INTERVIEWS

Economic Actors and Liberal Dependent Capitalism. Interview with Katharina Bluhm

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Abstract

Dr. Prof. Katharina Bluhm, head of the Institute for East European Studies at Free University of Berlin, was interviewed by Zoya Kotelnikova, assistant professor and senior research fellow at the National Research University Higher School of Economics in July 2014. In this conversation, Prof. Bluhm talked about the recently published book Business Leaders and New Varieties of Capitalism in Post-Communist Europe which she edited together with Bernd Martens and Vera Trappmann. The book includes sections by the editors as well as by György Lengyel, Béla Janky, Krzysztof Jasiecki, and others. The book presents results from an international survey of entrepreneurs and top managers in East Germany, West Germany, Hungary, and Poland. The book begins with the notion that we should bring back economic actors, with their cultural ideas on what capitalism should be, into the core of the literature on varieties of capitalism in Europe. An approach centered on economic actors appears most attractive to the authors, who attempt to explain the convergence of ideas about the social role of companies and trade unions, in order to better understand the models of capitalism emerging in Central and Eastern European countries. Finally, the interview includes a discussion of liberal dependent capitalism and attitudes to multinational economic elites in post-communist Europe.

Keywords: economic elites; entrepreneurship; liberal dependent capitalism; cultural dimension of capitalism; varieties of capitalism; new institutionalism; Eastern Europe; Germany.

— First of all, thank you very much for this interview that you have agreed to give to the Journal of Economic Sociology. I would like to start this conversation with a discussion of your recently published book Business Leaders and New Varieties of Capitalism in Post-Communist Europe [2013] where you along with Bernd Martens and Vera Trappmann were the editors. The book begins with an assertion that new institutionalism has become the most popular view employed by scholars for explaining the transformations experienced by Eastern European countries. Why did this happen, and why you and your colleagues decided to return economic actors to the center of the discussion?

— Let me start with a short remark about the book. It's not a collection of separate papers, it is in fact based on a joint research project I conducted with my German colleagues Bernd Martens and Vera Trappmann, as well as György Lengyel and Béla Janky from Hungary, and Krzysztof Jasiecki from the Academy of Science in Poland. We carried out an international survey among small and medium-size companies in East and West Germany, Poland and Hungary, primarily focusing on manufacturing, including larger companies, very large companies and banks. We tried to collect data on both financial elites and manufacturers, due to the fact that both were driving forces in the development of German capitalism, as well as in the development of capitalism in Central Europe. We focus on Central Europe in this respect. We conducted quantitative interviews by phone or face-to-face in each country and in the respective language. The interviews were based on a joint questionnaire. In this sense, our book is more than just a collection of papers and it is structured so that we have country chapters and then we have comparative chapters. Each team compared their research findings according to specific topics.

— *How many countries are compared?*

— East Germany, West Germany, Poland and Hungary. Why the interest in elites and why have we returned to the elite approach? I don't think it's simply due the fact that institutionalism has gained more and more ground. Institutionalism was a very important concept already back in the 1990s. But you are right; it gained ground during the transition period. While transitions were taking place, ideas that support institutions became increasingly interesting. We actually observed that the interest in the economic elite somehow waned after a starting point in the early 1990s. Our interpretation of this phenomenon is that, in the beginning of transition, it was very important exactly who became the new elite or the new 'grand bourgeoisie', what kind of social and career background elite members had, due to questions of elite continuity, circulation and reproduction. The closer the integration into the European Union came, the less interest there was in economic elites in transition countries. Of course, there was interest in oligarchs in Russia and in Ukraine. But in Central Europe, there are no oligarchs. I would say that we have a kind of dependent or liberal dependent capitalism as a result of the quick integration processes, and the dominance of Western investors in key sectors. This also reduces the research interest in domestic economic elites. Why we returned to the elite approach…

— *Why did you not call them oligarchs? Is it because these economic elites do not have strong ties with the political elite?*

— I would stick to a definition of oligarchs which focuses on those who gained their property based on rent-seeking. That's why they have had a vast increase of property, based on privileged access to state power, and therefore they use this advantage to make enormous profits. I would argue that this type of entrepreneur is not so widespread in Central Europe, not even in Poland. I wouldn't call every rich person or every entrepreneur owning a large company an oligarch. The rent-seeking type of oligarch, or tycoon, is not so widespread in Central Europe, because of the fast integration of these countries into the West. I would not claim that they did not try going in that direction, but, they weren't successful. This was due, firstly, to a stronger control of civil society, and in Poland, specifically, this was due to the role works councils, which exerted quite a lot of control over the management so that they did not just take away the assets of a company. But what had the biggest impact was that these countries launched privatization and sold strategic companies to Western investors. Therefore a different model of capitalism emerged compared to Russia or the Ukraine. I am not so sure about the further development, but we can speak about that later.

Let's turn to your other question, about the dominance of Western investors. Some colleagues talk of the 'comprador service sector,' implying that the economic elite is actually somehow representative of foreign capital, but I think that the term comprador is too strong. Starting from the notion of capitalism, I observed that although institutionalism is a leading theory and although most of the interpretations and explanations of capitalism are institutionalist explanations, there are still cultural elements in it. If we look closer, we often find the notion of a cultural underpinning of capitalism. The institutionalist idea is that institutions are not only constraints or rules, but that the rules have to be interpreted, that is rules are not independent from cultural and social embeddedness. This is, of course, where economic sociology steps in. We were curious to learn more about what this cultural underpinning looks like. If you pursue this question, you will find in the literature, especially on Central and Eastern Europe but also on Germany, very strong arguments and even a strong thesis, yet little in the way of actual research. The strong thesis on Eastern and East Central Europe starts with the famous book by Gil Eyal, Iván Szelényi, and Eleanor R. Townsley [1998], where they have a very nice chapter on economic elites and public discourses on what kind of market economy these societies have and what kind of directions they would like to go in. The implication is always that the post-socialist manager elites are made up of neoliberals who, because of their legacy, despise any state regulation, reject social responsibility beyond doing business. They are, in other words, Friedmanites.[1] In our project we wanted to figure out whether this interpretation is still valid and what varieties exist if we look at smaller companies or bigger companies with differing ownership. We also wanted to look into this in regards to Germany, because you have completely separate discourses, but a similar idea. In the former transition countries, the economic elite or the managers and entrepreneurs are supposed to be ultraliberal, because of the state-socialist legacy. And if you look in the discourses on the change of German economic elite, especially the change of German capitalism, you also encounter this idea of a changing cultural underpinning, as some authors suggested. There were studies that suggested that the idea of the social market economy and of social partnership is losing their attractiveness for top managers and entrepreneurs. The studies also suggest that they are moving in a kind of neoliberal direction with regards to how they think the economy should work. There are some indicators for this but, again, there were few endeavors to try to elicit more information about the ideological constructs within which the actors operate. That was the reason why we sought to obtain a better understanding of capitalism and the varieties of capitalism, because the worldviews of economic actors matter.

— It is quite interesting that you attract our attention to the development of a new type of capitalism in Eastern European countries, you called it 'dependent capitalism'. Could you describe these new economic elite in structural terms and the ideas they share?

— Firstly, 'dependent capitalism' is not my term, it stems from Andreas Nölke and Arjan Vliegenthart [2009]. You can also find it in the works of Lawrence Peter King and Iván Szelényi [2005], where they speak about liberal dependent capitalism. The term refers only to Central Europe, because dependency can have many, many shapes. The term 'liberal dependent capitalism' mainly refers to capitalism which relies on foreign direct investment as a motor for economic growth. However, western multinationals did not invest in low-end production (they shifted it to other locations) but in skilled, semi-skilled work, and in production of complex products like cars or engineering. This kind of dependency also has a lot of implications for labor relations, for wages, for chances of upgrading within the value-adding chain. We could observe in the last 10 years a remarkable upgrading of the subsidiaries in the Czech Republic or Slovakia. It is not stagnant, not necessarily a trap — we have to be careful with our associations when we talk about dependency; it can mean many things. It does not necessarily mean a 'development trap', but it does, of course, imply a greater exposure to external risks and external shocks.

As to your question concerning structural and cultural traits of the studied economic actors — first of all, I have to say, we should be careful — we do not talk about economic elites in our book but rather about business leaders. Because in a strict sense, only a portion of our respondents belong to the 'economic elite' according to the definition of Michael Hartmann [2010] and others, who really look at the leading national corporations and the top management there. We also have medium-size entrepreneurs in our sample and they are more likely part of the regional elite.

— So your focus was primarily on economic actors not only economic elite?

— Yes, that is correct. We didn't explore the linkage between politics and economic elites, which one might also expect. What we did was to explore the social backgrounds of business leaders, their career paths, their

[1] Those who follow the ideas of American economist Milton Friedman. [*Ed.*]

attitudes or cognitive concepts about the role of companies in societies. We were able to compare these attitudes with a few objective facts they provided us with during the interviews, such as the size of the company, ownership, existence of a works council or union in the company, the existence of collective bargaining, their integration into international networks, and so on. We could at least control these attitudes or beliefs along with some facts about the companies and study variations across the countries. Let's take social background, for instance. For social background we asked about their parents' profession and education. Broadly speaking, it was very interesting to see that social closure seems to be an ongoing process in three or even four of the country cases, if you look at East Germany separately.

The older entrepreneurs and managers have fathers and mothers from lower social strata than the younger ones. Academization has increased. But there are striking differences. We had, for example, more managers whose fathers were also top managers in Poland and Hungary than in Germany. It was also very interesting that in Hungary and Poland, but particularly in Poland, not only the fathers were from the high social strata, but also the mothers had much higher education levels than the mothers of the recent top managers or entrepreneurs in West and East Germany. They had higher positions, so this is quite striking that especially in Poland, the manager elite is recruited from households where mothers and fathers were from higher social classes. At the same time, the percentage of housewives among the Polish mothers was higher than in East Germany or Hungary. Mothers who stayed at home is still a striking feature for the recent generation of West German business leaders.

— Does it mean that West Germany for example is more open, in terms of opportunities for mobility?

— We speak really of a gradual difference. In the past, all three of the countries had a more open period for upward social mobility. One — because of World War II and others — also because of the elite exchange in the early years of state socialism. But you can see the social closure. We also checked manager careers, because in the German debate, the career plays an important role in the arguments of cultural change. For Germany, it was quite typical to have 'house careers' when you start with vocation training in a company, then you go back to university, then you take almost all your career steps within the same company. This was combined with the assumption that managers in Germany are more loyal to their company and also more open to social partnership, because they have this kind of corporate socialization. The more they jump, the more they come from outside, the shorter their tenure is in companies, the less loyalty; in other words, changes in career paths of top managers are supposed to promote an ongoing process of Americanization.

Hence the career is also interesting for studying capitalism. In our study we wanted to check whether the assumptions regarding German managers are correct, namely that there is an increase of career flexibility, and also what does it mean for medium-size companies, because there is a huge difference between big companies, with many hierarchical levels, and smaller companies with very flat hierarchies. And we wanted to see whether we can already observe career path patterns in Poland and Hungary, after the turmoil of privatization. Therefore, the career was also important, especially in regards to our findings for big companies, and I will refer only to this, because I think it's interesting. Regarding big companies, we found that tenure in Germany has in fact been reduced, and there are more shifts than in the past. We found that in Hungary and Poland, and especially in Hungary in this respect, a 'house career' is typical in larger companies with foreign ownership, so that this idea of socialization, socializing and bringing up their own management is more widespread there. On the one hand, Germans have a much more flexible career, as reflected in our data. And on the other hand, in big companies we encounter 'house careers' more often in Poland and Hungary in foreign owned companies. These are important findings.

What we did not find was a strong connection or link between ideas or attitudes — I would prefer to speak about ideas — and educational background. We expected — a little bit naively, perhaps, but it stemmed also from the German discussion — that with the change in qualifications needed for getting higher positions, we would also have cultural changes, career path changes and educational changes as a motor for cultural changes. With the decline of importance of engineering qualifications, there was a debate in the 2000s concerning cultural change. We didn't find any facts supporting this. We could not detect differences in thinking and understanding of corporate responsibilities or other issues we asked them, irrespective of whether they were economists, engineers, or natural scientists. There was another expectation concerning age, namely that those of younger age who built their internal career under (post-communist) market conditions, have different notions. Maybe our measurement instruments were not fine-tuned enough but age turned out to be a weak variable for explaining variations in the tested ideas on the role of company for the wider society. Our interpretation of this finding was that the secondary socialization during the job is of so high importance, that it is more important than just education.

— The main focus of the book we are discussing is the cultural dimension of economic issues. You expected that you would find a convergence of ideas rather than an institutional convergence. Did you manage to find some empirical facts to prove that hypothesis?

— We did not really investigate the convergence of institutions, but, of course in our country chapters, we studied economic transformations in Poland and Hungary, their transformation towards the market economy and looked for the emerging patterns. We also studied the changes of the so-called German model or of the coordinated market economy in Germany. As far as we reflected on institutional changes, it was still clear that German capitalism is institutionally very different than Poland and Hungary. But ideas can more easily change than institutions, and as I already stated, the public discourses on the three countries in the late 1990s and early 2000s revealed some similarities. In Germany in the 2000s, there was a rapid ascent of neoliberal discourse, and there were many studies suggesting that top managers now see the chance to redefine their relationships to unions, to work councils, and redefine the idea of what modern German capitalism has to be. And therefore we thought that it's much easier to change ideas and discourses, so that there might be — if it is true that economic elites in the three countries were moving in the direction of liberalism, then we should find this also in the views of our respondents. This was the starting point. We assumed that in Germany, for example, the ideas of business leaders about what modern capitalism should be differs from the reality because formal institutions are always the result of former decisions, social interactions and power relationships, and are, therefore, harder to change. We therefore started with the hypothesis of a convergence of ideas in Central Europe including Germany. But a good hypothesis is always one for which both answers are of interest. Of course, we already assumed when we formulated this hypothesis that institutional elements of the German model still have an impact on the thinking of German managers. And this was confirmed. Although the acceptance of a strong role of unions in the economy was not shared by the majority of German managers and entrepreneurs, the difference between West Germany and the rest is really striking — and here I mean by 'the rest' also East Germany.

Especially for top managers of very large companies, the acceptance of work councils and unions as important for the functioning of an economy was quite widespread. It is not so widespread among small or medium-size companies because they are much less union-friendly for many, many reasons — but this is known. And it is not so widespread among East German managers, for two reasons. First, because East German managers usually work for medium-size companies —there was only one East German top manager from the German DAX list[2] — so East German elite in the economy starts at a regional level. The size effects we observed here, but also, second, the fast wage increase after the currency union with West Germany explains why there is strong opposition to unions, and this is discernible also today. Even more than East Germans and Hungarians, Polish top managers, as we expected actually, despise collective interests' representatives. So far, we see some effects of the different models of capitalism on attitudes, I would say.

[2] DAX — The stock index of the 30 major German companies trading on the Frankfurt stock exchange. [*Ed.*]

We found our results striking when we looked at the ideas about the role of companies in society, about the role the state should play, and about how social coherence, social justice and market economy are combinable. One of the most striking differences was that more Polish top managers and entrepreneurs supported the idea of state regulation of markets than Germans. This was really astonishing for us because we expected the Polish managers to be decisive anti-statists. But they were much more pro-state intervention than East and West Germans. The percentage of top managers and entrepreneurs in Germany who support the idea of strong state regulation was strikingly low and astonishingly high in Poland. In Hungary it was in between. In terms of explanations, one could argue that this high level of support for state intervention is because of the crisis — we did interviews in the middle of the crisis in 2009 to 2010 — so maybe there was some kind of rethinking. But it can also be a reflection of the need for a state to do a good job. In Germany, there is a strong corporatist tradition in regulating markets, therefore in keeping the state out.

The second striking findings were about the tension between the ideas of social cohesion and social justice on the one hand and free entrepreneurship and competition on the other. In East and West Germany, most respondents do not view the two sides as mutually exclusive. The idea of having a social market economy seems to still be part of the self-conception of German business leaders, so this can go together. Hungarian managers and top managers, and especially Polish top managers and entrepreneurs, said much more often that this is not combinable, that social coherence and market economy — that social justice and free entrepreneurship — exclude each other. I think one finds a stronger sense of pessimism here, and more pessimistic views on the outcomes of the transition for these societies.

And the final interesting result in terms of ideas for Poland and Hungary was that where companies actually have works councils and unions, the perception of works councils and unions is also better. So there is a linkage between looking at works councils and unions badly and not having them and a positive combination or correlation of having works councils and unions and seeing them as useful. So this might be good news, that once social partnership is established, then management gets used to it and learns to accept it, and to agree on this, if it functions quite well. This is also actually representative of the German experience. At the beginning when works councils and co-determination were introduced in the 1950s, management and the entrepreneurs strongly opposed them. Whereas now — in spite of all the changes and flexibilization, and deregulation — there is a widespread positive notion, especially about the role of works councils.

— What is your assumption concerning mechanisms responsible for convergence of ideas? Do they differ from mechanisms which drive different institutions to be close and similar?

— I would say so for sure, because ideas can change also because public discourses change, normative influences like education can change. Yet I would interpret our data in the sense that public discourses are not so influential as we sometimes expect. We cannot just say: 'Okay, this is a public discourse, therefore, managers or economic elite think this way'. This is often the connection which is made, that we have a public discourse… and trade associations and representatives of business talk a certain way, and we assume that this is identical with how leaders of the companies think. Moreover, general discourses cannot explain variations in the attitudes of business leaders from different companies' sizes or industries. Varieties of capitalism in Europe still also influence the varieties of ideas of what capitalism is, or what capitalism should be in Europe.

— Is it possible to say that national economic leaders think in the same way as political leaders and international economic leaders, or do they interpret facts and ideas in their own way?

— I wouldn't dare to say that they think the same way. If it's right that work experience, or experience in an organization and running a business day-by-day is a strong influence on the attitudes or ideas of business leaders, then it's highly likely that they look at the world differently than political leaders. We had a panel survey for Germany that started already in 2002, with several survey waves, so for Germany we can control a bit more the persistence of some ideas. For example, what was quite striking during the 2000s was that entrepreneurs of medium-size companies strongly reject this idea of 'shareholder value', this kind of 'shareholder-value-capitalism.' They also reject the huge increase of earnings of top managers in large companies, so there are also conflicts between different sections of business leaders.

— It's quite interesting how the ideas of national economic leaders are different from ideas of international economic leaders. Because the concept of dependent capitalism implies that the real economic elite is represented by international companies and international leaders. What do you think, could national economic actors be challengers for international economic actors who have power and control over markets today in Eastern European countries?

— It would be nice to have such a study with representative data on business leaders and expatriates, in order to compare the ideas. We have some insights. In his chapter, Krzysztof Jasiecki compares managers from foreign-owned companies with others, and finds some differences. Managers of foreign-owned companies, for example, are not so pessimistic about having social coherence and market economy at the same time as their counter parts in Polish companies are. There are differences in perceptions, that's for sure, and it is of course interesting to study, but then you really need qualitative studies or more representative studies. Our data do not provide insights to this question because we excluded foreigners from our sample, so we really tried to get Hungarians in Hungary, Polish people in Poland, and so on. We can control ownership, to a certain extent. Ownership matters in Poland and Hungary for some ideas, but the differences are not so large.

In the late 1990s and early 2000s, I did interviews with expatriates of German subsidiaries in Poland and the Czech Republic. Even then the influence of foreign investors on domestic policy looked much more difficult than the notion 'dependent capitalism' suggests. That is a criticism I have of this concept. Politicians in a competitive democracy always have to take different interests into account, and they have their national proud. Large German companies, for example, failed to convince the Czech government to introduce a dual vocational training system similar to the German system.

— It's quite interesting, because recently there is some research on how Russian markets work, conducting interviews with economic leaders here in Russia, specifically in retailing and light manufacturing and other sectors. In the early 2000s, economic leaders in domestic retailing and manufacturing looked at Eastern European countries and were quite scared that international companies would come to Russia and would get total control over markets. So they thought that they would need to create their own 'Wal-Mart' or 'Adidas' to compete. However, today we have the quite interesting situation that 'Wal-Mart' still has not come to Russia, for example, and Russian light industry is populated only by Russian companies. We have a situation that we could call 'lock in' of the Russian economy, we missed some opportunities to integrate into the global chains. This is a real problem and sometimes serves as a barrier for further economic development. So it is interesting for us what national economic leaders in Eastern Europe think. Do they show some demands for economic autonomy or do they think that everything just successful and productive?

— That's a really fascinating question. It is the key question for further development and also for understanding the processes in the past. First, how I understand liberal dependent capitalism, actually it was a successful model in the 1990s for small countries with interesting industries and a fast integration process into the world market and into the European Union. Hungary learned this and was one of the pioneers, together with the Czech Republic, and both failed to establish their own national champions. They received a lot of attractive foreign direct investment. Slovakia was quick to follow when the Mečiar government ended in the late 1990s [Myant, Drahokoupil 2011]. They did this with flat rates for taxes and with a highly flexible labor code. There was fierce competition between those countries — and Poland — to get the greatest share of foreign investment. Yet, foreign investment does not necessarily solve innovation problems as large western companies either keep their innovation capacities 'at home' or shift them were they find an attractive environment for such activities, which is usually in the West, in the US above all. Krzysztof Jasiecki writes in his chapter about how weak Polish indigenous companies are in innovations. That's a problem that Poland still has to solve, in order to catch up with Western Europe. This is an unsolved problem in many countries, where a major reason to invest from abroad are the production costs. Maybe least so in the Czech Republic, because they really obtained a huge share of foreign direct investment and they have their own brand, 'Skoda.' Furthermore, a part of the automobile industry even shifted development work to Czech Republic and also to Slovakia. It's not low-end, as I said. The two countries also did quite well during the financial crisis 2009–2011, thanks to the quick recovery of the car industry in Europe, and they also avoided having a housing bubble or high private debts. We cannot just say the more dependent and exposed to the world market, the more they were hit by the crisis, it's not that easy.

However, exposure to global markets and dependency can take their toll on liberalism. Look at Hungary and its new national populism; one of the issues is that key national industries are in the hands of foreigners, and this won over a lot of popularity during the crisis. They say okay, we have to take extra taxes from the multinationals in order to overcome the crisis. This turned out to be a very popular idea. It was not allowed by the European Union but it was very popular nationally. With regards to Hungary so far, one can say that the combination of disappointment over the outcomes of the European Union and this ownership structure help explain the new nationalism. I think the period of liberalism has ended in Central and Eastern Europe.

But Russia is a big country and Russians do not have to fear being taken over by foreign investors. For Russia, a mixed strategy would be — I do not understand why Russian policy never tried to mix strategy like China does — to partly open some sectors to foreign investors. But first, policy-makers need to understand against whom their industries will primarily be competing. In the case of the apparel industry, for example, it's not the Baltic States, it's not even Bulgaria or Romania, but perhaps China, Bangladesh, and so on. Even if you open the apparel and textile industry, is this industry really ready to compete with Bangladesh, China?

— But Germany, Italy and other European countries appear to be leaders in the global light industry?

— But not in production.

— But what about production? I read about German light industry.... you managed to find a specific niche. Today, the specialization of German light industry is mainly in production of technical textiles, sportswear?

— The textile and apparel industry, for example, was huge in Germany in the 19th century. In the 1970s, offshoring led to a drastic decline in the production capacities, after the 1990s, a similar process took place in East Germany in a very short time span. This shock could also happen to the Russian textile and apparel industry, that's why they protect themselves and their market. It's quite uncertain whether the Russian industry would manage to upgrade and if they have sufficient institutional support for being successful in this regard. But you are right that what we see is a kind of other extreme in Russia. Russia almost completely kept foreign investors out of the economic sectors in the process of transition, so they lose more and more ground in competition.

— At the same time, this is our disadvantage, because we always rely on our national market…. Of course, today, what you need is to be integrated into the global economy … Today, some Russian industries, like manufacturing, they started to understand that they lost some opportunities. Light industry was not and is not considered strategic for Russia's economic development.

— That's path dependency, when light industry was not always highly esteemed. This was the strange thing with the state socialist style of Fordism. It was not the Fordism based on complex consumer goods but on heavy industry. It was a strange form of Fordism-Taylorism. Fordism-Taylorism is actually based on light industry and complex consumer goods, and the Soviet Union, and other state-socialist countries, introduced Taylorism-Fordism combined with an emphasis on heavy industry for industrialization. That is a legacy.

I did this kind of research in the 1990s in East Germany, regarding the decline of the textile industry and the transition of the textile industry. I am not unfamiliar with this literature. East Germany was an even more radical case because from one day to the next, East German companies had to compete under very bad conditions with well-established Western companies, on their markets. Their 'own market' did exist anymore. And so within a year, employment in textile and apparel industry shrank to 10% of previous levels. And this happened in East Germany in one year. In West Germany this process took place over twenty years happened, and in East Germany, only in one. But there are survivors, such as Saxony, one of the old traditional regions in Germany with a strong textile industry. My first study on the transition in East Germany was about the textile industry, engineering and medium-size chemistry.

— I have one final question. What are your research interests today? Are you planning to continue your previous research or do you have some different plans in research terms?

— The rise of capitalism remains my interest. I also think that we now need more detailed studies. We have some terms and general descriptions and typologizing, which are quite useful tools, but we need more detailed studies on special fields, special markets like what we've talked about, such as light industry. So this is something that I will continue to pursue. I am now thinking about doing research on Corporate Social Responsibility (CSR) in Russia, because it's very interesting to me: namely, to what extent we can find path dependency and the legacy of the definitions of social roles of companies in the wider society, and how the Western concept is introduced and leads to a specific way of understanding the role of companies in societies. There are also the enormous uncertainties regarding the business environment in Russia and the increasingly authoritarian structure of this business environment. I'm interested in how such a concept works in such an environment. This is one of my research interests for the coming years. There is also the topic of informality and institutions, which is also linked to the rise of capitalism, because there is one interesting observation. When we talk about Western capitalism and its rise, we do not use the word 'informal,' while this terms is widely used for Eastern Europe and other world regions. Yet western market economies do not function based on formal rules only. To study the role of informality in forming the variations of capitalism, I think is an interesting perspective to pursue.

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