borrowed by them began to crystallize into spiritual assets almost like in a religion.

To avoid misunderstandings, it is far from me to overstrain the analogy, and invoke the God of Money or talk about any mystic/transcendent imagery of banking. Nor would I attribute any importance to the fact that spirituality was exercised in the numerous training courses, sometimes perhaps in the literal sense of the word, as new age practices. Instead, I see in the bank a large array of relatively young experts from the region who had shared a basically rational concept of their profession but under the positive emotional shock (one might call it revelative experience) of finally having the chance of unfolding that profession in an institution of their dreams, this concept got filled with spiritual components. Matters of choice, that is, certain values, norms, conventions, etc. represented by the Western partner appeared as the only rational alternative, close to unquestionable (divine) truth. In the lack of a similarly strong experience to the contrary in the past, and owing to an ongoing justification of *the* alternative in the present, this 'truth' was imprinted not only in the mind but also in the soul of the Eastern European actors. (We were 'like sponges', a Romanian respondent remarked, absorbing new information.) Under such circumstances, one does not have to prove the truth any longer; involvement, enchantment, intuition or faith suffices. The external rules become internal (ethical) norms, and, for example, corruption will be avoided as a deplorable rather than only punishable way of doing business. And the converts who think they have a calling rather than a job are ready to proselytize others.

To bring this argument down to earth, let me quote some of our respondents in Serbia: 'I have noticed that the main characteristic of this [the W-Bank's] culture is some kind of strict order: it was clear what is whose responsibility, ... supervisors were respected ... but there was no fear, ... one could express his/her opinion. These experiences I had [in the West before] were confirmed in this bank. So, this was not a shock but something that gave me pleasure'. 'People who are in the bank ... from its foundation have the feeling that the bank is their own project. They feel emotionally attached to the bank'. 'We were the first bank in Serbia that introduced risk management, and that is something that people do not understand. ... The clients started to accept our way of thinking'. 'People sometimes think: now I know somebody who works in the bank and he is going to do me a favor. That is not something that our company allows. The rules of the game are strict for everyone'. 'Foreigners brought with them a Western system of functioning: they do not waste either their own or the clients' time; they brought security, ... discipline. But also they brought professionalism in communication with the clients, they brought uniformity and seriousness in doing business, and these are the things that did not exist here earlier'.

Or let us listen to employees from three other countries: (Poland) 'Having this opportunity of creating something right from scratch was a big challenge for me but also a big chance'. 'Some time ago I had the impression that these contacts [with the Westerners] revealed our inferiority complex. It has changed ... , we no longer feel inferior'. (Romania) 'People got used very quickly to new furniture, to having super-clean toilets instead of locking the toilet paper in the desk drawer. People also got used to having their training sessions in very luxurious locations'.'In the beginning, we went to training sessions because 'it was right to do so', because it was like a bonus. ... Now people think: 'what do I need?' So, all these concepts that 4–5 years ago were a bit artificially imposed, have been internalized by the people'. (Croatia) '... People have ambition which they could not realize before, and here in these multinationals they see the opportunity to quickly jump through the hierarchy and to help themselves not only financially but even more to get the awards of achievement of other kind'. 'When speaking about the real tasks in this department, first what I asked them is not 'commitment to the job' but 'loyalty to the firm'. If we do not feel like being one family, ... you cannot expect the success you dream of'. The Western colleagues were 'really open to me, eager to transfer me their knowledge. That is what I will always remember, and I feel really grateful to them'. We started our project 'not thinking only about the pure profit ... It was for us a personal challenge, we were enjoying it a lot ... because we felt we were making something new and unique'.

'Self-heroization', 'reduction of cognitive dissonance', 'childish idealism', 'systematic brainwashing', 'simulated adaptation', 'the next generation will rebel', 'look what will happen when the banking sector gets saturated', etc. – one could easily continue to challenge the narratives of the respondents. Maybe the honeymoon will end soon. As a matter of fact, our interview partners already point to those conflict areas which inhibited cultural importation in the past, and may contribute to the erosion of the spiritual capital they have accumulated thus far. The original – inherited – cultural conflicts between following the rules and bending them, professional routine and improvisation, team work and individualism, etc. have been successfully toned down to frictions until recently. Yet, they may burst out in the course of the ongoing expansion of the bank. Growth and success may have their price. The fact that the W-Bank is becoming a Big Player will enhance the need for standardization and centralization ('mcdonaldisation') while, at the same time, the global markets will possibly justify 'Eastern-style' entrepreneurship, too. I am wondering whether these two cultures can also be reconciled in the era of ever larger mergers in the banking industry hit by the current crisis. In the time of the case studies, the spirit of the bank was still defined in a contrast to the 'American way' of banking while no one among our respondents denied that many features of that spirit have a US trade mark from the very beginning. I am wondering if that trade mark is still shining despite the professional/moral imperfections revealed during the past few years.

Test Cases

The above thesis of 'spiritualization' needs, I believe, additional evidence. Besides the five new members of the W-Bank, we also studied a Bulgarian, a Czech and a Slovenian institution with different business history, size, extent and origin of foreign ownership[16]. The differences revealed quite a few new circumstances under which spiritual capital emerges (or does not emerge) in the East-West cultural encounters but did not disprove the thesis of implicit spirituality. Rather, they pointed to the volatility of this kind of cultural capital: it is somewhat hard for it to come into being but, predictably, fairly easy to perish.

Without Catharsis

The case of the Slovenian bank, for instance, demonstrates that the fervor of spiritual identification with certain economic cultures of capitalism depends on the strength of the pro-capitalist seeds in the communist economy. Although the employees of the W-Bank in Croatia and Hungary, that is, in countries with relatively market-oriented communist regimes in the past also showed less enthusiasm for capitalist economic culture than in Romania or even Poland, the Slovenes seem to be even less 'diligent pupils'. Their institution had been one of the largest commercial banks in Eastern Europe and operated an international network before 1989; its evolution in the 1990s was more organic as it was not bought off as a whole (local ownership is still significant in the bank), kept a larger share of the former (older) employees, and the pace of institutional change in the whole country was slower. Therefore, the cultural experiences of the personnel were less formative and cathartic, they could not in fact feel themselves members of a newly enfranchised community of pioneers. They had already cherished a self-image of the 'almost-Westerner', 'the most Western Easterner' under communism (cf. 'Switzerland of the East'), hence, their adjustment to the values and norms of the new majority owner, a large transnational bank based in a small 'Far-Western' country of Europe, did not occur to be a magnificent initiation.

Early Westernization and (what was not independent from that) sluggish transformation under post-communism conserved a fair amount of old forms of behavior in the Slovenian bank. The author of the case study puts these forms under the heading of 'negative individualism'. She refers to a peculiar ambiguity of attitudes whereby one is extremely individualistic in pursuing his/her own interests but rather collectivistic in dividing responsibility for his/her individual decisions. While in the W-Bank the interviewees report (at least a wish for) fast adaptation to the Western requirements, here the Western managers still complain about the 'eight-hour mentality' of the local colleagues, the 'strange Friday afternoons' when the bank is deserted, about distrust, cronyism, and the fact that 'there is too much politics brought into the hierarchy'. 'Slovene managers are very good in networking, and maybe they even spend too much time on it', says a foreign manager mockingly. The Westerners characterize the local employees as reactive rather than proactive, who cannot plan realistically, are non-cooperative and tend to avoid risk. To quote a foreign director of the bank, 'if I am pushing them to take a decision, a risky decision, they would always turn back to me to ask, would you support this decision. Now, if I say yes, they say yes. If I say 'but it is your decision', there is no decision'.

In one of the rare self-critical passages of the local narratives, a Slovene manager comments on the attitudes of his colleagues: 'Slovenia [is] where formality is bound to status and hierarchy', rather than expertise and performance. In another one, the respondent depicts his colleagues as decision-makers who act upon feeling rather than calculation. The author of the case study cites a Western manager who speaks of a 'heroic versus engaging' style of management in Slovenia, with limited knowledge-sharing and teamwork. 'There are managers managing the manager who is managing the manager. … For five employees you have two managers', says another foreigner.

The locals were confronted with values and norms essentially similar to those received by Poland, Hungary or Serbia (ranging from hard work, through respecting professional knowledge to banning sexual harassment). Yet, they exhibit much less desire for adaptation and much more satisfaction with their own culture that has allegedly reached the level of the West. To be sure, they admit (with some reluctance) that their Western partners are more task-oriented and productive, better-organized, open-minded and less-hierarchical but do not spare too many words on their expressly economic properties. Calculative behavior is perhaps the only exception but the single respondent who brings that up adds immediately: we could also become less intuitive if our data bases were more developed. Such self-respect borders on complacency and it would be difficult to find any traces of neophyte enthusiasm in the interviews. As a foreign manager put it, 'Slovenes are very prudent. Prudent, prudent. We did the acquisition of 100 percent of [the banks in] Poland, the Czech Republic, Hungary, Slovakia, but this here in Slovenia was the most difficult and slowest process at all. They are very prudent and think twice …'.

The East Coming from the West

The Czech bank in our sample has also been frequently reproached by its Western partner for slowness and red tape. The mother company that came from a Mediterranean country to Prague, had started growing only in the 1990s, and began its expansion in Eastern Europe with the acquisition of a Polish and this Czech institution some years ago. The latter had had a glorious past prior to world war II, and managed to maintain part of its power and fame under communism as a quasi-Western bank specialized in foreign currency transactions. A freshly privatized organization, it did not have any friction whatsoever with its first – German – owner in terms of economic culture. As a representative of the new – Mediterranean – owner put it, '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'. This opinion has its counterpart on the other side: 'a [Mediterranean] manager means chaos', a 'monstrous mess'; 'strategy and vision are missing', then 'there is a fuck-up'.

The ongoing conflict between the two parties was accompanied by strong words that express old cultural/national stereotypes pertaining to order versus disorder, analysis versus intuition, rules versus emotions, rigidity versus flexibility, etc. As unusual as it may be, if compared to the previous cases, the division of roles and characteristics is reversed: it is the Western actor in the cultural encounter who laments the excessive insistence by the Easterners on professional knowledge, coherent rules and long-term planning. In the controversy, the Czechs appear as conservatives while the foreigners as 'tricky' innovators, although the former are convinced that what the latter call innovation is in fact nothing but instinctive and capricious business moves that have only proven to be successful by chance in the past couple of years. Like the Slovenes, the Czech managers and employees look upon the Western partners with some condescension, and reiterate the 'we are more Westernized' message in the interviews.

The Mediterranean managers interviewed do not bother about measuring the relative degrees of Western civilization, describe both the dichotomy and the allegedly opposing features of the two parties in a similar way but consider their own features as superior. They are proud of their sensitivity, emotional dedication and ability of reacting quickly. One of them shared his creed with us: 'When I work with … [you], I need to know what is in your 'heart'. How can I decide if I don't know what is in the soul?'. 'I raise my voice … not because I am angry but because of my temperament … I am hugely surprised that [Czechs] are able to work with people who hate each other …, that wouldn't be possible [in my country]. We need a good personal relation, … especially if we need to perform quick changes. The Czech Republic is colder though'. Obviously, in his view, heart and soul and warmth are indispensable prerequisites of business not only to secure harmony at the workplace but also, and more importantly, to make fast responses to market challenges in the era of globalization. Thus, 'we are flexible and able to change the business model and strategy in the market', he adds. In our country, his co-patriot says, 'we close some deals only with verbal communication'. The goal is more important than the process but if one does not find good solutions the goal can be modified.

As a mirror narrative, our Czech respondents complain about a kind of cultural dictatorship, a 'suppression of the Czech way of thinking'. 'Probably it would be of help if they understood what encourages Pepik [a nickname of Czechs]', says one of them sadly. They worry about receiving inaccurate information and witnessing a frequent change of rules: 'there is always something set, and then you wait for half a year until it is revised once again'. Long lunch hours, small talk about personal matters, lengthy meetings (in bad English), accidental projects, lack of qualified people, etc. – in other words, charisma instead of reason as summarized by the authors of the case study. As regards the self-image of the locals, most of them are reinforced in their pride felt for being well-organized, analytic, systematic and careful. The scene is set for a cultural deadlock.

There is, however, a minority of the Czech managers and employees that prevent the constant conflict from developing into a 'culture war'. They, primarily young experts, discover order in the 'Mediterranean chaos', recognizing the advantages offered by the approach of the foreign partner to the market, especially in retail banking introduced after the acquisition. These experts are ready to subscribe to the idea of serving the consumer even by breaking the rules, searching desperately/aggressively for new products and sales procedures, making decisions independently, joining forces in *ad hoc* teams, while enjoying competition within the bank and being rewarded according to competence and performance, as well as attending various training courses (e.g., a Young Talents program) – and they accept all these conditions even if those are defined in a bit hectic and not too serious fashion. The foreign bank brought along not only old habits and style from its own past but also new schemes and rules that help the Czech colleagues orient in the labyrinth of present-day global markets. The most entrepreneurial-minded among the latter were not so much frustrated by the poorly coordinated changes (cleansing the back office and strengthening the front office, standardizing the products, setting up an HR department, etc.) because they understood that these innovations may open new avenues in their daily work and career development.

And they had a chance indeed. The mother company moved ahead step by step, did not apply 'carpet bombing' among the local leaders but brought only a few 'middle managers to cover a special gap' from its home country. We needed one and a half years to break through, a foreign manager says, but finally 'we have spread like a virus'. The authors of the study cannot decide whether the diffusion of Western (actually, Southern) economic cultures was due to gradual persuasion or rather imposition based on power asymmetries. In the light of the story of the W-Bank, I presume that a similar 'virus infection' would have been more effective in Romania or Serbia. In the Czech Republic, however, a great cultural distance between the two parties in the transnational encounter (combined with the reversal of the East-West roles) impeded its spread, and only a small albeit growing group of the local actors were enchanted by the incoming cultures. Yet, the Mediterranean bank did its best to spiritualize, in the literal sense of the word, the cultural goods it carried in. Economic rationality was translated into semi-intimate categories such as warm heart, personal trust or a relaxed way of togetherness, and these categories were justified by their successful use in the markets of global capitalism. The interviews demonstrate that most of the Czech respondents did not internalize that sort of translation, their adaptation was forced, and they did not even simulate adjusting to the foreign partner in spiritual sense. In fact, they were looking forward to a new merger (between the Mediterranean and a large German bank) that might bring them back to their traditional *Kulturkreis* in the near future.

Devotion through Rejuvenation

In Bulgaria the sequence of acquisitions was different: the local bank had first been taken over by a large company from the 'Near-West' (this is the subject of the case study), and the Mediterranean bank appeared as a co-owner only thereafter[17]. Until and during the first steps of privatization, the Bulgarian partner underwent a series of mergers accompanied by all possible calamities of restructuring while also suffering from the legacy of being a large state-owned company prior to 1989. 'It was a bad situation I inherited', in a foreign manager's account of the pre-acquisition story, 'sale and risk were against each other. Everybody was accusing the other one. ... It depended also on the leaders: they were fighting and the guys had to follow them, therefore they were not allowed to talk to each other which was completely crazy'. The integration in the foreign bank was expected by the insiders to bring along peace and consolidation in every respect.

Nonetheless, although the East-West cultural conflicts were not so fierce as in the Czech case, mutual adaptation took a rather bumpy road. Many locals felt disturbed by the frequent and uncoordinated changes rather than the values and norms represented by the foreign partners. They thought that the biggest and oldest Bulgarian bank deserved a smoother takeover. While being happy about their institution becoming the undisputable market leader in the country, they could not reconcile themselves with the constant coming and going of the foreign and repatriate managers and board members owing also to a simultaneous transformation of the mother company. ('Before you figure out who is who, new people are appointed'.) In contrast to the foreign partners in the previous cases, the mother company inundated its Bulgarian daughter with its own experts to supervise the 'natives', which was regarded by those as a sign of disdain and mistrust. 'He/she is already not wanted over there, in a Western capital city, this is why he/she is coming here', one of the local respondents remarked sarcastically. Instead of one clear instruction they got many from different representatives of the foreign bank: it was a 'repetition of one and the same thing. Many [Westerners] were interested in one and the same question ..., which speaks of a certain level of trust', says another Bulgarian interviewee. The locals could not see why the Bulgarian managers should have two direct superiors: one in Sofia and another in the head office abroad, both watching them: 'cross-purposes, covering, manipulations, reciprocating – basically a mist'.

Interestingly enough, the younger respondents were not troubled at all by the strong hierarchy, and recognized organization in disorganization. This was the bank, in which we found the greatest differences between the generations' attitudes to incoming cultures in the whole project. Under 35 no one expressed reservations with regard to the behavior of the foreign colleagues while over that age it was just a few who dropped a good word in for the Westerners. The case study authors are convinced that the sharpness of this divide derives from a deliberate strategy pursued by the foreign bank to base the transformation of its daughter company on young, well-trained, 'pre-Westernized' Bulgarians. Typically, the new owner fired the old (or simply let them go) and hired the young. 'We are looking for a well-educated sales-oriented staff. 37 per cent are academics in our staff here. The average age is 39 … The Bulgarian managers are all international. The board members were all working internationally. And the Bulgarians are coming back [from the West] …, this is a good sign', says a Western manager proudly. 'The older people are more relationship-oriented, the younger are more business-oriented', his colleague adds. 'I hope these young people will be able to forget about corruption' – to quote another Westerner. A Bulgarian manager agrees with them: 'I have personally appointed and chosen the young people simply because I think that in a competitive market one has to pick people very carefully, to train them so that targets can be met. I have picked people who were not ready – not that I would like someone ready but this would be difficult, more expensive, dependent on the corporate culture in the place he is coming from, a combination hard to get right'. A Western colleague of his illustrates the results with the following example: 'telephone manners have changed. [They say] just 'allo', no clue who or where they are. They are doing that now with the company name when they pick up the phone'.

The policy of fast rejuvenation resulted in a strong identification with the bank on the part of the privileged young employees. The 'marketization' of the bank's business strategy, ranging from the introduction of strict risk analysis and management by objectives, through a proactive sales orientation (especially in retail banking) to more demanding and motivating HR practices, were clearly and quickly justified by the dedication and loyalty of the younger generation. They were the ones who profited the most from the new matrix structure for organizing the internal life of the institution, with its horizontal linkages and opportunities for teamwork. In the eyes of their older colleagues, they became part of the Western management – a role the younger specialists accepted happily. They praise the foreigners for their openness, flexibility, politeness and

informality, for their cooperative behavior (avoiding the 'this is not my job' mentality), and for the fact that they can be criticized without retaliation. The young experts enjoy being independent in a systematic organization (even though, for instance, crediting could not be decentralized properly because of the high risk of fraud), attending training courses on a permanent basis, and taking part in what one of the foreign managers calls 'market-developing – a pioneer style'. It is more than natural for them that the 'what is not allowed is forbidden' rule was turned upside down, and today 'what is not forbidden is allowed'. Expertise is appreciated and confronted with the 'no problem, we will do it (without knowing how)' approach. 'I am a Western disciple, I have learnt many things from them. … I have always been submerged in this culture', confesses a young Bulgarian manager full of enthusiasm.

The interviews demonstrate that the young generation's devotion affects some members of the older one. The youngest among the older respondents, for example, expresses her unease in measuring by overseas standards the culture implanted by the new owner: in the English or American model the goals are clearer, the criteria are defined, so if one achieves this and that gets such and such reward or punishment. 'Your head can fly off very quickly but at least you know it is up to you'. At the same time, she admits that in this bank she developed considerably: besides enhancing her professional knowledge in banking, she learned to take risks, became more self-confident and communicative. 'I was pretty diffident and unsure of myself. I have brightened my worldview and knowledge. I learned a [new] way of communication … argumented, short, clear. In the beginning, I was nearly silent at the meetings, … very nervous. Now I have opinion on each single question'. An older colleague of hers goes further: 'We have started to see the business more as development rather than as a state and security. They have habituated us to this in a non-intrusive way in the course of work. … It was useful to me'.

Unlucky Constellations

In interpreting the above three cases, I would advise against converting them into distinct types of the emergence of spiritual capital in Eastern Europe or even in its banking sector after 1989. They demonstrate, however, that what we experienced at the W-Bank's subsidiaries was a lucky constellation of preconditions for the 'spiritualization' of incoming capitalist cultures. To use economic language, a cautious and credible exporter, attractive commodities and a huge demand met in a situation in which the consumption of incoming goods presented the importers with extraordinary experiences that combined rational conviction with faith. If, however, the local actors are somehow immune, resistant or simply indifferent to the incoming culture (because they think they already master it, because they fear its adverse effects, because the foreigners offer it unconvincingly, etc.), and/or the cultural transfer does not satisfy *and* transcend certain rational considerations to result in cathartic moments (because enfranchisement is severely imposed, formative experiences are missing, etc.), then the transnational encounter will not produce a sizeable amount of spiritual capital, or it will but only for a small group.

The low level of spirituality witnessed in the Slovene case points to the lack of chances for the local actors to play a pioneering role in cultural diffusion and live through the cathartic moments of initiation. The Czech bank shows how a deep cleavage between the parties in the cultural encounter impedes acculturation, in particular, the unfolding of its spiritual processes. Finally, the case of the Bulgarian institution suggests that the foreigners may find rather skeptical partners on the spot but can create the preconditions for a successful reception of their cultural/spiritual messages. True, the Western partner has powerful incentives and means of imposition at its disposal to guide the sequence of the encounter. Nevertheless, in order to cement the new capitalist cultures, it has to go beyond the mind of the locals to reach their soul as well. If acculturation stops at a smart but dry acceptance of a certain logic of capitalism, or even at the rational perception of personal interests, then even a small crisis in the functioning of the given institution or the whole sector, or a reasonable counter-argument to that logic may jeopardize cultural reception or turn it into a second-best pragmatic/cynical/simulated transaction.

Arguably, the first-best solutions cannot be lasting without a strong commitment bordering on faith and creating ethical norms. But can they be lasting?

A Fragile Capital

In the *Dioscuri* project we were also interested in the sustainability of the outcomes of the cultural encounters. Banking has proven to be one of the rare exceptions – a case in which the incoming cultures did not have to make essential concessions and produce a large number of hybrid forms with the indigenous cultures. In neither the other fields of entrepreneurship nor state governance did we find cases of such a smooth reception with so durable outcomes. Even in the third research field, economic knowledge it was only neoclassical (mainstream) economics that spread rather rapidly. However, even there it was only certain scientific ideas that did not meet strong resistance whereas the sociological components of scientific evolution (e.g., quality of teaching, norms of recruitment and evaluation of experts, publication habits, etc.) got widely mixed with the communist legacies of scholarship. Normally, the incoming cultures did not succeed in striking deep roots in the minds of the local actors, therefore they did not have much chance for being elevated onto a spiritual level. (Of course, the 'spiritualization' of the hybrid types may also be an option.) We witnessed the most stubborn resistance in public administration where the imported cultures of governance, for instance, in the management of large-scale EU development programs tend to evaporate once the foreign partner leaves and the cultural encounter ends. The incentives of acculturation weaken when cohabitation is over while in banking the continuous coexistence of the partners and their long-term common interests serve as favorable preconditions for spiritualization. At the same time, the case of mainstream economics, more exactly, the almost religious respect it often enjoys among Eastern European economists, demonstrates that it is probably more easy to convert certain cultural goods (e.g., ideas, scientific concepts, etc.) into spiritual capital, especially if their force of rational persuasion is strong enough, and there is an (epistemic) community whose members have waited for a long time to represent these goods as a minority of pioneers against the majority of the profession. Of course, like in banking and some other types of entrepreneurship, the pressure of global competition accelerates the process of acculturation, and the success in the competition helps spiritualize the incoming cultures.

To be sure, the above description of the transnational cultural encounters in banking is not entirely devoid of hybrid outcomes. The Western banks did make concessions to their partners in the region in various areas of business, ranging from tolerating their bureaucratic stiffness or, conversely, excessive flexibility, through accepting a certain degree of corruption, all the way down to respecting the local habits of dressing. Nevertheless, this degree of hybridism did not make acculturation unstable nor prevent the crystallization of spiritual capital in most of the banks observed.

Whatever future awaits our Eastern European bank managers and employees under capitalism, they will not face it unarmed. The spiritual assets they have acquired during the past decades enable them to choose from among various coping strategies, and these strategies contain cultures that facilitate or even prescribe adaptation. No matter if they remain in banking or switch to a financial authority, become educators, or launch a new firm in any branch of the economy, their spiritual capital can be reinvested, exchanged, transformed, revalued – but also wasted. It can develop (usually slowly) but also decline (rather rapidly). Like religion, this kind of spiritual capital is volatile in the long run. The fervor of the revealing experience may fade, the 'church' may lose its credit, the commitment of the 'believers' may weaken, and their community may disperse (erasing much of the accumulated social capital). Assessing the degree of volatility is, of course, a murky task. Let me nonetheless venture to make a thought experiment at the end of this paper.

I am afraid that the new capitalist spirit of our respondents is rather fragile and short run. Enfranchisement (initiation) is a one-time event, and one cannot remain a pioneer for ages. Because the given spiritual capital has strong rational (worldly) foundations, it is sensitive to changes in the economic reality, more precisely, to the success/failure ratio of the spirit-induced strategies of the actors. Probably, an economic actor (whose 'professional aberration' is to make pragmatic calculations, check their validity, etc.) needs to reinforce his/her commitment more often than the average religious believer. Furthermore, this spirit has a rather narrow focus, therefore, if not protected by a wider world-view, it will always be exposed, like in the current crisis, to challenges by non-capitalist or expressly anti-capitalist ideologies criticizing its alleged economic, liberal, etc. narrow-mindedness, soulless pragmatism and lack of *Kultur*, that is, 'coldness' or 'dryness'. It may always be accused of being a 'habit of the stomach' rather than that of the heart. Isn't it exactly this option that annoyed Max Weber when quoting Goethe on the 'nullities' who regard themselves as the peak of human civilization?

Thus, we have arrived at the old question: would any kind of 'on-the-job training' of capitalism not promise more lasting spiritual results if it were supported by a pro-capitalist religion that is by definition less particularistic, more altruistic and warm-hearted? The success stories of Evangelical Protestantism and Confucianism in various parts of the world suggest an affirmative answer to the question. At this point, Eastern Europe witnesses the paradox of a surprising decline of liberal thought amidst a regular capitalist revolution. With a few minor exceptions, one does not see an upswing of new – capitalism-friendly – religious movements in the region, which might help loosen up the paradox. Currently, the Russian Orthodox Church seems to accept modern capitalism more than the Hungarian Calvinists. The Catholic Church in Eastern Europe prefers the concept of *Sozialstaat* to even that of the least liberal versions of *Soziale Marktwirtschaft*. Many of the new rich in the region subscribe to Buddhism rather than Protestantism. Under communism, churches lost much of their spiritual capital, above all its pro-capitalist segment. In studying the emergence of the spirit of capitalism in the banking sector of eight ex-communist countries, we did not find significant differences according to their dominant religions. If we had searched for such differences more vigorously, … I had better stop here, asking a sociologist of religion for help. Until I get it, I insist on the concepts of implicit spirituality and surrogate religion.

Notes and References

1 This argument was put forward by the Czech writer, Milan Kundera in the debate on the concept of Central Europe during the 1980s. The prediction of decay shows an incredible continuity in the works of Zygmunt Bauman, Slavoj Zizek and others. Cf. my Westerweiterung? Zur Metamorphose des Traums von Mitteleuropa, *Transit* 21/2001, pp 3–20; Rival Temptations – Passive Resistance: Cultural Globalization in Hungary. In: Peter L. Berger and Samuel Huntington (eds), Many Globalizations. Oxford: Oxford University Press 2002, pp 146–182.

2 See, e.g., Samuel Huntington, *The Clash of Civilizations and the Remaking of World Order*, Simon and Schuster, New York, 1996; Andrew C. Janos, East-Central Europe in the Modern World, Stanford UP, 2000.

3 The discipline of Comparative Capitalism is still in its metaphoric stage in Eastern Europe. The following phrases are used to describe the allegedly neoliberal/criminal traits of the new capitalist regimes: trickster capitalism, casino capitalism, auctioneer capitalism, Chicago Boys capitalism, capitalism without compromise, uncivil capitalism, clan capitalism, mafia capitalism, gangster capitalism, parasite capitalism, predatory capitalism, etc.

4 From among the few proud reports by economists (albeit without strong cultural argumentation), see, e.g., Anders Aslund, 'Building Capitalism'. Cambridge and New York: Cambridge University Press, 2002; Leszek Balcerowicz, Socialism, Capitalism, Transformation, Budapest CEU Press, 1995; Vaclav Klaus, On the Road to Democracy, NCPA, Dallas, 2005.

5 In journalistic language Slovakia is called nowadays the 'Tiger of Tatra' while Hungary was formerly labeled as the 'Pannonian Puma'.

6 Cf. Brian Zinnbauer, Religion nd Spirituality: Unfuzzying the Fuzzy, *Journal for the Scientific Study of Religion*, 1997/36, pp 549–564; Penny Marler and Kirk Hadaway, 'Being Religious' and 'Being Spiritual' in America, *Journal for the Scientific Study of Religion*, 2002/41, pp 289–300.

7 Needless to say that this distinction is contextual to a certain extent: for example, after 1989, the myth of equality under communism proved to be a rather hard component of economic culture that influenced the 'spirit' of incomes policies of various governments from time to time. And conversely, the legal rules specifying fair business practices under the new capitalist regimes of the region could barely influence the 'spirit' of the economic elites.

8 In other words, I will not draw a sharp dividing line between cultural and social capital in this respect, and will use them in the original sense suggested by Bourdieu, Coleman, Putnam and others. For the concepts of religious capital and religious social capital, see Laurence Iannaccone, Religious Participation: A Human Capital Approach, *Journal for the Scientific Study of Religion*, 1990/29, pp 297–314; Laurence Iannaccone et al, Deregulating Religion: The Economics of Church and State, *Economic Inquiry*, 1997/35, pp 350–364; Rodney Stark and Roger Finke, *Acts of Faith. Explaining the Human Side of Religion*, Berkeley 2000.

9 Cf. my Uncertain Ghosts. Populists and Urbans in Postcommunist Hungary, in Peter L. Berger (ed), Limits of Social Cohesion, Westview Press 1998; Rival Temptations – Passive Resistance…; (ed), A zárva várt Nyugat. Kulturális globalizáció Magyarországon. (The West as a Guest. Cultural Globalization in Hungary) Budapest, 2002; Little America. Eastern European Economic Cultures in the EU', in Ivan Krastev and Alan McPherson, *The Anti-American Century*, CEU Press, Budapest 2007; Vergangenheit oder Vorvergangenheit? Kultur und Wirtschaftsentwicklung in Osteuropa nach 1989, *Berliner Debatte* 2004/5–6; Which Past Matters? Culture and Economic Development in Eastern Europe after 1989, in Lawrence E. Harrison and Peter L. Berger (eds), Developing Cultures, Routledge 2006.

10 I owe special thanks to the members of the national research teams, in particular, to Drago Cengic, Petya Kabakchieva, Irena Kasparova, Jacek Kochanowicz, Vintila Mihailescu, Matevz Tomsic, Vesna Vucinic and Violetta Zentai. The project was funded by the European Commission and run by the Center for Public Policy (CEU, Budapest) and the Institute for Human Sciences (Vienna). For more information, see

www.dioscuriproject.net, and Janos Matyas Kovacs & Violetta Zentai, *Capitalism from Outside*, CEU Press, 2010.

11 Cf. the influential works by Samuel Huntington, Ronald Inglehart and Gert Hofstede as well as the European and World Values Surveys. For the few exceptions, see, e.g., Jacek Kochanowicz and Mira Marody, Towards Understanding the Polish Economic Culture, *Polish Sociological Review*, 2003/4, pp 343–368; Hans-Hermann Höhman (Hrsg), Eine unterschätzte Dimension? – Zur Rolle wirtschaftskultureller Faktoren in der osteuropäischen Transformation, Edition Temmen Bremen 1999; (Hrsg.) Kultur als Bestimmungsfaktor der Transformation im Osten Europas. Konzeptionelle Entwicklungen – Empirische Befunde, Edition Temmen, Bremen 2001; Alina Mungiu-Pippidi and Denisa Mindruta, Was Huntington Right?, *International Politics*, 2002/2, pp 193–213; Piotr Sztompka, Civilizational Incompetence. The Trap of Post-Communist Societies, *Zeitschrift für Soziologie*, 1993/2 pp 85–95.

12 We were prepared for the fact that our respondents would apply a rather broad concept of economic culture encompassing both softer and harder items, even policies and institutional arrangements in which these items are incorporated. In any event, we wanted to use the term 'culture' in plural to express the prevailing diversity of cultural types in both the East and the West. At the same time, our interest in transnational encounters did not rest on an identification of nations with cultures, thereby ignoring cultural exchange *within* the countries under scrutiny. Moreover, it was assumed that intra-national cultural differences between generations, genders, regions, etc., though often caused by international differences, may overshadow the latter. Finally, our project was not intended to become a comprehensive survey of all possible functional subcategories of economic culture (such as work culture, consumption culture, financial culture, etc.).

13 The group of businesspeople studied in Field 1. included, besides the owners of the firms, also top managers and their chief consultants. The civil servants in Field 2. were leading officials working on both central and local levels. As regards Field 3., the group of economists primarily included academic experts, i.e., scientific researchers and university professors. Nonetheless, advocacy specialists, cultural brokers, economic journalists, etc. were also observed. The case studies that relied, besides the in-depth interviews, on participant observation, focus group meetings, etc., were subjected to comparative analysis across the country lines. On the average, *ninety interviews, nine case studies*, two media reviews and one literature review were made in each country. They served as raw material for *ten comparative analyses* covering the whole region.

14 This section rests on still unpublished national case studies written by Liviu Chelcea and Diana Mihaloiu (Romania), Drago Cengic (Croatia), Mikolaj Lewicki (Poland), Jelena Pesic (Serbia), Violetta Zentai (Hungary), and on their comparative analysis 'The Rise of a Banking Empire in Central and Eastern Europe' by Violetta Zentai. I owe special thanks to them, as to the other authors in the project who will be cited below. (See Note 16.).

15 See, e.g., Stephan Barisitz, Banking in Central and Eastern Europe 1980–2006. From Communism to Capitalism, London, Routledge 2007.

16 Here I rely on the case studies by Tanya Chavdarova and Georgi Ganev (Bulgaria), Mateja Rek (Slovenia) and Lenka Stepanova, Irena Kasparova and Marek Kaspar (Czech Republic).

17 The Mediterranean bank is the same as in the Czech case but the Near-Western institution is different from the one in the Croatian-Hungarian-Polish-Romanian-Serbian case.

Chapter 8

ORTHODOX SPIRITUAL CAPITAL AND RUSSIAN REFORM

Christopher Marsh

In an interview conducted with members of the editorial board of *Time* magazine in relation to their naming Vladimir Putin the 2007 'Person of the Year', Putin quoted scripture when asked about his attacks against corruption, responding that 'thou shalt not steal'. When asked further about his faith, Putin confessed to being a religious person, saying that he read the Bible and kept a copy of it on his plane. Putin further elaborated by stating that society needs a moral foundation, and that in his opinion the church can provide this[1]. Indeed, in a de-secularising Russia, recovering from seven decades of forced secularization under Communist rule, many are turning to the nation's spiritual heritage both for a sense of identity and answers to how to live in post-Communist society. With more than a thousand years of history in Russia, many have a deep cultural attachment to the Eastern Orthodox faith. As they attempt to integrate this faith into their daily lives, Orthodoxy may provide significant spiritual capital that may facilitate Russia's transition from Communism to democracy and the free market.

Before one jumps to the conclusion that Orthodox spiritual capital is the answer to Russia's prayers, however, one must also consider the fact that this very same faith tradition is being drawn upon in ways that clearly could derail Russia's reform efforts. From groups that refuse to be issued tax identification numbers out of fear of being labelled with the 'mark of the beast' to radical 'Orthodox' and skinheads who turn to violence against ethnic and religious minorities, the spiritual capital that is produced through a combination of Orthodox faith and Russian nationalism may indeed prove to be one of Russia's greatest obstacles to reform and modernization, much more difficult to overcome than the legacy of central planning or over-investment in the country's military-industrial complex.