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**Working Paper**

## Measuring the Attitudes Towards the Extended Order in Latvia, Poland and Russia: The Extended Order Index

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**Joachim Zweynert  
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**Joachim Zweynert, Robert Wyszynski,  
and Andreas Polkowski**

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The present paper is an outcome of a research project on the historical and cultural path dependence of the transition processes in Central and Eastern Europe, which is carried out jointly by the *Hamburg Institute of International Economics* (Department European Integration) and the *University of Hamburg* (Institute of Economic Systems, Economic History and the History of Economic Thought). The project is funded by the *VolkswagenStiftung*. The paper has been presented and discussed at the third international project workshop „Economic Styles and Eastern Enlargement of the EU“ that took place in Hamburg at March 31 and April 1, 2006. We are indebted to the discussants of our presentation as well as to Lena Nievers for her help with the English version of the text and a number of helpful comments, and to Thorsten Drauzburg for excellent research assistance.

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# Measuring the Attitudes Towards the Extended Order in Latvia, Poland and Russia: The Extended Order Index

## ABSTRACT

The increasing gap between the transition countries with regard to both their economic and political performance cannot be explained by their different starting conditions after the breakdown of the Soviet Union alone. Rather, it is due to cultural and historical circumstances that shape the particular tradition and societal environment. The paper aims at providing empirical evidence of the significance of cultural factors in transition processes by testing the degree to which norms of generalised morality prevail in three different post-socialist societies. On the basis of data collected in larger surveys in Latvia, Poland and Russia, it is being tested whether the divide between the Orthodox countries on the one and the Catholic and Protestant countries on the other hand finds an expression in different attitudes towards market and democracy.

**Keywords:** Cultural Economics, Transition, Extended Order.

**JEL-Classification:** Z 12, Z 13, C 42

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# 1 INTRODUCTION

The problem of transition has forcefully reminded the economic profession of the significance of cultural and historical factors for institutional change. The transition countries shared similar starting conditions,<sup>1</sup> and all of them declared the target to turn into market economies and democracies as soon as possible. Today, more than 15 years after the fall of the Iron Curtain, there are few regions in the world where the differences both in political and economic organisation and performance are greater than in Central and Eastern Europe (see Kitschelt 2003, 49). Much speaks in favour of the thesis that the explanation for the divergence in transition outcomes must be sought in the different cultural and historical legacies that shaped the values, norms and behaviour of the relevant actors (see e.g. Raiser 2001, Pejovich 2003, Gérard 2004, Winiecki 2004). If it is true that “historical specificity” (in detail see Hodgson 2001) was of decisive influence for the success or failure of transition, this raises the question to what degree it is possible to formulate general theories in the social sciences. This issue has a long tradition in our discipline that reaches far beyond the famous *Methodenstreit* between Gustav Schmoller and Carl Menger (see e.g. Richter 1988) at the end of the 19<sup>th</sup> century.<sup>2</sup>

This paper, as well as the research project as a whole, is based on a theoretical concept that was developed by economists like Werner Sombart, Arthur Spiethoff, Edgar Salin and Alfred Müller-Armack in the aftermath of the *Methodenstreit* – the theory of economic styles.<sup>3</sup> To us, it seems to be a promising approach to revive this research agenda because its basic idea is to find a ‘third way’ between historical and theoretical research: On the one hand, its adherents stressed the cultural and historical specificity of the economic process, on the other hand, they emphasised the importance of developing operable theories. During the last years, a number of attempts have been made to revive the concept of economic styles.<sup>4</sup> However, if we are not mistaken, the present paper is the first attempt at empirical research based on a style-theoretical approach. This makes it

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- 1 In “transitology” the significance of the initial conditions for success or failure of reforms in different countries has been much discussed, see e.g. Krueger 1998; Stuart and Panayotopoulos 1999, Falcetti, Raiser and Sanfey 2002. The discussion now seems to approach a consensus that initial conditions had a significant impact in the early stage of transition but that their influence is negligible when it comes to explaining today’s divergence between the countries concerned.
  - 2 The issue to what degree the economist could and should abstract from reality, had already been fiercely debated by Malthus on the one hand and Say and Ricardo on the other.
  - 3 For a short overview see Kaufhold 1996.
  - 4 Ammon 1989; Klump (ed.) 1994; Schefold 1994/95; Nienhaus 1999; Zweynert 2002; Herrmann-Pillath and Hederer 2003.

necessary to elaborate the methodological foundations of our survey in more detail than is commonly the case with empirical studies. The paper therefore has a somewhat hybrid character; it contains both a methodological proposal and the application of the suggested methodology.

The general idea behind the study is that “habits of thought” (Veblen) or “shared mental models” (Arthur T. Denzau and Douglass C. North) are an important but often neglected part of the ‘soil’ of informal institutions in which newly established formal rules have to strike root in order to sustain lasting changes. The times are long gone when economists measured progress in economic reforms only in quantitative terms. For example, the EBRD includes parameters of structural change into its annual *Transition Reports*. And the German *Bertelsmann Transformation Index*,<sup>5</sup> probably the ‘broadest’ of all transition indices, even tries to quantify such factors as social capital, civicness, and the degree of secularisation. None of these indices, however, includes the attitudes of the population towards the economic and political institutions of an – as Friedrich August Hayek (1988) called it – extended order. This is a severe shortcoming, for as Jean-Phillipe Platteau (1994, 795, *our italics*) aptly remarks,

“to function effectively, at least in a long-term perspective, the market requires the society to be structured in a way that ensures the widespread prevalence of abstract and impersonal relationships among agents *as well as the pervasive influence of norms of generalised morality*. It is therefore wrong to assume that the market is able to deepen its virtuous mechanics in any kind of social terrain.”

This paper aims at providing empirical evidence of the significance of cultural factors in transition processes by testing the degree to which “norms of generalised morality” prevail in three different societies in transition. The remainder of the paper is organised as follows: In the next section we will formulate the general theoretical framework of our research. In section three we summarise in very short terms how the transition processes in Central and Eastern Europe (in the following: CE & EE) can be described on the basis of this framework.<sup>6</sup> In section four we deliver a description of the main results of our survey, and in section five we develop an index that allows to rank countries according to the attitudes towards an extended order prevailing in them. In a conclusion we will summarise our results and give an outlook on future research.

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5 See the homepage of the Bertelsmann Foundation: [www.bertelsmann-transformation-index.de](http://www.bertelsmann-transformation-index.de)

6 We would like to emphasise that sections two and three of the present paper provide a short summary of Zweynert and Goldschmidt (2005), where these ideas have been elaborated in more detail.

## 2 THE GENERAL FRAMEWORK: TRANSITION AS EXTENSION AND DE-EXTENSION OF SOCIAL AND ECONOMIC RELATIONS

In accordance with the legacy of what Josef Alois Schumpeter ([1954] 1967, 815-820) called the ‘youngest historical school’, we start from the assumption that transition is a prime example of a social phenomenon which cannot be analysed in isolation, but only in its historical, cultural and political context. We are convinced that it is a fruitful and unwarrantedly forgotten approach to interpret the differences between economic institutions as expressions of different styles, that is, different sets of motivations, values and norms, or, in the language of older American institutionalism, “habits of thought”.<sup>7</sup> We depart from the original style-theoretical concept, however, in two closely related assumptions. *First*, the originators of the theory of economic styles remained true to the inductivism of the younger historical school. They were convinced that it was possible to construct economic styles on the basis of building blocks derived from empirical observation (see e.g. Spiethoff 1933). We agree with Max Weber (1922, 181) that this methodological proposition has severely hampered the style-theoretical research programme: What is meaningful in the chaos of empirical phenomena can only be decided on the basis of deductively generated theories. The *second* point follows suit from this consideration: If the construction of economic styles can only be based on a prior theoretical scheme, we also must give up the idea of formulating different theories for different places and times. Quite on the contrary, the individual features of societies can be made apparent only when compared on the basis of a general theoretical framework. However, we do not claim that the approach developed here may explain institutional change in all places and at all times.<sup>8</sup> Rather, it is a concept at an intermediate level of abstraction that aims at highlighting some problems of CE & EE transition. And we deliberately do not make any claims about the applicability of this approach to other places and times.

Our general theoretical framework is based on the comparison between two ideal types of social and economic organisation, the extended and the holistic order. Movement between these poles can be described in terms of extension and de-extension of social and economic relations. Following Friedrich August Hayek (1988), we define the extended order as an order based on highly abstract rules with social relations being very

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7 For an excellent account of “The Concept of Habit in Economic Analysis” see Waller 1988.

8 As is well known, this was precisely what Walter Eucken (1940) claimed for his theory of economic orders.



much depersonalised. In contrast, in a holistic order social relations are strongly personalised and social interaction is based on rules that are much more concrete and often contain moral prescripts.<sup>9</sup> There is a tight connection between the degree of extension of social relations and the degree of functional differentiation in a society. The fact that in ‘Western’ societies there exists a clearly defined (albeit not impermeable) boundary between economy and polity is an expression of the division of labour between different spheres of society, made possible by functional differentiation. Functional differentiation is a prerequisite for the emergence of different subsystems of society, each functioning according to their own functional rationality (*Zweckrationalität*) – that is, according to highly abstract and de-personalised rules. Democracy and the market are both (sub)orders of this kind. Only the politician who gets the majority of votes gains political power, and only the entrepreneur whose revenue is higher than his costs is able to survive in the market. Although both the political and the economic entrepreneur are expected to meet certain moral standards, the basic rules both in the economic and in the political system are neutral in view of moral values. And although both politicians and entrepreneurs are usually embedded in personal networks, the rules of the political and the economic game are – at least ideal-typically – neutral in view of the participating persons, for they apply to everybody independently from his or her social status, race, religious conviction and so on.<sup>10</sup>

In modern Western societies the existence of general, depersonalised rules makes it possible for the individual to interact in her daily business with persons far beyond her personal network(s) of personal acquaintance.<sup>11</sup> In a situation, in which there are no such general binding rules, the interaction with persons the individual is not personally acquainted with, bears high risks and is therefore costly. Hence, the individual is strongly dependent on and likely to restrict her social relations to the members of the community she lives in and with whom she is personally acquainted. This has two consequences: *First*, there will be a huge gap between the degree to which the individual trusts strang-

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9 According to Hayek, the two types of order are not mutually exclusive. Rather, ‘Western’ societies are characterised by a co-existence of ‘small’ and ‘large’ society that are organised according to different patterns. To him, the problems start with the attempt to structure the whole society according to one of these patterns: “If we were to apply the unmodified, uncurbed rules of the micro-cosmos (...) to the macro-cosmos (...), as our instincts and sentimental yearnings often make us wish to do, *we would destroy it*. Yet if we were always to apply the rules of the extended order to our more intimate groupings, *we would crush them*.” (Hayek 1988, p. 18) Our ideal types mainly refer to ‘large’ society, because a society in which the ties between kin and friends are organised according to extended patterns is simply unthinkable.

10 For a convincing critique of Granovetter’s “embeddedness thesis” (1985) see Platteau (1993, 538).

11 For a thought-provoking analysis of the merits and problems of *The Company of Strangers* in modern Western societies, see Seebright 2004.

ers (low) and the members of her own community (high). *Second*, if the individual rarely interacts with strangers, it is absolutely rational for her to behave opportunistically towards them in order to favour relatives and community members. In this context, Max Weber (1958, 303-4) aptly spoke of a gap between internal and external morals (*Binnen- und Außenmoral*).

Viewed from our theoretical perspective, socialist transformation basically meant a de-extension of social relations. In real socialism, the degree of division of labour between the different social spheres was drastically reduced. All formerly more or less autonomous subsystems were re-subordinated to the rationality of an all-embracing political ideology. Therefore, they could only to a much lesser degree follow their own, specific logic: Highly abstract rules that had been neutral in regard to moral norms, were substituted with prescripts which were not only much more concrete (e.g. five-year-plan) but also had a strong moral impact (e.g. all economic actions had to take into account social justice). Where the impact of abstract rules decreases, that of personal relations necessarily increases.

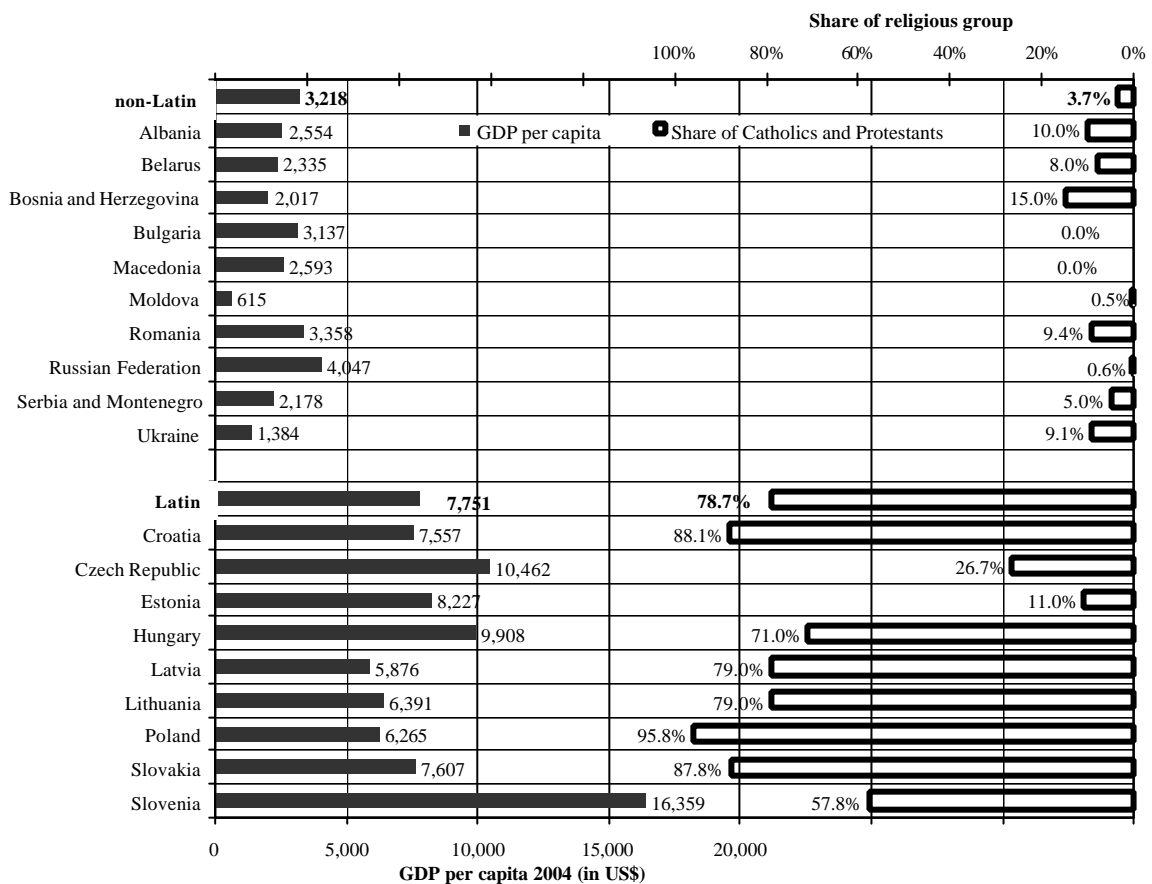
Since the classical study of Janos Kornai (1980) it has been well known that planned economies are always economies of shortage. In market economies, the abstract medium of exchange money is the scarcest resource. In a socialist economy, this function is taken over by concrete resources and goods. As a (fairly rational) reaction to the permanent scarcity of all goods the individuals in socialist societies formed redistribution networks that were mainly based on personal relations. Within the redistribution networks the issue that decided over failure or success of a transaction was the personal relation with the potential supplier of a desired good. In addition, the only way to redirect resources into one's own network was to distract them from the official economy. Therefore, the shortage economy revived the gap between internal and external morals in which Weber had seen a typical feature of pre-modern societies. These considerations can be summarised in the following table contrasting the 'holistic' and the 'extended' order:

	<b>Holistic society</b>	<b>Extended order</b>
Type of ideology:	Belief in a religion or political ideology, claiming absolute and eternal truth for all kinds of action and thought.	Multitude of possible interpretations of social reality.
Degree of functional differentiation, especially relation between polity and economy:	No or little functional differentiation between different spheres of society, especially no clear separation of economy and polity.	Clear functional differentiation between the different spheres of society, clear boundary between polity and economy.
Dominant type of social relations:	Dominance of personal relations within relatively small personal networks, large gap between internal and external morals.	Dominance of depersonalised relations, weakening of small networks, small gap between internal and external morals.

### **3 THE ROLE OF HISTORY AND CULTURE: TRANSITION AND THE TRANSFER OF INSTITUTIONS**

Having outlined the theoretical framework, we will now discuss the role of history and culture for processes of extension and de-extension of social relations. We start from the observation that there is an increasing gap between two groups of transition countries, with one group (the new members of the EU plus Croatia) having been successful in implementing ‘Westernising’ reforms and a second group (the former Soviet Republics except the Baltic States plus Bulgaria, Romania, Serbia and Montenegro), where both political and economic reforms have proceeded more slowly and where it is not yet clear which direction their development will eventually take. Our basic thesis is that an important reason behind the differences in ‘transition performance’ is the cultural divide between the ‘Western’ versions of Christianity (Protestantism and Catholicism) and the ‘Eastern’, Orthodox one. The following graph illustrates the connection between religious affiliation and GDP per capita in nineteen transition countries:

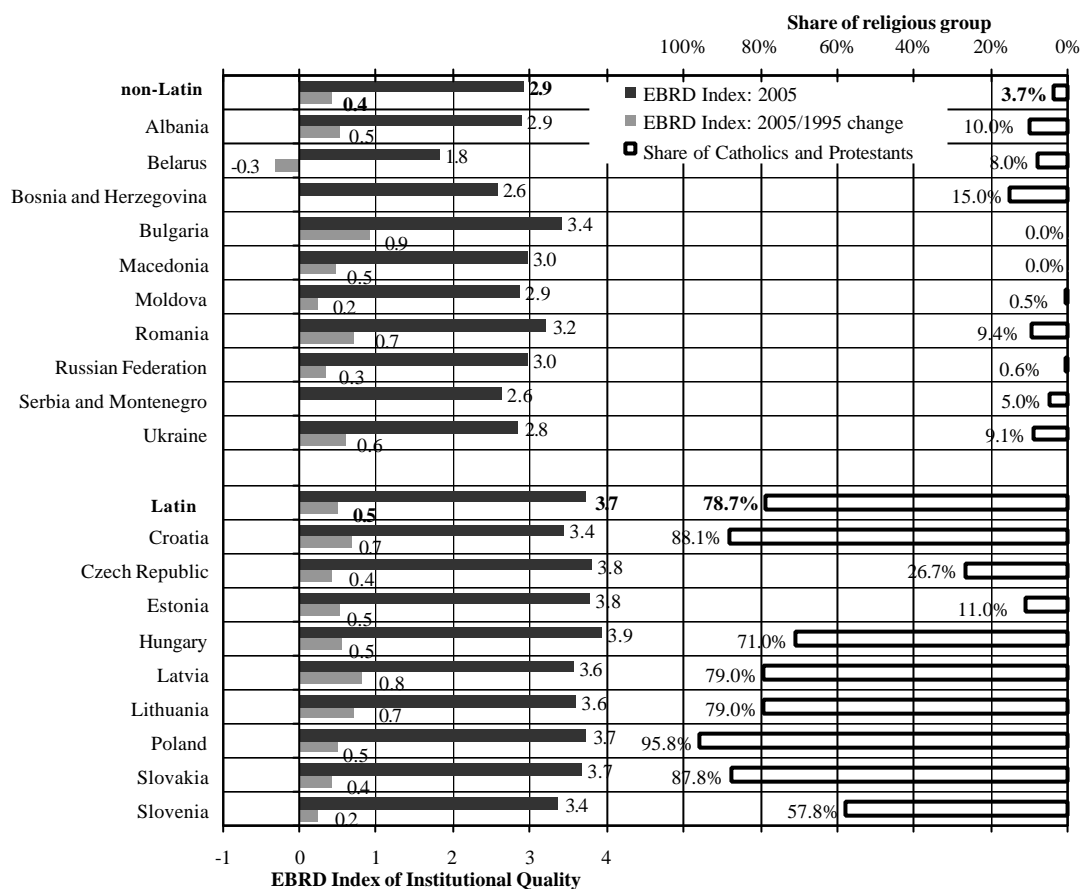
**Figure 1: GDP per capita and religious affiliation**



Sources: UN Statistics Division National Accounts Main Aggregates Database (2005), <http://unstats.un.org/unsd/snaama/dnlntransfer.asp?fID=4> (19.01.2006), UN Statistics Division Population and Vital Statistics Report: Series A (2005), <http://unstats.un.org/unsd/demographic/products/vitstats/serATab2.pdf> (19.01.2006), Der Fischer Weltalmanach 2006, Frankfurt a.M. 2005: Fischer Taschenbuch Verlag, CIA World Factbook (2006), <http://www.cia.gov/cia/publications/factbook/fields/2122.html> (19.01.2006), own calculations.

Now, one might argue that the GDP per capita is not the most significant indicator in transition countries. However, qualitative indicators give very much the same picture:

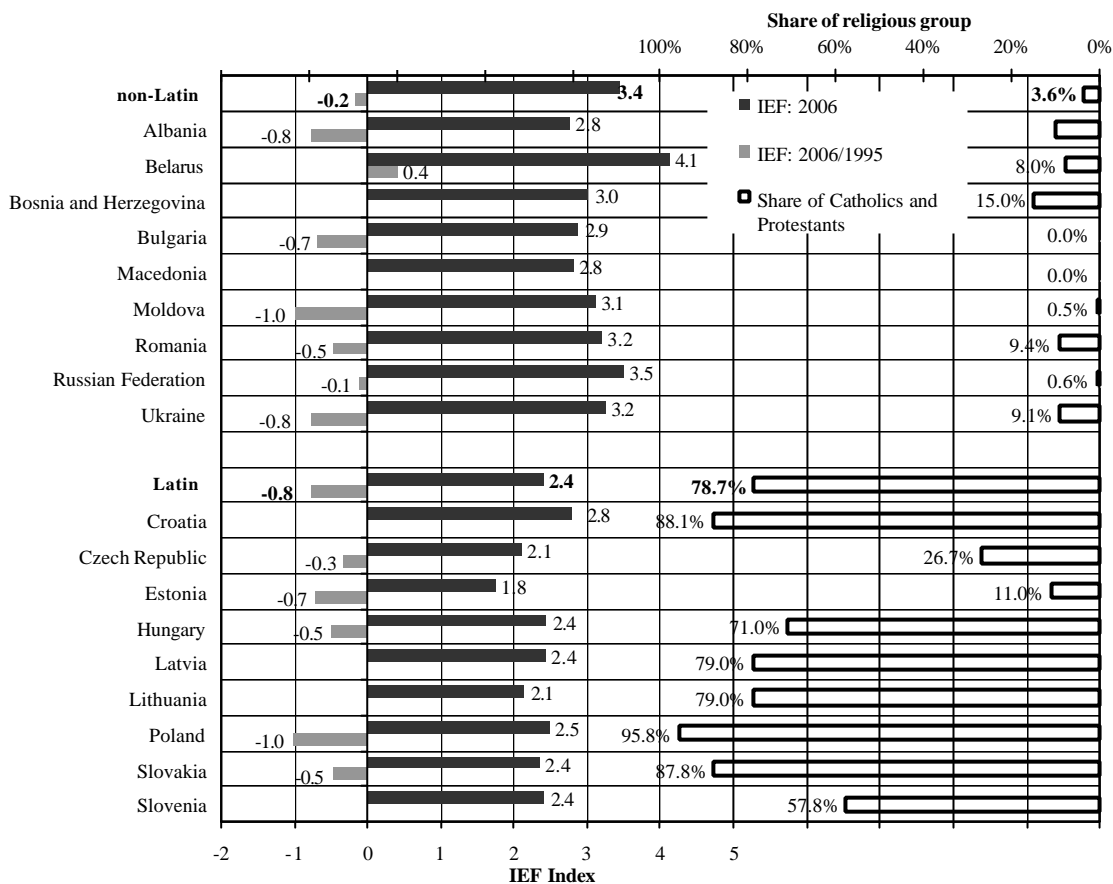
**Figure 2: EBRD Index of Institutional Quality<sup>12</sup> and religious affiliation**



Sources: European Bank for Reconstruction and Development (various issues), Transition report, London: Europ. Bank for Reconstruction and Development, Der Fischer Weltalmanach 2006, Frankfurt a.M. 2005: Fischer Taschenbuch Verlag, CIA World Factbook (2006), <http://www.cia.gov/cia/publications/factbook/fields/2122.html> (19.01.2006), own calculations.

<sup>12</sup> The EBRD Index of Institutional Quality is calculated as the mean of nine separate EBRD measures of the countries' different institutions. These measures range from 1 to 4 with a higher value indicating greater institutional progress. For 1995 no values for infrastructure reform were available.

**Figure 3: Index of Economic Freedom and religious affiliation**



Sources: The Heritage Foundation (2006), Index of Economic Freedom, <http://www.heritage.org/research/features/index/downloads/PastScores.xls> (16.02.2006), Der Fischer Weltalmanach 2006, Frankfurt a.M. 2005: Fischer Taschenbuch Verlag, CIA World Factbook (2006), <http://www.cia.gov/cia/publications/factbook/fields/2122.html> (19.01.2006), own calculations.

When interpreting the Index of Economic Freedom it is important to bear in mind that small index numbers stand for much freedom and vice versa.

While it is not an original idea to trace the different outcomes of transition back to the two versions of Christianity – this link has been highlighted by a whole number of social scientists and economists already (see e.g. Huntington 1993; Panther 1997, 1998, 2002; Stark and Bruszt 1998; Wallace and Haerpfer 1998; Goehrke 2000) – our explanation differs from those given by these authors: We agree that the cultural divide is central to the explanation of the gap between ‘Latin winners’ and ‘Orthodox losers’ (Panther), but in order to avoid one-dimensional culturalist explanations, we are trying to ‘bring policy back in’ by applying the idea of institutional transfer to CE & EE tran-

sition.<sup>13</sup> According to this perspective, political and military pressure played not the smallest role in the transfer of ‘Western’ patterns of social organisation to the ‘latecomers’ of Central and Eastern Europe.<sup>14</sup>

The decisive feature of WE political and economic development was social differentiation. WE history since the Middle Ages has been characterised by a sequence of differentiation processes leading to a growing division of labour between the different spheres of society, with the emergence of a more or less autonomous economic subsystem at the turn of the 19<sup>th</sup> century as (for the present) the last step. The theory of institutional transplantation suggests that the success or failure of institutional transfer is determined not least by the compatibility between the informal institutions prevailing in the ‘receiving’ country and the formal institutions imported from abroad. Here the divide between the above-mentioned cultural divide comes into play. A decisive feature of the Orthodox legacy is a markedly holistic understanding of society. The idea that there might be a difference between religious and political truth, and that a person could act as a merchant in one way and as a believer in another, ran counter to the Orthodox religious dogma that also strongly influenced Russian secular culture (see Berdyaev [1937] 1990, 19; Buss 2003, 167). This holistic legacy is in potential conflict with the social differentiation that was basic for WE political and economic development. In our view, this may explain why the transplantation of Western, extended institutions to the countries located east of the cultural divide often led to the emergence of inconsistent hybrid settings and why many imported institutions were even rejected in the medium or long run. Although the October Revolution was by no means a pre-determined outcome of Russian culture (which of course never was homogeneous), it is also no accident that it took place in an Orthodox country. For in a way, the attempt to re-establish the unity of society by subordinating all its parts to one generally binding ideology tied in with the holistic legacy of the Orthodox Church. After the Second World War the Soviet Union managed to export her institutional settings to the Central European Countries. Even more than the ‘acculturation’ to WE prior to the Second World War, this transfer of institutions was politically enforced. But at the same time, the prevailing

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13 On the problem of “institutional import” or “transfer of economic institutions” see Badie 2000; Polterovic (2001); de Jong, Lalenis and Mamadouh (2002), Djankov et al. (2003, 609-12); Oleinik 2005; Zweynert and Goldschmidt (2005).

14 A typical example is that both in Germany and in Russia the decisive reforms which laid the foundation for capitalist transformations were set up after devastating defeats in wars: In Germany it was the defeat in the Napoleonic Wars that finally led to the implementation of the reforms of Stein and Hardenberg [*Stein-Hardenbergsche Reformen*], in Russia the emancipation of the serfs was accomplished after the defeat in the Crimean war (1853-56).

cultural traditions made the Orthodox countries more susceptible to the imported Soviet institutions which remained somewhat akin to the Protestant and Catholic societies.

Summing up, we argue that the two transitions the countries of CE & EE went through in the 20<sup>th</sup> century (with the second transition not yet being completed in all countries) can be described as processes of de-extension (socialist transformation) and extension (transition from plan to market). We emphasise that both processes were in the first order politically implemented, but we argue that the degree to which the transplanted institutions stroke roots in the receiving country, decisively depended on cultural factors. The aim of our empirical research was to find out whether the divide between the Orthodox countries on the one and the Catholic and Protestant countries on the other hand finds an expression in different attitudes towards market and democracy.

## 4 DESCRIPTIVE ANALYSIS

Our interpretation of transition towards the market and democracy as a process of extension of social and economic relations is basic to the design of our questionnaire and the choice of countries. In summer and autumn 2004 larger surveys were carried out in Latvia, Poland and Russia, the sample size being 2000 respondents in Russia and 1000 respondents in each Latvia and Poland.<sup>15</sup> The survey is cohort-specific with an equal share of the ten cohorts. We chose this method because in view of the future perspectives of the formerly socialist countries the attitudes of the younger generations are of special significance. We will look at these differences in the next section, in which the extended order index will be developed. The questionnaire that was developed in co-operation with Alexander Chepurens (Higher School of Economics, Moscow) and adapted to Latvia and Poland by our regional partners (see footnote 15) consisted of 55 questions, 21 of which are of a supplementary nature (asking about the social status of the respondents, their political and religious convictions and so on). For the sake of brevity we confine our descriptive analysis to the 16 questions (out of 34) that provided the most interesting results. In accordance with our interpretation of the transition process, the main focus of these questions are the following points:

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15 Field work was carried out by the *Institute of Social Research at the Russian Academy of Sciences* (Moscow, Russia), *B.P.S. Consultants* (Warsaw, Poland), and the *Baltic Institute of Social Sciences* (Riga, Latvia).



- (1) Exploring the ideological backing of the extended order within given societies and the evaluation of abstract and depersonalised versus moral and personalised rules respected by their members,
- (2) Identifying and quantifying public opinion about the relation between the political and the other subsystems of society, especially the economic one,
- (3) Addressing some qualities of special importance for the functioning of an extended order: the level of trust and the degree to which norms of generalised morality prevail.

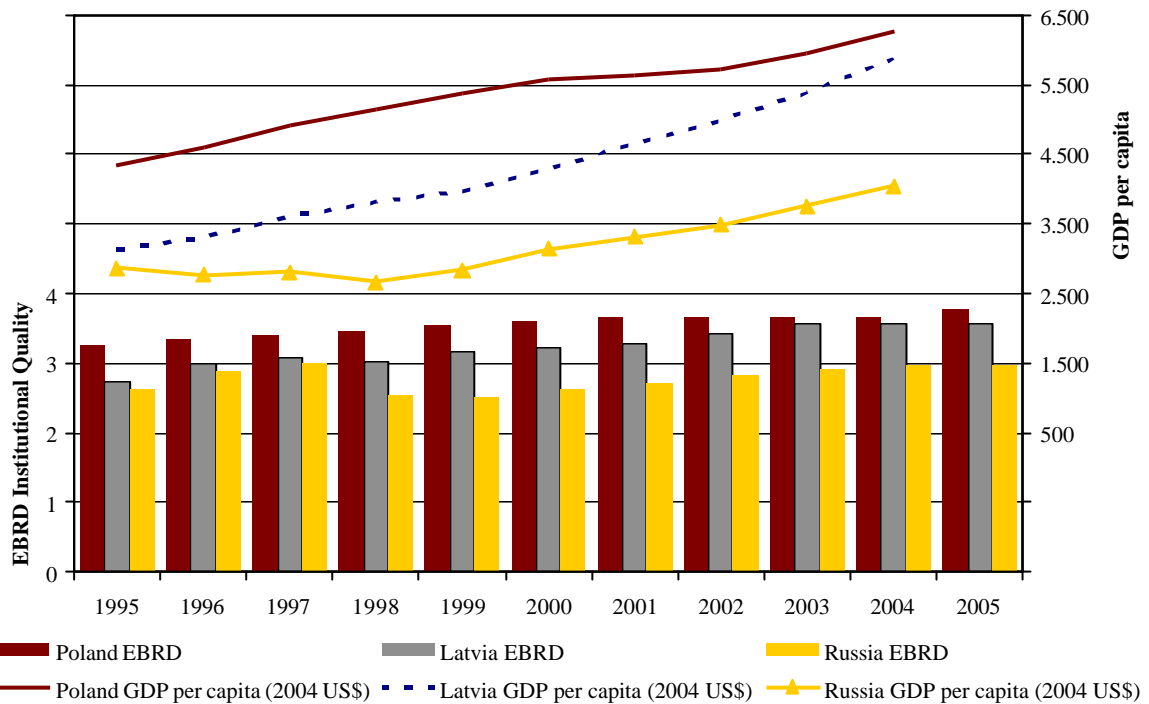
The hypothesis that the differences in the attitudes towards the extended order in CE & EE are significantly due to the cultural divide between the Orthodox countries on the one hand and the Protestant and Catholic ones on the other, determined the choice of countries for the survey. Poland is one of the most successful transition countries and is clearly located west of the cultural divide. Russia is not only a typical example of a country that until now has shown a much weaker ‘transition performance’ than most CE countries, it is also one of the countries with the highest shares of Orthodox believers in CE & EE.<sup>16</sup> Latvia is an extremely interesting case due to the fact that almost 40% of its population is of Russian, Ukrainian or Belorussian origin.<sup>17</sup> Therefore, the cultural boundary runs through the country, and comparing the answers given by Latvians of a ‘Russian’ with those of a ‘Baltic’ origin seems to be especially promising in order to verify the significance of the cultural divide. Indeed, if we take a look at the ‘transition performance’ in the three countries analysed by us, we find that – without claiming that this is solely due to the cultural divide – regarding both indicators Poland showed the best and Russia the worst performance, with Latvia taking an intermediate position:

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<sup>16</sup> The share in Russia is 87%. It is only higher in Moldova (98%).

<sup>17</sup> In Russian common speech, these Latvians are often labelled “Russians”. We do not follow this classification and distinguish between “Baltic” Latvians, Latvians of Russian origin and “others”. As our aim is to compare the Russian and the Latvian data, in the following we neglect the group of “others”, which constitutes approximately 8 % of those questioned by us.

**Figure 4: Transition Performance**

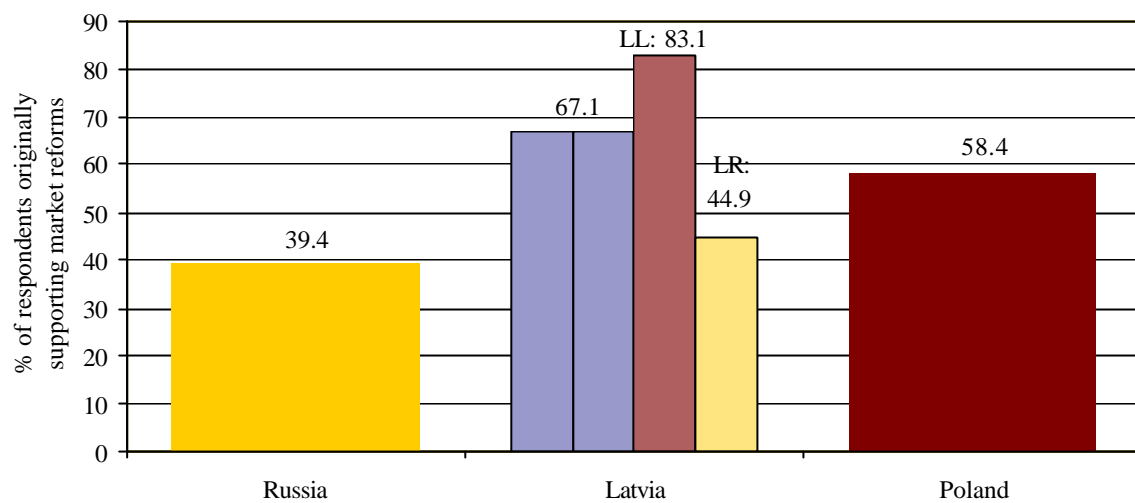


Sources: UN Statistics Division National Accounts Main Aggregates Database (2005), <http://unstats.un.org/unsd/snaama/dnltransfer.asp?fID=4> (19.01.2006), European Bank for Reconstruction and Development (various issues), Transition report, London: Europ. Bank for Reconstruction and Development, own calculations.

Now, how do the attitudes towards the extended order relate to the developments in the real economy? Our hypothesis is that the acceptance of the extended order should be highest in Poland and lowest in Russia, with Latvia taking a middle position. Within Latvia we would expect significant differences between the respondents of a 'Baltic' and those of 'Russian' origin.

At the beginning, we asked the respondents how they evaluated the market reforms 15 years ago (question 1) and how they judged the reforms of the early 1990s today (question 2).

**Figure 5: Original support for market reforms**



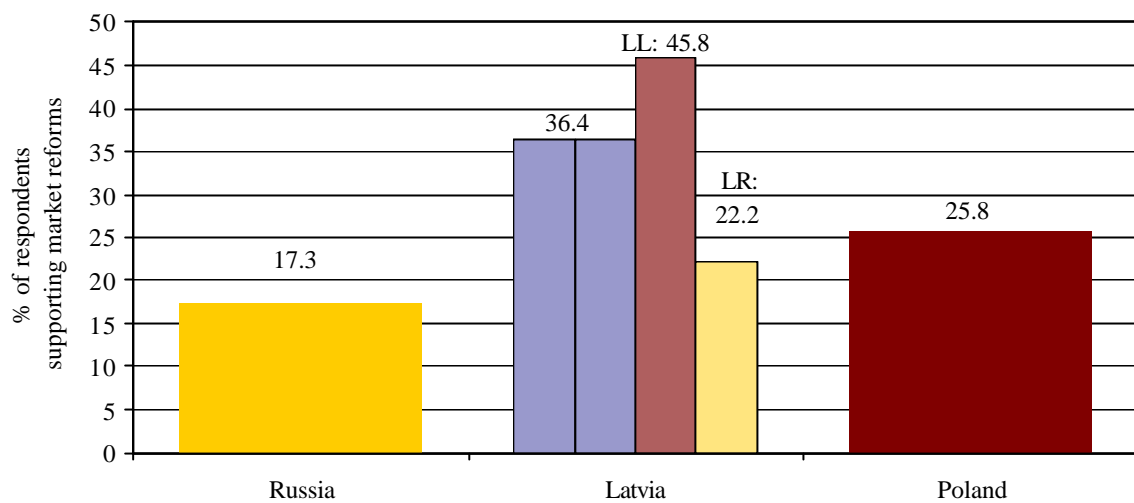
According to the memory of our respondents, support for market reforms was originally highest in Latvia (67.1%) and lowest in Russia (39.4%), with Poland (58.4%) taking an intermediate position.<sup>18</sup> If we differentiate the Latvian data into Latvians with a Baltic background (in the following “LL”) and those of “Russian” background (in the following “LR”), we find that 83.1% of the former but only 44.9% of the latter had a pro-reform orientation in the early 1990s.<sup>19</sup>

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18 The numbers in brackets are the sum of those who either said that they had “supported market reforms with vigour” and those who “had their doubts but saw more pluses than minuses”.

19 This is a typical example of how careful one should be in explaining differences with cultural factors. It should not go without notice here that the ‘Russian’ Latvians probably were aware from the beginning that the reforms were not only likely to lead to full autonomy of Latvia from Russia, but also, that this might significantly worsen their social and political situation.

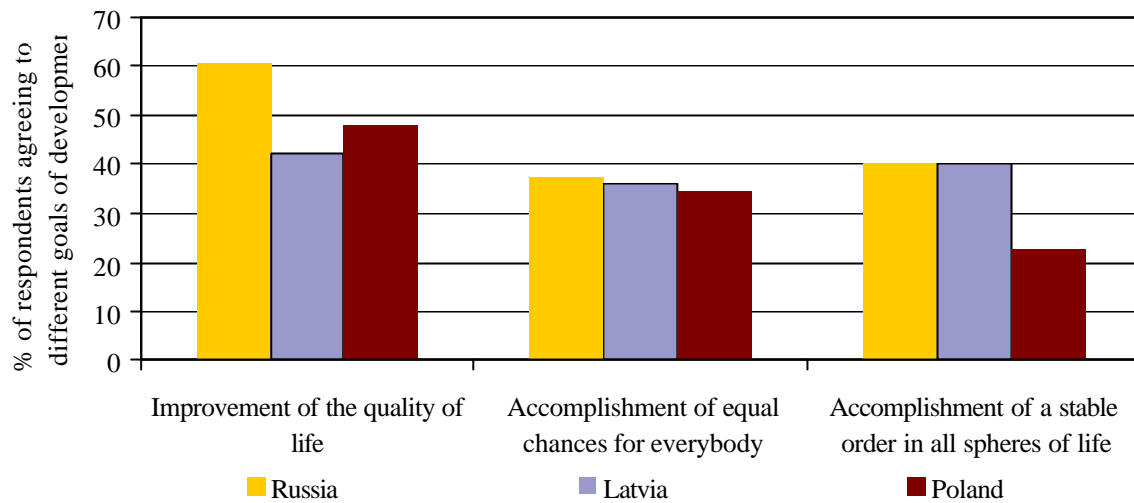
**Figure 6: Support for market reforms today**



In all countries, support for market reforms has decreased by approximately 50% (R: 17.3%; P: 25.8%; L: 36.4%). Within Latvia, the relative shares have remained roughly the same; 45.8% of LL, but only 22.2% of LR still support market reforms.

Our third question concerned specific goals of development in Latvian, Polish or Russian society. We offered 19 possible answers to the respondents and asked them to choose the three they considered most important. The background to this question is that one of the basic dogmas of real socialism was to see history as a purposeful process with a well-defined final result (communist society). In contrast, Western liberal society tends not to declare overall binding goals of social development.

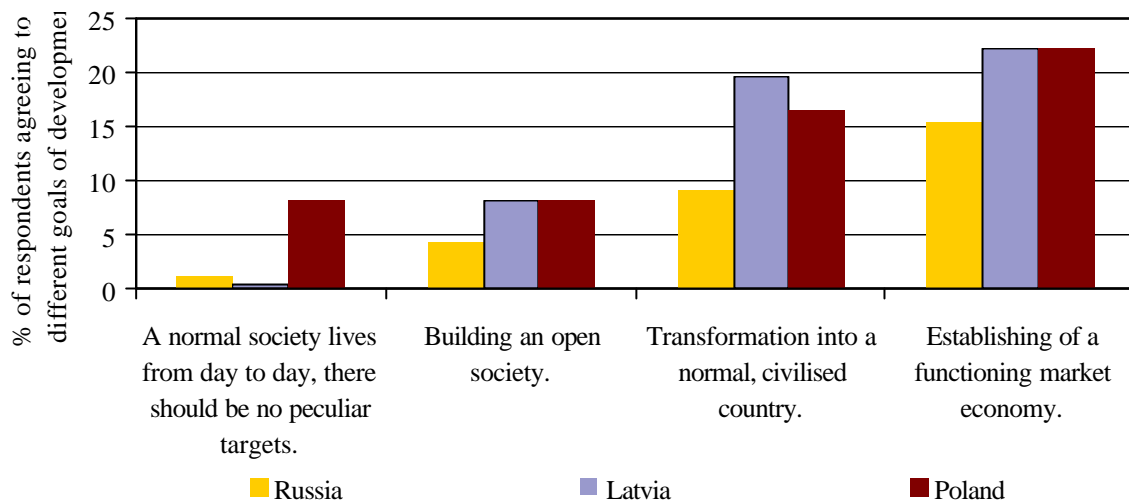
**Figure 7: Most important goals of development**



In all countries (R 60.9%; L 42.4%; P 47.9%), an “improvement of the quality of life” was regarded as the most important goal, and in all of them between 34.8% (P) and 37.1% (R) considered the “accomplishment of equal chances for everybody” as the second most important goal.<sup>20</sup> If all three countries are taken together, the “accomplishment of a stable order in all spheres of life” was regarded as the third most important goal. However, there are significant differences. Stability is seen by close to 40% of the Russians and Latvians as one of the most important goals, but only by 22.6% of the Poles. This is exactly the same share of Polish respondents who hold that “the establishment of a functioning market economy” is an important goal. The share of Latvians and Poles who support this view is about the same (22.2%), but in Russia it is only 15.5%.

<sup>20</sup> While all in all the differences between LL and LR were negligible for question three, this particular goal was supported by 48.4% of LR but only by 27.9% of LL. It is quite obvious that this is due to the fact that the LR see themselves as a suppressed minority that would gain by an equalisation of chances.

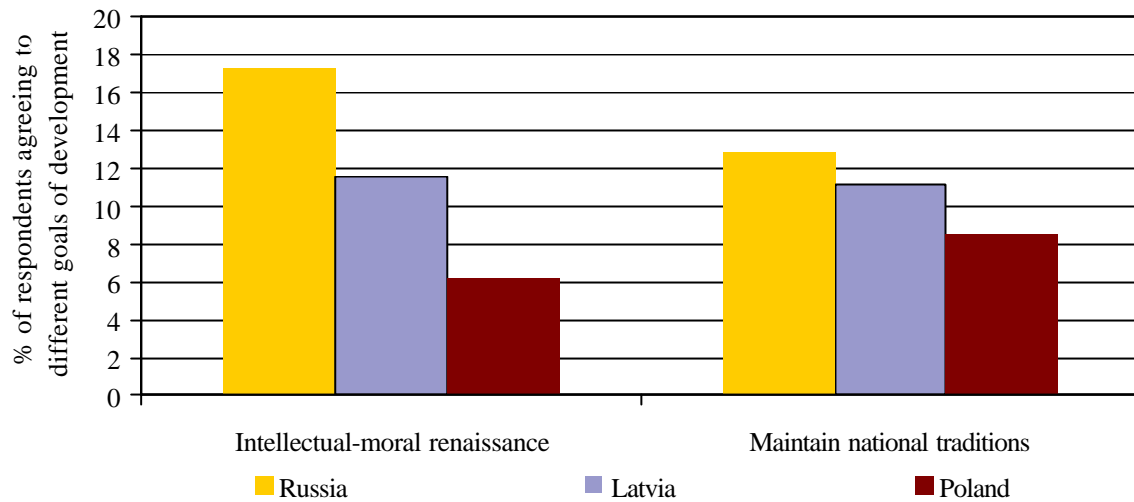
**Figure 8: Rejection of the socialist order**



The most radical refusal of the socialist dogma of history as a purposeful process is the statement “A normal society lives from day to day, in it there should be no particular targets”. Interestingly, it is supported by 1.1% of the Russian and 0.5% of the Latvian respondents, but by remarkable 8.1% of the Polish ones. The targets “to build up an open society” and “transformation into a normal, civilised country” are further clear expressions of liberal values. Building an “open society” is supported by 4.4% of Russians but by 8.1% of Poles and 8.4% of Latvians.<sup>21</sup> Here again it is interesting that the share of LR who support the “open society” (8.9%) is significantly higher than that of LL (7.2%). The suspicion that this is due to the minority status of LR finds clear support in the fact that 36.8% of LR see the “peaceful co-existence of different nations within the country” as an important goal, in contrast to only 8.0% of LL. Only 9.2% of the Russians see the transformation into a normal civilised country as an important target, the shares in Poland (16.5%) and Latvia (19.7%) are clearly higher.

<sup>21</sup> Here again it is interesting that the share of LR who support the “open society” (8.9%) is significantly higher than that of LL (7.2%).

**Figure 9: Call for intellectual-moral renaissance and support for the maintenance of national traditions**

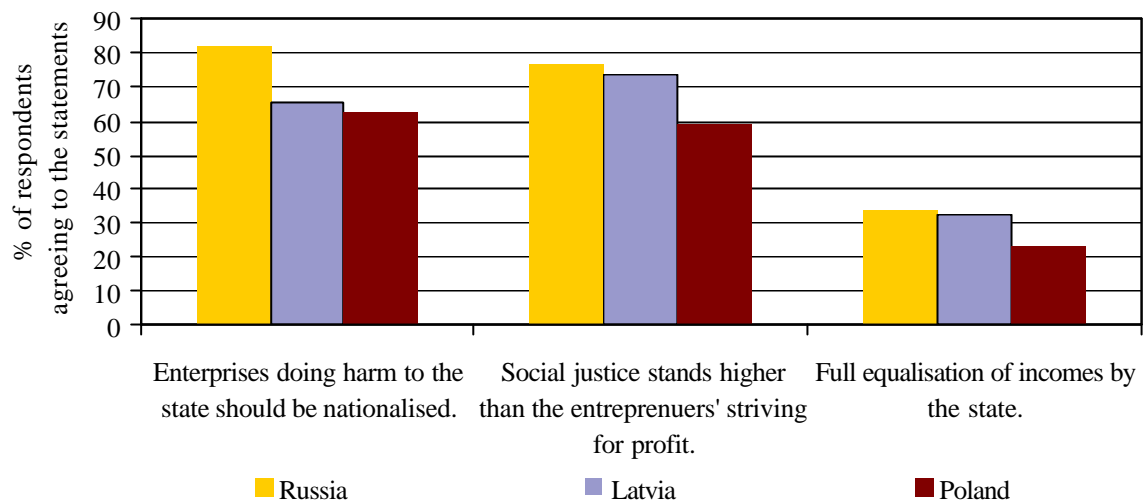


Somewhat opposed to the target of becoming a “normal civilised country” is – at least in the context of a post-socialist society – the call for “intellectual-moral renaissance”, which is seen as an important goal by 17.2% of Russians, 11.5% of Latvians but only by 6.2% of Poles. In all three countries it is felt that it is important to maintain national traditions, but again this share is higher in Russia (12.9%) than in Latvia (11.1%) and in Poland (8.5%).

In a next step, we asked about the relation between the political and the other spheres of society. In particular, we tried to find out to what degree the respondents still support a social order in which the political system (the government) directly interferes with the press, the law, science and private business. For this purpose we asked the respondents whether they agreed or disagreed with the following statements:

- a.) If the press does harm to the state interests, its freedom should be restricted.
- b.) The government should have the possibility to directly influence legal practice if the state interests demand it.
- c.) Science is not a purpose of its own. Its task is to serve the state.
- d.) Enterprises doing harm to the state interests should be nationalised.
- e.) Social justice stands higher than the entrepreneurs’ striving for profit.

**Figure 10: Support for state intervention**



In three out of five cases the acceptance of state interference (or the call for a primacy of the political system) is highest in Russia and lowest in Poland, with Latvia taking an intermediate position. However, regarding the relation between the political and the juridical system, more Poles than Latvians accept the statement that the government should intervene if the state interests seem to make this necessary, and more Latvians than Russians hold that science should mainly serve the state's interests. The last two questions more specifically concern the relation between the political and the economic sphere. 81.8% of the Russians but 'only' 65.5% of the Latvians and 62.5% of the Poles agree with statement about the nationalisation of enterprises. On this issue, the Latvian response is similar to the Polish one, but with regard to the statement that the ideal of social justice stands higher than the striving for profit, the outcome in Latvia is significantly closer to that in Russia (R 77.0%; L 73.6%; P 58.6%). We have to concede that the results of a differentiation of the Latvian data according to national origins clearly contradict our hypothesis: In the two cases where there are significant differences (questions c and d), support of holistic (or "anti-extended") patterns is higher with LL than with LR by approximately 10%.

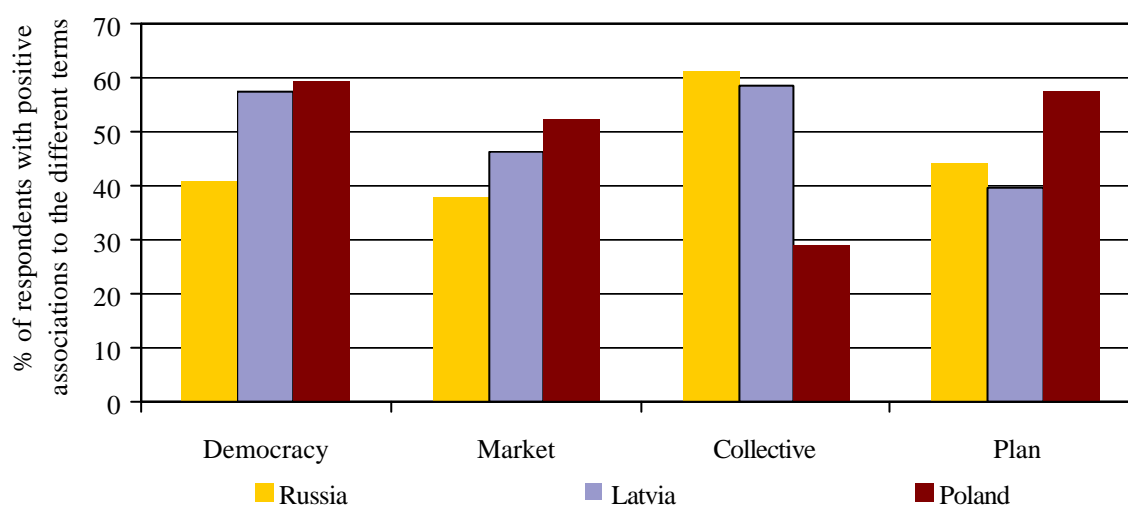
We then focused more concretely on the relation between the state and the private sector as producers of goods and services. We confronted the respondents with 22 branches and institutions, ranging from banks to schools and theatres, and asked whether they should be managed by the state, by private business, or by both. Our findings regarding this question can be summarised in very short terms: Concerning 13 out of the 22 goods and services mentioned in the survey, the Russians preferred the strongest and the Poles



the lowest participation of the state. Latvia again took an intermediate position and in most cases was closer in opinion to Russia than to Poland.<sup>22</sup> In view of the events around the Yukos group it deserves mentioning that 80.2% of the Russian respondents are of the opinion that oil production should be in the hands of the state. The fifth question, which is tightly connected with the fourth, is about the role of the state in the social sphere. The differences are less significant than we expected, but the share of those who desire a full equalisation of incomes by the state is slightly more than 30% in Russia (33.8%) and in Latvia (32.4%), whereas this share is ‘only’ about 23.5% in Poland (see figure 10).

In order to learn more about the values that are basic to the acceptance or rejection of the extended order, we confronted the respondents with fifteen terms<sup>23</sup> and asked them to qualify their associations on a scale from one (very negative) to five (very positive). The graph below gives a simplified overview of the results, with the scale points reduced from five to three.<sup>24</sup>

**Figure 11: Acceptance of the extended order**



In general, the answers to this question also confirm the hypothesis: Both “democracy” and “market” raise the most positive associations in Poland (democracy: 59.2%; market: 52.2%) and the least positive ones in Russia (40.8% / 38.0%); as usually, Latvia (57.6%

<sup>22</sup> There were no significant differences in the answers of LL and LR.

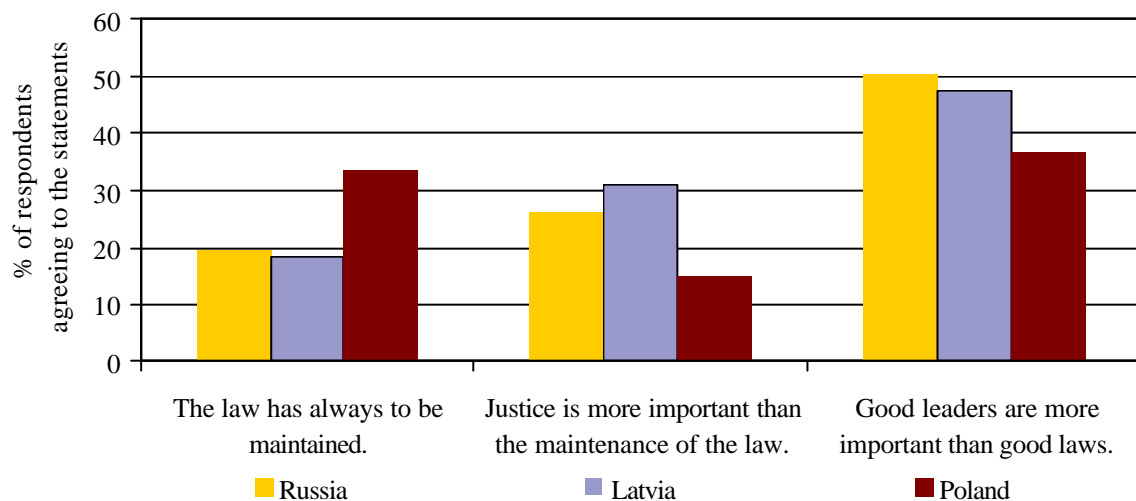
<sup>23</sup> These terms were: effectiveness, plan, individual, state, democracy, solidarity, market, society, competition, collective, rationality, social justice, money, profit, private property.

<sup>24</sup> The data were aggregated by summarising scale points 5 and 4 (very positive/positive) to “positive” and the scale points 1 and 2 to “negative” respectively.

/ 46.2) is located between the two.<sup>25</sup> The same is true for other key terms of the extended order such as “individual”, “private property” and “efficiency”. Particularly striking is that the term “collective” raises positive associations with 61.5% of the Russians and 58.8% of the Latvians but only 28.9% of the Poles. However, it came as a great surprise to us that the term “plan” raises positive associations with 57.6% of the Poles but only 44.5% of Russians and 39.6% of Latvians.<sup>26</sup>

The seventh question “According to your view, how must one behave towards the law?” is one of the key questions of the survey, for it directly refers to the norms of generalised morality.

**Figure 12: Acceptance of abstract rules**



The possible answers range from “One must always and in every case maintain the law, even if it is outdated or does not fully accord to today’s reality” to “It is not so important if something is according to the law or not – the main thing is that it’s just”. The share of those who hold that the law must always be upheld is highest in Poland (33.5%) and lowest in Latvia (18.2%), but the difference between Latvia and Russia (19.7%) is not really significant. The share of those who hold that it is more important that something

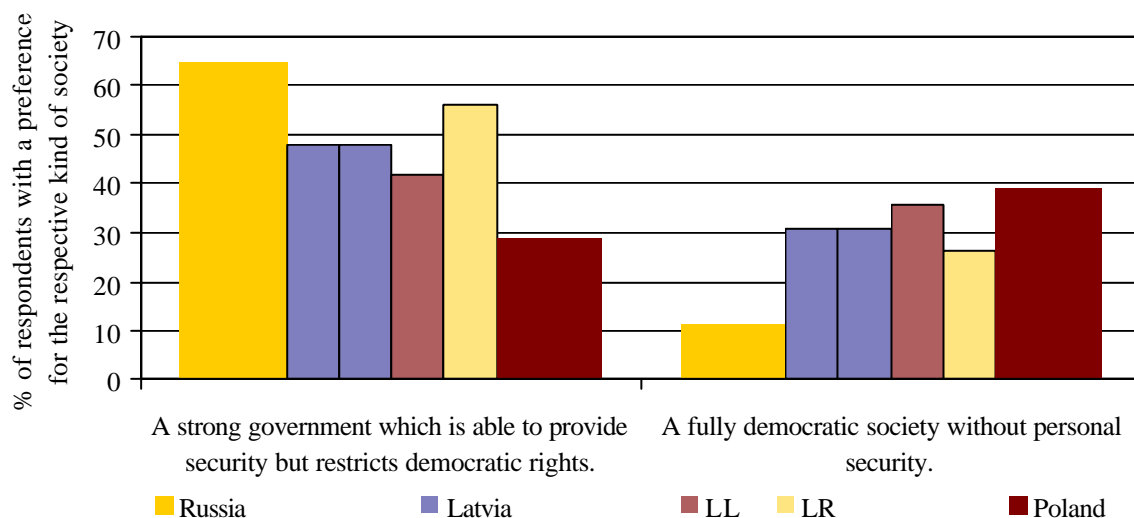
<sup>25</sup> The differences between LL and LR with regard to both these terms are significant: “Democracy” raises positive emotions with 60.4% of LL but only 53.6% of LR, the according values for “market” are 47.3% and 42.1%.

<sup>26</sup> While the evaluation of “individual” is roughly equal with LL and LR, “private property” raises positive associations with 68.6% of LL but only 58.9% of LR; “efficiency” is an exception to the rule: this term raises positive emotions with 52.0% of LR but 48.6% of LL:

is just than that it is legal is again higher in Latvia (31.0%)<sup>27</sup> than in Russia (26,1%), but it is much lower in Poland (14,8%). Another core question regards the relative importance of abstract rules of the political process and of the individual characteristics of political leaders. Here, we get a very similar picture as with the previous question: 50.3% of Russians and 47.3% of Latvians (LL 45.7%; LR 50.0%) find good leaders more important than good laws. This share is only 35.6% in Poland, which is the only country where the majority (51.1%) holds that good laws are more important than good leaders.

Three questions concern the relative importance of the democratic order in relation to personal security, material well-being and social justice. Asked whether they would prefer to live in a society which is fully democratic but cannot guarantee personal security or in one where a strong government provides security but restricts the democratic rights of the citizens, 64.9% of the Russian, 47.9% of the Latvian and 28.7% of the Polish respondents preferred the strong state. ‘Baltic’ and ‘Russian’ Latvians are strongly divided concerning this question: The strong state is preferred by a minority of LL (41.9%) but by a clear majority of LR (56.3%). However, in none of these countries a majority voted for “full democracy” without personal security (P 39.1%; L 31.1%; R 11.1%).<sup>28</sup> Moreover, the share of those who found this question difficult to answer was by far highest in Poland (32.25%; R 24.0%; L 20.0%).

**Figure 13: Relative importance of the democratic order**



<sup>27</sup> There were no significant differences between LL and LR here.

<sup>28</sup> The difference between LL (35.9%) and LR (26.6%) is once more significant.

36.0 % of the Russians, 29.9% of the Latvians (LL 27.4%; LR 34.2) and 28.7% of the Poles would be willing to sacrifice democratic freedom for material well-being. Consequently, if people had to choose between living in a society of individual freedom or in one of social equality, about a quarter (24.8%) of the Russians but about 35% of the Latvians and Poles (L 34.6%<sup>29</sup>, P 34.5%) chose the society of individual freedom. Interestingly, the share of those who wish to live in a society of social equality is highest in Latvia (53.2%),<sup>30</sup> followed by Russia (49.5%) and Poland (37.3%). The explanation is that the share of those who find this question difficult to answer is much lower in Latvia (12.3%) than in Russia (25.7%) and in Poland (28.3%). All in all, these three question fit in nicely with our model. However, it should not be overlooked that these answers can also be seen as an expression of social reality, with Russia and Latvia being characterised by a lower level of material well-being and less personal security and social justice.

Three questions of our survey were about trust. The first one was a standard question about trust in political and economic institutions.<sup>31</sup> While there were no strong differences between the three countries, our two questions about the relation between personal and extended trust and the discrepancy between internal and external morals produced interesting results. In order to identify the relation between personal and extended trust, we asked the respondents which of the following statements they could agree with most:

- a) I trust not only my closest friends and relatives, but also people I don't know well.
- b) I trust my close friends and relatives, but I don't trust people I don't know well.
- c) I don't trust anybody.

Affirmation of statement a) is lowest in Russia (7.8%) and highest in Poland (26.0%) with Latvia (13.8%)<sup>32</sup> taking an intermediate position. The differences are remarkable: The share of those who have an extended trust towards the society they live in is almost twice as high in Latvia than in Russia and in Poland almost twice as high as in Latvia, and it is more than three times higher in Poland than in Russia. These results also show

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29 LL: 36.7%; LR: 29.6%.

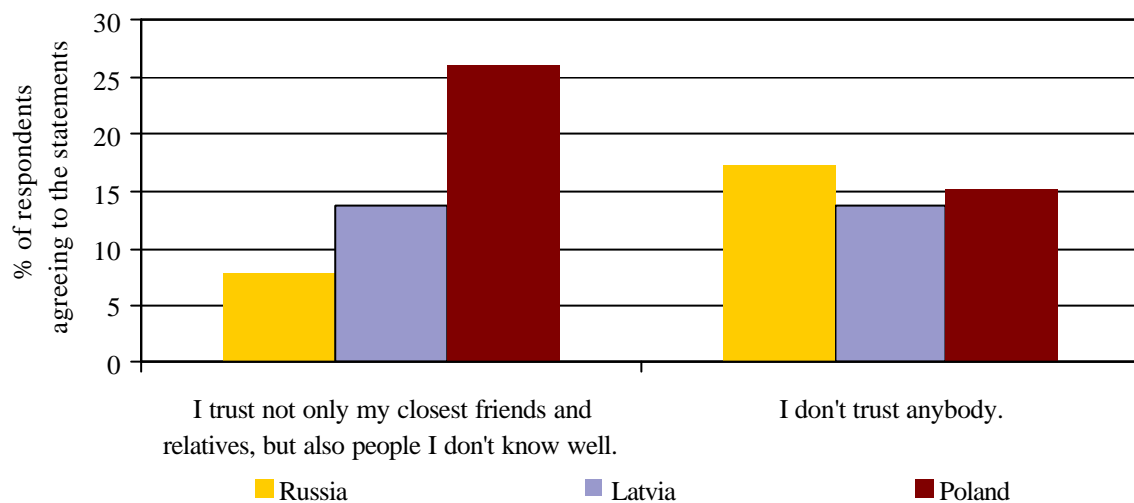
30 LL: 50.2%; LR: 58.9%.

31 This question was: "To what degree do you trust the following social structures and international organisations?"; the list included 19 positions.

32 The differences between LL (13.6%) and LR (12.6%) are negligible here.

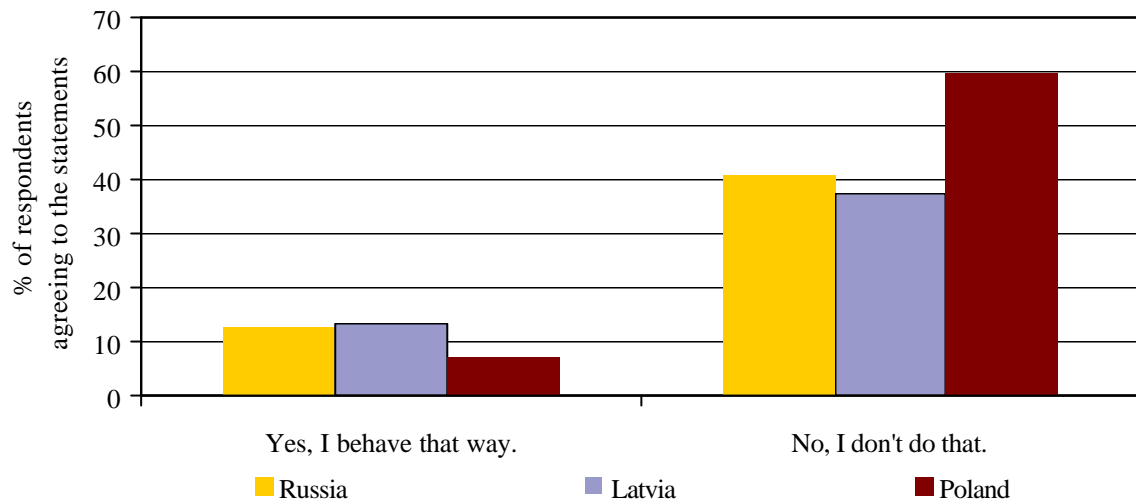
clearly that the trust-question in the World Value Survey (“Do you think that in general people can be trusted?”) is imprecise. The share of our respondents who “don’t trust anybody” is not really significantly different in the three countries (R 17.2%; P 15.1%; L 13.8%). What makes the difference here, is not *if* people trust but *whom* they trust. The question about internal and external morals also delivered clear, but less definite results.

**Figure 14: Trust towards society**



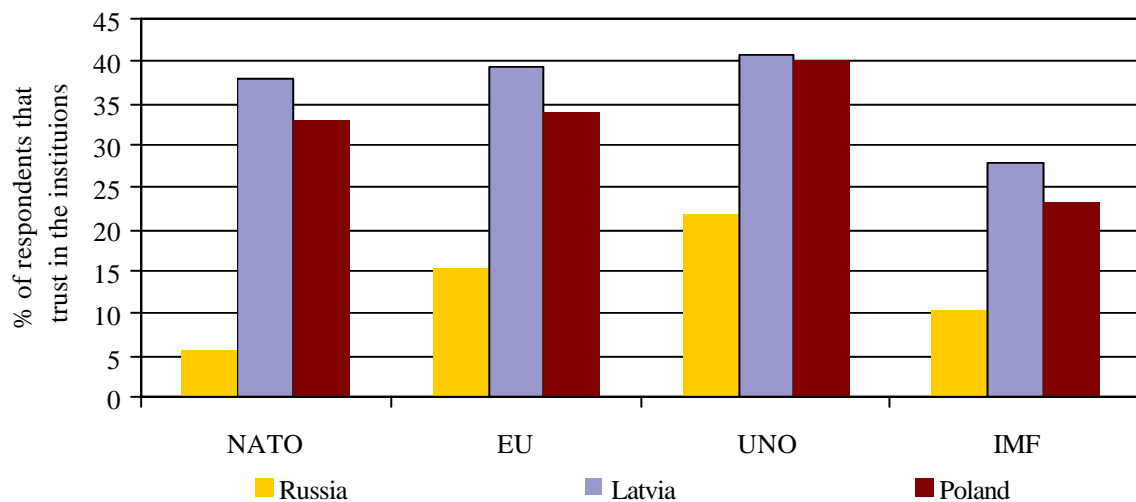
Our question was: “Some people say, it’s quite okay to cheat on people you don’t know well personally if this is necessary to help close friends and relatives. How do you personally behave?” Concerning this question, there is a clear difference between Russian and Latvia on the one hand and Poland on the other: 12.6% of the Russian respondents and 13.3 % of the Latvian, but only 7.4% of the Polish ones answered that they often behaved in this way and would continue to do so. In contrast, 41.1% of the Russian and 37.4% of the Latvian respondents but 59.8% of the Polish ones said that they never behaved in this way and would neither do so in the future.

**Figure 15: Veracity in personal behaviour**



It would certainly be a mistake simply to identify the Western world and the extended order. However, as this survey was carried out as part of a project that deals with the Eastern Enlargement of the EU and the interaction between the EU and its new Eastern neighbours, we included two questions concerning the evaluation of Western institutions and the respondents' understanding of how their country relates to other nations.

**Figure 16: Trust in international institutions**



Trust in international institutions (dominated by the Western nations) is significantly higher in both Latvia and Poland than in Russia. It is interesting here that the Russian

respondents do not only trust the NATO (R 5.5%; L 38.0%; P 32.9%) and the EU (R 15.4%; L 39.3%; P 33.9%) significantly less than the Latvian and the Poles, but also the UNO (R 21.9%; L 40.8%; P 40.0%) and the IMF (R 10.3%; L 27.9%; P 23.1%). In keeping with this, the share of those who welcome the enlargement of the EU is more than twice as high in Latvia (44.3%) and Poland (49.6 %) than in Russia (22.1%). Trust in the above-mentioned international organisations is significantly different between LL and LR<sup>33</sup>, and the gap is even greater with regard to the issue of the Eastern Enlargement of the EU, with 51.2% of LL but only 33.2% of LR being pro-enlargement.

## 5 THE EXTENDED ORDER INDEX

Having described the results of our survey in some detail, we now try to establish an index, which allows to rank countries according to the prevailing attitudes towards the extended order. At first glance, this may seem a somewhat dubious endeavour. First, country rankings have an impact on the decisions of private investors and international financial institutions. Yet while it seems to be quite acceptable that a country where reforms have got stuck loses credibility, it appears to be morally problematic to ‘punish’ a society for its population’s low acceptance of market and democracy. Second, especially the fact that countries are ranked according to the acceptance of genuine ‘Western’ patterns of social and political organisation might be interpreted as an expression of a rather ‘imperialistic’ attitude towards the transition countries.

Regarding the first objection, it must be conceded that an influence on investment decisions of private firms or funding decisions of financial institutions cannot be excluded as a negative side effect of this kind of indexing. However, in our view this can be compensated by the positive effects such an index may provide. For it might help politicians to develop reform strategies that take into account the ‘soil’ of informal institutions. Concerning the second objection, we would like to remind the reader that we do not declare our method to be applicable to all countries and all times. Rather, it aims at a better understanding of CE & EE transition and Eastern Enlargement of the EU. At the beginning of this process, all formerly socialist countries had announced their desire to turn into societies of the Western European type. Therefore, as far as this problem is concerned, we think our ‘Eurocentric’ attitude is fully justified.

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33 UNO LL: 42.6%; LR: 37.2% - EU LL 43.9%; LR 31.3% - IMF LL: 29.5%; LR: 25.0% - NATO LL: 48.1%; 21.7%.

In order to make indexing possible, we had to further reduce our questionnaire to the ten questions suitable for quantitative conditioning. In the case of questions 1 and 10 a short verbal explanation is necessary to clarify how the score was calculated. In all other cases the bold numbers in brackets indicate the number with which the percentage of the respective answer was multiplied. These numbers range from 2.5 to 10 and were chosen according to the relative importance of each question.

*1.) What should be managed privately, what should be managed by the state?*

The respondents were confronted with 22 branches and institutions. We measured the acceptance of private management for the different branches and institutions by calculating for each of them the mean values for the answer “should be managed privately“. The resulting percentage was then multiplied with ten.

*2.) What should be the role of the state in the social sphere?*

- a.) The state should not interfere in the lives of its citizens, everyone should be responsible for him/herself. **(10)**
- b.) The state should help only the weak and the helpless. **(5)**
- c.) The state should provide all citizens with a certain minimum; anyone who wants to earn more, has to accomplish this on his or her own.
- d.) The state should guarantee full equality between all citizens (material, juridical, political).

*3.) How should one behave towards the law?*

- a.) The law must always be obeyed, even if it is outdated or does not fully accord to reality. **(5)**
- b.) Laws have to be followed even if they are outdated, but only if also the representatives of the state do so. **(2,5)**
- c.) It is not so important if something accords to the law – the main issue is whether it is just or not.
- d.) Don't know.

*4.) What is more important for your country: Good laws or good leaders?*

- a.) Good leaders.
- b.) Good laws. **(5)**
- c.) Don't know.



- 5.) *What would you choose: Full democracy without a guarantee of personal security, or a strong government which is able to guarantee personal security?*
- a.) Full democracy. (5)
  - b.) Strong government.
  - c.) Don't know.
- 6.) *Would you be willing to sacrifice democratic freedom for an increase in material well-being?*
- a.) Yes.
  - b.) No. (5)
  - c.) Don't know.
- 7.) *If you could live either in a society of individual freedom or in one of social justice – what would you choose?*
- a.) Society of individual freedom. (5)
  - b.) Society of social justice.
  - c.) Don't know.
- 8.) *With which of the following statements do you agree most?*
- a.) I trust not only my close friends and my relatives, but also people I do not know well. (5)
  - b.) I trust my close friends and my relatives, but I do not trust people I do not know well.
  - d.) I do not trust anybody.
- 9.) *According to a common point of view, it's okay to cheat on people you know little in order to help close friends and relatives. How do you personally behave?*
- a.) I have often behaved in this way and I will do so again in future.
  - b.) I have never behaved in this way, but I may do so in future.
  - c.) I have never behaved in this way, and I will not do so in future. (5)
- 10.) *Do you agree with the following statements?*
- a.) If the press does harm to the national interests, its freedom should be restricted.
  - b.) The government should have the possibility directly to influence legal practice, if the national interests demand it.
  - c.) Science is not an end in itself. Its main task is to serve the interests of the government.
  - d.) Enterprises that do harm to the national interests should be nationalised.
  - e.) Social justice stands higher than the private striving for profit.

In the case of this answer we added up the percentages of the negative answers.

The following table shows each country's score for the different questions and its overall results:

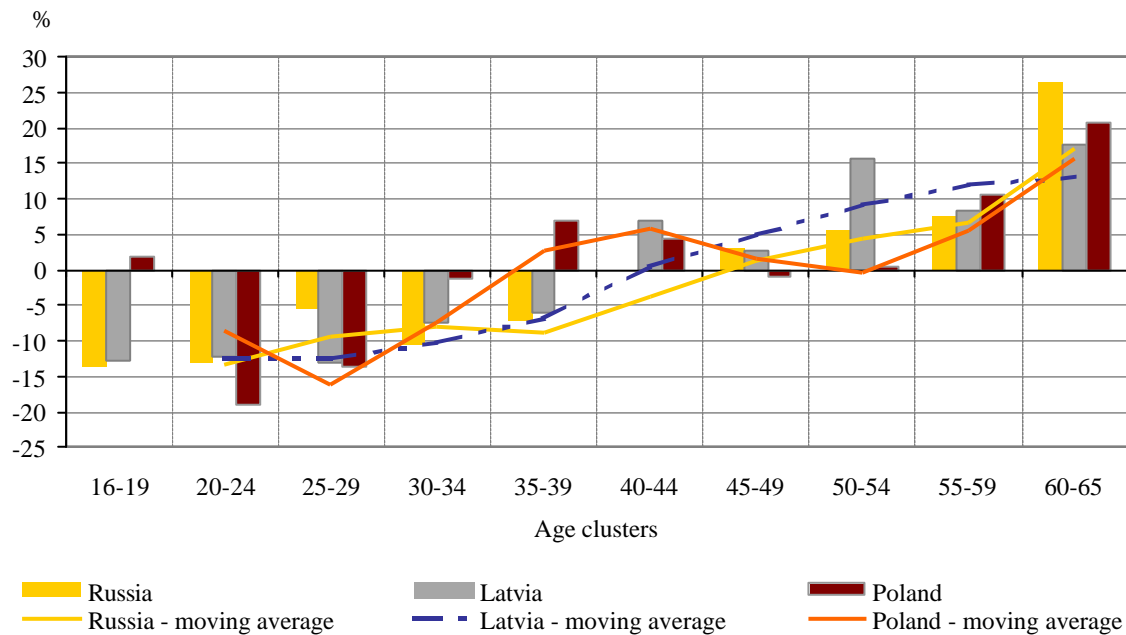
Question No.	Age criterium	Russia	Latvia			Poland
			All	Latvian origin	Russian origin	
<b>1</b>	<i>Age under 30</i>	0,867	1,631	1,701	1,503	1,731
	<i>Age over 30</i>	0,535	1,040	1,205	0,820	1,208
	All age groups	<b>0,631</b>	<b>1,205</b>	<b>1,351</b>	<b>0,996</b>	<b>1,377</b>
<b>2</b>	<i>Age under 30</i>	0,932	0,916	0,994	0,781	1,667
	<i>Age over 30</i>	0,747	0,776	0,883	0,629	1,445
	All age groups	<b>0,800</b>	<b>0,815</b>	<b>0,916</b>	<b>0,668</b>	<b>1,517</b>
<b>3</b>	<i>Age under 30</i>	2,023	1,934	2,023	1,675	2,699
	<i>Age over 30</i>	2,171	2,127	2,171	2,133	2,664
	All age groups	<b>2,128</b>	<b>2,073</b>	<b>2,128</b>	<b>2,015</b>	<b>2,675</b>
<b>4</b>	<i>Age under 30</i>	1,638	1,788	1,790	1,753	2,737
	<i>Age over 30</i>	2,052	2,408	2,500	2,258	2,467
	All age groups	<b>1,933</b>	<b>2,234</b>	<b>2,290</b>	<b>2,128</b>	<b>2,554</b>
<b>5</b>	<i>Age under 30</i>	0,771	1,916	1,847	2,010	1,988
	<i>Age over 30</i>	0,466	1,484	1,798	1,039	1,942
	All age groups	<b>0,554</b>	<b>1,605</b>	<b>1,812</b>	<b>1,290</b>	<b>1,957</b>
<b>6</b>	<i>Age under 30</i>	1,075	2,135	2,330	1,753	2,554
	<i>Age over 30</i>	1,218	2,330	2,417	2,204	2,949
	All age groups	<b>1,177</b>	<b>2,275</b>	<b>2,391</b>	<b>2,088</b>	<b>2,821</b>
<b>7</b>	<i>Age under 30</i>	1,837	2,190	2,273	2,010	1,835
	<i>Age over 30</i>	0,998	1,548	1,714	1,308	1,672
	All age groups	<b>1,239</b>	<b>1,728</b>	<b>1,879</b>	<b>1,489</b>	<b>1,724</b>
<b>8</b>	<i>Age under 30</i>	0,390	0,693	0,682	0,670	1,407
	<i>Age over 30</i>	0,392	0,691	0,682	0,699	1,248
	All age groups	<b>0,392</b>	<b>0,692</b>	<b>0,682</b>	<b>0,691</b>	<b>1,299</b>
<b>9</b>	<i>Age under 30</i>	1,516	1,241	1,165	1,392	2,385
	<i>Age over 30</i>	2,272	2,115	2,141	2,061	3,277
	All age groups	<b>2,055</b>	<b>1,870</b>	<b>1,852</b>	<b>1,888</b>	<b>2,989</b>
<b>10</b>	<i>Age under 30</i>	2,066	2,301	2,290	2,292	2,633
	<i>Age over 30</i>	1,541	1,923	1,825	2,079	2,318
	All age groups	<b>1,693</b>	<b>2,029</b>	<b>1,963</b>	<b>2,134</b>	<b>2,420</b>
<b>EOI</b>	<i>Age under 30</i>	13,116	16,745	17,093	15,839	21,634
	<i>Age over 30</i>	12,393	16,442	17,335	15,232	21,190
	All age groups	<b>12,601</b>	<b>16,527</b>	<b>17,264</b>	<b>15,388</b>	<b>21,334</b>

Certainly, one might disagree with our weighting of individual answers. And we are aware ourselves that this index is not ‘perfect’ in the sense that the questions were not originally developed in order to establish a ranking but rather for a descriptive analysis. However, as imperfect as this index may be, it does confirm our starting hypothesis that

acceptance of the extended order is highest in Poland and lowest in Russia and that Latvia takes a middle position with significant differences between ‘Baltic’ and ‘Russian’ Latvians. However, if we differentiate the data further and distinguish two age groups – respondents under thirty and over thirty years of age – we get a more complex picture. According to our expectations, people under thirty, who have spent at least half their lives so far in a post-socialist society, score higher than people over thirty. However, in all countries the differences between the two age groups are small if not negligible. And if we quickly go through the individual questions, we clearly have to concede that in some of the very questions we hold to be central to the extended order index, younger people even scored significantly lower than the older ones. The answers to *question 1* (What should be managed by the state/privately?) show that young people are much more sceptical towards state management of enterprises and social institutions. Accordingly, they also prefer a more restricted role of the state in the social sphere (*question 2*). The answers to *question 3* (How should one behave towards the law?) provide a different picture. Both in Russia and in Latvia younger people show a less ‘extended’ attitude towards the law than people over thirty, and only in Poland the scores are about equal. A similar, but much more extreme picture is revealed with regard to *question 4* (Good laws or good leaders more important?): A much higher share of young Russians and Latvians believe that good leaders are more important than good laws, whereas in Poland there is a significant difference in the opposite direction. While the outcome of *question 5* (Reactions to trade-off between personal security and individual freedom) more or less accorded to our expectations, the answers to *question six* were ‘perverse’ to them: In all three countries, younger people are much more willing to sacrifice democratic freedom for an increase in material well-being than older people. In our view, there are basically two explanations for this result: Either younger people lack the experience of real socialism with its restriction of personal freedom. Or they have a stronger materialist orientation than people over thirty, because they grew up in a transition economy and were not exposed to socialist education. It is understood that these two explanations are not mutually exclusive. *Question 7* (Society of individual freedom versus social justice?) shows the highest divergence between the age groups apart from *question 1*, with the young people having a much more ‘capitalist’ preference structure than their older fellow citizens. While the differences are negligible in *questions 8* and *10*, we received strongly ‘perverse’ answers to a question which directly reflects norms of generalised morality and hence is of major importance for our concept: In all countries the young people reported on a much higher gap between internal and external morals in their personal behaviour than people over thirty. The graph below (figure 17)

clearly shows that the correlation holds over almost all countries and cohorts. At this stage of our work, we do not have an explanation for this phenomenon. Here, it would be especially helpful to have comparative data from ‘Western’ countries in order to discover whether this might be an age-specific result typical of other societies besides those of transition countries. Interestingly, only in the case of Poland a kind of inter-generational inheritance of the morality patterns seems to be evident, especially between the age clusters 20-29 and 45-54. Both of these age cohorts noticed a relatively high gap between internal and external morals. This could either suggest that cultural patterns evolve in the course of time or indicate an inter-generational dependence. In Russia and Latvia we did not notice such a phenomenon, which might be explained by the different family relationships existing in the countries analyzed.

**Figure 17: Question 9 ‘How do you personally behave?’<sup>34</sup> – distribution of (c) answer across age clusters (deviation from the country’s average frequency of giving (c))**



All in all, we might say that the extended order index roughly confirms our hypothesis, but that the cohort-specific data pose several questions we are not yet able to answer. We see this as an encouragement to continue our research in this field.

<sup>34</sup> See the detailed description of question 9 on page 28.

## 6 AN OUTLOOK ON FUTURE RESEARCH

Much speaks in favour of the thesis that the cultural divide between 'Latin' and 'Orthodox' countries will become even more important in the further process of European integration. So far, only 'Latin' countries of Central Eastern Europe have become members of the EU – Latvia, the poorest member state, is as yet the only country of the EU in which a significant share of the population culturally belongs to the Orthodox world. What is more, the current Eastern border of the EU is identical with the cultural divide. There is only one exception: The Western part of the Ukraine is shaped by Greek Catholicism and therefore clearly belongs to the 'Western world'. In 2007 or 2008, Bulgaria and Romania, two 'Orthodox' countries will become members of the EU, and then the possible accession of the Ukraine is likely to become a major issue.

The, in our view, extremely important dimension of values and attitudes towards the extended order is hardly ever taken into account when the prospects and problems of the integration of Orthodox countries into the EU is being discussed. In our impression, the EU authorities as well as most economists tend to believe that the experience of the last enlargement round can simply be transferred to Bulgaria and Romania. At the same time, especially in the population of the EU-15 there is a widespread unpleasant feeling of the cultural differentness or even 'unrefinedness' of these accession candidates for the United Europe. If our theses are correct that

- (1) the cultural divide between 'Latinity' and 'Orthodoxy' significantly influences the degree of acceptance of the extended order,
- (2) the prevailing attitudes towards the extended order are a chief determinant of failure or success of the transplantation of Western European institutions,

it would be an important and promising task to carry out empirical research in these countries. However, we want to stress once more that the intention of our research is *not* to provide simple calculations that allow to divide countries into those that 'fit' market and democracy and those that do not. Rather, what it aims at is helping politicians and their consultants to improve their knowledge about an important part of the soil in which the reformed or newly formed social institutions must strike their roots in order to function in the long run. This might help them to choose the right institutions to be

‘transplanted’ to their society, and to modify imported rules and laws in a way that improves their cultural compatibility. Also, we should make very clear that we do not hold that the current Eastern border is a – however defined – ‘natural’ one. But we are convinced that the transfer of Western European institutions to the countries east of the divide will be more difficult and maybe calls for other strategies than in the ‘Latin’ countries of Central Europe.

The value of a country rating comparing only three countries is certainly very limited. As it did roughly confirm our starting hypothesis, however, we will now set about the task of refining the extended order index and applying it to a larger number of countries. The focus of this future research will be on the comparison between Bulgaria, Romania and Ukraine and the Central Eastern countries that have become EU members in 2004. If the method proves its worth also in the course of this larger empirical test, the next challenge would be to apply it to Turkey, where – similar to the Ukraine – the differences between the Western and the Eastern parts of the country merit particular attention.

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