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The Impact of "Neoliberal Culture" on Economic Development in the SEE Countries

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ABSTRACT

The subject of the paper is to point out the influence of the so-called "neoliberal culture" on economic development in the SEE countries and to explain the relationship between "neoliberal culture" and alternative institutions. In order to understand the topics covered by the research, the nature of the relationship between culture and institutions, as well as the relationship between culture and economic development, are additionally explained. The goal of the research is to ascertain the negative impact of the so-called "neoliberal culture" in SEE countries. It is based on the hypothesis that, with its hybrid and pseudo characteristics, it favored the formation and strengthening of alternative institutions, that is, a long-term socio-economic crisis. In addition to the usual methods of social and economic sciences, the descriptive method and the creation of logical images and schemes were mainly used in the work. In conclusion, the initial hypothesis was verified.

INTRODUCTION

Many authors today agree with the assessment of D. Landes (1998): *„If we learn anything from the history of economic development, it is that culture makes all the difference"*. Referring to P. Boettke

(2009), who believes: „*We cannot assume away cultural influences as economists have often done*", M. Ghiasi accurately points out: „*Culture, especially in economic growth literature, is largely ignored or assumed away as a constant*". P. Streeten (2006) also noted that "*culture as an element in economic development... has been largely neglected in traditional development economics, most writers either seeing culture as an obstacle to development or ignoring it altogether. Recently a shift in thinking has occurred whereby culture is now more widely seen as being more central to the development process, especially where a human-centered rather than a goods-centered view of development is taken*". Acemoglu & Robinson (2021) : they correctly observed: "*We view culture as inseparable from a broader social equilibrium and closely interacting with political and economic power. Specifically, cultures adjust to institutional and political factors*". Theories of culture have become popular again in economics, political and other social sciences as they offer explanations for economic, social, political and institutional differences between states, regions, ethnic groups and families. Term „culture" („*a whole way of life - material, intellectual, and spiritual*" – R. Williams, 1976) hasn't „settled" yet in economic studiesIn particular, there is a lack of studies and analyzes of the so-called "neoliberal cultures",like particular kind (subsystem) of culture. L. Guiso et al. (2006), who characterize culture „as *those customary beliefs and values that ethnic, religious, and social groups transmit fairly unchanged from generation to generation*". M. Porter (2000) defines economic culture as „*the beliefs, attitudes, and values that bear on economic activities of individuals, organizations, and other institutions*".

Some authors interpret neoliberalism as a broad cultural ideology (zasnovanu na individualizmu) that has reshaped how we think about people and institutions[1] in all arenas of life, not just the economy (free market, privatization). Neoliberal culture "*came to life*" under the influence of neoliberal economic policy, which dominated in some post-socialist countries, the so-called „transitions" (among them the countries of Southeast Europe - SEE). The development of the post-socialist society in the considered SEE countries developed under the strong influence of that hybrid „neoliberal culture" in a period of over three decades (Grgurevic, 2022). „*Neoliberal hegemony increasingly shaped individuals' common sense*", considers D. Saunders (2010, p. 42), and she tried redefine the purpose and role of social, cultural, and political institutions. To the peoples by the „new elites" and the so-called „reformists" were imposed new values, ideas, representations, symbols, preferences or beliefs. For the sake of comparison, let's remember that F. Hayek considered that cultural activity ultimately serves the production and maintenance of particular social orders, so in that context he believed holds that the market order(he is celebrate) could not have emerged without the cultural traditi-ons and values, bolstered by myth, faith, art, and law, that guarantee its functioning.. S. Huntington (1993) was one of the first to focus scientific research on culture. He is (2000) he pointed out the importance of certain human qualities, such as thrift, purposefulness, diligence, education, organization, devotion, discipline, etc.

Economic culture is a particular kind of culture, its subsystem, which incorporates a variety of ideas about the economy and economic behavior. In addition to being economic and cultural spaces that can be observed as a sphere of human consciousness, they can also be interpreted with institutional aspects of value-oriented interactions (Grgurevic and Delibasic, 2019). He is forming based on agreement on values, norms, and rules regulating the roles and functions of economic actors, as well as communicative practices in various spheres of economic activity. As P. Berger (1986) writes, "*Economic institutions do not exist in a vacuum, but in the context or, if you like, in the fabric of social and political structures, cultural forms and, of course, in the structure of self-consciousness: in the system of values, ideas, beliefs*".

Starting from the opinion of A. Alesina and P. Giuliano (2015), according to which „*the problem of many definitions lies in the fact that according to them the institutions overlap too much with culture, because they contain norms and customs*", a logical conclusion is imposed that the subjugation of formal and informal institutions by the so-called „alternative institutions" directly contributed to the formation of a

[1] "*Institutions are the humanly devised constraints that structure human interaction. They are made up of formal constraints (e.g., rules, laws, constitutions), informal constraints (e.g., norms of behaviour, conventions, self-imposed codes of conduct), and their enforcement characteristics*" (North, 1994, p. 360). This definition can be broken down as follows, into: a) So-called informal constraints, i.e. "*traditions, customs, moral values, religious beliefs, and all other norms of behavior that have passed the test of time (and which are) the part of a community's heritage that we call culture*" (Pejovich, 1999, p. 166), b) So-called formal institutions, i.e. "*constitutions, statutes, common law and other governmental regulations*" (Ibid., p. 167) that determines political and economic systems, and c) Governance: this includes the implementation of the rules or institutions and their characteristics.

specific "neoliberal culture" and its compromising contents. The economic reality was viewed through the prism of new, imposed and directed cultural values, which in their essence and consequences can be characterized by the propagation and realization of anti-cultural values. Many authors (Acemoglu & Robinson, 2021; Akerlof and Kranton, 2000; Halaskova et al., 2023) agree in the assessment that changes in the economy changes in the economy and its institutional structure represent manifestation of the cultural process and development of the value system as the nucleus of culture. Acemoglu & Robinson (Ibid.) define culture as *„patterns of beliefs, relationships, rituals, attitudes and obligations that furnish meaning to human interactions and provide a framework for interpreting the world, coordinating expectations and enabling or constraining* behaviors". At the same time, they note: *„culture is not just about 'values'. Nor does it typically determine a specific type of behavior. Rather, it provides a set of justifications and associated choices that are made in a social context*". The last one is extremely important for a better understanding of our topic. Because, it is precisely the so-called "alternative institutions" were *"toolkit or repertoire from which actors select different pieces for constructing lines of action"* (Swidler, according to Acemoglu & Robinson, Ibid., p. 2).

The P. Berger (1986) opinion corresponds with the stated opinion Alesina and Guliano. He points out: *„economic institutions do not exist in a vacuum, but in the context or, if you like, in the fabric of social and political structures, cultural forms and, of course, in the structure of self-consciousness: in the system of values, ideas, beliefs*"-. Many studies show that cultural variables de-termine many economic and institutional decisions. In this sense, one can consider the interdependent relationship between institutions and culture . Both are endogenous developmental variables that have been shaped and changed throughout history. Neoliberal culture was completely determined by neoliberal ideology and official neoliberal economic policy. They directly (politically, economically) and indirectly (media) influenced people's consciousness, in the sense: *„comprehending and evaluating reality are formed, preko new individual and collective models and representations about the economy, the system of value coordinates, ethico-economic acceptable norms of behavior and institutional forms*" (Delibasic, 2024).

Economic reality is a set of explicit and hidden forms of manifestation of power relations that arise as a result of interaction between unequal forces, superiors and subordinates subjects. In all societies there is a characteristic (specific) system distribution of of power. Also, there is a certain relationship between the authorities and the institutions on which the construction and reproduction of institutions takes place. When greater the excess or the lack of power in society, the more significant are the negative consequences of the imbalance of power relations and their deformation. This is exactly what happened in the observed SEE countries after the collapse of socialism. The new cultural and value compromise of various groups of actors and authorities („new elites") led to the formation new cultural context (neoliberal), which is significant influence the behavior of subjects, the creation and application of production systems, the fall quantitative and qualitative parameters of economic development, and change the structure of the flow of investments. That new one ethico-cultural context imposed itself as a new cultural dogma in the economy and society. All that is reason enough to research and define role (influence) „neoliberal culture" in the post-socialist period of SEE.

1. CULTURE AND INSTITUTIONS

Taking positions from the literature, I Azis (2019) states: *„The role of institutions lies at the center of the link between culture and economics, particularly in the direction of causality. Institutions and culture interact and evolve in a complementary way, not through a one-way causality. Culture-influenced institutions can affect transaction costs, and in turn, economic performance*". Further, he (Ibid.) draws a correct and very indicative conclusion: *„It is mind-boggling how economics can be reduced to a culture- and institution-free abstraction when there is abundant evidence from real-world cases that shows otherwise*".

The increased importance of cultural approach on the economy was dominantly influenced by institutional, and later by neoinstitutional economic theories (NET). In this sense, it is particularly significant the theory of institutional change as established by D. North (1971; 1990). T. Veblen (1973) he much earlier considered that economics is more than allocating scarce resources among alternative uses. Economic decisions and activities do not occur outside historical, cultural and institutional contexts. Culture is

pivotal in forming institutions and institutions are habits of thought that prevail in time and place. The influence of culture and informal rules is pervasive, according to D. North. Indeed, in his view (1994, pp. 363-364), the reason why, throughout history, most societies have failed to grow is because they are trapped in institutional frameworks that do not create incentives to develop imper-sonal exchange. His views about the importance of culture and belief systems in the process of institutional change are closely linked to his views on path dependency. He regards the relationship between belief systems and institutions as intimate. Belief systems are the internal representation of reality, while institutions are structures that individuals impose on reality. North (1993) wrote: *„The language and mental models formed the informal constraints that defined the institutional framework of the tribe and were passed down intergenerationally as customs, taboos, myths that provided the continuity that we call culture and forms part of the key to path dependence*".

D. North (2005) argued that culture is important for the historical process because it forms an artificial structure (beliefs, institutions, tools, technologies) that gives society the "keys" ("glue") to dynamic success or eventual failure over time. The Definition of North (2005, p. 6) insists on the dynamic, adn beliefs (like for instance ideologies) which are foundations of it: "*the culture of a society is the cumulative structure of rules and norms (and beliefs) that we inherit from the past, that shape our present and influence our future*" He sees culture as a set of ideas (beliefs) and institutions (formal and informal), but also as a system of transmission of norms, ideas and values between different generations. Although North did not consider the existence of „alternative institutions", he is with a group of authors in the work *„Violence and Social Orders ..."* that in a society with closed access to resources dominant inte-rests of the nomenclature of power and their lobbyists, which leads to the establishment of various forms violence in society, numerous deformations and reductions of the socio-economic reality (order) and the overall institutional structure (North et al., 2009; Delibasic, 2022; Grgurevic et al., 2015). A conglomerate of various anti-systemic forms (organizational, institutional, normative and culture). It's being created. In practice, this manifested itself through various substitutions. The market has been replaced by monopo-lies, the efficient and massive private sector by mass enrichment of individuals, incentives and competition by privileges, entrepreneurship by rent-seeking (Buchanan et al., 1980) and gray economic behaviour, democracy by party lobbying, nepotism by log rolling, political pluralism by absolutism of the ruling parties and coalitions, etc. In such an environment, cultural property declined.

Recent research has focused on the co-evolution of culture and institutions (two-way relation-ships), rather than emphasizing causality in one direction or another. A multiple balance is assumed, which is characterized by a combination of some types of culture and some types of formal institutions. The general idea underlying this approach, is that a state (or a region or an ethnic group) shares certain cultural values, which leads to the choice of certain institutions. In turn, certain institutions lead to the preservation (and transmission from generation to generation) of certain cultural values. This co-evolutionary framework applies to several cultural characteristics: coop-eration, trust, family ties, individualism, and justice. The role of culture in social and especially institutional change is an important topic in the considered context of the post-socialist transition. Institutional reforms of the political and economic system were largely dependent on from level and characteristics the national culture (according to Elster et al., 1998, p. 19). The structure and position of institutions are largely determined by cultural patterns, which are complex products, usually including values, norms and behaviours. Institutions are *„articulations of culture and as such have a structure that more precisely defines character and position, and which, in a sociocultural context, may include a monopoly on a part of social practice*" (Ibid., p. 11). If the above is taken into account, it becomes clearer why it was possible to form and strengthen alternative institutions in SEE countries, which had a negative impact on the state of culture.

It is clear that economic actions (aided by institutional arrangements) to a significant extent result from culture (Beugelsdijk and Maseland, 2014, p. 116) - it is because they are very strongly influenced by cultural patterns (Kokovic, 2005, p. 228). Inherited culture must be distinguished from modern culture. In this sense, I have often written about the ideological influence of the so-called „neoliberal culture" in the transition period. It had negative consequences for society (cognitive and actional) since it „constructed" specific (neoliberal) images of the world - a "*new coordinate system*" (Berger and Luckmann, 1991), that is, a new reality, as "*tools for adaptation*", management, survival, etc.). For our analysis and research of „neoliberal culture", the elaboration of J. Causadias (2020) is significant, he introduced the so-called P-

model (Figure 1). He thinks that culture is defined as a system of people, places, and practices, for a purpose such as enacting, justifying, or challenging power. People refer to population dynamics, social relations, and culture in groups. Places refer to ecological dynamics, institutional influences, and culture in contexts. Practices refer to participatory dynamics, community engagement, and culture in action. Power refers to forcing others into compliance (power-over people), controlling access to spaces (power in places), and behaving as desired (power-to practice). We created the modified P-model of culture by the necessary inclusion of institutions as general regulators of behavior, i.e. as mediators between all the elements that Causadias mentions in the P-model. *„People create culture through shared practices in places, and culture shapes how people engage in practices and build places“* (Causadias, Ibid.) – with the intermediation of institutions.

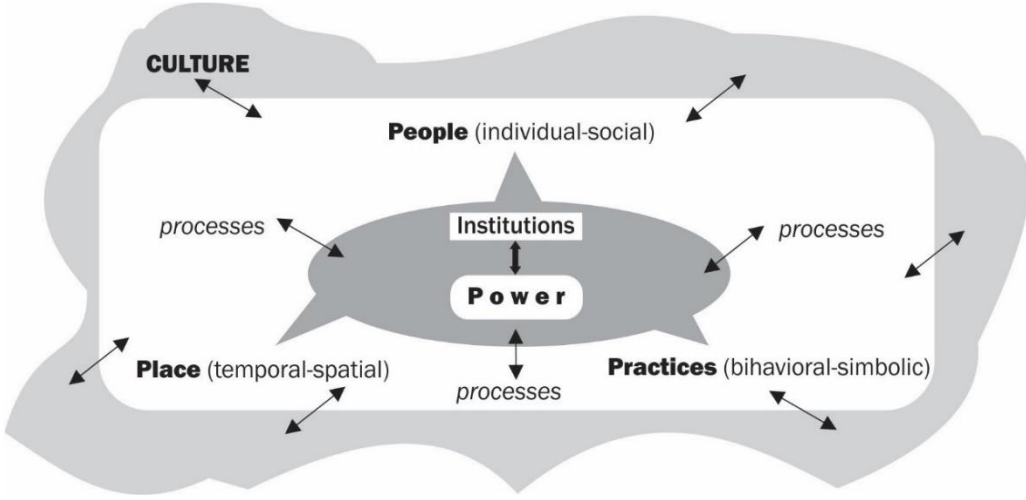

Figure 1. Modified P-model of culture

Source: own adapted to Causadias, 2020, p. 311; Draskovic, 2023.

Also important for our analysis of "neoliberal culture" is the latest study by D. Acemoglu and J. Robinson (2021). She offers a new framework for studying the relationship between culture and institutions, in that sense and the so-called "alternative institutions". They (Ibid.) interpret culture as a specific „repertoire" that provides rich cultural responses to changes in the environment, as well as changes in political power (*"'repertoire', which allows rich cultural responses to political changes"*). They consider that culture is a collection of various attributes and possible connections between them. Combinations of various features produce the so-called *„cultural configurations"* that provide meaning, interpretation, and justification for individual and group actions. *"Cultural configurations"* also legitimize and support different institutional arrangements (Figure 2).

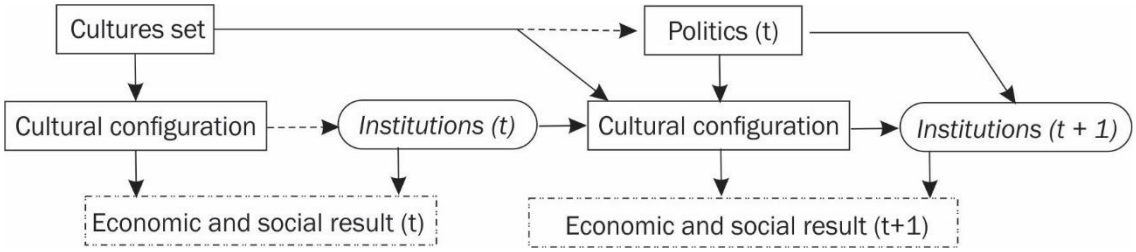

Figure 2. Interaction of Culture and Institutions for Liquid Culture

Source: Acemoglu and Robinson, 2021; Draskovic, 2023, p. 32

However, changes in policies and institutions can cause changes in existing attributes, giving rise to very different cultural configurations. This example assumes that any set of relationships is possible and shows two cultural configurations. Acemoglu and Robinson (Ibid.) argue that *„cultural resilience may be the result of the dynamics of political and economic factors, rather than being the result of an unchanging culture."* They distinguish cultures by how fluid they are, emphasizing that more fluid cultures allow for a richer set of cultural configurations. Fluidity in its own way depends on how specific (as opposed to abstract) and de-pendent (as opposed to autonomous) attributes in a set of cultures. They further note that *"a culture becomes more restrictive when it is less fluid (more programmed), ie. because its attributes are more specific or dependent*". They assumed that in reality there is a rich set of cultural configurations that permeate and complement each other in response to changes in politics and other factors (they talking about the potential fluidity of cultural configurations). Institutions affect the evolution of cultural configurations, and politics affect both institutions and cultural configurations (Delibasic, 2024).

The post-socialist practice in the SEE countries showed that the fluidity of cultural configurations under the dominant influence of ideology can go in the monistic direction of opposite cultural values: the priority (dominance) of dirigisme to the priority (dominance) of quasi-individualism. It can be said that it is a phenomenon (but also a paradox) of the transformation of one conductor's culture (socialist) into another (post-socialist). Both the first and the second are essentially about party dirigism. The difference is only in the form of the ideology: the first is the official state ideology (socialist), and the second is the quasi-individualistic ideology (neoliberal). Observing through the prism of the aforementioned interpretation of Acemoglu and Robinson, in Figure 3 we have created the interaction of culture and institutions in SEE countries.

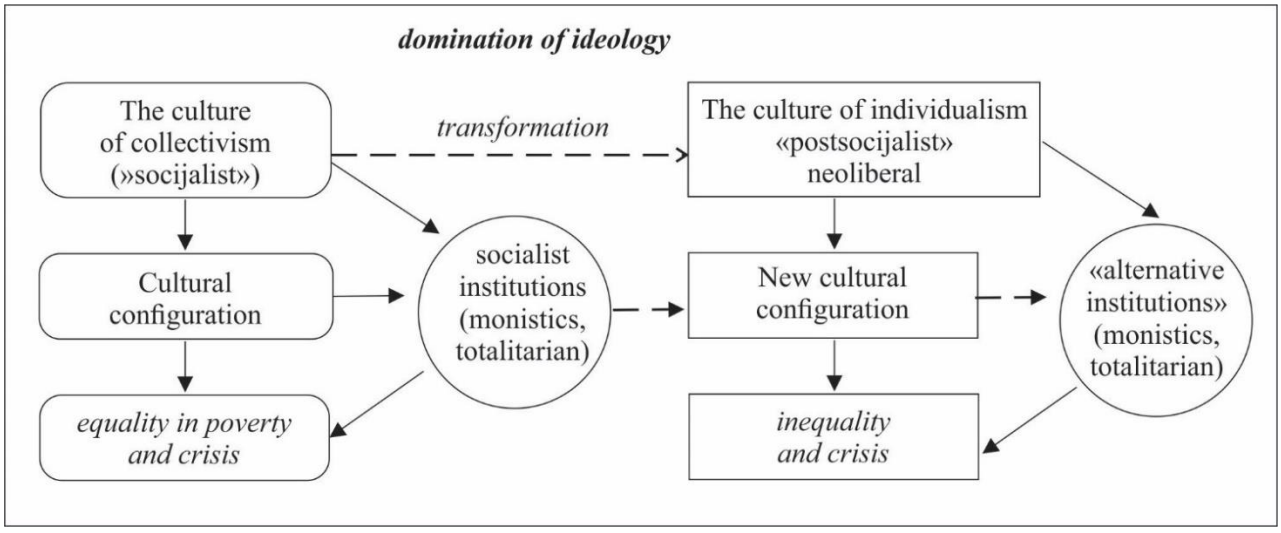

Figure 3. Interaction of culture and institutions in monistic culture in SEE countries

Source: own

Also, observing through the prism of the mentioned study by D. Acemoglu and J. Robinson, V. Draskovic (2023) emphasizes that it becomes clear why and how "*neoliberal culture*" (with all its vices and tragic manifestations) has established itself as dominant in most transitional countries (SEE): "*The sudden and unexpected shift of political power with quasi-democratic innovations, the recombination of institutional arrangements, 'alternative institutions' and long-term accumulation of various cultural responses, along with an undisguised desire for change, allowed the formation of a specific post-socialist cultural configuration. It was quite visible, transparent, immoral and brutal, due to its main characteristics of that time: inconsistency, fictitiousness, insecurity, programming (low turnover), openness and dependence on the inter-national environment, party dominance, memory determinism, general insecurity, systems etc.*". (Ibid., p. 33). Of course, culture and institutions intersect and complement each other, which is why subdued formal and informal institutions (as a „cut" of their commonality) had a decisive influence on the

alternative “development” of institutional mechanisms. This had an extremely negative impact on all sectors of society, including culture. The former resulted in a three-decade deep crisis of society and economy (Figure 3).

3. “NEOLIBERAL CULTURE” AND ALTERNATIVE INSTITUTIONS

Many theoretical analyses of institutional models have shown that socio-economic development includes not only economic factors, but also a wide range of non-economic variables: formal and informal institutions, cultural and other value systems, as well as all forms of opportunistic behaviour established by alternative institutions (cultural-institutional subsystem) - M. Delibasic (2018, 2019). During the transition period, quasi-neoliberal dogmas, utopias, myths and illusions of individualism were used in SEE countries. The rapid maximization of profits at any cost, as well as gap between the oppressed masses and privileged individualism directly influenced the reduction of the role of culture in society. There are very few articles in the economic literature that directly state the existence and/or analyse the functioning of alternative institutions. This is understandable for Western authors, due to the absence or insignificant importance of alternative institutions in developed countries. However, authors from countries with economies in transition unjustifiably neglect their existence, functioning and great social and economic influence. They are always associated with quasi-institutional actions (shadow, criminal, opportunistic, non-market), so they are not easy to explore and explain. However, there are institutional and other indicators that directly or indirectly indicate their presence and negative impact. These include indicators of the rule of law, economic freedoms, innovation capacity, perceptions of corruption, global competitiveness, degree of inequality, non-market reallocation of resources, etc.

The existence of alternative institutions is typical for underdeveloped countries. The activation of alternative norms led to subsequent institutional conflicts, abuses and failures. This is evidenced by numerous socio-pathological phenomena (corruption, non-market and legal enrichment, interesting and lobbyist rolling of logs - monopolies and various forms of market restrictions. There are many reasons for this, starting from path dependent, through external economic and political influences (military environment, integration, globalization, geopolitics and geoeconomics) until the application of neoliberal economic policies.

The institutionalization of the privileges of rare individuals (politically elected), procedural forms of domination, new autocracy, and sophisticated forms of neototalitarianism have imposed modern forms of culture barriers (restrictions). Although they do not mention the existence and functioning of alternative institutions, D. North et al. (2009) they state and analyse in detail social violence, privileges, ballasts of feudalism, political rent, non-market redistribution, the rule of law in favour of elites and other negative social phenomena that characterize the existence of violence in society. It is the product of the so-called of „new elites” and „alternative institutions”. It led to massive marginalization the cuture.

Under the so-called "neoliberal culture" we mean very different implications of neoliberal policy and ideology in the field of culture, i.e. numerous negative changes in the system of value orientation of transitional societies SEE. The mentioned cultural changes were conditioned by two reasons: first, to overcome as soon as possible the basic elements of socialist culture (monistic in nature), and second, that of the nomenclature authorities (so-called „reformists”) forcing of such post-socialist phenomena as liberalization, democratization and deregulation. Such drastic changes in the value system in society inevitably led to cultural transformations (orders), which can tentatively be called the establishment of „neoliberal culture” - also of a monistic nature. Of course, in all of this, it is impossible to separate the ideological discourse from the „cultural” one, although it is evident that the former had a hegemonic influence on the latter and not the other way around. „Neoliberal culture” appears to be operationalized and instrumentalized by forcing a „centering of values” around money, goods, consumption, technology, privilege, or celebrity (see: Hall, 2011, pp. 722–723). In this way, neoliberal forms and symbols of appropriate rationality imposed themselves as a specific culture (Couldry, 2010, p. 12). It can be concluded that the materialistic and market-driven growth of new cultural content has led to the dogmatization and degeneration of culture and its spiritual-educational degradation. This is why „neoliberal culture” can be called a culture of non-market (privileged) enrichment.

If we look through the prism of NET institutional change in transitional environment for, we can conclude that culture and socio-cultural capital belong to the internal influencing factors (path of dependence, the nature of public choice, and the authoritarian nature of nomenclatures authorities). External factors include globalization, geopolitics, geoeconomics, and externally imposed ideologies, such as neoliberal, for example. Dominance of a specific monistic „neoliberal culture" in most transition countries (in particular in the countries of SEE) enabled the formation and strengthening of the so-called alternative institutions (from the shadows). By building alternative institutions, „new elites" were maintained and increased their role in the structure of social power for a long time. In pre-modern (transitional, post-socialist) societies, the elites retained their power mainly through a vacuumed (patriarchal-clan) network system. In that way, they controlled (enslaved and abused) all the most important spheres of society: economy, culture, institutions, knowledge and mass media (Figure 4). The elites replaced culture with a quasi-neoliberal culture, institutions were abused, ignored and subjugated to alternative institutions, knowledge jwas degraded, humiliated and ignored, it was replaced by mass ignorance (debilization - i.e. fake diplomas), independent media were supplanted by dependent media, etc. Such was the formula of the new (transitiona) „slavery" – „neoliberal culture".

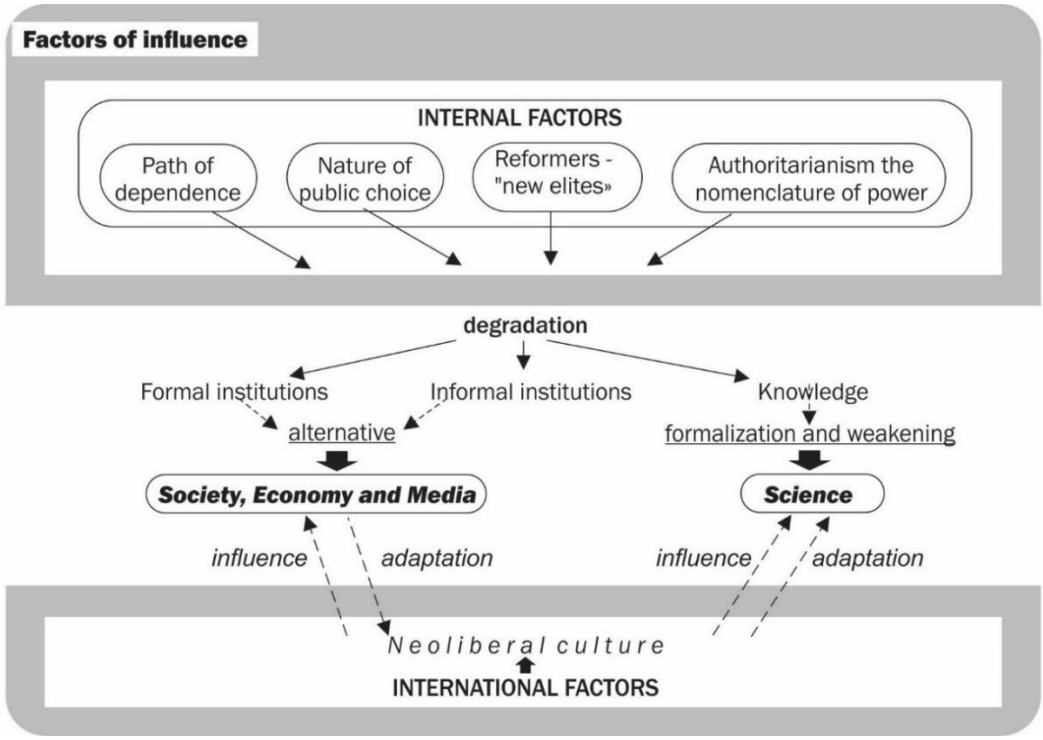

Figure 4. General „shells" of neoliberal culture

Source: own

If in our analysis of the ideological and political fetters of the modern transitional society the include attitudes of R. Aron (1997) on the dominance of politics in society, then one should state his evidence for the hypothesis that there is a difference between „constitutional-political systems" and „monopolistic party regime". As the criteria for identification the above orders he states: differences between competition and monopoly, constitutionality and revolution, pluralism and bureaucratic absolutism, aand the existence of different parties in the state (party pluralism) from the party state (conditionally: „private state"). Consistent analysis and application of these criteria in individual countries with a transition economy and sociaty SEE allows to easily conclude which form of the political regime in them dominates. It is undeniable that the level of economic development, traditions, development of institutions and in particular culture greatly affect the nature of political institutions, i.e. on the possibility of creating and strengthening „alternative institutions". The abstract study by Aron of the duality and/or ambiguity of politics (understood as a struggle

for power and as a search for legitimate and best power) led to its idealistic understanding of institutions as normatively authorized rules of behaviour, the activities of which are aimed at common (social) interest

However, if it were really so, „alternative institutions“ would not exist anywhere. Although Aaron writes about democracy and totalitarianism, *„impulses of power“*, *„threshold of violence“* and *„degree of totalitarianism”* (measured by the degree of comprehensive ideology), he failed to raise his analysis to a higher level and perceives the difference between the legally legitimate source of power and the owner of real power in society... (compare: Draskovic, 2023). Also, he did not notice or explain their main consequences, among which exactly alternative institutions occupy a key place. And yet, it is certainly positive that Aron (ibid.) cites five factors of totalitarian rule: a) party's monopoly on political activity; b) ideology as the official „state truth”; c) monopoly on the means of violence and persuasion; d) submission to the state of the majority in their economic and professional activities; and e) politicization of all activities, with police and ideological terror. Because that is quite enough to recognize the type of government in SEE countries.

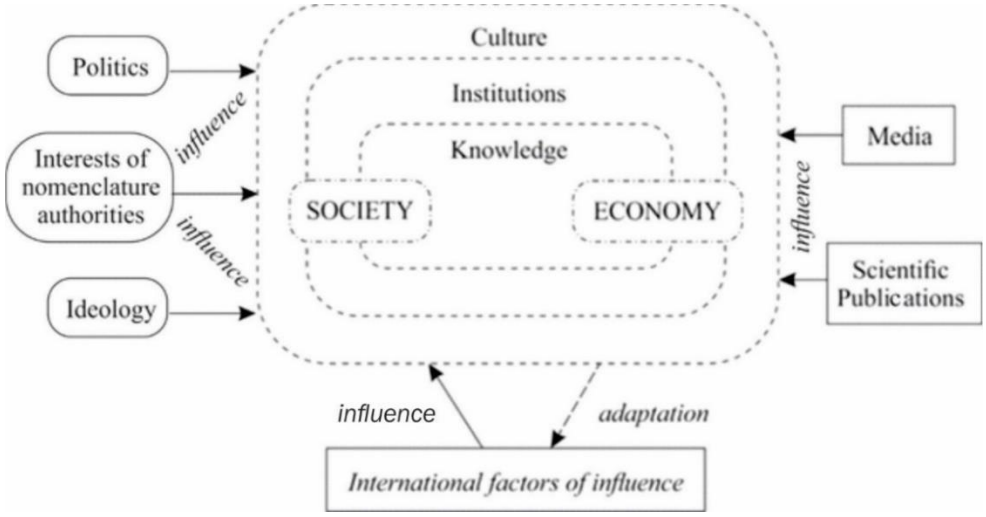

Figure 5. Local and international factors influencing the development of society and economy

Source: Adapted to Draskovic, 2023; Delibasic, 2024.

The most common and necessary constituent elements (key areas, pillars) of any human society are culture, institutions and knowledge. In recent decades, in SEE countries they were greatly influenced by: apologetic scientific publications, the media, neoliberal politics and ideology, as well as the interests of the nomenclature of the authorities (see Figure 5). They should have a civilizational, developing, imperative and continuous „character“ in society. Throughout its history, every society has experienced periods when this "specified "character has been more or less undermined, threatened, underestimated and negated. One of these periods was, of course, the so-called post-socialist transition in SEE countries. Undoubtedly, during this period, culture as the most general and broadest social “shell” (frame) was repeatedly violated and replaced by a primitive and narrowly self-serving quasi-neoliberal culture and ideology. In addition, institutions were ignored, abused, subordinated and sustituted to extremely narrowly interested so-called “alternative institution”. Knowledge also degraded many times due to its massification, privatization, underestimation and commercialization.

4. CULTURE AND ECONOMIC DEVELOPMENT

Until recently, most economists ignored cultural factors in analyses of economic phenomena and processes. In recent decades, the situation has changed significantly. Many researchers have accepted the fact that traditions and habits specific to certain ethnic groups, religions, and population groups seriously affect their economic results (Kacerauskas, 2023). Even the founders of classical economic theory, A.

Smith and J.S. Mill believed that cultural factors sometimes have a much stronger influence on people's behavior than the essential pursuit of personal gain. K. Polanyi also believed that religion and culture are „restraint factors", which sometimes stand in the way of the laws of the market. One of the first economic papers in which culture was inspected as an independent factor was written by E. Banfield (1958). He argued that the low levels of development of certain economies can be explained by cultural systems and traditions that have developed in different countries. D. Landes (1998) proved that there is a direct connection between the prosperity of the national economy and the cultural qualities of its citizens (economy, thrift, hard work, perseverance, honesty, and tolerance), while xenophobia, religious intolerance, and corruption cause poverty of the population and slow economic development. "*Culture makes almost all the difference*" for economic growth and cross-country differences, stated Landes (2000, p. 2).

The modern economy is exposed to significant geopolitical and geoeconomic influences and different (sometimes conflicting) views on the world of international entities. In this context, culture has become a specific „*strategic vector of socio-economic development*„, believes S. Arrebola Castano (2016, p. 95), because it accumulates historical patterns of economic changes in different societies. In addition, it determines contemporary economic transformations, through institutional and other changes. The result of this is a sharp increase in the interest for studying cultural factors of economic development, whereby they are considered immaterial and valuable landmarks of the economy and material products of cultural industries.

Assuming that culture has a remarkable impact on the economy, the question arises: how can this impact be measured? The simplest method is correlations, which show that certain values and behavioral attitudes move together and are closely related to certain economic indicators. But correlations can be wrong: maybe it is the unknown (unexplored) influencing factor. Regression methods make it possible to see the contribution of each element to economic change. But they do not explain the cause and the effect: whether values have changed due to economic growth, or vice versa. For this reason, the method of instrumental variables is used to solve the mentioned problem, i.e. the characteristics that are correlated with the indicator of culture, but not with economic growth, are sought. In this way, Y. Algan and P. Cahuc (2007) made an important discovery about the possible substantial influence of culture on the economy. They investigated the net impact of culture on gross domestic product per capita. A. Alessina et al. (2015) have proved „*that individuals who inherit stronger family ties are less mobile, have lower wages and higher unemployment, and support more stringent labor market regulations*". Their results suggest that labor market regulations have deep cultural roots.

Until now, in the empirical literature on the role of culture, most attention has been paid to the individualism-collectivism indicator (Hofstede, 2000). We believe this research framework should be methodologically dominant in analyses and explanations of the influence of culture on socio-economic development in SEE countries.

CONCLUSION

In the modern scientific environment, there is no doubt about the thesis that culture and economics are in a continuum of interaction and that mental and axiological factors influence economic processes, relationships, and indicators. Culture affects the economy through value-mental factors (identification processes, structures of elite and mass consciousness). On the other hand, the economy affects the development and quality of cultural life in society through the production and distribution of cultural goods, which are often of a public nature. Economists define culture as values and behaviors that are shared by a large number of people and that change slowly over time.

Despite many explanations and criticisms in the literature, it is unclear why SEE countries almost constantly and unsuccessfully look for the unsolvable socio-economic "*squaring of the circle*"? And this is always stubbornly done with slogans, stereotypes, and promises (communist, socialist, post-socialist, neoliberal, quasi-neoliberal, and others). But in fact - all this is done in various forms and manifestations of dirigisme, party dominance, interest motivation, and opportunistic behavior.

Many studies have revealed a correlation and cause-and-effect relationship between culture and economic processes. Culture is not the only key factor that determines the effectiveness of economic processes at the micro and macro levels. The importance of culture is more pronounced in conditions of absent (or poorly functioning) formal institutions. Ignoring the role of culture can lead to additional transaction costs and loss of efficiency (for example, as is the case with borrowing advanced institutions without adapting them to the sociocultural characteristics of the country).

Neoliberal culture in the post-socialist states of SEE, with its imposed, interest-oriented, and vulgarized manifestations, significantly contributed to the emergence of numerous elements of pseudo-culture. They had a counter-productive impact on socio-economic development and the implementation of reforms called „transition". It goes without saying that *„unliberated cultural codes"* were imposed consciously, uncontrollably, and indiscriminately, in the conditions of a widely known and specific mental environment.

Cultural norms are strongly present within economic life. Cultural values and beliefs of society play a decisive role in their economic behavior and its development process and content. Culture is a set of values that influence human preferences. A culture manifests the behavior generated by its specific values and narratives, and that behavior may be functional or dysfunctional. Notwithstanding its inherent and endogenous influence (worth), culture gives significant social and economic advantages. It is certain that in a long run, economic development depends on a preference for human (social) capital accumulation, for which it is needed, for example, balanced preferences for free time, high inclination towards education, innovation, research and hard work, respect for institutions and human rights, fairness, devotion, forcing knowledge, achievement orientation, accountability, individual initiative, participatory governance and trust in system motivation. They have negative impacts, for example, crime, unemployment, poverty, poor education, prolonged crises and economic mismanagement from the government, autocracy, social alienation, strategies serving the elite interests, and social pathology.

The initial hypothesis was verified in the article, using mainly the descriptive method, together with the basic methods of social and economic sciences.

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