

ECONOMIC ELITES: COHESION AND DIVISION **Report on the Workshop Held at Corvinus University, Budapest**

Luca KRISTÓF

Institute for Political Sciences, Hungarian Academy of Sciences
Budapest, Országház u. 30. H-1014; e-mail: kristofl@mtapti.hus

The *Workshop on the Cohesion and Division of Economic Elites in Central and Eastern Europe* met for the first time on 4–5 September 2004. Initiated by David Lane and supported by the British Academy, the workshop was devoted to the problems of elite transformation and European integration in Central and Eastern Europe.

The aim of this workshop was to discuss theoretically informed empirical research results by Central and East European and Western scholars, and to consider general findings about the recruitment, structure and attitudes of Central and East European economic elites.

During the Budapest workshop, the participants presented the results of their national research activities that covered the last fifteen years. On the part of the host university, Rector Tamás Mészáros gave a welcome and keynote speech. Professor Péter Ákos Bod, former minister of economic affairs and former president of the Hungarian National Bank and Attila Chikán, former minister of economic affairs and previous rector of the university, also presented keynote speeches on the transition period of the Hungarian economy and the performance of the economic elite.

The first section of the workshop gave insights into research efforts concerning the Hungarian economic elite. Mihály Laki (Institute of Economics, Hungarian Academy of Sciences) presented some details from his recent book written with Júlia Szalai on top Hungarian entrepreneurs. The research was based on in-depth interviews with 48 successful manager-owners. Besides family, two important types of capital helped the new capitalists in their career. In the period of late socialism, most of them accumulated two important and relatively rare skills: the crisis management of state-owned companies and the management of the hidden networks of private (legal and illegal) companies.

The research presented by András Csizé, Imre Kovách and Luca Kristóf focused on the integration of large Hungarian companies into international markets, according to their suppliers, customers and ownership structure. The researchers distinguished five company types: Hungarian ‘proto-multies’ are characterised by dynamic growth, foreign market acquisition and investment, whereas the ‘clientelist firms’ have the features of entrepreneurial ownership and dependence on state procurement. Post-socialist, transformed companies have a ‘preservationist’ or ‘survivor’ strategy, while multinational companies are supported by their foreign connections. Finally, the companies without stable foreign or political network relationships apply a mixed strategy.

Beáta Nagy spoke about the situation of women in the transformed Hungarian economy. Her research focused on women in top management. Female leaders differ from ordinary male managers not just in their number but in their managerial attitudes as well.

György Lengyel compared two important elite groups: economic politicians and business leaders. Economic politicians (members of the parliament and top civil servants) are less privileged and are less satisfied than members of the business elite. They reported significantly higher workload than businessmen. Businessmen are significantly younger than the other group, due to the dominance of younger bankers.

After the section on Hungary, Włodzimierz Wesolowski presented the results of his empirical research on the internal structure and evolution of selected segments of contemporary economic elites in Poland. He based his findings on four lists of people playing an important role in economy: the yearly list of the richest 100 people in Poland, the list of 50 members of the most prestigious association of businessmen, the list of the first 100 firms with the greatest total value and the list of the 500 firms that are the largest in the Polish economy. The comparison of the lists indicated a rather low degree of overlap. The findings showed a high degree of change among the richest people. Wesolowski made the following typology among the presidents of the largest Polish joint-stock companies: risk-taking inventors of the new business, well-educated managers, financial experts, representatives of international companies, PR-men ('dining and wining' people), and businessmen with political linkages.

Lumir Gantar talked about structural relationships among the Czech political, economic and cultural elites. The political elite still lives in a war with the communist past and follows immediate goals within the next election term. Both the regional and intergenerational elite-circulation is frozen at the centre. The economic elite have more pragmatic attitudes, respect competition and competitors, and are oriented towards prosperity and the longer term. Its members think globally since the national economy does not provide enough space even for relatively small firms. Members of the cultural elite are not satisfied with their own importance. Political clashes are still based on ideology rather than ideas, and the economic elite is too advanced and globally oriented to hear the voice of the domestic cultural elite.

The next presentation was a research report by Max Haller on the increasing cleavage between political elites and citizens – related to the low and decreasing voter turnout at European elections. In nine European countries (seven old and two new EU members) 20-30 citizens were interviewed about their attitudes towards EU institutions and politicians. The most significant socio-demographic difference between voters and non-voters was their occupational position (non-voters turned out to have occupations with a lower social status). The interviewees generally had a moderate knowledge of European politicians, but a positive view about the process of their selection. However, they had a very critical view about the workings of the political system of the European Union.

In the next section of the workshop, German research findings were presented. Heinrich Best and Rudi Schmidt talked about changes in the structure and attitudes of the East German economic elite. Some of the structural and attitudinal differences between East and West-German economic elites can be attributed to GDR inheritance,

whereas other differences have emerged as an adaptation to East Germany's subordinate status within the German economic system. In the quick and radical process of adaptation and integration after re-unification, some paradoxical phenomena have emerged. For example, East German executives and entrepreneurs hold views that are more oriented towards capitalistic values than West German respondents who argue more in favor of a social market economy.

The paper by Bernd Martens and Matthias Michailow focused on comparisons of East and West German executives and entrepreneurs of medium-sized enterprises in the manufacturing industry. Having examined the career patterns of the managers, they found that processes of social closure are dominant in West German medium-sized enterprises, whereas they are still absent in East German management. Larger corporations are dominated by West German ownership, while the "windows of opportunities" at the beginning of the 1990s have caused the relatively high percentage of East German co-ownership of medium-sized enterprises.

Jens Hölscher and Johannes Stephan spoke about how the new Member States enforced the EU competition policy. They argued that the strictly rule-based approach by the EU was insufficient inasmuch as it did not take into consideration the different negotiating positions and lobby power of the newly joined countries.

In the first section of the second day of the workshop, the researchers of the ex-Soviet states presented their papers. Irmina Matonyte and Vladas Glaidys studied the attitudes of Lithuanians towards various institutions, including the Parliament and the President or the European Union. 'Rich people' (6% of the population) have more trust in the bank system, the constitutional court and the governance than others. They support EU-accession more strongly and have a more developed European identity than poor people and 'in-betweens'.

Olga Kutshenko from the Ukraine argued that the coming Ukrainian president election in the autumn of 2004 has crystallised the elite around two major cores. One part of the elite is concentrated around the so-called 'Donetsk group', controlling the principal energy, oil and gas resources as well as the coal industry. This group has grown into the structures of state power, receives strong policy support, and is interested in the reproduction of deep networks with Russian business. The other 'core' group has less business assets but is nevertheless connected to the energy and oil industries as well. Representatives of this second elite network, whose business possibilities are not supported by the ruling political elite, are interested in re-privatization and foreign capital investment.

Anna Tolkachova compared two ethno-regional conflicts in two different ex-Soviet member states. In the Ukraine, the Crimean conflict with separatist claims has been more or less stabilised without violence and secession. This is in sharp contrast with the situation in Moldova where the unrecognized state of Transdniestria still exists. Different elite configurations and the relative unity of the central Ukrainian elite played an important role in the different outcomes.

Mladen Lazic examined the changing recruitment patterns of the Serbian economic elite. He carried out his first survey in 1989, when the recruitment of the economic elite was part of the reproduction of the ruling nomenclature. In the 1993 survey, it was possible to detect some changes in the recruitment patterns of the economic elite.

During the regime of Milosevic, a massive conversion of political power into economic capital took place. A consequence of this conversion was that almost two-thirds of the members of the economic elite reached their positions from the ranks of the former nomenclature. A third survey in 2004 showed that the recruitment patterns of the economic elite are changing after the un-blocking of post-socialist transformation in Serbia. The economic elite are becoming a much more open group, although it is still tied very strongly to politics.

Drago Cengic presented the Croatian part of a large European pilot research project on challenges to the socio-economic culture of post-socialist countries as a result of their exposure to West European entrepreneurial and managerial practices. The interviewed Croatian managers had a high opinion of their foreign colleagues' openness towards them, and especially their willingness to openly share their knowledge and international business experience. The majority of the interviewed foreign managers working in Croatia did not experience any special 'cultural shocks' in their contacts with domestic managers and employees. Most of them think that Croatian managers are very intelligent and honest but they are also perceived as having a lot of political connections.

Elizabeth Barrett examined privatization in Croatia. She intended to test the state capture theory on the process. During privatization, the top managers of large state companies and the allies of the ruling party formed two privileged groups. This was not the result of the intention of the government. Rather, they benefited from unintended factors such as the weakness of supporting institutions and the operation of informal elite networks. Andrej Rus presented research results on the Slovenian managers.

In the last section, two Bulgarian and a Russian researcher presented their findings. Dobrinka Kostova described the economic strategies of the elite in peripheral regions. The Rhodope Mountains and the Dobric district in Bulgaria provided the grounds for the analysis of the economic changes that these regions are facing. The author focused on explanations related to elite policies in a centre-periphery dimension and their impact and consequences for social development and the legitimization of the elite.

Kiril Avramov described the scepticism of one segment of the Bulgarian economic elite (the 'responsible national capital group') towards the NATO and the EU. Veronika Pasyukova examined the new forms of relations between the ruling elites of the transformed former Communist parties and trade unions in the East European countries. The Polish example demonstrated the rebuilding of affiliation between the ruling elite of the successor party and the official trade unions in the form of electoral and parliamentary coalitions. By contrast, the Russian case showed that the institutional factors determined the unfortunate attempts of the successor party and the trade union elite to reconstruct ties between themselves.

The first meeting of the researchers of the Central and East European elites will be followed up by workshops in Bremen, Prague, Kiev, Vienna and Cambridge in 2005/2007. The proposed workshops will focus on interdependencies between Eastern and Western economic and political elites, elite attitudes in the currently left-out countries, elite views on migration and security issues, supra-national elite consensus and dissent.