

Is There a Gap in Economic Culture Between EU Countries and the Transition Economies?

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The process of EU enlargement is in its final stage, the CEECS have more or less adapted to the western standards, which is not yet sufficient for successful completion of the transition process successfully. We have learned from the failed communism that the imported norms, institutions and practices can cause entropy, unless they reflect the prevailing cultural orientation in the society. People should believe that what they are presented as right (norms) is also good (values). For this reason the system of norms and values should be developed simultaneously. The research results show that the symptoms of economic cultures are less evident in the CEECS than in the selected EU countries, thus the democratic socialization (stimulated from outside) is the key issue. For this reason the CEECS should be included in the network of the Euro-Atlantic integrations as soon as possible in order to ensure the democratic stability and economic efficiency of Europe.

Introduction

The process of EU enlargement has reached its final stage. The most advanced accession countries have closed almost every negotiation chapter.¹ In the process of transition the post-communist CEECS² are becoming more similar to the democratic societies³ and to the modern economic systems from the structural and cultural⁴ point of view.

Structural adaptation requires the adoption of basic institutional, juridical and behavioural standards in force in the developed western societies. This process depends on the socio-economic resources, human

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capital, skills, willingness and the interest of the social elites for implementing structural reforms. These resources differ from case to case; some transition states are more successful than others.

While normative and behavioural patterns, as also the organisation and institutional structure, can be 'standardised' relatively quickly in favourable conditions, the problem is more complex at the level of the core of culture, i. e. the value systems.

The process of structural and cultural synchronisation should not be understood as a general cultural standardisation in the sense of unification and assimilation of different cultures, or as a one-way adoption of certain cultural patterns of Western Europe. However, the rich cultural plurality of Europe should be provided with a core module of mutual democratic and modern political and economic values, which would ensure the political and economic stability of the European Union in the long run. Such a core of values was already created in Western Europe after World War II.

The purpose of our analysis is to find out whether there are significant differences in the economic cultures of the CEECS in comparison to selected EU countries. These will be compared on the basis of selected variables, which will mark the cultural economic value orientations.⁵

Premises and Hypothesis

The specific cultural traits of the states are conditioned by the rate of the general social development, the concrete historical experience, the religious orientation, the persistence of traditionalism, etc. The economic culture is correlated with values and principles of the modern market economy. We presume that:

Hypothesis 1: The selected European countries have developed a high level of economic culture.

Hypothesis 2: In CEECS the symptoms of economic culture are less developed than in selected EU countries.

Hypothesis 3: The CEECS, which are more successful in the structural adaptation to the western European standards, show similar patterns in the phenomenon of the economic culture.

Research Model

The theoretical concept of the political culture is resumed after Almond and Verba,⁶ the concept of economic culture after P. L. Berger.⁷ The no-

tion of economic culture, inspired by Almond's notion of political culture, was developed by Peter L. Berger, director of the Institute for the Study of Economic Culture (ISEC)⁸ at Boston University, in the mid 80's. The notion of economic culture after Berger cannot be confined to the frame of economic science, but can be investigated as a 'global', non-economic phenomenon (1986, 3–30). In conceiving the empirical model Hofstede,⁹ Trompenaars¹⁰ and Inglehart's¹¹ approaches to modern empirical researches were used, which consider values to play the central role in determining cultural orientations.

Professor Inglehart's ongoing research focuses on cultural change and its consequences. To explore this, he is coordinating a worldwide survey of mass values and attitudes, the World Values survey. This database reveals astonishingly strong linkages between the values and beliefs of mass publics and the presence or absence of democratic institutions, supporting the thesis that political culture plays a crucial role in the emergence and survival of democracy. The findings indicate that the evolution of industrial society tends to make democratic political institutions more likely, partly because the publics of these societies are becoming increasingly likely to want democratic institutions, and increasingly adept at getting them. This transformation does not come easily or automatically. Determined elites, in control of the army and police, can resist pressures for democratisation. But as they mature, industrial societies develop increasingly specialized and educated labour forces, which become relatively adept at exerting political pressure. Moreover, the emergence of economically advanced welfare states leads to gradual value changes in which mass publics give increasingly high priority to autonomy and self-expression in a sphere of life, including politics. As these things happen, it becomes increasingly difficult and costly to repress demands for political liberalization. These cultural changes are also transforming people's motivation to work, sexual and religious norms, and a number of other central society and political orientations. In order to investigate these changes, Professor Inglehart is analysing data from the three waves of the World Values survey (carried out in 1981, 1990 and 1996 in 60 countries containing over 70% of the world's population¹²), and the 1970–1996 Euro-Barometer surveys.

Culture¹³ in a narrower, operational sense, can therefore be defined as the system of values, which orientate people's behaviour and approach to the environment. In the empirical researches particular attention is paid to the analysis of the values which constitute the core of a culture.

The economic culture, which is defined as a combination of economic value beliefs, which orientate the economic behavior, can also be measured by the value indexes of the following variables:

- EDS – the ‘economic democratic syndrome’, which measures the share of agreement with the statement that ‘democracy has a bad influence on the economy’.¹⁴
- STA – the ‘statist syndrome’ measures the share of those who believe that ‘the state should own industry and business’, i. e. the opposite of the belief that ‘industry and business should be private ownership’.¹⁵
- MK – the ‘Martin Krpan’s’¹⁶ syndrome’ measures the share of those who think that ‘taking the opportunity of tax evasion can always be justified’, i. e. the opposite of believing that ‘taking the opportunity of tax evasion can never be justified’.¹⁷
- RAS – the ‘rivals syndrome’ measures the share of those who believe that ‘competition is harmful and it brings out the worst in people’, i. e. the opposite belief to ‘competition is good and it stimulates people to work hard and develop new ideas’.¹⁸
- PTS – the ‘paternalistic syndrome’ measures the share of those who believe that ‘the government should take more responsibility to ensure that everyone is provided for’, i. e. the opposite belief to ‘people should take more responsibility to provide for themselves’.¹⁹

The symptoms of the economic culture are variables, by which similarities and differences in national cultural orientations will be measured (units being the single states). The following units (states) have been included in the research: Great Britain, Germany, the Netherlands, Estonia, Latvia, Lithuania, Poland, the Czech Republic, Slovakia, Hungary, Romania, Bulgaria, and Slovenia, i. e. a combination of selected Western states with more or less stable democracies and successful market economies (three EU members) and the CEECS (10 transition economies and at the same time EU potential accession countries).

All deductions are based on the presumption that the higher the indexes, the more difficult the compatibility with the standards of democracy and market economy in Western democracies.

The Creation of the Database and the Results

We used the database from the EVS 1999, which is kept in the Archives of Sociologic Data of the Faculty of Social Sciences at the University of Ljubljana. The European Values Survey includes 31 European countries,²⁰

Table 1: Syndromes of economic culture (indexes)

State	EPS	STA	MK	RAS	PTS
Great Britain	4.68	4.77	2.41	4.00	4.43
The Netherlands	4.56	5.48	2.68	4.70	4.64
Germany	4.00	4.62	2.36	3.80	4.23
Estonia	5.81	6.10	3.15	4.39	6.09
Latvia	6.41	7.35	2.35	3.42	6.66
Lithuania	6.09	4.59	3.78	3.99	5.39
Poland	6.33	6.64	2.22	3.99	5.76
The Czech Republic	5.95	6.03	2.08	3.25	4.90
Slovakia	6.26	7.12	2.16	3.59	6.38
Hungary	5.81	6.65	2.11	3.76	6.12
Romania	6.52	6.20	2.79	2.73	4.81
Bulgaria	5.86	5.40	2.00	3.50	5.22
Slovenia	6.31	5.53	2.34	3.24	6.53

and interviews have been made on samples of approximately 1,000 people in each country (all together 38,759 interviews). The 114 questions posed to the interviewees were about relationship to the environment, personal happiness, social distance, work and employment, fair pay, discrimination at the workplace, religion, democracy, and many more. As far as STA, MK, RAS and PTS syndromes are concerned, the interviewees in EVS 1999 could answer with grades 1 to 10. When answering the question about EDS, the interviewees had to choose the answer on a four-level scale. The calculations of indexes for the observed states were explained in the previous chapter and are given in Table 1. We have also performed a cluster analysis from all variables, which is represented as a dendrogram in Figure 1 (discussed in conclusion).

Values of EPS are highest in Romania, Latvia, Poland, Slovenia and Slovakia, which means that these countries recognize a weak connection between democracy and economy, while in Great Britain, Germany and the Netherlands we can observe the opposite opinion. Greater differences between countries can be seen in STA values. The meaning of the entrepreneur's initiative is more important in Great Britain, Germany and – perhaps surprisingly – in Lithuania, while in Latvia, Slovakia, Poland and Hungary they believe, that the state should have more control over the SMES. Tax evasion is understood in Europe as something negative, it

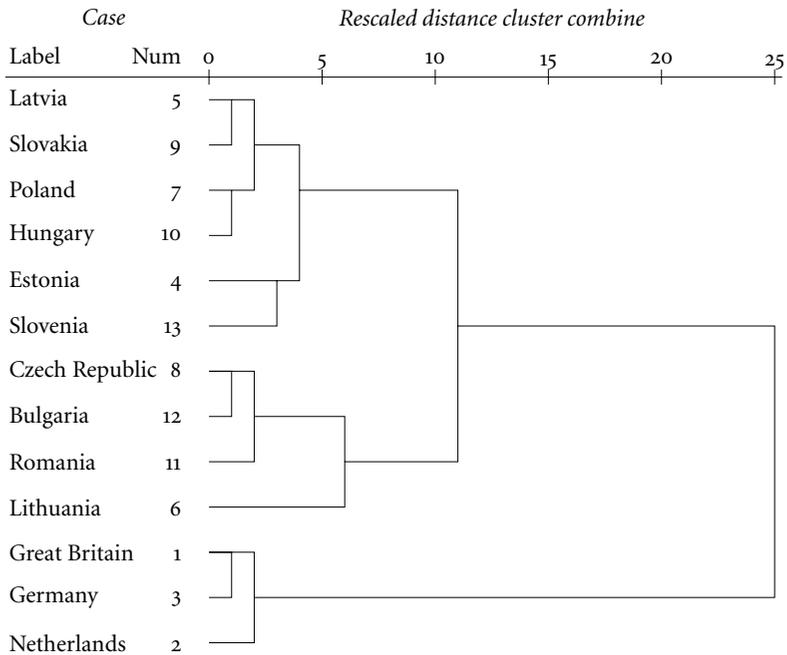


Figure 1: Dendrogram using Ward Method

is not an economic value (differences in MK values are small). The competition is also not a defining factor for differentiation of economic culture in the European countries (the differentials in RAS values are small and atypical). The PTS values are lowest in the western European countries (Great Britain, Germany and the Netherlands). In these countries dominates the ethics of individual responsibility. By contrast, there is a prevailing belief in the transition economies that the state is responsible, that everyone is provided for. This syndrome is most present in the value orientation of Latvians, Slovaks, Slovenes and Estonians.

Conclusions

The transformation process from a centrally planned economy to a market one is a very complex issue in which normative and behavioural patterns, as also the organisation and institutional structure, can be 'standardised' relatively quickly in favourable conditions. The problem is more complex at the level of the core of culture, i. e. the value systems. If a critical mass of the appropriate political-democratic and modern economic values is not reached, this will present additional obstacles to

the process of transition in the long run. This problem has been often neglected both in theory, as well as in practice.

The theoretical concept of the political culture has been resumed after Almond and Verba, the concept of economic culture after P. L. Berger. The database from the EVS-99, which is kept in the Archives of Sociologic Data at the University of Ljubljana has been used. Various variables of the economic culture had been taken into account, by which similarities and differences in national cultural orientations have been measured in 13 countries, representing a combination of selected Western states with more or less stable democracies and successful market economies (three EU members) and the CEECS (10 transition economies and at the same time EU potential accession countries).

In the dendrogram the two branches join relatively late, which means that differences between the EU countries and CEECS are significant. Two basic groups of countries were formed, which differ by the presence of the symptoms of economic culture.²¹ Great Britain, Germany and the Netherlands represent the first, and the second is formed out of CEECS. This proves the first (higher degree of economic culture in selected EU countries) and the second hypothesis (the existence of the basic gap economic culture in Europe). The differences among the other subgroups in the CEECS, show too little evidence to allow any valid conclusion, a part from the fact that we can detect similarities among the subgroup Latvia–Slovakia–Poland–Hungary, followed by a subgroup Czech Republic–Bulgaria–Romania–Lithuania.²²

How can the CEECS overcome the gap between the pre-modern and modern economic values among national cultures in Europe? Experience shows that the transition states do not have a sufficient amount of inner energy for a democratic cultivation, while the elites in power often show little interest in it. The help needed can be achieved with an accelerated integration of CEECS into Euro-Atlantic integration, which will have a benign influence on a faster implementation of democratic political and economic values, thus firmly guaranteeing a stable, democratic and peaceful Europe, able to express itself as a specific cultural entity in the world in the political-cultural and economic sense.

Notes

1. This paper has been written a few months before the enlargement of the EU took place.
2. Central and Eastern European Countries.

3. The transition process in CEECS has been quicker due to desired membership of the EU.
4. No culture is superior or inferior to another. We are accepting Inglehart's concept of modernization, which means that cultural values change from pre-modern (distinctive for transition countries), modern to post-modern. These changes are never linear.
5. EVS (European Values Survey) provides an opportunity to learn about the attitudes of citizens of different nations towards selected issues. In the research model of culture we selected issues we believed to be accepted in the economic culture of the EU as politically democratic and modern from the socio-economic point of view. The symptoms of economic culture are therefore expressed in the degree of the acceptance of democracy, acceptance of market economy, of free initiative, and no justification of tax evasion and self-responsibility.
6. The first to base the term of political culture was Gabriel A. Almond (1956). In the 60's he and Sidney Verba empirically based the notion of political culture on a comparative international opinion poll (Almond and Verba 1965). They confirmed a close relation between democratic political culture and democratic political systems.
7. Professor Berger previously taught at the New School for Social Research, at Rutgers University, and at Boston College. We are taking the concept of economic culture from his book *The capitalist revolution: Fifty propositions about prosperity, equality and liberty* (Berger 1986).
8. ISEC was founded at Boston University in 1985. Its purpose was to do research on the relations between socio-economic change and culture, the latter term understood in its usual social-scientific sense – that is, as the belief, values and lifestyles of different human groups. Essentially, the idea of establishing the ISEC was very simple: Economists do not like to deal with culture, because it does not easily lend itself to their methods; when they do deal with it, they do so by applying concepts that tend to distort it. Those in the human sciences who do deal with culture, on the other hand, shy away from the economic issues, because economics appears to be a forbiddingly difficult discipline. Consequently, there is a certain lacuna when it comes to our understanding of this particular relationship. Yet it is an important one. Thus, to take a very important example, it has become amply clear that the successful establishment of a market economy has certain cultural prerequisites, without which even the most sophisticated economic strategies are likely to falter (see <http://www.bu.edu/cura/about/introduction.html>).
9. According to Hofstede culture is the 'software of mind', which orients human behavior, is acquired by socialization, and has the following

- essential qualities: it is shared, collective and allows group distinction (1997, 411).
10. Trompenaars and Hampden-Turner, who created a highly useful model of intercultural researches, distinguish three levels of cultural manifestation: the highest is related to the national scale, the middle one refers to the sense for corporation and organization, and the lowest one to professional culture (1993).
 11. For more than twenty years Ronald Inglehart has been studying cultural, economic and political changes in 43 states worldwide, which have been developing in the sense of modernism or postmodernism (1997). He extended the EVS project to other parts of the world (WVS). In exchange for providing the data from interviews with a representative national sample of at least 1,000 people in their own society, each participating group gains immediate access to the data from all of other participating societies. Thus, they are able to compare the basic values and beliefs of the people of their own society with those of more than 60 other societies. In addition, they are invited to international meetings at which they can compare findings and interpretations with other members of the WVS network. This deals with interdependence of cultural, economic and political subsystems, which develop together and in a coherent way (see <http://wvs.isr.umich.edu/ringlehart/research.html>)
 12. See <http://wvs.isr.umich.edu/index.html>.
 13. In the broadest sociological sense culture can be understood as a complex of material, institutional and spiritual organisms (Giddens 1998, 582).
 14. The possible answers were 'agree strongly', 'agree', 'neither agree nor disagree', and 'disagree' that the democracy has a bad influence on the economy; to be able to compare EDS index to the other ones, we had to find a way to make them compatible. The percentages of the answer 'agree strongly' were multiplied by 10, 'agree' by 8, 'agree nor disagree' by 5 and 'disagree' by 1. The sum of these was divided by 100, in order to get the average value.
 15. The two extremes were: 1 – 'private ownership of business and industry should be increased', and 10 – 'government ownership of business and industry should be increased'; the percentage of the chosen answer was multiplied by the grade of the choice, and their sum was divided by 100, in order to get an average value.
 16. The terms refer to a popular Slovene story (novel) figure who smuggled English salt around the Austrian Empire. In nowadays terms, he evaded taxes.
 17. The same procedure as STA.

18. The same procedure as STA.
19. The same procedure as STA.
20. France, UK, Germany, Austria, Italy, Spain, Portugal, Netherlands, Belgium, Denmark, Sweden, Iceland, Northern Ireland, Ireland, Estonia, Latvia, Lithuania, Poland, Czech republic, Slovakia, Hungary, Romania, Bulgaria, Croatia, Greece, Russia, Malta, Luxembourg, Slovenia, Belarus.
21. We should bear in mind the limits of the results achieved. If a larger number of states and variables were included, economic cultural distribution of 5 types would be much more valid. So let us stress once more, that this research aimed in the first place at the demonstration of a research model.
22. The exceptions are Estonia and Slovenia, which together with Latvia–Slovakia–Poland–Hungary form the first sub-cluster of the CEECS.

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