

# **The Production of Ambition: the making of a Baltic business elite**

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Doctor of Philosophy

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## **ABSTRACT**

This dissertation comments on the current period of intense social change in the former Soviet Union by charting processes of elite production at a business school in Riga, Latvia. It is concerned with an ethnically diverse group of students from the Baltic states who attend a Swedish institution established to accelerate the transition. I suggest that rather than producing ‘catalysts of change’ the business school represents a foreign-direct-investment into human capital. The thesis tackles the transnational complexities of the organisation by combining ethnographic description with an analysis of the historical and ideological shifts in international relations and a review of the anthropological literature on socialism.

The thesis also responds to the lack of anthropological research on elites by presenting the first ethnographic study of a business school. It investigates elite schooling practices and parameters through an engagement with the debates on reproduction in education. In Riga an off-the-peg curriculum sidelines issues specifically concerned with the Baltic context; instead of addressing local problems students are increasingly drawn towards transnational corporations. During their attendance they partially develop their own agenda, which is a finding that questions prevalent assumptions about the docility of students in elite education. Other key factors of the students’ transformation are language, image, style, school space and consumption. Their collective grooming project forms an important part of the esprit de corps at the school. Additionally, the thesis highlights the establishment of multi-ethnic networks on the basis of shared interests, thus challenging one-dimensional reports of nationalism in the region.

Caught between the post-Soviet context and a forceful Swedish vision of change students experience upward mobility along with problematic negotiations of ongoing circumstances. Intended as a contribution to anthropological studies of post-socialism the thesis explains how the business school generates graduates who are willing and desirable recruits for the capitalist expansion.



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## **INTRODUCTION TO THE THESIS**

This thesis deals with a new form of economic involvement between the former Eastern bloc and Western capitalism. It is an ethnographic investigation into the lives and studies of a group of Baltic students at a Swedish business school in Riga, Latvia. As one specific incidence of development aid to the Baltic states, the school is where the Swedish State and Western corporate interests coincide and where they cooperate to bring about their vision of economic and social transformations in that region. The move towards market economy principles has been promoted and facilitated through the establishment of the school. This thesis addresses the motivations for setting up this high-profile institution and considers regional connections around the Baltic Sea rim historically. It examines the way in which the training is received by the Baltic students who attend it, and it traces their individual and collective development towards becoming “functionaries” of global capitalism.<sup>1</sup>

Educational methods, curricular contents, and institutional processes contribute to the students’ transformation and to their extraordinarily privileged and advantageous position. The school clearly functions as an important stepping-stone where young people from an intelligentsia background pass through; they leave with an internationally accepted credential that strategically places them in the position of becoming a new Baltic business elite.

The thesis also addresses the unintended outcomes of this project. Despite the stated aim of ‘developing’ the Baltic economies the school lacks engagement with the local economic context. Instead, it forges a powerful connection between the students and transnational companies. Company visits form part of the curriculum and enable students and transnational companies to get to know one another. This new

relationship is helped along by corporate sponsorship for the school, special funding for individual students and a whole array of student activities as well as lavish functions. This gradual process is further supported through salient spatial similarities and the emphasis on grooming whereby the students learn to look, talk and behave like Western business people. However, whilst students become increasingly attractive to transnational companies, they neither learn to understand local companies, nor do they engage in the actual issues and problems of the economic transformations of their national economies. The institution does not act as a mediator between its students and local businesses.

Given these limitations of the school's role, it is up to the students themselves to connect up their new knowledge and experiences of Western business principles with their home context. This means that they have to be able to translate, adapt and negotiate their knowledge, ideas and ambitions between divergent realms and conflicting expectations. Students have to be strategic about passing the entrance criteria and a continuous stream of exams and they comply with the school's requirements, but they do not buy wholesale into all aspects of the school's methods and overall vision. They employ mechanisms that seemingly undermine the school's goals but which fail to challenge it overtly. They engage in complex forms of appropriation of the building, develop an extraordinary regional network of students and graduates. They also build on the superior Western status of the school with which they become associated and they use their newfound affluence to develop distinctive collective consumption patterns. By combining Soviet cultural practices with transnationally inspired hybrid ambitions, they seek to find collective solutions to the pleasures and predicaments of their newfound privilege. This introductory chapter provides the background. It explains the choice of fieldwork site, access arrangements, and how research was conducted as well as the key themes of the thesis.

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<sup>1</sup> The term describes those "fully inside and complicit with powerful institutional engines of change." (Marcus, 2000, p.2).

## Fieldwork Site

The dissertation is based on ethnographic fieldwork, which took place over a period of 21 months between 1996 and 1998. The business school is a small educational establishment located in Riga. It was set up in 1993 on the basis of Latvian Swedish co-operation. For a period of ten years, its financing is secured through Swedish State development aid. It is 51% owned by the Swedish business school that is in charge of managing the institution. The Latvian State owns the remaining 49%. The school offers a single degree programme in Economics and Business Administration. The course lasts for two years. It is a more concentrated version of the syllabus of the Swedish undergraduate degree. The school recruits 100 students each year; hence there are only 200 students at any given point. All students receive a scholarship that is equivalent to a monthly Latvian salary. The student body is diverse. Whilst the majority of students come from Latvia (approx. 80%), the rest is made up of citizens or permanent residents from the other two Baltic states, Estonia and Lithuania. The school's teaching staff are (mostly) brought in from Sweden. Throughout the thesis, I use the abbreviated form of the school's Latvian name: REA.<sup>2</sup>

I learned about the Baltic states originally through my history lessons when I was growing up in Northern Germany.<sup>3</sup> Living in Schleswig-Holstein I had a definite awareness of historical ties around the Baltic Sea. In the area, there was an ongoing stress on the Hanseatic League and its historical importance, especially for having

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<sup>2</sup> The Latvian name was chosen for the purpose of this thesis only, it does not reflect local usage. The Swedish mother school's name in Swedish is *Handelshögskolan i Stockholm* (HHS). In Sweden it is commonly referred to as '*Handels*'. The English name is *Stockholm School of Economics* and is abbreviated as SSE. When the Riga branch was established it was called *Stockholm School of Economics in Riga*. However, in Riga students and staff frequently shorten the English abbreviation (*SSE Riga*) to SSE or '*augstskola*'. This thesis deals with both the mother school and the Riga branch and their inter-relationship (especially in the early chapters). Using the abbreviation of the school's name in Latvian, *REA*, is an attempt to avoid confusion.

<sup>3</sup> In my early teens I was also an avid reader of historical novels. In Germany, the former landed gentry who were mourning their loss of extensive property and extravagant lifestyle in Eastern Prussia dominates this genre. The popular and nostalgic face of German colonialism made social relations seem incredibly tame, sedate and mythical. In Germany in the 1980's nostalgia for the Eastern provinces (that had become part of Poland) had definite popular currency. Furthermore, in my three final years at school an intensive course in history focused primarily on Russia and the Soviet Union.

shaped political institutions and architecture.<sup>4</sup> I acquired some experience of really existing socialism during a number of visits to Poland (1986-88).

In the third year of my undergraduate degree (in 1994), I took a course on themes in South East Asian anthropology. It had a regional focus and we were tracing interconnections and developments throughout the region. I became particularly interested in the way in which historical colonial encounters pervade the past and 'invade' the present.<sup>5</sup> When I first began to research the Baltic states the materials available seemed incredibly lifeless. At the time the texts were almost exclusively historical. They lacked the sensitivity and critical stance of post-colonial studies.<sup>6</sup> Inspired by the material from elsewhere I became interested in investigating 'native conceptual and practical acts' of dislocation, demarcation, domestication and appropriation in the Baltic states. At this stage I envisaged my enquiries to centre on the difficulties and tensions between memory and the newly independent and nationalising state where certain historical periods were stressed (and others ignored). In the early 90's in all three Baltic states there was much celebration of inter-war independence and a mythical pre-conquest past. Other (colonial) periods were denied any cultural significance. The last 50 years of Soviet occupation seemed to be associated with shame and anger.

Prior to my studies for the PhD, I went on an exploratory trip to the Baltic states (February – April 1995). It was during this trip, that I decided to conduct fieldwork in Latvia. By chance I ended up visiting the business school, which became my fieldwork site. In Latvia I was very lucky to have some contacts through a Latvian anthropologist whom I had met at university in London. One day one of these

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<sup>4</sup> Joenniemi reports on the 'Denk-fabrik' think tank in Kiel in 1990, which dealt with opportunities and challenges for increased co-operation in the Baltic Sea region (Joenniemi, 1993, p.132).

<sup>5</sup> See for example Rafael (1990, 1992) .

<sup>6</sup> See for example Thomas who argues that "Colonialism has always (...) been a cultural process; its discoveries and trespasses are imagined and energized through signs, metaphors and narratives; even when what would seem its purest moments of profit and violence have been mediated and enframed by structures of meaning." (Thomas, 1994, p.2). At the research proposal stage I was also inspired by Nandy (1989), Chatterjee, (1993) and Prakash (1993).



academic visits was re-scheduled and instead of meeting at the Latvian University, I was to go to the business school. I was surprised to find that I recognised the building. I had passed it on an earlier walk around Riga. At the time, my gut reaction was negative. In 1995 the building stuck out even more then it does now. It was beautiful and seemed very official and important and at the same time somewhat ridiculous given the obvious poverty surrounding it. The school building represented conspicuous consumption at its extreme. Tentatively, I (half-afraid to be cast off the grounds) had walked over to look at the plaque by the door. In Latvian and English it stated the name. Without knowing anything about it, I felt repelled and imagined it to be a school for rich kids. My first impression had been negative: it seemed so ostentatious, so superfluous beside all the desperate misery.

When I entered the school to meet with my contact, it seemed as if the current Baltic environment, political and economic situation and the rather shabby neighbourhood receded. The set up came across as unreal, or rather unrelated to anything that I had encountered whilst travelling around in the Baltic states. My contact was a Latvian teaching at REA and he introduced me informally to the Swedish director who was immediately very positive about my wanting to conduct fieldwork in Latvia. The director enthusiastically exclaimed that I could make use of the schools' extensive contacts in the business world. Given that I had no interest in business or organisations at that stage, I hesitated. In turn, the director suggested that I should talk to his students. "They are really interesting people – whatever you do, you must talk to them!".

Over the pre-fieldwork period and stimulated by this visit, my focus became progressively more directed towards young people. Rapid social change means that life circumstances and relationships are in 'transition'. To some extent, nobody knows how things work anymore. As old ideas and ways of doing things are no longer relevant or feasible, young people seem to articulate the contradictions between previous expectations and the new period of uncertainty particularly well.

Eventually, I began to consider the business school as a potential fieldwork site. In the *Baltic studies newsletter*, I came across an article about the school, written by the director who had been so enthusiastic. According to this article, the students at the Swedish business school were explicitly groomed to become ‘catalysts’ and ‘agents of change’.

Having previously arrived at a fairly detailed understanding of the Latvian (and Baltic) past, my interests shifted into the present and the future. As a past colonial power within the area, the Swedish angle was particularly noteworthy. I became interested in researching the students – how did they negotiate the palpable agenda of change? How did their privilege translate into other contexts outside the school’s realm? My initial research proposal posited: “...being or getting ‘on top’ during transition and conforming to Western standards is partly at odds with the values, meanings and practices associated with previous (and ongoing) life circumstances. All of a sudden, childhood and youth (and those associated with that period) must be ‘left behind’ for a Western style future. There is an implicit assumption that the young can re-invent themselves ad hoc. How do young people cope with potentially conflicting and contradictory expectations in this period of intense and rapid social change?”

## Access Arrangements

Access arrangements are a vital part of field research. They are particularly important when the researcher engages with the interests of powerful elites, i.e. in any circumstances where anthropologists 'study up'.<sup>7</sup> The status of the researcher and his or her ability to gain access determine the type of fieldwork that is being conducted (Shore, 2002). Herzfeld notes that

Elites command respect: when they lose it, they are no longer elites. ... When we defamiliarize their world ... we also potentially threaten that power. So that the extent of their defensiveness in response to our probing presence may actually be an effective measure of the fragility of their grasp of status. (Herzfeld, 2000, p.233).

Gaining access to elite subjects tends to be particularly fraught with problems and this is one contributing factor to the lack of anthropological fieldwork in elite settings (see Marcus, 1983 and Shore & Nugent, 2002). This section explains in detail how I gained access to REA and how relationships changed over time with the Swedish management, the permanent and local Latvian staff and with the Swedish faculty.

Encouraged by my earlier encounter with the Swedish director of the school, I contacted the school in spring 1996. It turned out that the Swedish management had changed. A letter from the director of my university accompanied my own formal request to conduct research at the school. A formal meeting was set up in Riga. The new REA dean had no objections to anthropological research. References from my supervisors were requested and sent to Riga in due course. My request was undoubtedly helped by the fact that in Sweden, social anthropology is a well-known university discipline.<sup>8</sup> The dean suggested that I should start with the new students who were set to arrive in July 1996. It was agreed that I could be 'just like a student'.

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<sup>7</sup> The notion of 'studying up' was initially developed and promoted by Nader in 1972 (Nader 1972/1999). In this key text she outlines the opportunities, obstacles and urgency for anthropologists to engage with those who are key positions of power.

<sup>8</sup> In the Baltic states social anthropology is not well known (although this is changing).

After the initial formal introduction my relationship with the management of REA was fairly limited. The dean had specified no expectations on the part of the management and was friendly and helpful when I needed to apply for a special research visa. In his very correct manner, he checked my independent income (an ESRC postgraduate grant) to determine that I was not going to make any financial requests to the school. He wrote a letter for the Latvian immigration authorities, which allowed me to obtain a special research visa. Apart from occasional chats in the staircase and at functions I did not have much contact with him. When the management changed again in 1997, I went to introduce myself. It turned out the new dean was quite well informed about me already. My references were kept on file and he commented on them. Relations continued to be friendly and limited to chance encounters.

For the duration of fieldwork, I was granted some important practical help. Exercising these privileges that had been conferred by the Swedish management structured my relationship with other (primarily local) staff at the school. For example, I was given permission to share the computer facilities for students (and I was put onto the student email list). The librarian welcomed me into the library in the same enthusiastic manner that she showed to the students. Without formalising the matter, I was allowed to borrow books. Whenever I incurred expenses I would pay my fee to the accountant, e.g. for the study trip, photocopying or official school parties. The only sign of a special status was a pigeonhole in the main administrative office (with the school staff) rather than with the students. This meant that I would meet the secretaries and office manager when I went in to pick up my mail.<sup>9</sup> Occasionally, these encounters led to brief chitchat.

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<sup>9</sup> Over time, I received internal messages from students (as well as some 'proper' mail) in the alphabetical pigeonholes for the students. I assume that the different locations in which I received my mail reflected the discrepancy in understanding of my status amongst the support staff that were distributing mail. They would let me in daily; they would let me use the shower and were generally incredibly friendly. Nobody ever asked me about my business and the decision as to where to put my incoming mail must have been down to differing interpretations as to where I 'belonged'.

Initially I assumed that the permission of the Swedish management was all that I needed to start fieldwork at the business school. My sole concern from then onwards was with the students. Unfortunately, I only realised later that I had acted disrespectfully towards local staff. Having been given permission from 'above', I never stopped to explain what I was doing.<sup>10</sup> Within the first few weeks of fieldwork I made an inadvertent, inopportune, but also rather illuminating blunder.

During the summer programme the students were meant to experiment with group work. I too wanted to participate in my group but did not really know how to do this without somehow distorting or influencing the assessment situation. I ended up suggesting that I type up our notes, which seemed a 'neutral enough' thing to do. In this way, the group work would be neither better, nor worse for my participation.

On that day the computer room was very busy – in fact it was frantic: I was lucky to get a computer at all. Some of the new first year students were taking part in a business game. Just as the final submissions and results were due, the printers jammed. The young Swedish teacher urgently needed network access and asked me to vacate the computer that I was typing on. I felt that giving up on the computer would be a test of loyalty to my group, who was trying to meet a tight deadline. I felt that I needed to make a stance for being a reliable group member and friend. I tried to explain to him that the work that I was doing was urgent and that the results of five people's work depended on me finishing on time. In the end I suggested to the teacher that he might ask someone who was doing non-urgent work. The teacher was incensed at my refusal to co-operate. He asked me which year I was studying in. I answered that 'strictly speaking' I was in no year at all. This further angered the teacher. He probably suspected that I was accessing the computers "without authorisation" (for outsiders are not allowed to use school facilities). He stormed out of the computer rooms.

In the heat of the moment, my explanations had proved worthless. With the teacher gone, there seemed little I could do to resolve the situation. Later I was asked to report to the pro-rector's office. I was worried and kept pacing up and down in the yard, (smoking and) talking to some students. They all seemed to think that I was fretting needlessly. Whatever happened would happen, now that the damage was done. They also suggested that rather than endlessly going on about it, I should wait for my time and do my best to avert any negative consequences.

At REA the pro-rector is responsible for discipline and administration. The students considered him a definite authority. As it turned out, he was worried about me. When I reported to his office, he began: "Anja, what are you doing? You are not a student here – are you? (I meekly acceded) You are not one of them. But you behave like one of them. What are you doing? You are always with the students! Have they taken you hostage? That happens sometimes... Don't you realise you are not a student!" I tried to explain as best as I could about participant observation, but failed to make much sense. I realised only then that I had been incredibly disrespectful to the local administration. I should have introduced myself (and my purpose) properly.

Given the acceptance of my endeavour by the Swedish dean, I had presumed that he had discussed it with the other members of staff and that they had no objections. I later realised that my eagerness to show a clear alignment with the students must have seemed like an outright refusal and disregard for the friendly company of the school's staff. It also dawned on me that the members of the local administration were gatekeepers too.

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<sup>10</sup> I did explain the purpose and method of fieldwork to the students, their friends and their parents all the time, voluntarily and at their request. I just hadn't thought about REA's administration and management. I presumed that they knew what was going on and that they didn't care beyond being on friendly terms.

I later realised that had I been a regular student I would have acted quite differently. I probably would have vacated the computer immediately, with an obliging smile in the direction of the Swedish teacher. As it turned out later, deadlines were always open to interpretation. Perhaps most importantly, I learned that students, on principle, do not opt for open confrontations that risked angering a member of staff. The idea of 'openly resisting' such a request was ridiculous.

During fieldwork I never asked for information about individual students from the administration and I did not have access to student records. Whenever I was asked about students and their situation, I would avoid answering. Either I denied knowing that particular person well, or – if it was obvious and well known that they were in trouble – I would try to be positive, or simply stick to the most banal comments (without giving anything away). At the request of the local staff I helped out with the English language and study skill teaching for first year students (once or twice). When the school was short staffed I assisted in the typing of students' teaching evaluation forms. One member of the local administration kindly helped me to find a Latvian language teacher.

Over time, my status gravitated to that of a quasi-graduate. I was familiar and around, I knew about what was going on within the school (parties, events, newspaper). At the same time, I made no demands on staff time.<sup>11</sup> This meant that we would happily inspect photographs together and we chatted about general things as well as school-related issues.<sup>12</sup> I am using the metaphor of a graduate also because it is noteworthy that I was never invited to join in the frequent staff parties and

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<sup>11</sup> The staff was very helpful in keeping me up to date with structural development in the school since fieldwork ended in 1998. For example, I was allowed to inspect and photocopy the press cuttings and they very generously let me have the Industry Interview data (see chapter 7). I do not think that they were ever indiscreet about their work.

<sup>12</sup> I deeply regret that I never interviewed any of the local staff. I know how knowledgeable they are and that they each have very interesting viewpoints. During fieldwork however, my primary interest (and loyalty) was with the students. This ethnographic account is one, which prioritises students; it thus lacks the wider investigation of all other aspects of the organisation. As is common for anthropologists, I wanted to 'blend in' amongst the students and this meant that distancing myself from the powers that were.

outings. However, when I left REA in February 1998 (after 19 months of continuous fieldwork), the local staff very generously gave me a book about Riga art nouveau architecture. It is heavy and big and full of photographs and even includes a section on the school building. During the little impromptu ceremony in the office, I was playfully reminded that I was expected to present “a book” in return (i.e. this thesis).

My relationship with the Swedish teaching staff was remote. I began studying with the students, but I did not take exams and I was not supposed to put pressure on precious resources or ‘advantage’ groups through my co-work.<sup>13</sup> My presence in the classroom was not geared to learning about economics and business administration. I did not raise my presence and interest with the lecturers at the beginning of a new course. Partly this was a practical matter, i.e. I had been granted permission from the school’s management and as it were asking each and every teacher during their brief stay in Riga would have meant a major effort. Secondly, quite a few lecturers were PhD students themselves. They were in an unknown city for a short assignment. They were very busy at REA, but also isolated from the wider context (for they were all staying in the staff residence). Given the obvious similarity with my own status, I was keen to not become an instant companion for a never-ending flow of Swedish lecturers.<sup>14</sup> In class, I did not pretend to be a Baltic business student, but I attended as if I had been. Occasionally in lectures I would be called upon to provide an answer, just like any other student; my half-baked efforts in answering tended to cause hilarity among the students. In February 1998 I went to Stockholm to interview 6 members of the Riga teaching staff. The teaching staff was very co-operative and friendly.

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<sup>13</sup> This was the agreement at which I had arrived with REA’s pro-rector after my awkward fracas with the business game teacher. It meant that I became a perpetual free rider.

<sup>14</sup> At one point the local REA staff had tried to set me up with one young Swedish member of staff. Careful to prevent a re-occurrence of such matchmaking efforts I kept my distance. I do not intend these remarks to be disrespectful; rather, they are explanatory of how I prioritised my research focus.

## Methodology

Fieldwork among the students at REA began in July 1996 on the day that the third student intake began their course. These students, who joined in 1996 and graduated in 1998, were 'my cohort' and I underwent the sequence of academic activities as their peer. As they were welcomed to the school, the school's dean officially introduced me. The group of one hundred students had nine students from Estonia and nine students from Lithuania. The rest were either citizens or permanent residents of Latvia. I attended lectures and I participated in group work and company visits. Together with the students I would eat in the canteen at lunchtime and joined in extracurricular activities such as outings to the cinema, and weekends away. As part of this group I underwent the students' initiation ritual and took part in school festivities. In February 1998, after 19 months of continuous fieldwork I returned to London. I re-joined the group in May for another two months, just as they were preparing to leave the school.

At REA I also met the students who were in their second year (they were the second intake, having joined in 1995 and graduated in 1997). There was much social contact between students from different years and I spent much time in mixed company. My involvement was that of a friend, rather than a peer, i.e. I did not attend any of their lectures. It gave me an opportunity to understand students' deliberations about leaving and about their career choices. Once this group graduated in 1997 I continued to meet them socially. Many graduates carried on taking lunch at the school. Others, I would meet in town. The data reported in this thesis is derived primarily from having lived among both of these groups.<sup>15</sup>

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<sup>15</sup> Socialising with REA friends continued for all graduates and this meant that I also met the first set of REA students. This was a smaller group of 56 students from Latvia (intake from Estonia and Lithuania began with the second cohort and increased over time). The graduation of the first cohort took place immediately prior to my first day at REA.



From 1997 onwards I also encountered the students of subsequent intakes. I believe that their experience of studies at REA differed from those described here in some important respects. For example group-size increased and the programme was extended (by 6 months). The bursary scheme was phased out and all students were eligible for a student loan. Throughout fieldwork I also met various students from the first intake into REA, who joined in 1994 and had graduated in 1996 (prior to my arrival). My contacts with these other groups were primarily structured through already existing relationships with students from cohort two and three: if there were 'cross-generational' ties, I was very likely to meet them and we would spend time together.

From the very outset of fieldwork, the students all knew that I had come to conduct research among them. There was a recurring unease about the research situation and most of the time; we practised collective (and colluding) denial about the differences between us. This was possible, partly because of the similarities involved: students were in their late teens and I was twenty-six at the beginning of fieldwork. Generally, the students kept 'forgetting' or de-emphasising the 8-year age difference.<sup>16</sup> The students attended REA, an elite business school whereas I was studying at the LSE, which was a well-known and respected university amongst the most ambitious students. The LSE connection conferred considerable credibility. I believe that my positioning, in part, influenced the initially self-chosen group of people who became my acquaintances and later friends.

Many students were interested in my purpose for joining them and for my chosen subject, social anthropology. At the end of the first year, all students attend a course in business anthropology. The lecturer was incredibly popular with the students and some of them became interested in anthropology on a personal level. After the

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<sup>16</sup> Most women in their late twenties in the Baltic states are married and many have children. Whilst education is valued highly, the fact that I could spend two years without attending to family commitments would be highly unusual. Furthermore, the students were on the fast track, whereas I

recurring discussion of my PhD research, if students still did not understand my position, they nevertheless let me be.

The more determined and career minded students thought that *research* was a rather clever way of doing nothing – it almost seemed like a ‘free lunch’ – especially given that I got to join in all social activities at REA without the pressures of having to do exams. Occasionally, students suggested that I try to get a qualification out of my time at REA and they recommended that I go and speak to the management about that. Notwithstanding my evident lack of career-minded-ness I spent endless sessions with people who were interested in working out how to get ahead. We would discuss working life in Britain and possible places to study and repeatedly pored over CVs. Whenever I returned to Riga since conducting fieldwork (1996-8) students assumed that I was seeking to utilise my REA networks in order to identify job opportunities.

Many students were also very keen to learn the English accent that I supposedly had. Especially in the beginning, this hampered my attempts to learn Latvian.<sup>17</sup> But there were other constraints to communicating in Latvian: given the set up of the university it was very rare to spend any period of time in a larger group of people who shared a mother tongue. Students’ conversations were constantly combining words from and oscillating among English, Russian and Latvian, Estonian and Lithuanian. For example, most of the Estonian students spoke and understood little Russian, but had no problems whatsoever with English. The Russian speakers tended to be fluent in English, but perhaps had some difficulties in Latvian. The majority of the Latvian and Lithuanians spoke fluently both in Russian and their state language,

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had always interspersed education with work. There was a unanimous disbelief whenever I stated my age.

<sup>17</sup> I had studied Latvian during the pre-fieldwork period at the School of Slavonic and Eastern European studies in London. It had been my conscious decision to study Latvian rather than Russian first (although study materials are more easily available for Russian). Whilst I was in Riga I had a Latvian teacher for 6 months and in 1997 I joined the school’s auxiliary language courses (one of which was for the Estonian and Lithuanian students who wanted to learn Latvian). Later, I undertook some Russian language studies with the mother of one of the students and read Latvian texts with the father of another student. Throughout fieldwork I felt that I had little opportunity to improve my Latvian, given the specific set up of the school.

but their English was not quite so good to begin with. Overall, the longer students were at REA, the higher the percentage of English words used in conversations. All students attended compulsory English lessons. The language of instruction was English, and all course literature was imported from the US, UK and Sweden. Students would occasionally report (and complain) that they could not talk about economics and business administration in any other language but English. Since graduation, with the students from Estonia and Lithuania gone, conversations among students are either conducted in Latvian or Russian.

In the very beginning it was important that I was in a similar position to those who had come from elsewhere, i.e. Estonia, Lithuania or the Latvian countryside, specifically to study in Riga.<sup>18</sup> Together we explored the town and questioned our Latvian peers about Latvia and Riga, places to go to and things to do. Three months into fieldwork I had the opportunity to move in with two students (both from Riga) who were then studying at the school in the second year. Thus, my main reference point shifted from being a temporary resident / foreign student to participating in the sorts of activities that students would undertake in their hometown. However, it must be said that at that point in time, flat shares were rather unusual. Most students either lived with their parents (or relatives), in the dormitory that was provided by the school or in a rented room.

My flat share was unusual also in that it brought together a Latvian and a Russian student (both of whom had spent considerable time abroad). Together we lived in an apartment block in one of the *new districts*. The flat was neither decorated, nor furnished for our purposes or to our taste; rather we lived with the leftovers of the previous occupant. As it turned out, the flat worked for all kinds of people as an open canvas: it was a place to come to and find other (mostly REA) people and friends, to have a shower (whilst shortages were prevailing elsewhere), as well as an occasional

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<sup>18</sup> I was renting a room with an elderly Latvian lady in the centre of town.

dormitory (after parties).<sup>19</sup> The flat and the activities within it were not restrained or restricted in the way that they would be elsewhere (by parents or decoration). Whilst we were living in this flat, it did not really ‘belong’ to anyone. The period of the flat share was a phase of experimentation rather than *typical* ‘local context’.

My understanding of typical students’ lives and circumstances outside of the business school context was gained by visiting students’ homes either for mundane reasons (food or study) or for special occasions, e.g. following invitations for namesday and birthday celebrations. As it turned out, the students themselves were increasingly drawn into the school arena and away from home and secondary school friends.<sup>20</sup> Furthermore, had I lived in a family context this would have meant making a far-reaching decision about whether I wanted to belong to a Latvian or Russian-speaking environment. It would have entailed a socialisation processes that I would have to try to undo whenever switching association. As it was, I was hovering somewhere in between, which allowed me to pose comparisons for comment. When I turned up together with students at their home or summerhouse it was initially always by accident. When some parents met me under these circumstances, many could not believe that I spoke (some) and understood (most) Latvian. In the context of some Russian families, we would speak in Latvian too. Whereas some of the initial visits were to do with establishing status, this shifted once issues of trust and (approximated) social competence were resolved.<sup>21</sup>

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<sup>19</sup> The flat already had a reputation as a ‘party flat’. It officially belonged to the family of a school friend of one of the students who was living there. Prior to being rented out to us, it stood empty although it had the remaining furniture and debris of family life. Whilst it had stood empty a group of secondary school friends had used it for parties.

<sup>20</sup> I would have liked to understand the relationship between students and parents better. But REA attendance was not really the appropriate time for this to happen. Parental involvement in and consent of new relations was relatively low on the list of students’ priorities. Other than being a best friend (usually since secondary school), regular visits at each other’s homes were very rare indeed.

<sup>21</sup> Some families were more forthcoming in inviting me than others – partly because their children had lived abroad, and partly because they too spoke a foreign language. The families who invited me from relatively early on were used to entertaining foreigners in their home.

Inside the student community, I spent most of the day together with the students. In the beginning I went to every lecture and every class. I also used the computer room, the library or hung around the canteen and the yard (smoking).<sup>22</sup> Chapter 4 provides observational data and analysis of curricular activities. Over time, I realised that studying was not really what all students were most interested in and my focus shifted to their other activities. Increasingly I met students who were in their 2<sup>nd</sup> year of studies and I also spent time with them. Whilst this thesis deals with an educational institution and describes educational processes, other aspects of students' everyday life were clearly equally or more relevant to their personal and collective agenda.

Outside of the school context I went shopping with the students (for food and clothing) and I was taken along to visits of all kinds: on errands, to pick up friends, to the hairdresser, dressmaker and beautician. We travelled together to and from school by trolley bus and later increasingly by car. We would eat together in school and have tea in one of the nearby cafes. In the evenings we would go out together: to pubs and cafes, to clubs and raves and occasionally to the theatre and the opera. We were making trips together, to the beach and to summerhouses, to smaller towns in Latvia and to Estonia and Lithuania (to visit friends from school). Occasionally I had the opportunity to meet students' friends from secondary school who were not attending REA. We celebrated midsummer, Christmas and the New Year together. I remember most days (and nights) being very full and occasionally quite exhausting. Students all regularly undertook these activities and I believe that I arrived at a fairly detailed picture of students' lives. Throughout this time I would participate and listen, talk and discuss with individuals and groups of students. I define my partaking in these activities as participant observation.

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<sup>22</sup> Had I not smoked, fieldwork would have turned out differently. There is some stigma attached to female students smoking and those who did usually kept it a secret from their parents (and would not smoke on the streets). Pilkington argues that the gendered understanding of smoking in the FSU is highly relevant: "the girl's smoking was a signifier of moral laxity..." (Pilkington, 1994, p.112). It is also noteworthy that in Riga, the students who smoked regularly were perhaps more mixed ethnically, and that indeed, this may well have been facilitated by the smoking context. However, the yard as a social space was not exclusive and those who wanted to join those 'outside' could and did do so.

Other contexts in which I actively initiated activities were limited. I wrote for the student newspaper, partly because I was interested in researching and discussing particular issues, partly because topics were suggested and nobody else had the time to do anything about it. I also helped with the proofreading of most issues published throughout the period of fieldwork. I offered the opportunity for weekly German conversation. This was open to all that wished to speak German in an informal context. We would get together in a pub (which was the students' idea) and were later joined by whoever else was going out that night.

Throughout the fieldwork period I took a lot of photographs. Initially this had to be negotiated as the students and I had different ideas about and expectations of pictures. I wanted to take snapshots of whatever was going on. Locally, however, it was customary to pose and compose pictures carefully. One creates a particular setting and then asks someone else to take the picture of oneself and one's closest friends. Instead of taking one or two pictures, I photographed almost everything and used photo elicitation to gather students' interpretations. As I was sharing my pictures widely, these usually stimulated discussion.<sup>23</sup> Eventually, the student association named me their 'official' photographer. Taking pictures became very normal and people occasionally demanded that I take photos. We ended up with a compromise: students would indulge me snapping away and I would try my best at 'family portraits'.

During fieldwork, overall, I think most of the students with whom I had regular contact treated me and thought of me as a friend. As is common in ethnographic fieldwork, there is a strong element of self-selection to relationships. I find this difficult to characterise, but I was probably part of two networks: one predominantly Latvian and another Russian / Estonian. These were relatively tight-knit groups in

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<sup>23</sup> Confidentiality was a difficult issue, for it obviously applies to words as well as pictures. Students also used my pictures to check me out, i.e. to see what I did and whom I had visited. In the end I had trouble making all the copies of all the pictures that students constantly ordered. The idea of an exhibition at REA is still floating around.

whose activities I shared regularly (and which would occasionally merge). Over and above this association I communicated more widely with individual students within the school context and occasionally joined other more stable formations.<sup>24</sup>

At REA, I was – apparently – known for ‘knowing everybody’. I had a wide-ranging and quite unlimited interest in meeting people. In large part my behaviour stemmed from naivety *and* ethnographer’s curiosity. Chapter 1 provides important background material on socialist networks. Networks become a major focus of analysis also in chapters 5, 6 and 7 of this thesis. Occasionally knowing many people and maintaining some sense of non-exclusiveness was difficult. Some students found it frustrating if I would not affirm loyalty to the expected degree and would not gossip to the desired extent. But students also realised that I was useful for networking and making contact with people who were relatively unknown to them personally. Students were asking me for information and ‘joined’ me to go to places and parties. Once I realised this, I felt that it was incredibly satisfying to be an active and competent part of different networks. Rather than thinking of contrived ways of ‘paying back’, my presence eventually became useful to others and operational in local terms. Students also noted and commented on the fact that my interest and interaction with the general student body was larger and perhaps more intense (and important to me) than their own relationship with the school and / or the group as a whole were to them.<sup>25</sup>

Throughout the fieldwork period I explained to interested parties that I was researching ‘young people in Riga’. I did not presume that the students at REA were so very different from other young people and I hoped that by framing my enquiry broadly I would not be told that I was overstepping my remit. My main focus was

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<sup>24</sup> The one group that was most cohesive and separate was made up of Lithuanian students. Whilst I had friendly relations with some of them, there was not much sustained contact.

<sup>25</sup> Three months after graduation of ‘my year’ in 1998 I was discussing a next visit to Riga. My friend warned me: “I hope you won’t be disappointed... you know, now that we all work in different places – there isn’t that big group thing anymore. Of course, we are all still there – but for you, you were always hanging out with everybody – you might find it strange now.”

where the students from REA and fieldwork proceeded from the business school outwards, i.e. I followed students into other realms of their lives if and when invited. Whilst I was fascinated by the objective of producing ‘catalysts of change’ by means of an educational institution, this thesis is not simply a study of an organisation in isolation. Rather, it combines political and historical insights and analysis of a variety of local, national and transnational contexts. Throughout the thesis I work from students’ differing perspectives to illustrate the creation and negotiation of a common endeavour. Occasionally, I have stepped back from detailing particular views because certain positions reveal not only positionality but may also identify particular individuals. In these cases caution – and considerations of confidentiality – prevailed. The quotations in this text (unless attributed otherwise) refer to first hand fieldwork material collected by myself.



## Latvian anthropology

The anthropology of the formerly socialist countries represents a relatively under researched area in comparison to for example different parts of India and Africa (where historical connections date back to British and French colonial rule). Few foreign anthropologists conducted anthropological studies in the former Soviet Union, partly because of "... the carefully guarded borders of communist politics, where internal state control made normal field research extremely difficult ..." (Tishkov, 1998, p.2). Soviet ethnographers were "... constrained both institutionally and ideologically by the necessity to produce works which conformed to a Marxist paradigm of historical development." (Ries, 1995, p.1). And as, Dragazde has pointed out, "A Soviet anthropologist is a historian, not a sociologist" (1987, p.155). Thus anthropological accounts of the socialist period are relatively restricted to the path-breaking work of a small number of senior scholars such as Chris Hann (Hungary), Caroline Humphrey (Russia/Siberia), David Kideckel (Romania), Gail Kligman (Romania), Martha Lampland (Hungary), Frances Pine (Poland), Michael Stewart (Hungary), Katherine Verdery (Romania) and Janine Wedel (Poland) who conducted fieldwork already during the socialist period, primarily in rural areas.<sup>26</sup>

Ries indicates some of the problems faced by scholars who seek to capture the societal transformations that are currently ongoing within formerly socialist societies:

[The] relative lack of ethnographic predecessors means that the accounts now being written of perestroika-era or post-Soviet cultural processes have to 'take off running'; ethnographers are faced with the problem of describing cultural practices and local meaning as these manifest in a time of significant upheaval, with all the paradoxes, conflicts, tensions ... without the benefit of ethnographically-grounded discussions of the social ironies and complex negotiations of identity which preceded this historical moment. (Ries, 1995)

On Latvia and the Baltic states ethnographic or social historical material is exceptionally sparse. Furthermore, this thesis falls into a very particular niche, where comparative material is even harder to find – not only inside of the wider region, but also outwith.

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<sup>26</sup> Since the demise of the Soviet Union anthropologists' engagement with post-socialism has become a very dynamic area of research (see Hann, 2002 for a summary of recent work and Hann 1993 for an overview of anthropological studies of Eastern Europe in the socialist period).

My chief concern is with production of an elite-in-the-making at a Swedish business school. Anthropological research conducted in Hungary by Czegledy most closely resembles my own approach.<sup>27</sup> Czegledy's dissertation is "an anthropological study of the workplace of an 'East-West' International Joint Venture in Hungary" (1995, p.1). His ethnographic material specifically examines corporate culture and the changing distribution of power inside the organisation. His study is contextualised through longer-term historical processes and especially the socialist period. It sharply reveals the nature of recent privatisation activities. The primary reference point for his analysis is the literature on organisations and workplace activity. His disciplinary background is in anthropology and management. Whilst I find Czegledy's approach apt and inspiring, especially in the way in which he integrates a wider perspective, my own work still differs substantially. The thematic and theoretical focus of this thesis is discussed more fully in the next section. Below I seek to provide an account of what is available in terms of specifically Latvian anthropology.

With a strong interest in medical anthropology, Skultans worked in a variety of contexts, before directing her focus to her native Latvia. In her material Skultans is interested primarily in the presentation and analysis of memories and narratives of a much older generation of Latvians, many of whom were deported to Siberia in the 1940s and who are primarily from rural areas of Latvia (see 1995, 1996, 1997a, 1997b, 1998a, 1998b, 1999, 2001). Whilst this work is fascinating, rich, and important for understanding the life and family histories of many Latvian families, there is little overlap with this thesis. However, Skultans' recent research on Latvian psychiatry in transition has begun to highlight the relationship between Latvian psychiatry and transnationally operating pharmaceutical companies and critically looks at the repercussions of the import of transnational classifications of mental distress (Skultans, forthcoming).

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<sup>27</sup> Czegledy's inspiring thesis is unfortunately on restricted access. I am grateful for having been allowed to read it especially for this project.

A number of British trained Latvian social anthropologists are currently working on contemporary Latvia. Roberts Kilis has in the past worked on Latvians living in Siberia (1999) and is now conducting research on current trends such as globalisation and human development (e.g. Hood, Kilis & Vahlne, 1997; Kilis & Lune 1999). Agita Luse's ongoing work is concerned with new religious movements and, in a separate study, depression. Aivita Putnina has conducted studies in the medical field, focused on maternity services and changing childbirth practices (e.g. Putnina, 1999).<sup>28</sup> Another British-trained anthropologist, Sigrid Rausing, undertook fieldwork on the transformation of Estonian identity and looked especially at the impact and understanding of Swedish charitable and development aid from a material culture perspective (1998, 2002). In addition, two contributions to the *Anthropology of East Europe* journal are on Latvia, e.g. Herloff-Mortensen (1996) and Rosengaard (1996).<sup>29</sup>

For this thesis the most topically relevant text from Latvia is Tisenkopfs' sociological research on values and mobility of Latvian youth (1995). On the basis of interviews Tisenkopfs examines young people's self-concepts in two contrasting groups, the street boys and the business-minded. He concludes:

A comparative analysis of the street boys' stories and those of the business minded students testifies to the fact that the adolescents' self identities evolve in different ways in different youth groupings and produce different kinds of mobility. Favorable family, educational, cultural, and social class backgrounds, and greater orientations toward education, careers and status achievement (with the business students' case as an illustration) portray an emerging type of youth mobility, which in a long term perspective leads to higher social and professional ranks. ... There are large sectors of Latvian youth (the street boys case as an illustration) who are undergoing identity crises, miss factors that are important for mobility and are still uncertain about their future life paths. (Tisenkopfs, 1995, p.140).

Tisenkopfs confirms that "many components of youth mobility are *new*, compared to previous decades' patterns: more extensive educational opportunities, decreased role of relations with officialdom, and an increased role of qualifications and competitiveness for acquiring higher social positions" (Tisenkopfs, 1995, p.138, italics added).

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<sup>28</sup> For more information on current Latvian anthropology see the homepage of the Latvian Association of Anthropologists <http://anthropology.network.lv/anthropology/index.html>

<sup>29</sup> Both articles are based on Masters theses completed at Copenhagen University.

To make up for the very small number of relevant and topical anthropological texts available on Latvia, I provide a summary of key issues for the thesis in respect of the socialist period in chapter 1. There I outline an anthropological viewpoint on socialism especially in terms of consumption, nationalism, a distinct pattern of public participation and cynical private dissimulation as well as all-important social relations and intricate networks. This is followed by a rendition of what is known about Latvia in the socialist period. Chapter 2 draws on a variety of disciplinary perspectives, e.g. history, politics, geography and economics in order to provide an account of what the current period of dramatic change means. I begin with an anthropological critique of *transitology* before focusing on the momentous transformations in the Baltic context, especially in terms of economic 'transition' and 'nation-building'. A longer-term historical overview can be gleaned from the appendix, which presents a brief outline of Latvian (and to some extent Baltic) history until 1940. This section concludes with some basic information on the Baltic states.

Geographically, Latvia is located in between the other two Baltic states: Estonia to the North and Lithuania to the South. All three form part of the Baltic Sea rim and share a border with Russia towards the East. Latvia has a population of 2.5 million people. Given the small size of the country, Riga itself is very big. Riga has approximately 900,000 inhabitants. Given its central location, it is unsurprising that Riga functions as a regional metropolis for the Baltic states as a whole. In comparison, the capital of Lithuania, Vilnius, has 590,000 inhabitants. Tallinn, the Estonian capital has a population of 495,000 (Noble, 1994, p.123 & 314). Regionally, there are a number of crosscutting similarities: Estonia's and Latvia's histories have much in common. Both are predominantly protestant and were governed by a Baltic German elite from the 13<sup>th</sup> century onwards. Linguistically, and in terms of 'origins' Latvia's connection with Lithuania is stronger. Estonian is a Finno-Ugric language and similar to Finnish. Lithuanian and Latvian, on the other hand, are both part of the Baltic language group. However, Lithuania's history has been more closely connected with Poland, for the Polish-Lithuanian Empire meant that these had royalty and historical colonies in common.

## Scope of the thesis

In the first instance this thesis seeks to contribute to and engage with the anthropological debates on *elites* and *post-socialism*. The previous section already outlined the difficulties of working in a relatively under-researched region and especially in a period of rapid social change. Anthropological studies of elites are similarly hindered by the lack of precedent and thus, comparative examples and theoretical developments. According to Shore, “The anthropology of elites has been confined primarily to studies of other peoples’ rulers and to familiar (and therefore relatively ‘safe’) themes such as leadership, castes, kingdoms, ‘Big Men’ and informal mechanisms of social control...”(2002, p.12). Particularly scarce are fieldwork-based investigations into the global power spheres of transnational companies and organisations.

Whilst research on elites has been central to a number of disciplines such as history, political science and sociology, much anthropological research has focused on the powerless and poor (Shore, 2002, p.10). Various commentators have suggested that at the base of this relative neglect of anthropological engagement with the powerful lie complex challenges about the nature of participant observation and issues of access, ethics and politics (Shore, 2002; Marcus, 1983).<sup>30</sup> Despite periodical calls within the discipline to ‘study up’ (Nader, 1972/1999) and to investigate power ethnographically (Marcus, 1983) the number of studies of elite cultures remains small (Shore, 2002, p.10). Elite education is an even smaller field of study within social anthropology.

In addition to addressing these gaps in the anthropological literature on elites and the anthropology of post-socialism, this thesis represents a *first ethnographic study of a business school and its students*. On the one hand it describes the structures of elite

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<sup>30</sup> I have sought to address these issues as they are related to my own fieldwork in Riga in the section on access arrangements and methodology. For more detail on the theoretical and political

educational processes and compares REA to other work conducted at elite schools. On the other hand the thesis seeks to deal specifically with the content and nature of business studies, its global reach and symbiotic relationship with transnational corporations. Throughout the thesis I draw heavily on the theoretical contribution and description of two key texts: Bourdieu's research on the French state nobility (1996) and Marceau's insightful work on INSEAD, the international business school based in France (1989). Whilst their material is empirically grounded, theoretically innovative and sophisticated, it is not based on a sustained engagement with students and their lives. This means that neither Marceau's nor Bourdieu's work provides detail of students' educational experiences: rather it simply presumes their cooperation. It is powerful in structural terms, but it does not account for students' individual and collective practices, perspectives and motivations.<sup>31</sup> By means of furnishing some relevant comparative materials of school and counter-school culture, I bring in ethnographic material from Willis (1977) and MacLeod (1995). However, it is important to note that both of these texts deal with students from working class backgrounds who undergo secondary schooling, not an aspiring elite context at the tertiary level. This thesis seeks to contribute to the debates on elite education by foregrounding students' positions. The case of REA demonstrates that recognition and legitimisation of elite status by the institution does not depend on students' complicity with institutional rules and expectations.

My in-depth ethnographic account is intended to underscore structure as well as motivation, non-compliance as well as aspirations, all of which are part and parcel of elite education at REA. In addition I seek to demonstrate the importance of transnational cultural capital. It is only through the recognition of the strength and significance of practical and symbolic transnational dimensions to social change that both the creative and the compelling elements and engagements become visible. At

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considerations about anthropological investigations of elite cultures, see especially Nader (1999), Marcus (1983), Herzfeld (2000) and Shore (2002).

<sup>31</sup> Delamont provides an interesting contribution to the reproduction debate with a primary focus on women (1989). Other work on elite education considers structural features to great effect, but also misses out on the students perspective (Katchadourian & Boli, 1994; Cookson & Hodges Persell, 1985).

the same time I seek to highlight the role of consumption for my data suggests that it plays a major role in processes of elite formation and elite cohesion over time.

The thesis traces the transnationally facilitated transformative themes that underscore educational processes at REA into other extracurricular realms. Drawing on Appadurai's work on the production of locality and the *work of the imagination* I investigate the Swedish nature of REA space (1991, 1996). I then move on to review the school's grooming project and witness students' reception, contestation and manipulation of a particular image. It emerges that students' consumption choices and opportunities are central to the development of this elite. Within the field of post-socialist studies the field of consumption has been identified as a key research area (e.g. Humphrey, 1995; Verdery, 1996; Berdahl, 2000) and it is to this growing body of work that it seeks to contribute. In addition my material suggests that the ethnic background of the students is relatively immaterial to their newfound status, certainly within the realm of the business school. In fact, the multi-ethnic background of the group represents one of the group's greatest assets. Within the increasingly segregated labour market in the Baltic states inter-ethnic networks will almost certainly prove a key to business success.

Shore argues that anthropological research on elites forces the researcher "to address wider issues of economics, politics and social change" (Shore, 2001, p.9). Indeed, my approach is not to look at REA, the institution, in isolation, but with due consideration of the local context and to the wider historical and transnational connections, to issues of power and contestation and to attend to multiple perspectives of the period of dramatic social change that ensued from the dissolution of the Soviet Union. Regrettably, this also means that there is a relatively long lead into the thesis before I present ethnographic material of the students' lives. In attempt to remedy this situation the final section of the introduction provides an ethnographic preview of the complexities of the transformative project that is taking place at the Swedish business school in Riga.

## Structure of the thesis

The thesis structure unfolds as follows: chapter 1 details relevant anthropological perspectives on socialist societies and provides important historical material about the Baltic states. Chapter 2 examines different interpretations of the current period of upheaval and focuses specifically on ongoing nation-building processes in Latvia and the involvements of transnational companies and organisations. It goes on to describe the regional connections in Northern Europe that gave rise to the establishment of the business school in Riga, which ultimately serves the interests and needs of transnational companies. Chapters 3 and 4 deal with the nature of elite schooling at REA. I present ethnographic material on the REA curriculum and students' reactions to the programme. In addition I address the theoretical debate regarding reproduction theory and provide a critique of current trends in the anthropology of education. I argue that elite production in Riga cannot be fully understood through an emphasis on structural parameters, nor by means of an exclusive focus on classroom activities.

In chapter 5 I offer a thorough investigation of the underlying transformative theme that is played out at REA through organisational space, and preparatory classes in grooming. I examine the way in which students embark on their collective endeavour to create a new image that befits their new status as a Baltic business elite-in-the-making. On the basis of this material on the REA *esprit de corps* I argue for the centrality of consumption patterns to elite formation. Chapter 6 brings into focus the discontinuities of REA space and organisational procedures. It looks at the way in which students need to negotiate their newfound privilege against the wider context of the Baltic states *in transition* and at how they bridge the gap between radically different sets of standards inside and outside of the business school. Special consideration is also given to the position of the Russian-speaking student population at REA. This is an essential feature of the thesis given the relative disadvantage of Russian speakers in the current nation-building period.



Chapter 7 moves on to consider the outcomes of an REA education. It investigates students' passage into the work context and reiterates why it is that the students almost inevitably end up working for transnational companies. The chapter seeks to detail students' choices in terms of employment, post-graduate studies and post-REA networking. The conclusion to the thesis (chapter 8) re-considers the ways and means by which REA furnishes the Baltic states with a new business elite. It re-examines the argument and findings of the thesis, especially in terms of the cultural resources employed by the students.

## First day at REA

This extract from my field notes given below is intended to provide a first ethnographic glimpse of the business school. The first day ceremony at REA was an intimate affair, where only members of the school attended. The description serves to highlight the way in which the specific institutional genesis, organisational circumstances, political undercurrents, social opportunities and the transformative theme were played out through issues of style and distinction and by means of various extra-local references. I believe that all of these aspects impact on the production of a new business elite for the Baltic states, i.e. it is not simply a matter of educational contents. The remainder of this thesis will demonstrate the dynamic interrelationships between these various themes.

On the 8<sup>th</sup> of July 1996, the academic year opened with the national anthem of Latvia, sung by the school choir to a standing audience. The official song of the Stockholm mother school followed, delivered in Latin.<sup>32</sup> The new students had been asked to arrive at 10am and were seated in the large Soros auditorium. Extra makeshift benches and chairs had been put up everywhere to cater for the large numbers expected. The auditorium was packed with new students, as well as current second year students, lecturers from Stockholm who were currently teaching in Riga and local staff (administrators, librarian, IT support and janitor). The whole school was invited. Considerable organisation had gone into the event. The choir was seated together and the event was interspersed by performances of Latvian folk songs. All senior members of the Swedish management and the local administrative staff were seated together close to the stage and blackboard. The Swedish president of REA welcomed the new students.<sup>33</sup> He began with ceremonious congratulations and spoke of attendance at REA as a 'dream come true'. He expressed his confidence in the new students: "you can make it" and assured them that 'your parents will be proud of you'. He also asserted that by gaining admission the new students had demonstrated that they are 'the best'.

The dean of the Riga school then took over and announced that REA had recently received its international accreditation. It had thus become the first and only place of higher education in the Baltic states to achieve this status. He went on to remind the audience that only two days ago the school had had its first ever graduation. He stated that it was to be considered an accomplishment that the school had finally grown into a "fully functional university". Furthermore, he stressed that for the academic year about to begin, the building would be used to its intended capacity for the first time. From now onwards, there would be 200 students and co-operation and respect were expected from everyone. He explained that to study at REA was a matter of exclusive commitment and hard work. In order to succeed, students were required to attend from 8am to 5pm throughout the week. He also stressed that there would be no time to be involved in paid work. Furthermore, since all students were to

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<sup>32</sup> There was no translation or explanation of the lyrics. In the Baltic states, Latin is not routinely taught at school.

<sup>33</sup> REA's president is primarily affiliated to Stockholm and attends to official functions in Riga relatively rarely. He has been responsible for fund-raising for REA since its inception. None of the students have a personal relationship with him. Apparently he is very good at fund-raising.

receive a scholarship, additional employment would be entirely unnecessary. The rector finished his welcome by introducing the staff.<sup>34</sup>

Thereafter, the pro-rector, responsible for the administrative aspects, boldly announced that 'the school *belongs* to all members!' He invited students to feel at home and declared that the students should enjoy it, as well as 'be responsible'. He stated that '*even* the janitor must be respected for his role at REA!' Students were told that at REA the interaction between members of the school is of a friendly, family-type kind. In order to facilitate everybody getting to know each other better, nametags were to be worn at the school at all times. During the introduction session, school staff was already wearing prominent and easily legible nametags, which stated their first names only. He announced that students would be presented with their own nametags during the break.

Most of the new first year students were easily identifiable, as they had dressed up and carried forth a rather earnest demeanour. Almost all male students were wearing suits. Female students were primarily dressed in shortish skirt-suits or dresses, high heels, handbags and many wore make-up. The new students were formal, a little stiff, and extremely polite. The suits looked as if they were the only ones available (maybe handed down) or as if they might have been borrowed. Some of these suits did not fit easily and some were too big. Others were dark green, dark red and one even purple. Some were brand new, as if they had been bought for high school graduation only a couple of weeks earlier. Generally, the new students seemed to have made an enormous effort, with new and neat haircuts and carefully positioned hairstyles. Their overall appearance contrasted strongly with the pictures of the recent graduates that had been all over the press, and were also prominent in the student newspaper that was being handed out on the first day. The graduates had all worn cocktail dresses and dark suits and very big smiles. By comparison the new students looked much less sophisticated, much less *Western* and decidedly less confident. In the auditorium, a few other people wore informal clothing, i.e. jeans and T-shirts. They seemed on the whole more relaxed, confident and somewhat above the ritual aspects of the occasion. Some of the students were chatting amongst each other during the presentations. These were second year students. In terms of their clothing the continuing students seemed rather like students in Britain; they dressed markedly casually, and some of the male students had longish hair.

The actual matriculation took place after a break and in the company of the new students and the president, dean, pro-rector and summer programme director only. It was not so much a bureaucratic event, as the honourable, symbolic act of joining REA. Initially, students were seated in the theatre. The Swedish president, again, made some introductory remarks. He proudly announced that this year almost half of the student body was female and made a little break – thus leaving it open to interpretation as to why exactly he might be delighted by this fact. Some laughter ensued. On a more serious note, he declared that the number of students from the other Baltic countries had almost doubled. Then students' names were called out by the pro-rector, who took the role of master of ceremonies. One by one the students went forwards to the stage (in front of the blackboard). One after the other they signed the *REA book* and this was followed by a stiff and solemn handshake with the president and the dean. The audience meanwhile was applauding each student as they accomplished the process. Photographs were taken of each student while undergoing the same procedure. There were no parents though; a professional photographer had been hired especially. The formal atmosphere changed as students made their way out of the building onto the open-air fire escape stairs where a group picture was taken. I remember a feeling of relief and joy after all the solemnity. The group picture proved complicated and the first jokes were being cracked as we were standing close together, full of anticipation.

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<sup>34</sup> In the midst of that introduction, the dean mentioned me. He was extremely correct in his wording and said that I was an anthropology PhD student from the London School of Economics and that I would conduct research at the school. He said that I would introduce my topic to the students informally later and that students were welcome to ask me about it.

The sombre atmosphere of the first day proceedings highlights the importance of the occasion. First of all, in 1996 REA was still in the process of establishing itself and thus deliberately combined certain traditional aspects from the host context with definite references to the mother-school. Its status is special and separate from the wider higher education environment in the Baltic states. On the one hand the school's choir performs the Latvian national anthem and folk songs, almost as a token gesture. On the other hand REA emphasises its Swedish link, which represents the source of its academic credentials. The most important speakers are Swedes and this underscores the Swedish connection. But these transnational aspects also underline that REA is neither here nor there – neither fully Latvian or Baltic, nor properly Swedish. The ceremony seeks to somehow combine these elements and successfully showcases the new institution as respectable, steeped in solid traditions and above all distinguished.

Secondly, REA does not merely enrol its students. Rather, the ritual welcome underlines the importance of selection and joining of an elite group. This process is considered significant both by the first year students and by REA's management; everyone is clearly making a special effort. The students had beaten considerable competition in order to secure their place at REA; entrance requirements are stringent and ensure that only a select few will partake in this special endeavour. Once the new students had been chosen, they were ceremonially received into the institution. Matriculation appears to be almost as significant as graduation. This signals that, structurally speaking, it is perhaps more important to get into REA (as if it was a foregone conclusion that the new students would achieve and succeed in the educational process). The ritual signing of a book symbolically vouches for membership in a new elite. In due course, the REA book will form the basis of the most formidable *Who is who in the Baltic states*.

REA's Swedish president attended and opened the ceremony. To do this he had to fly over from Stockholm especially. Indeed REA's status and prestige are largely

derived from elsewhere. But whilst the event in Riga was clearly considered important enough to warrant this engagement of senior Swedish staff, it also reflects that most managerial and academic activities at REA are very much a part-time commitment for the Swedes. Neither Swedish management nor Swedish faculty are primarily or exclusively focused on the business school in Riga, nor are they resident in Latvia. Furthermore, the hymn of the Swedish mother school featured prominently in the ceremony thus literally underscoring the connection with HHS. But singing someone else's hymn also highlights the lack of ones' own traditions and, to some extent, indicates dependency. Indeed, REA lacks its own agency; it is related to HHS and relies on this vital connection on a daily basis. Students and staff are indebted to the Swedish state that bankrolls the schools' existence.

One of the many speeches on that first day highlighted the importance of statistics; figures were given for the number of women in the new intake of students. The humour demonstrated on this occasion belies the importance of such figures that form the backbone of every formal presentation by the Swedish management. Typically these official comments proclaim the equality of women and welcome the Estonian and Lithuanian students whose presence underlines the larger-than-national nature of the educational institution. However, current writing on Latvia suggests that the most problematic political issue in the Baltic states is centred on the Russian-speaking population that is considered to be increasingly marginal and excluded. REA recruits regularly and conscientiously a number of Russian students that is proportionate to their demographic representation within the overall population of Latvia. But despite this obvious sensitivity and awareness to the issue, REA insists that there are no quotas. In official declarations there is a clear preference for staying clear of the contentious issues of the day. Whilst every other *minority* (i.e. students from Estonia and Lithuania) receives official recognition and endorsement, the Russian-speaking students are allowed in, but their existence as a sizeable group is downplayed.

The first day ceremony at REA introduced the students to two strong institutional messages: In the first place, the school was marked out as a friendly and welcoming place. Students were told that they should feel 'at home'; they were welcomed with enthusiasm and a considerable degree of pomp. New and continuing students were all generously provided for with a substantial scholarship. At the same time, the new students were told that REA attendance was a full-time commitment. Thus, students were also made aware that they would have to submit to the school's rules, which are different to those prevalent in the local context. Students were warned that there would be no tolerance of distractions such as paid employment whilst they were studying. The Swedish dean explicitly underlined the no-work-rule. The fact that he needed to stress and reiterate the issue indicated that it was not taken for granted. I learned later that the students' premature steps into the world of work were an important bone of contention.

In my description I also mentioned the second year students. Some of them sang in the choir, others attended but appeared to be slightly blasé about the ceremonial tone. Nevertheless, the majority of second year students did attend the matriculation and this showed that they were clearly interested in the newcomers. Second year students coming to check out their new peers indicated that there is an important social element to attending REA. Apart from being a place to study and gain a degree, REA also offers a forum where young people meet as peers. The social potential of REA is tremendous. Fellow students feature prominently in students' lives over a two-year period. Most probably they will remain a permanent (or at least recurring) fixture. Networking is inevitably central to attending the business school. Without necessarily recognising their own activities as strategic, students continuously engage in the development of various types of relationships, e.g. friendship, rivalry, love and sex.

The first day ceremony also pointed to a major transformative theme. Many of the second year students appeared casual, cool and even slightly disrespectful in the face

of this formal occasion; meanwhile the new students were nervous and dazed by the splendour. Over time they too would learn to be obviously unimpressed by such elaborate events. After a short time the spectacular building becomes the centre of their lives. They too will learn to take it all in their stride. However, early on there were visible signs of students emanating from a particular Baltic context. The new students carried with them the polished and stiff manner that is part and parcel of all public appearances. In contrast, the second year students indisputably belonged into the realm of REA and they behaved as if REA belonged to them.

My description also focused on clothing and style, partly because there were such noticeable differences, especially with the recent graduates. The massive media hype surrounding the first ever REA graduation meant that there were images everywhere. For the first time, the school had come full term: these graduates were its first *products*. In due course the graduates would be role models and inspiration, pointing the way to opportunities and pitfalls of a post-REA trajectory. But at this stage these graduates had not actually done anything other than finished their education. Until very recently they had sat in the very same auditorium. Nevertheless, the ubiquitous photos highlighted the stark difference between those who were joining and those who had just graduated. The images of the graduates projected carefree and relaxed sophistication, despite their formal attire. They looked relaxed and urbane, ‘Western’ too. The new intake, in contrast, appeared stiff and scared. Their appearances were steeped in strained formality.

# **1. SOCIALISM AND THE BALTIC STATES**

## **Introduction**

The research on which this dissertation is based took place during a period of intense social change throughout the former Soviet Union (FSU). My overall intention is to convey a sense of the lives and studies of a small group of young people at a Swedish business school. The establishment and continued existence of the school itself is a direct product of the *transition from socialism*. The school is both *of* and self-consciously *for* that particular moment, i.e. it was set up to aid the ‘development of the economies and societies of the Baltic states’. Chapter 2 will explore the ideological nature of this process in more detail as it probes the particular organisational genesis of the institution.

This chapter seeks to provide important contextual information by looking at the recent socialist period. Chapter 2 will go on to examine the recent changes that have occurred since the dissolution of the Soviet Union. Here, I want to examine social practices under socialism in order to understand where it is that the students come from and in what sort of context the business school was planted. To facilitate an understanding of the massive economic, political and social transformations in the former Soviet Union, the first section of chapter 1 examines ‘what socialism was’. The key themes identified relate to the relevance of nationalist sentiment during the Soviet period and to the particular nature of close-knit social networks. In addition I identify a specific notion of public and private spheres and probe the importance of consumption in the socialist period. The key themes identified from anthropological accounts of socialism are then explored further within the specifically local context. Section two outlines the circumstances of Latvia (and the Baltic states) from 1945 to 1991.



I do not conclude at the end of chapter 1 for I understand the material presented here as background that will come into play at various points in my analysis later. Throughout the thesis I will refer back to these themes and issues in order to mark comparisons and to articulate continuity and change. As outlined in the introduction the anthropological enquiry is, to some extent, hampered by the lack of anthropological sources available on Latvia and the Baltic states. Thus I draw on the pivotal work of anthropologists and sociologists of socialism more widely. However, it must be noted that the intention is not to present an exhaustive account of that body of work.<sup>35</sup> Rather, my aim is to provide a historically and anthropologically grounded frame of reference for the students' activities and positions despite the turbulences of the current period.

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<sup>35</sup> I have sought to summarise the most relevant literature only. For example, much of the anthropological discussion on the socialist period has dealt with issues of collectivisation and later with privatisation in rural areas (see e.g. Hann 1993 and for an update 2002 for more detail). Such texts will not be discussed in this thesis.

## 1.1 Anthropological perspectives of Socialism

During the Cold War, most Western scholarship on the Soviet Union and Eastern Europe understood socialist regimes primarily through the concept of totalitarianism and in concrete opposition to Western and First World notions about democracy, freedom and the market.<sup>36</sup> Based on the values underlying Western politics, the socialist state was seen as all-powerful and autocratic and ultimately evil. Given the atmosphere and discourse of superpower competitiveness, it is perhaps unsurprising that socialist countries were portrayed as if ‘...the political system completely colonized the life world, there was no realm of autonomy...’ (Burawoy & Verdery, 1999, p.4). The main emphasis of study was placed on Communist Party rule, which was assumed to pervade all institutions and which supposedly dominated and undermined individual and collective freedom. Particularly, historians and political scientists subscribed to this model of Soviet totalitarianism.<sup>37</sup>

Meanwhile, Eastern European social theorists developed an alternative understanding of socialism. They adapted Marxist analysis to the conditions of *real* (or *actually existing*) socialism.<sup>38</sup> Industrial production was central to socialism and the economic system under socialism was often a starting point to disentangle ideology and socialist reality. The Hungarian economist Kornai first developed the systematic understanding of socialist systems as *economies of shortage* (1980, 1992). Kornai’s work has been influential with a number of anthropologists and sociologists who conducted long-term ethnographic fieldwork during the Soviet period and who sought to explain their findings within the wider context of socialism. Contrary to the

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<sup>36</sup> It is important to note that despite the polarised rhetoric inter-connections between East and West are by no means a new phenomenon. Some analysts have argued that it was the *close* relationship of Eastern and Western economic systems that accounted for the disintegration of socialism. For example, Verdery suggests that the structural involvement – especially international lending (and borrowing) in the late 60’s and early 70’s – played an important factor in the collapse of the former Soviet sphere (Verdery, 1996, p.31-32). Pine & Bridger argue that the destabilisation of the Eastern bloc was (in part) brought about by Western economic and political interests (Bridger & Pine, 1998, p.3-4).

<sup>37</sup> With the disintegration of socialist systems in the former Soviet Union and Eastern Europe, Verdery & Burawoy (1999) argue that totalitarianism has been replaced by neo-liberal economics, which posits that the market economy is the only way to bring about progress and prosperity (Burawoy & Verdery, 1999). I will return to examine *transitology* in chapter 2 that deals with the transition process.

canon of totalitarianism, this body of work sought to elucidate social worlds that existed and developed in conjunction with (as well as in opposition to) the official ideology and powerful bureaucratic structures. The work of Ledeneva, Verdery, Wedel and others is presented in this first chapter and serves to introduce certain key texts from the anthropology of socialism on which this thesis builds.

Verdery's path breaking model of socialism seeks to draw out the key points of differentiation between socialism and capitalism (1991, 1996). She contests the notion of the all-powerful Communist Party rule in the Soviet sphere by suggesting that centralised planning and the economy of shortage accounted for socialism's fragility: "...the regimes were constantly undermined by internal resistance and hidden forms of sabotage at *all system levels*." (Verdery, 1996, p.20, italics in original). She begins her systematic comparison by examining the command economy. Under socialism, planned production targets were consistently defeated by late (or inaccurate) deliveries of crucial materials. In turn this led to widespread 'padding' of budgets whereby socialist managers consistently demanded more than was necessary in order to have what was needed at the time of production. Hoarded materials (for the next production cycle) were then bartered through intricate networks between enterprise managers rather than distributed from the centre. Planned economies operated according to soft budget constraints, thus, hoarding led to shortages, effectively damaging central power without provoking sanctions.

According to Verdery, "With all this padding and hoarding, it is clear why shortage was endemic to socialist systems, and why the main problem for firms was not whether they could meet (or generate) demand but whether they could procure adequate supplies." (Verdery, 1996, p.22). Whereas capitalism emphasises, relies on and rewards salesmanship, she suggests that socialism depended on the people's abilities of procurement and 'acquisitionsmanship'.

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<sup>38</sup> See for example Szelenyi (1979, 1988) and Staniszkis (1984).

Verdery goes on to show that socialist production (and shortage) fostered workers' oppositional consciousness and resistance. Socialist managers hoarded labour too. Whilst this provided convenient support for the regimes' priority of guaranteed employment, in most cases it meant that workers were unproductive most of the time. Under socialism, there was a major discrepancy between utopian discourse and the lived experience of most people. "Against an official 'cult of work' used to motivate cadres and workers toward fulfilling the plan, many workers developed an oppositional cult of nonwork, imitating the Party bosses and trying to do as little as possible for their paycheck." (Verdery, 1996, p.23). Verdery explains that the shortage of labour meant that socialist management had relatively little control over workers and this contributed further to the weakness of vertical power relations. Elaborate systems of surveillance and control ensured that workers' discontent did not become openly critical. Secret police and networks of informers operated in all formerly socialist countries.

Socialist authorities also claimed that central planning was best placed to assess and fulfil the peoples' needs. The promise of paternalistic redistribution of the social product (through central planning) formed the ideological justification of Party rule. Individual initiative and effort were officially rejected. The state maintained a monopoly of distribution and this was guaranteed through the accumulation and control of the means of production. Verdery argues that whereas "... capitalism's inner logic rests on accumulating surplus value, the inner logic of socialism was to accumulate means of production. ... [Thus under socialism], the whole point was *not* to sell things: the center wanted to keep as much as possible under its control, because that was how it had redistributive power; and it wanted to give away the rest, because that was how it confirmed its legitimacy with the public." (1996, p.26, italics in original).

Verdery suggests that within the economies of shortage, the significance accorded to the means of production and to planned redistribution ultimately resulted in the

*sacrifice* of consumption. Whilst basic provisioning was guaranteed through the socialist social contract, quality, availability and choice were beyond most socialist consumers. In response to the centre's inability to provide, alternative ways of procuring necessary and desirable goods developed informally. Socialism's *second economy* consisted of a huge repertoire of ingenious (and frequently illegal) strategies to obtain consumer goods and services. This unplanned mechanism to compensate for insufficient, inappropriate and ineffective state provisioning nevertheless depended on the official economy; for goods had to be arranged, improvised or siphoned off through unofficial channels and intricate networks.

Throughout the Soviet sphere, improvised second economies co-existed in parasite-fashion alongside the sluggish planned economies and provided a large part of consumer needs. Despite the Party's obvious disregard for consumer demands and desires, the regimes continued to insist that the socialist standard of living was constantly rising. Verdery suggests that: "This stimulated consumer appetites, perhaps with an eye to fostering increased effort and tying people into the system. Moreover, socialist ideology presented consumption as a *right*. The system's organization exacerbated consumer desires further by frustrating it and thereby making it the focus of effort, resistance, and discontent." (1996, p.28, emphasis in original). Hence, consumption became increasingly politicised as alienated populations began to dispute and criticise such Party claims.

Wedel's extensive ethnographic work in Poland illuminates the ways and means by which people imaginatively coped with a rigid bureaucracy and uneven market distribution (1986, 1982). She describes two sets of moral codes that governed Polish lives and argues that the public-private dichotomy was necessary in order to cope with the contradictions of the socialist system. In order to survive, people complied with the standard rituals of public life. "The setting and atmosphere of public life is impersonal, ritualized and standardized. ... Stoicism covers deep, underlying anger. In daily life, cold competitiveness occasionally surfaces..." (Wedel, 1986, p.24).

Within the private domain that is reserved for family and friends, people enacted an entirely different side of themselves. “In striking contrast to public life, the atmosphere of private life is emotional, personal and intimate. Private life reduces, if only momentarily, the individual’s feelings of personal anxiety.” (Wedel, 1986, p.26). Whilst overt compliance was a necessity, it did not entail respect for authority or the acceptance of official rules and strictures. Rather, in order to get by people learned to circumvent and operate the system with ingenuity and subtlety.

In Wedel’s analysis, vital deals and arrangements were facilitated by complex systems of informal relationships, which were negotiated patiently step-by-step.

Success in dealing with the state bureaucracy and economy depended on the ability to personalize matters and to impart an informal quality to one’s relationships with the licensing bureaus or the gasoline station attendant. Connecting with and often overshadowing the official economy, elaborate nonpublic networks distributed and even produced goods and services. Such networks gathered and passed on information through a grapevine critical to informally organized economic and political activity. (Wedel, 1992, p.3).

In order to solve the problems of endemic shortages, “Legal and illegal activities operate alongside and in conjunction with one another.” (Wedel, 1986, p.61), the boundaries were blurred.

According to Wedel, personalised networks functioned primarily on the basis of family connections and close-knit social circles (*srodowiska*). Wedel observed strong familial ties, personal closeness and interdependence between generations, where young people “are beneficiaries of the system, not yet its manipulators.” (Wedel, 1986, p.99). Wedel notes that young people tend to rely on parental support long into adulthood. The *srodowisko* were a source of additional support: friends too could act in a similar role. Relationships between close friends were governed by similar morals, commitment and concern.

Wedel observes that loyalty and trust are part of relationships within the *srodowiska*. "People cultivate indebtedness to each other than can be used in future" (Wedel, 1986, p.109). Apart from the close circle, there were other connections too that could be mobilized when need arose, for example with colleagues and acquaintances. She asserts that in Poland almost "everything is best accomplished on the basis of a personal relationship".

The strength of the *srodowisko* lies not in its separateness from public influences and resources, but in its interpenetration of them. Its strengths lies in its ability to circumvent, connect, override, and otherwise reorganize political, economic, and religious institutions and authorities as powerful as them. (Wedel, 1992, p.14).

At the business school the students are very seriously involved in the forging of a new group. This is initially facilitated by the school, which brings together young people from diverse ethnic backgrounds. Institutional requirements and the curricular structures mean that students interact with one another continuously. But students themselves seize social opportunities with great intensity and vigour. In part the new circle is based on existing networks (from secondary school) but new peers are identified within the business school context. In the thesis I suggest that strong intimate friendships form the basis of a powerful future elite network. As graduates are assuming important positions of power within the Baltic economies, they are likely to continue operating advantageous *old school* ties.

In her comprehensive analysis of personal networks in the FSU Ledeneva argues that an informal economy of favours became an all-pervasive counter-ideology of the Soviet system. *Blat* developed in response to an over-controlling state and served to alleviate the structural constraints of the socialist system of distribution. Whilst *blat* relations tended to be cast in the idiom of friendship, Ledeneva suggests that this represented an important misrecognition of this form of non-monetary exchange.

These practices did not form any conscious compromise or discursive agreement. Rather, they implied a niche of practices exercised in misrecognised form. The objective necessity of re-distribution and rule-breaking for the system to function and for the people to survive thus resulted in a specific form of 'negative' legitimacy. Such legitimacy resulted from both criticism and, in misrecognised form, performance of *blat* and other ambiguous practices of the Soviet system. (Ledeneva, 1998, p.71-72, italics in original).

Ledeneva argues that in order to procure and provide scarce but necessary items, services or contacts, people made use of state property (or the distribution rules that governed access) thus making the Soviet system more tolerable.

The use of public and private resources for private (even if not selfish) purposes reflected (...) [a] paradoxical features of the Soviet regime, the character of state property. State property was declared to be public and supposed to be guarded by everyone (...). But 'public' could also be interpreted as quasi-private (...). [Thus the] trickle-down of public property through the access provided by those who 'guard' it, to a wider circle of people was a common practice... (Ledeneva, 1998, p.35).

Consumer objects and services procured through *blat* were given at the expense of state property, but they were also constitutive of pervasive relationships between family and friends.

Ledeneva demonstrates the complex webs and means by which public property is subverted into private favours embedded in elaborate forms of exchange and became part of pervasive relationships. Furthermore, she argues that successful procurement through *blat* relationships was closely associated with a sense of *beating the system*; rules were violated not merely on the basis of need, but also for the sake of efficiency and creativity. I refer to Ledeneva's work throughout the thesis, for it so powerfully demonstrates the internal and culturally specific logic of *blat* that continues in and adapts to the post-socialist period and its new opportunities and problems.

The business students no longer experience desperate material needs. But informal practices continue to be part of the students' cultural repertoire. In the first instance it is important to note that subversion of official rules and intentions may not necessarily be conscious or deliberate (although it also can be). The business school seeks to foster responses that are based on *their* expectations of compliance, submission and propriety. Meanwhile the students continue to manipulate access to resources. The logic and the practices behind their activities are recognisable and accepted within *their* peer group. Whether students' behaviour is interpreted as legitimate depends on whose standards are applied. Moreover, students' capacity to operate *the system* represents one of the main reasons why the business school



recruited them in the first place, i.e. to be movers within the FSU context and to mediate on behalf of corporate capitalism. In the Baltic states this role continues to require informal finesse.

In their daily lives students may not necessarily employ their accomplishments for any particular – material or social – gain. They might simply consider requests and the meeting of fulfilment of requests an important part of friendship (which, of course, it is). Thus, Ledeneva's notion of *misrecognition* is still apt. Furthermore, in the new era informal skills such as procuring and networking are being adapted and honed to beat the new system almost by default: new constraints and opportunities arise, thus ways and means of negotiation and appropriation will be found. Relying on informal means represents a way of easing contextual pressures, but there is also a playful side to it: utilising one's skills (or charm) to the desired effect is a one way of having fun.

Kharkhordin's work focuses on the way in which Bolshevik endeavours radically re-configured Russian society in terms of the relationship between the individual and the collective (1997, 1999). He suggests that Lenin's aim was to produce *New Soviet Man* by means of a quasi-religious conversion to the communist cause, based on a political revelation that would lead to the acquisition of a Higher Conscience. A Bolshevik could know himself or herself only through the public gaze and he or she must demonstrate their successful conversion by voluntarily submitting to constant scrutiny. The safeguard and correction of the Bolshevik self was the duty of the Party and it was construed as *brotherly help*. This meant that later recruits to the Party were "[f]aced with the installation of an all-pervasive mutual surveillance within the congregation, they had to hide certain comportments from fellow comrades. And since these latecomers were the vast majority, dissimulation became the dominant practice of individualization in Soviet Russia" (Kharkhordin, 1997, p.349).

Kharkhordin maintains that the total disrespect for the individual lead to the retreat of the private sphere into a concealed and invisible *secret*.<sup>39</sup> He suggests that in the 1930s and 1940s it was a widespread practice for Bolsheviks to close themselves off from one another and to retract certain (dubious) aspects of their lives from the public gaze. During the Stalinist period a new moral order was imposed where concerns shifted “from the deep spirituality of the intelligentsia to an outward appearance of civilized conduct”:

The Stalinist regime all of a sudden devoted intensive attention to everyday manners; ‘impeccable conduct’, which meant manageable, predictable proper manners, became the center of the propaganda campaign. Obsession with *kulturnost*, a ‘fetish notion of how to be individually civilized’, started with elite attention to personal hygiene, and then spread in ‘admonitory and educative’ fashion to the whole society; clean nails, abstinence from cursing and spitting, and a minimum of good manners now defined the model citizen. (Kharkhordin, 1997, p.353).

According to Kharkhordin “[t]he Soviet people might actually appear to be a monolithic bloc of fighters for Communism”, however “the private was re-established as the ‘secret’ but pervasive underside of the social, as the invisible sphere of the most intimate comportment, carefully hidden by individual dissimulation.” (1997, p.359). He considers the dissimulative structure of the Soviet self as the most significant and stable legacy of the Soviet period.

Kharkhordin’s explanation is relevant to the business school context in Riga because students very carefully control degrees of disclosure. They are skilled manipulators of their own performances both in public and private. The school context provides and forges novel options and opportunities, thus it may represent either sphere. Educational activities can be mastered through routine dissimulation. However, the transnational school realm is also an appropriate site for experimentation with new practices and relationships and some of these are not shared with those from outside the school. Thus, within the context of the student group the business school can also be constructed as *safe* and intimate. Meanwhile certain aspects of one’s life are rarely or never revealed within institutional parameters. Other relevant contexts to vary: the family household, the countryside, the dormitory and the new bars and clubs each

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<sup>39</sup> Kharkhordin compares cynical dissimulation to Scott’s thesis on the ‘weapons of the weak’ (1985), but maintains that Bolshevik dissimulation was “primarily practiced individually against the members

present opportunities for particular performances and allow for radically different degrees of disclosure of the self.

However, it is important to remember that the Baltic states (and Eastern Europe) were not part of the revolutionary developments of the 1920s and 1930s. Many of the debates, enthusiasm for experimentation and vigour by which they had been generated had largely dissipated during Stalin's reign (the Baltic countries became part of the Soviet sphere during WWII). Whilst there had been some considerable interest for revolutionary ideas in the Baltic states in the early 20<sup>th</sup> century (see Appendix), the mode of these countries' incorporation into the Soviet Union was clearly not voluntary (see appendix and below). However, the public private distinction under socialism clearly had a significant impact beyond the immediate post-revolutionary period.

In their portrayal and analysis of socialism in Eastern Europe (largely based on fieldwork in the 1970s and 1980s) Verdery and Wedel both confirm the existence of a pervasive split between public and private, first and second economy, between that which was official and sanctioned and that which took place unofficially and away from the public sphere. According to Verdery, "bi-polarity (...) became constitutive of the social person" (1996, p.94). Dissimulation meant that resistance to Soviet annexation were expressed not necessarily in terms of outward dissent but within the private realm and through consumption and nationalism.

Reid & Crowley's edited volume emphasises the importance of consumption and material culture under socialism (2000). They focus in particular on the important changes during the post-war Stalinism and the Thaw (post-Stalinist liberalization) when "the texture of daily life in the Soviet Union was modernized and

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of the peer group, not collectively against superiors" (Kharkhordin, 1997, p.350).

internationalized through the importation of East European models.” (Reid & Crowley, 2000, p.7).<sup>40</sup> The myth of socialist abundance was being replaced by the promise of materialism. Under Khrushchev *rational consumption norms* were established so as to allow for the management and regulation of popular desires in the Soviet Union.<sup>41</sup> “The people’s taste had to be disciplined both on ideological and aesthetic grounds, as well as to keep aspirations within limits state industrial production might feasibly satisfy.” (2000, p.14, italics in original). Consumption became a major battleground between official ideology, insufficient provision and socialist citizens trying to *make do*; private identities were articulated in the home and the body.

Unlike liberal capitalist environments, most resources were ‘licensed’ and indeed provided by the state in Eastern Europe, even if the meanings attached to them were not. ... utilitarian products were stripped of their usefulness and adopted as a badge of conspicuous tastes: they were signs of desires rather than needs. (Reid & Crowley, 2000, p.15).

The ethnography on which this thesis is based clearly shows that consumption forms a very important part of students’ lives. Whilst the external limits on consumption have largely been removed the arena of consumption is still heavily marked by the socialist legacy (Humphrey, 1995) and represents an arena of very serious engagements. In Riga the quest for an appropriate style and image absorbs not only students’ financial resources but also their time and energies. On the one hand this engagement integrates the group, for it acts as the ultimate arbiter of style. At the same time consumption patterns function as a marker and distinguish the students from other social groups. Within the period of upheaval distinctions have to be forged, always taking into account also the changes that others pursue. Hence, fashions are continuously refashioned and refined in order to be able to distinguish

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<sup>40</sup> “The late 1950s and early 1960s in Eastern Europe and the Soviet Union were a period not only of political and cultural liberalization but of economic and social modernization. The self-conscious rejuvenation of the material world raised questions about the appropriate expression of socialist modernity in all fields of visual and material culture. Style, a notion that had been suspect under Stalin, became an urgent issue. (...) What was the appropriate style for socialist modernity?” (Reid & Crowley, 2000, p.3).

<sup>41</sup> Reid & Crowley state that there was much national variation in the way in which these changes took place. They report relative affluence in the satellite states of Eastern Europe, but describe the situation in the Soviet Union as one of ‘austere consumerism’ (2000, p.10-12). See also the other contributions in this volume, especially by Crowley, Gerchuk, and Neuburger.

their bearers. I propose that Western executives and New Russians *both* appear to influence the distinctions that business students endeavour to draw.

Despite the appearance of compliance and collaboration, nationalist sentiments were of particular importance in the satellite states of Eastern Europe and in the Soviet-borderlands, such as the Baltic states. According to Verdery, it developed and sharpened in opposition to the deliberate forays that socialism attempted to make into the private sphere. The wide-ranging policies that focused on gender equality and a redefinition of national identities represented a combined thrust to homogenise and erase differences within socialist societies (Verdery, 1996, p.61).<sup>42</sup> Soviet policies endeavoured to resolve national conflicts through its internationalist bias and socialist paternalism, meanwhile national sentiment continued to exist as an undercurrent of anti-Communism, especially in these countries. Verdery suggests that post-socialist nationalism has become a particularly visible form of dismantling socialism, but that its vigour stems from the heightened national consciousness that was in-built into the organisation of socialism itself.

Attendance at the business school in Riga presents the students with an entirely novel experience: for the first time they are part of a group that is made up of students from various ethnic backgrounds. Whilst the post-socialist Baltic political and societal context goes to great length to separate these groups, excludes some and advantages others, students soon find themselves at odds with these wider trends. They realise that they have more in common with all of those inside the institution than with most of those outside of it. The forging of an elite status, which is a collaborative endeavour of the school and the students, ultimately supersedes an interest in distinguishing and categorising individuals according to their ethnic affiliation and legal status.

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<sup>42</sup> This thesis does not focus on gender relations in particular. Of special interest in relation to nationalism in Eastern Europe is Kligman's work (1988). Regarding socialist gender policies and gender relations under socialism (and in the post-socialist period) see also Einhorn (1993), Buckley (1997), Pine (1992, 1996, 1998), Gal & Kligmann (2000a, 2000b).

Szelenyi conducted research on the dual pressures of industrialisation and collectivisation on former peasants and small agricultural entrepreneurs during the 70s and 80s (1988). He highlights the importance of second economy activities and demonstrates its contribution to social change in Hungary. Szelenyi argues that informal economic practices and the accompanying rise in status of semiproletarians signify a “silent revolution from below”. Theoretically, he argues that the embourgeoisement of this group *under socialism* represents an important Third road.

I would suggest that the evolution of the informal or second economy in both the East and the West may really imply a developing “petty bourgeoisification”. “The fat middle” ... may indeed benefit, may generate new sources of income and increase its autonomy from the bureaucratic-redistributive sector in the East and from corporate capitalism in the West.... The emerging new socialist mixed economy is a partial restoration of capitalism: it creates an economic system in which there is an alternative to bureaucratic employment... (Szelenyi, 1988, p.215-218).

Szelenyi thus demonstrates that informal economic practices were not simply about alleviating shortages, but that they represented worker power in the face of the state bureaucratic system. Furthermore, he stresses that whilst the second economy was originally a survival strategy employed by semiproletarians, it did not only prevent their proletarianisation, but also fostered private entrepreneurship.

Lastly, I wish to emphasise the key role of education in the FSU. Wedel (1992) suggests that under socialism (i.e. in the absence of business) educational credentials were the most important markers of prestige and status. Humphrey observed that public social status and the resultant privileges were very directly connected with education in the FSU. She elaborates:

Because the division of labour is the deepest source of inequality, it follows that the focal point of the conflict of interests in society is not so much the distribution of rewards for labour (...) as the distribution of labour itself. This is why the disposable surplus in material wealth is used by (...) workers to negotiate better jobs for themselves and their children. Thus competition for (...) [education] becomes the driving force of economic life in Soviet society. (...) education now mediates the relation between those with power and those who seek power... (Humphrey, 1998, p.371).

These observations will become particularly relevant in chapter 3 when I seek to unravel the students’ motivations for wishing to attend REA and again in the conclusion.

This section provided an outline of the complexities and intricacies of socialist societies that in many ways differs from the prevalent accounts of totalitarianism. It identified a number of key issues identified by anthropologists, e.g. consumption, nationalism, a distinct pattern of public participation and cynical private dissimulation as well as all-important social relations and intricate networks. The existence, enactment and transformations of these themes in the post-socialist period are crucial to the argument of this thesis and the material outlined here will be revisited throughout. However, the literature presented so far originates from a number of diverse geographical areas and historical periods. The next section presents the historical circumstances of the Baltic states during the Soviet period and aims to connect the main themes with particular local circumstances.

## 1.2 The Baltic states in the Soviet period

During WWII, after twenty years of independence (between 1919 and 1939), the Baltic region became intimately caught up in the struggle between Fascist Germany and the Soviet Union. This period of upheaval and uncertainty lasted from 1939 to 1945 when all three Baltic states were incorporated into the Soviet Union. As a direct outcome of WWII, Latvia experienced the loss of one third of its population.<sup>43</sup>

In 1932 Latvia and Estonia had signed non-aggression or neutrality agreements with the Soviet Union. However, these treaties proved ineffective when the area was drawn into WWII. The additional protocol of the 1939 Molotov-Ribbentrop pact (between Hitler and Stalin) had divided Baltic territories into *spheres of influence*: Lithuania was assigned to Nazi Germany and the Estonian and Latvian territory to the Soviet Union (SU). Annexation was facilitated by a pact of defence and mutual assistance, which the SU forced onto the Baltic states. As soon as the war broke out almost the entire Baltic German population (65,000) was ominously repatriated to Germany. Soviet troops increased in the region. Sovereignty was lost when the Baltic states were incorporated into the SU in August 1940. Deportations and collectivisation began immediately. The label *enemies of the people* defined those who were sent to Siberia. It applied to business people as well as those who were active in public life, e.g. clergymen, trade unionists, government officials.<sup>44</sup>

This initial Soviet occupation was incredibly brutal, but it did not last. In 1941 when German troops advanced, there was substantial local support in Latvia and Estonia. When the area came under German influence, there was also considerable collaboration with the German effort to deport and kill the Jewish population

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<sup>43</sup> For more detail on WWII in the Baltic states see Misiunas & Taagepera (1993, p.15-75), Lieven (1995, p.84-92) and Hiden & Salmon (1994, p. 109-125). Laar provides a vivid account of partisan resistance by the forest brothers in Estonia (1992).



(transported to concentration camps in Poland).<sup>45</sup> German occupation of the Baltic territories lasted until 1944. Local hopes for the restoration of independence were continuously thwarted as the Germans recruited Balts to fight against the SU, but proved unwilling to share power. However, given the experiences of 1941, Baltic fears of Soviet re-conquest were particularly strong. When the Soviet army advanced again, many people fled to the forests and became partisans. Others tried to escape to Sweden.<sup>46</sup> In 1945 the Soviet Union re-established its claim and the Baltic countries became federal republics of the USSR. Western deliverance was faithfully awaited and expected but never materialised. Partisan warfare was thwarted in the early 50s (Laar, 1992).

Politically, the national Communist Parties of each state ran the Baltic republics, but their respective leadership was determined by Moscow. Once Soviet occupation was achieved, Soviet policies and priorities applied also to the Baltic states. Collectivisation was induced by further deportations and meant disruption and destruction of the living conditions in rural areas. Agricultural productivity plummeted and Latvians increasingly moved to the cities. According to Smith,

From the late 1940s, all three republics were subject to both the rapid industrialisation of their urban economies and to the forced collectivisation of their countryside. ... Soviet power also signalled an abrupt end to any forms of cultural or political behaviour which could be interpreted as a challenge to the new political order. (Smith, 1994a, p.3).

Smith suggests that the Baltic states formed a subordinated and dominated periphery of the Soviet Union (1998b). He argues that Soviet policy in the Baltic states contained elements of both federalism and colonialism. There was little manoeuvrability at local level, although a degree of localism was tolerated as long as

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<sup>44</sup> According to Hiden & Salmon, "The total number of those deported or killed in 1940-41 have been estimated at 34,250 for Latvia..." (1994, p.115). The estimated figure for Estonia is 60,000 people. From Lithuania, approximately 75,000 people were deported.

<sup>45</sup> In Riga, the inter-war Jewish population was estimated at 9%. The Lithuanian cities of Vilnius and Kaunas had Jewish populations constituted 28% and 26% respectively (Hiden & Salmon, 1994, p.117).

<sup>46</sup> A reported 30,000 Estonians and Latvians found exile in Sweden (Tarvel, 1996, p.161). But approximately 150 legionnaires (primarily Latvian) were delivered to the SU. When the Baltic states became independent again in the early 90's Swedish politicians apologised for this incident.

it did not undermine central control. According to Smith, “federal colonialism” meant that native political elites were able to champion ethno-republic interests within narrow but varying confines: “Although the centre did initiate policies of cultural standardisation, such policies were neither consistent through time, nor uniformly practiced throughout the ethnorepublics.” (Smith, 1998b, p.5).<sup>47</sup>

Moscow handled central policies and institution building, but there was nevertheless some scope for “nationalising” policies, especially following Stalin’s death in 1953.<sup>48</sup> Unlike the Eastern European satellite states, the Baltic states had no recognised regional or national self-management powers. Nevertheless, there were established niches, which allowed for the preservation and reproduction of national symbols of the titular groups. Smith (1998b) thus agrees with Verdery (as outlined above) in arguing that nation building was not interrupted by Soviet rule. However, communist policy clearly varied over time. For example, Svede reports that the traditional *Jani* rituals (solstice festivities) were outlawed by the Latvian Communist Party (between 1959 and 1966) as they were considered “...pernicious displays of bourgeois nationalism” (Svede, 2000, p.198).

Economically the Baltic states were clearly governed from elsewhere. Central planning meant that up to 90% of all industrial concerns in the Baltic states were (solely or jointly) under all-Union control (Hiden & Salmon, 1994, p.171).<sup>49</sup>

Soviet policy brought about the reintegration of the Baltic economies into the larger Russian economic sphere from which they had been detached in the period of independence. The very large capital investments made by the Soviet Union in the postwar era were an indication of the importance attached by economic planners to the Baltic region as a source of energy resources and a wide range of industrial and agricultural products. They could draw on the technical and managerial skills, together with the high level of education, which had been inherited from tsarist times. (Hiden & Salmon, 1994, p.130)

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<sup>47</sup> Smith explains that divergent relations between the centre and its borderland republics depended on the mode of incorporation, local attitudes and on the number of Russian settlers that were resident in each republic (1998b).

<sup>48</sup> For more detail, see Misiunas & Taagepera (1993, p.131-203).

<sup>49</sup> Skultans reports that only 22% of enterprises in Latvia had Latvian directors (Skultans, 1998b, p.197, note 37).

Intense industrialisation also entailed the state-sponsored arrival of a vast (and favoured) Russian-speaking work force from the other Union republics.<sup>50</sup> Between 1945 and 1959 about 500,000 immigrants settled in Latvia. They received preferential treatment in the provision of urban state housing. In all three Baltic states large cities feature new districts that are made up of high-rise pre-fabricated residential suburbs, built to accommodate the incoming population. Immigrants were primarily unskilled industrial workers but there was also a sizeable technical elite and an important Communist Party cadre group.<sup>51</sup>

Alongside large-scale immigration into the Baltic states, there were also opportunities for upward mobility within the Baltic populations. According to Shtromas, "...the Soviet regime generously offered to young and ambitious people of humble origins ample opportunities for promotion and thus for leading positions within their respective societies - something that most had not even dreamed of under pre-Soviet conditions... " (Shtromas, 1994, p.95). He goes on to argue that the potential for upward mobility initially led to a genuine ideological split in the Baltic societies. Whereas some people could (and did) benefit from the new socialist system, others resented the societal changes that took place after the Baltic states were annexed by the Soviet Union.<sup>52</sup>

Shtromas' evaluation of the Baltic situation mirrors the concerns of Wedel and Verdery who argued for a pervasive split in socialist societies (as outlined above). He suggests, "... the enforced situation of total outward compliance had been complemented by an equally total inward dissent." (Shtromas, 1994, p.101).

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<sup>50</sup> "From a colonial imperialist viewpoint, industrialization offered a path for settling large numbers of Russians among a reticent local population. At times such colonization seems to have become a goal in itself rather than a means of industrialization. In particular, it made little economic sense to deport Baltic farmers to Siberia and then import Russian labor to the Baltic cities." (Misiunas & Taagepera 1993, p.108).

<sup>51</sup> "The most influential segment of Russians consisted of thousands of officials assigned to direct and supervise social and economic changes at republic, district, and commune levels." (Misiunas & Taagepera, 1993, p.111).

<sup>52</sup> As noted in the historical section in the Introduction, Marxist ideas, socialist movements and the Russian revolutions themselves reverberated throughout the Baltic states already prior to 1945.

Shtromas also stresses the way in which peoples' attitudes changed over time. By the early 1950s resistance had given way to pragmatism and eventually resulted in widespread alienation, where even native apparatchiks experienced a breakdown of ideology, which made way for widespread opportunism.<sup>53</sup>

According to Plakans, "By the end of the 1960s everyday life in Latvia by some standards had achieved considerable stability and predictability." (Plakans, 1995, p.162). The Baltic republics had a substantially higher standard of living in comparison with other Union republics and operated as a 'Western enclave'. The Baltic coast was developed and became a much sought after holiday destination. Huge sanatoria were built to accommodate deserving workers and Party officials from elsewhere in the Union with a summer treat, especially in Jurmala, a summer resort close to Riga.

Once integrated into the USSR, Baltic economic development patterns inevitably paralleled those of the Soviet Union as a whole. The resulting bias towards heavy industry and relative neglect of consumer services exposed the Baltic peoples to many of the disadvantages - housing shortages, poor quality consumer goods, unreliable domestic services - which were suffered by Soviet citizens elsewhere. The fact that Baltic living standards were somewhat higher than the Soviet norm no doubt reflected the Baltic republics' long industrial histories, Europeanised cultures, and perhaps Moscow's desire to counteract secessionist sympathies. (Bradshaw, Hanson *et al.*, 1994, p.167)

Svede describes the situation of young people during the period of liberalization in the 1960s and 1970s (2000).<sup>54</sup> He notes that Western fashions were closely monitored and translated into hybrid styles by Latvian counter-cultural groups such as beatniks and hippies. According to Svede Latvian hippies fabricated their own style. Inspired by *Vogue* images they combined Soviet ready-made clothing with Latvian folk costumes and hand made embroidery. He suggests that Latvian hippies were both highly original and heavily influenced by the American lifestyle forms: "much of Soviet hippies culture focused on immaterialities such as love and mutual

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<sup>53</sup> The anthropologist Hann argues that "In most countries, most of the time, most 'ordinary people' simply took the system for granted, accommodated to it and got on with their lives." (Hann, 1994, p.11). Sampson notes "communist rule entailed collaboration on a massive scale." (1990, p.110).

<sup>54</sup> For SU comparisons see Pilkington who is the key analyst of Soviet youth movements (1994, 1996).

respect” and sexual licence (Svede, 2000, p.203). The counter-cultural hippie movement in the Baltic states attracted people from throughout the Soviet Union in thousands, Ryback reports (1990, p.112). Svede suggests that the movement waned after the clampdown on the Prague spring of 1968 when individual members were punished. Both Ryback and Svede argue that hippy influenced lifestyles continued to influence vibrant Baltic youth culture and were manifest in Jimi Hendrix’ popularity, marijuana smoking and open sexuality.<sup>55</sup>

Skultans and Plakans both observe a generational shift in the 1970s. Whilst the older Baltic generations were painfully aware of the loss and suffering induced by Soviet rule, anti-Soviet sentiment was relatively subdued. She suggests:

A generation of Latvians had grown up who had no direct experience of the war or of deportations, and some had no knowledge of all of these events. Many parents chose not to tell their children about deportation for fear it would make it difficult for them to construct successful careers and meaningful lives in Soviet Latvia. (Skultans, 1998b, p.176).

However, Western contacts with the Baltic émigré communities had become more frequent (Misiunas & Taagepera, 1993) and made it possible for Baltic peoples to compare standards of living. Plakans points out that the widening gap between official pronouncements and Soviet reality (during the period of stagnation and economic decline under Brezhnev) gave rise to resentment, and eventually to the dissident movement (Plakans, 1995, pp.163). Smith argues that until the 1980s “...nationalism was largely confined to the margins of dissident politics where it was relatively easily contained by a state willing and able to use coercion.” (1994c, p.122).<sup>56</sup>

In the 1980s, in the atmosphere of perestroika and glasnost local and national issues rose to the forefront. Moscow’s interest was primarily focused on economic restructuring and democratisation and Gorbachev had high hopes of making the

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<sup>55</sup> According to Svede, the continuity of counter-cultural youth movement is depicted in Imants Bril’s 1972 film *Sejas* (transl. *Faces*) (2000, p.204).

Baltic republics a model case of reform. However, growing popular discontent articulated itself also around the ecologically detrimental effects of mass industrialisation in the Baltic states. In Estonia environmental concerns about phosphate mining were causing widespread concern (Hiden & Salmon, 1994, p.149). In Riga the fear of endangering architectural monuments in the old town due to the planned construction of a subway system brought about demonstrations and protest (Grava, 1993). Similarly sensitive were plans to build a hydroelectric plant on the river Daugava (in Latvia). In Lithuania there were concerns about the expansion of the nuclear plant in Ignalina (Smith, 1994c, p.126-32).

According to Ryback the Baltic music scene of the early 80s was rife with anti-Soviet sentiment. Baltic rock musicians increasingly propagated nationalistic sentiments through their songs. Punk “hooligans” turned discotheques into “hothouses of Latvian patriotism” and concerts into battlefields, fighting firstly Russians and then the local militia (Ryback, 1990, p.214-218). Latvia’s disaffected youth featured also in Juris Podnieks’ 1986 film *Vai viegli būt jaunam?* (transl. *Is it easy to be young?*), which exploded popular myths about restrained and passive Soviet youth. Pilkington summarises:

... the film was astonishing in both the issues it dealt with (hooliganism, rock fanaticism, the death of young people through wrong treatment in hospital, juvenile crime, subcultures such as punks) but more importantly in the scope given to young people to talk about themselves. In so doing they revealed their real concerns about school, work, the army and finding partners, rather than the worldly concerns for internationalism and socialism.” (Pilkington, 1994, p.102).

Between 1988-90 Baltic protest gathered momentum. Popular Fronts formed and provided the organisational basis, oppositional know-how and political leadership, which significantly shaped the rise of the independence movement. In response to Baltic unrest, the conservative leaders of the Baltic Communist Parties were replaced in 1988. Increasingly though local discontent was being expressed in terms of national interests. The Molotov-Ribbentrop pact that had facilitated Soviet

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<sup>56</sup> When characterising the 1970s, Misiunas & Taagepera speak of endemic dissent. They detail individual efforts and a few collective oppositional gestures (1993, p.260-265). They describe the

occupation was publicly denounced as illegal and criminal. National and cultural preservation became an important issue, although the popular fronts tended to be conciliatory rather than exclusive and they recruited support irrespective of ethnicity.

By 1990, nearly two-fifths of Russian speakers in the republics were supporting independent statehood ... Despite the envisaged prospects of becoming 'second class citizens' in a Latvian-dominated polity, it is probably true that for many Russians life in a Western-style economy was judged as more favourable than remaining part of a Soviet Union unable to guarantee basic housing, employment and essential services. (Smith, 1994c, p.136).

In all three Baltic states relations with Moscow reached stalemate and independence was formally declared. Meanwhile in Russia, economic collapse was imminent and a right-wing backlash appeared ever more likely. In January 1991 there was a military crackdown by the special police troops, OMON, in Latvia. In similar incidents in Lithuania journalists and civilians were killed. In August, following the coup against Gorbachev, Soviet forces occupied the Estonian television tower. However, overall Soviet military activities in the Baltic states turned out to be much less severe than expected. Plakans terms it "the crackdown that never happened" (Plakans, 1995, p.178). At the time of the coup Moscow was the centre of struggle and confrontations. In late August, Yeltsin recognised the Baltic declarations and in September Western powers extended diplomatic recognition to all three Baltic countries.

Having outlined both the specific historical context and the key theoretical themes from the anthropology of socialism this chapter provided important background for the remainder of the thesis. In the next chapter I examine the post-Soviet transition process in the Latvia and consider the major role of new transnational involvements that appear to be overlooked in much of the literature on Latvia.

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1980's as a period of 'passive submissiveness' (1993, p.272).

## 2. TRANSITION AND THE SWEDISH INPUT

### Introduction

I understand the creation of the business school as a deliberate intervention within the historical shift that is occurring throughout the former Eastern bloc, where socialism is being dismantled and capitalist forms are being established. In this chapter I wish to show that the foundation of REA is both part of a wider trend, i.e. the expansion of capitalism and the growth of transnationally operating corporations, *and* the outcome of a particular ongoing connection, i.e. where Sweden seeks to establish closer ties with the Baltic states. I will begin my argument by clarifying different approaches to understanding this period of dramatic social change and then move on to explain how and why the school was set-up.

In the first instance, I am arguing that the school is borne of the specific transition process in post-socialist societies. As such it forms but one part of a larger trend. Throughout the former Eastern bloc, people forge and confront new economic practices that are either introduced as part of policy in order to bring about capitalism, or emerge in response to the actual circumstances of the current era. For example, in various parts of the former Soviet Union subsistence farming has become an important survival strategy for many and the return to barter has been widely reported (see e.g. Seabright 2000). There is an ongoing scholarly debate about the nature of *capitalisms* in the former Eastern bloc countries (see Eyal *et al.*, 1998 and Humphrey 2002 for a summary of key issues).<sup>57</sup> Western-style business education must be considered as one important area of ideological and practical engagement. Indeed, it has become a major industry throughout Eastern Europe and the former Soviet Union (see e.g. Puffer, 1994; Spiegel, 1997).

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<sup>57</sup> Humphrey notes: "... we are not dealing simply with the clash of two mutually alien economic systems, 'the market' and 'the socialist planned economy', but with a much more complex encounter of a number of specific, culturally-embedded, and practical organizational forms." (2002, p.2).



Business education at REA presents one particular example of this industry and in this thesis it serves to highlight a whole range of new relationships and changes – both macro and micro – that are afoot in the Baltic states. REA is not an indigenous creation, but a Swedish development project. Whilst there are many multi-lateral educational projects in the region that seek to facilitate *knowledge-transfer* through established higher education institutes, REA was set up on the basis of bilateral co-operation. Although REA serves the Baltic region as a whole, the arrangements for its establishment were made between Sweden and Latvia only. The school is generously financed (almost entirely) by Sweden and also sponsored by transnationally active companies. It has an impressive pedigree and claim to quality, for Sweden's foremost business school manages it. For the Swedish state REA represents a unique opportunity: it acts as a strong symbol of Sweden's good will and generosity. Furthermore, the school is a stand-alone project. Its independence means that there is no need to engage with the ailing post-Soviet higher education environment. Rather, REA's Swedish management can endeavour to realise its particular vision of change for the Baltic states without being constrained by local context.

In my analysis, the business school is part and parcel of the new climate and interaction between the Baltic states, international development programmes and global capitalism. In this chapter I am arguing that the school plays a key role in the transition process (as following):

REA is representative of transnational interests in the region and of the aid programmes that have been set in motion. I am arguing that REA's establishment is the product of Western capitalist interests as manifest in Swedish economic and development policies as well as philanthropic efforts (see below and conclusion).

Secondly, REA reflects a particular understanding of post-socialist development. The school's existence and mission highlights the presumed role of entrepreneurs and is unambiguously pro-market. The school wishes to educate entrepreneurs that are supposed to act as the driving force of social change in the region. In this and

subsequent chapters I argue that institutional efforts effectively foster the establishment of a particular kind of new business elite for the Baltic states (chapter 3, 4 and chapter 7).

Lastly, the school is central to the student's individual development within the transition period. REA isolates them from their peers and families as well as from the national context around them. By means of institutional processes, the students are making an entirely new set of connections with especially selected peers and with transnational companies that are the school's benefactors and also the future employers of the students (see chapter 3, 5 and 6).

Before I describe the historical developments, wider international relations and particular local context in which the school originated, it is also important to note that there were also – as with most development projects – a number of inadvertent consequences. Like most anthropological work, I seek to combine an understanding of the macro environment with close attention to micro processes and their inherent counter currents. This chapter deals with the way in which REA is connected structurally: to Sweden and in terms of the local Latvian context. It begins with a brief examination of the post-socialist transition process and the relative positions of Western *donors* and Eastern *recipients* within. Later chapters of the thesis provide an account of competing perceptions and individual motivations for participating in this particular institution (especially chapters 4, 5 and 6).

The first section of this chapter considers the way in which an understanding of post-socialist developments has been guided by a particular ideological framework. I examine the origins and outcomes of neo-liberal interventions and provide an anthropological critique. The second section looks more closely at Latvia since independence was regained in 1991. Particular emphasis is given to the nation-building process that is currently underway. The aim is to outline the specific context in which the school was established. Section three considers more closely the forces

involved in the current exercise of region-building in Northern Europe. In section four I go on to dealing specifically with higher education. I compare the development of the stand-alone business school to another project, which was established on the basis of multilateral contributions and involvements. In the final part I explain the way in which Swedish interest and strategic involvement in the Baltic states led to the creation of the business school and outline its organisational genesis and specific set-up.

## 2.1 Transitology vs. uncertain trajectories

The previous chapter described a variety of approaches to understanding socialism and socialist society and provided an account of Latvian history during the socialist period. It showed how the dissident movement rose in the late 80s and how independence of the three Baltic states was achieved in the early 90s by means of a 'singing revolution'. In Eastern Europe and many of the successor states, the disintegration of the former Soviet Union was considered a period of hope and euphoria for it provided the opportunity to 'return to Europe'. According to Hann: "It was assumed that liberal democracies as they have evolved in North America and western Europe provide the optimum political framework for post-communist societies..." (Hann, 1998, p.x). This section explains various approaches to the current period of post-socialist transformations.<sup>58</sup> I will describe the way in which international agencies sought to support the post-socialist societies practically in terms of aid programmes and how this has impacted on the ongoing reform processes.

In the West the disintegration of socialism was greeted euphorically. Wedel, like other scholars, detected a strong tendency towards *triumphalism*:

Having won a victory that was not only political, but also moral and ideological, the West now had an unparalleled, historic opportunity to spread the fruits of freedom and free markets, to unite Europe, and to break down isolation between the two worlds. (Wedel, 2001, p.16).

Initial euphoria quickly gave rise to a plethora of reform programmes whose aim was to ensure drastic re-orientation from plan to market over a relatively short period. Social change was to be brought about through an introduction of democratic political structures and the adoption of market principles. The socialist command economy was to be dismantled and *free markets* and the *rule of law* were to bring wealth and prosperity to the region. Many neoclassical economists understood the transition as a relatively straightforward lineal process (for a critique, see e.g.

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<sup>58</sup> Alas in 2002 there is now a new debate as to whether the term post-socialism should continue to be used (Hann, 2002; Humphrey 2002; Verdery 2002).

Berdahl 2000). Wedel suggests that international organisations based their initial set of policies on this assumption (2001).

The transition was expected to follow a pre-determined path between two fixed positions: from socialism to capitalism, where both start and end point of this process are imagined in terms of relatively coherent entities. Neoclassical economists argued that once state property has been privatised, the market would take over. In due course business processes would follow rational management decisions and the *invisible hand* of the market would provide efficiency and stabilisation. Once freed from the command economy and endemic supply problems, the economies of the former Eastern bloc would become modern and conform to the Western standard. It was expected that by means of *shock therapy* policies, new capitalist economies would surface (for a critique see Verdery, 1996; Bridger & Pine, 1998; Burawoy & Verdery, 1999)

Shock therapy describes a series of austerity measures (Wedel, 2001, p.47). Humphrey summarises: “This doctrine emphasized rapid privatisation, the freeing of prices, withdrawal of subsidies, and free trade, as distinct from state-supported and more regulated varieties of capitalism.” (Humphrey, 2002, p.2) Close attention was to be paid to legal and fiscal reform and law enforcement was to be strengthened. The transition was to be supported by democratic constitutions that safeguarded individual freedom. It was also argued that support for a state-independent and non-profit (third) sector was necessary. Once people were free to associate outside of state control *civil society* would emerge and prosper supported through non-governmental organisations (for a critique see Hann & Dunn, 1996; Verdery, 1996, Bruno 1998, Sampson 1998, Wedel, 2001). Western donors understood the situation in the former Eastern bloc primarily as a delayed or postponed process of Western economic development that had simply been stalled by central planning (Mendell & Nielsen, 1995, p.1, quoting Inotai).

This view of the transition was subscribed to and financially supported by powerful international agencies such as the International Monetary Fund (IMF), the World Bank (WB), the Organisation for Economic Co-operation and Development (OECD) and the European Bank for Reconstruction and Development (EBRD).<sup>59</sup> Western experts were sent to the rescue of the ailing region, armed with good intentions and neo-liberal ideas. Without any concrete experience of post-socialist change the development models that were applied to the former Eastern bloc were ill fittingly derived from the Third World context (Wedel, 2001).<sup>60</sup> Much like post-war Europe had been 'saved' and resurrected by the US-funded Marshall plan in 1945, Western development agencies were willing to support the transition of Eastern Europe and the former Soviet Union in the post-socialist era. The inherently political nature of Western aid is underlined by the fact that many programmes were conditional on eastern compliance with Western standards.

Anthropologists have closely observed the 'collisions and collusions' between simplistic neo-liberal theories and post-socialist reality (see for example Verdery, 1991, 1996; Hann 1992, 1994, 2002; Bridger & Pine, 1998; Burawoy & Verdery, 1999; Berdahl, Bunzl et.al, 2000; Wedel, 2001). Verdery and others have pointed out that *transitology* and its focus on privatisation, markets and civil society is "saturated with ideological significance" (1996, p.10). Pine & Bridger observe that promise and hope gave way to chaos, not capitalism:

The new economies, rather than being incorporated into stable market capitalism, were suspended in a kind of limbo: while the structures of socialist polity had been removed, it was by no means clear what, if anything, could be salvaged which would be capable of replacing them. (Pine & Bridger, 1998, p.5).

Berdahl argues that recent developments in the region blatantly contradict earlier assumptions about the outcome of the transition period:

The electoral success of former communists in several postsocialist states, the escalating unemployment rates throughout the region, the difficulties in establishing new businesses for many would-be entrepreneurs, the return to barter (indeed, mafia) economy in the most

<sup>59</sup> For specific programmes see websites and annual reports: <http://www.imf.org/>, <http://www.worldbank.org/>, <http://www.oecd.org/>, <http://www.ebrd.com/>. For an overall review of a decade of transition in Eastern Europe and the FSU see (World Bank, 2002).

<sup>60</sup> For a general anthropological analysis and critique of the Third World development model see Ferguson (1990), Hobart (1993), Gardner & Lewis (1996), Grillo & Stirrat (2002).

economically devastated areas, and the slow improvement in most countries' gross national products are but a few examples of the uncertain outcome and ongoing nature of postsocialist transitions that reflect the inadequacy of teleological thinking. (Berdahl, 2000, pp.1).

Anthropologists of post-socialism have been critical of a simplistic approach to social change that forecasts a straightforward transition to capitalism. Instead, they argue for a close observation of uncertain transformations and local improvisations that are likely to result in diverse trajectories. Burawoy & Verdery note:

We need ... to attend much more to how the unfolding uncertainties of macro institutions affect practices within micro worlds and also how family, work, and community are refashioning themselves – often in opposition to what governments intend. (Burawoy & Verdery, 1999, p.7).

In summary, the post-socialist 'transition' must be understood as a cultural construct of Western observers intended to describe a period of drastic social change for which there was no precedent. Development initiatives did not carefully evaluate local circumstances; rather, it was assumed that 'the market will fix it'. *Transitology* employs a simplistic, standardising and teleological model for it presupposes that we already know the outcome of the current upheaval. Furthermore, transitology is ideologically fuelled by Western triumphalism about the perceived victory of neo-liberal Western values over communism. It was applied – forcefully and normatively through powerful international agencies – to a variety of contexts without an appreciation of what really existing state socialism was and without an understanding of the historical and cultural diversity in the region.

Most importantly, in establishing the main transition concerns and objectives there was little consultation and negotiation about how the transition policies and programmes were working for those they were intended to assist. Hann suggests:

Priority has often been given to supporting non-governmental organisations, but this focus has tended to restrict funding to fairly narrow groups, typically intellectual elites concentrated in capital cities. Those who succeed in establishing good relations with a western organisation manoeuvre to retain the tremendous advantage this gives them. The effect of many foreign interventions is therefore to accentuate previous hierarchies, where almost everything depends on patronage and personal connections. (Hann, 1998, p.xiii).

Those who advocated shock therapy expected that there would be *winners and losers* of the transition process, but that after a short period of adjustment, all would be well.

In contrast to expectations in this early optimistic period, recent commentators have argued that: “In most of the postcommunist world, there has been no real recovery. Rather, a human disaster on a previously unimaginable scale has ensued.” (King, 2001, p.493). By now it is widely recognised that the transition has produced major social inequalities and has led to an increase in poverty throughout the former Soviet Union and Eastern Europe. Burawoy notes that this has also been acknowledged by the major donors. After a decade of advocating shock therapy, “The IMF and, especially the World Bank find themselves rallying against their own neoliberalism, against unrestrained privatisation, against privatised pensions, against extravagant promises of what the market miracle will deliver.” (Burawoy, 1999, p. 303).

This thesis describes one specific aspect of the transition period: the lives and studies of a group of privileged students from the Baltic states. This means that it deals with those who are set to profit from this dramatic period of social change. But I would suggest that the picture is somewhat more complex than such categorisation into simplistic binary opposites implies. The Swedish business school offers the students the opportunity to become involved in a particular transformative project that is partly governed by missions, visions, local and global realignments, but also by a set of unforeseen coincidences, especially on the micro level. This means that whilst students are involved in this process they must continuously construct and negotiate their new status.

This thesis also seeks to address the more problematic aspects of becoming a new Baltic business elite, i.e. especially in chapters 5 and 6. Of central importance is



Humphrey's influential paper, which explores how and why 'the market' sits so uneasily with earlier values of the socialist period (1995, but see also 1998 and 2002). In particular she is concerned with the 'crisis in values' and the ideological history of the notion of 'deceit'. For my comparative purpose it is particularly relevant that Humphrey observes that in Russia there is a "the perception that business and entrepreneurship have produced a totally new kind of person", i.e. the emergence of the *New Russian* (Humphrey, 1995, p.45). In a statement highly significant to the situation of the Baltic business students, Humphrey suggests that:

*"It is the New Russians people dislike, the jumped-up youthful businessmen whose education is being used to no-one's advantage except their own, and whose conspicuous consumption is no longer a marker of rank or ability to pull strings in the system. (...) [T]he public (...) reserves its dislike for those New Russians who seem to have become rich by invisible and foreign means. Theirs is regarded as unjust consumption, the outcome of some unfair magic, outside the huge struggle to move upwards in the power game of Russian society."* (Humphrey, 1995, p.64, emphasis added).

Irrespective of the transnational endorsement that the Baltic business students receive through REA, there is at the very base of their activities (their training and their likely employment) the issue of being at odds with an older generation. For Humphrey shows that there are major generational differences, indeed she detects a polarisation:

... this has occurred most notably by generation, separating those people whose attitudes were formed by the Soviet regime from those who came to adulthood after the advent of Gorbachev in the mid-1980's. (Humphrey, 1995, p.44).

The options that the students face are entirely new within their local context. However, it is to be expected that their individual and collective backgrounds continue to shape their experiences, motivations and actions. My aim is to carefully disentangle the ways in which the students are transformed (and transform themselves) into a new Baltic business elite. The next section deals with the current transition era in the specific context of Latvia.

## 2.2 Transition and nation-building in Latvia

Before I move on to show the students' reactions, positions and agency as they prepare to become actively involved within the economies of the Baltic states (in later chapters), I wish to situate the school structurally. The educational establishment represents a particular kind of intervention. I suggest that by educating a sizeable number of young people in Western management and business studies, the school produces potentially powerful local actors that share a series of advantages that could not be produced without the Swedish input.

With the demise of the Soviet Union, the successor states have been in the process of undoing the legacies of centralised state control. Baltic politicians claim that statehood was interrupted by unlawful Soviet annexation that was the result of the Molotov-Ribbentrop pact. In the case of the Baltic states it is due to this historic legal argument (and to overt nationalistic resurgence) that independence was re-instated on the basis of the inter-war constitutions. The historian Plakans argues that nostalgia is the driving force, which structures the Latvian present day, economically, politically and culturally (1993, 1995).<sup>61</sup> Smith also suggests that

... a keynote of the recent national awakening has been a desire by many Baltic politicians to go back to the future, in effect to reconnect with the pre-Soviet 'golden age' and to use that past era of independent statehood as a basis to reconstruct their polities, economies and national cultures. (Smith, 1994a, p.5).

In the early 1990s the dismantling of collective agriculture became one important priority. Despite living in cities all their lives,<sup>62</sup> most indigenous Baltic people claim a strong association with and emotional attachment to rural areas and the family farmstead. Because of this historical centrality of farming the restitution of family

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<sup>61</sup> Lieven also states "...the new Baltic states are modelling not just their political symbolism, but their political ideologies, parties and state institutions on those of the period of the independence between 1918 and 1940. (...) the effect of too much unanalysed nostalgia has been to distance the Balts from modern Western Europe..." (1995, p.55).

<sup>62</sup> According to the UNDP Human Development Report, 69% of the Latvian population resides in urban areas (UNDP, Latvia, 1998, p.12).

farmland has been a major priority. Most people have been living in towns only for two generations and almost everyone still has strong and mutually supportive relations with relatives in the countryside. The connection to the land – which is frequently enacted during the summer holidays and especially the *Jani* midsummer festivities – represents one criterion of what it is considered to be a ‘good’ or ‘authentic’ Latvian. The notion of Latvian culture as essentially rural is also contrasted with the Russian speaking populations that are in the majority in all Latvian cities. Many Latvians suggest that they cannot “feel at home” or “be themselves” within this particular urban context. With renewed independence there is the chance to put things right again: to cancel out collectivisation, to return the land to its rightful owners and to safeguard and preserve the historically rooted *true* way of life.

Among city dwellers, and especially the eponymous groups, there is then a strong moral obligation to support indigenous agriculture. This articulates itself, for example, in the preferential buying of local produce (rather than imported foodstuffs, which are often cheaper). The debate about subsidies to the farming communities is a mainstay of nationalistic politics and also impacts on the discourse about European Union accession (see below). Nissinen summarises the special role of the agriculture sector:

According to prevailing public opinion, agriculture is an integral part of Latvia’s economic structure and more resources should be devoted to its revitalization. The goal is to reach self-sufficiency in food production as well as to develop domestic food-processing industries. Parties admit that the agricultural question is not solely an economic one but there are deeper national and cultural values involved. The relation of Latvians to the countryside is very sensitive and emotional due to historical factors. (Nissinen, 1999, p.175).

In all three Baltic states, the aim has been to re-engage with the principles of the past: to get on with the unfinished business of inter-war sovereignty and to resume prosperity that is primarily based on *nationally* oriented self-sufficient economies.

According to Smith, de-Sovietization in the Baltic states entails not only the removal of Soviet symbols and political institutions such as the banning of the Communist

Parties, but a creative process. The continuing creation of nationalising historiographies draws on processes, which essentialise, historicise and totalise the mythical story of the nation. These processes effectively limit access to and membership of the nation and its symbols.

The idea of cultural standardisation provides a necessary building block for the post-colonial state's economic and political modernisation rooted in the claim that historically, successful nation-building (and here Western Europe is seen as the model) was bound up with making the nation and state spatially congruent. Linguistic, cultural and educational standardisation is therefore held up as commensurate with the running of a more efficient space-economy, a 'scientific state bureaucracy', and with the producing of a more harmonious and loyal citizenry. For nationalising elites in the post-Soviet borderland states, such a conceptualisation of people as living within a single, shared spatial frame in which one national culture predominates is thus viewed as commensurate with creating the rational and modern state. (Smith, 1998b, p.16)

Nationalistic processes of standardisation mean that members of the titular nations hold a "special purchase on privileges of homeland", which is denied to others. In the case of Estonia and Latvia, this group of *others* is made of large numbers of people from other Soviet republics that settled in the Baltic states in order to meet the labour demands of the Soviet industrialisation policy (see also chapter 1). But in the 90s the opportunities of Russian speakers are increasingly restricted. According to Smith:

Members of the titular nation have a vested interest in the institutionalisation and reproduction of ethnic and linguistic difference that are provided by their respective laws on citizenship. Thus, if titular nation members can secure over-representation in national and local government, central administration, the courts, media, schools and universities, such an outcome implies a virtually exclusive domination over the state's major institutions and considerable benefits for those who are members of this new political class. (Smith, 1998a, p.99).

Latvia represents the most extreme case of all the former Soviet republics: out of the total population of 2.6 million, 54% are Latvians. The remaining population is made up of Russians (33%) and Belarussians, Ukrainians, Poles, Lithuanians and others (13%) (UNDP, Latvia, 1996, p.2). The situation in Estonia is similar in that the titular nation makes up 61% of the total population of 1.5 million.<sup>63</sup> Many Latvians and Estonians attribute the large-scale settlement of Russian workers to a genocidal

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<sup>63</sup> In Estonia, the Russian population represents 30.3% out of a total of 1.57 million. Lithuania has an overall population of 3.7 million; the Russian minority represents 9.4% and almost equals that of Poles (7%). Figures for Lithuania and Estonia from (Lieven, 1995, p.432-434, reporting from official census of 1989).

intention on the part of the Soviet Union. The mass deportations of 1941 and 1949, where many Latvians and Estonians were sent to Siberia, are cited as another example of the deliberate annihilation of Baltic people. Karklins refers to this process as one of “minoretization”, whereby Latvians are increasingly becoming a minority “*even in their historical homeland*” (1993, italics added; see also Karklins, 1994).

Within the nation-building discourse, stringent citizenship criteria delineate between the entitlements of the titular nationals (who hold superior status) and the Russian-speaking Soviet-era settlers who were demoted to resident “foreigners”. Salaniece & Kuznetsovs explain the historical shift of relative advantage:

Although officially all Soviet citizens were equal (largely in terms of the absence of civil rights) unofficially the Russian population of Latvia found itself in a more privileged position than the Latvians, since up until the 1990’s the Russian language was dominant in the most important spheres of Latvian life. (Salaniece & Kuznetsovs, p.252)

With independence restored and the eponymous groups in charge of the nationalising state, Russians (and Russian speakers) are conscious of the fact that they are frequently considered an unwanted legacy of the Soviet period. Irrespective of their involvement and relationship with the Soviet state apparatus, they are being held responsible for the misdeeds of Soviet rule. Laitin (1998) has described the predicaments of the Russian-speaking population of Latvia and Estonia in terms of a *beached Diaspora*. When considering their position it is important to note that Russian speakers in the Baltic states “... acquired that status because the borders of the Soviet Union receded, rather than because they dispersed from their homeland” (Laitin, 1998, p.28).

Smith states that “Although Russian-based social and cultural organisations do exist, their membership, duration and effectiveness have also been limited and their organisational reach highly localised.” (Smith, 1998a, p.110). In this context it must be emphasised that Russian-speakers in the Baltic states are a heterogeneous group

that is frequently homogenised in public discourse.<sup>64</sup> However, despite the exclusion and alienation of Russian speakers from the newly nationalising states, there has been a remarkable stability in ethnic relations in Estonia and Latvia (especially when compared to the break-up of Yugoslavia). Smith *et al.* argue that this can be attributed to the fact that "... in all three states Russians lack intellectual elites willing and able to champion issues of social justice." (Smith, Aasland, *et al.*, 1994, p.202).<sup>65</sup>

In the Baltic states citizenship regimes and language laws are the most crucial political issues where belonging and entitlement to the new nations are being negotiated. Whilst Lithuania chose an inclusive policy,<sup>66</sup> in Estonia and Latvia, citizenship laws have clearly led to the exclusion of Russian speakers from various political and public spheres. Of the total Latvian population, only 70% are citizens (UNDP, Latvia, 1994, p.2).

Latvian citizenship is granted automatically only to those who can provide historical evidence of a connection to the earlier period of interwar independence (e.g. direct family relations and official documentation of residence).<sup>67</sup> Those inhabitants who

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<sup>64</sup> Russian speakers arrived in the Baltic states at various points in history and from different places. Many fled from Tsarist persecution and the Bolshevik unrest for religious and political reasons. Others migrated to the Baltic states for economic reasons and due to Soviet government sponsorship. For further background see appendix and Lieven (1995, p.181-188).

<sup>65</sup> Apart from the sources cited in this chapter, see also Moshe (1999). For Estonia, see the work of Aksel and Maria Kirch (Kirch, Kirch *et al.* 1993 and Geistlinger & Kirch 1995).

<sup>66</sup> When independence was achieved in 1991 Lithuania opted for the so-called 'zero-option'. This meant that Lithuanian citizenship was offered to all those living in Lithuania at the time, irrespective of their previous affiliation. The inclusive strategy is partly attributable to the smaller and more heterogeneous demographics of Lithuania. Smith, Aasland *et al.* characterise the situation in Lithuania as follows: "Although ethnic tension still manifest themselves, the core nation is sufficiently secure to prevail as a majority in the political, economic and social life of the polity, to let ethnic groups keep or drop their sub-cultures, or live apart or mix." (Smith, Aasland *et al.*, 1994, p.189).

<sup>67</sup> "In October 1991 (...) a resolution 'On the Restoration of the Rights of Citizens of the Republic of Latvia and the Basic Regulations for Naturalization', which restored Latvian citizenship to those who had it in pre-war Latvia and to their direct descendants regardless of ethnicity. This law was a logical consequence of the principle of legal continuity of the Republic of Latvia." (UNDP, Latvia, 1997, p.53).

did not inherit Latvian citizenship must now apply for it.<sup>68</sup> The naturalisation procedure in operation at the time of fieldwork (1996-8) prescribed a window system, which meant that different age groups were entitled to apply according to a schedule: "In 1996, for example, applications were accepted from persons aged 16-20 and who were born in Latvia." (UNDP, Latvia, 1997, p.53).<sup>69</sup> Applicants had to have lived in Latvia after 1990 for at least 5 years. They have to take a Latvian language test and a Latvian history exam. They need to be able to demonstrate a basic knowledge of the Latvian constitution and constitutional law. In addition, they have to demonstrate their knowledge of the lyrics of the national anthem and swear their allegiance to the Latvian state.

The Latvian language is the state language and must be used within all official contexts. Hence proficiency in Latvian is a requirement not only for the successful completion of the naturalisation process, but also for public office, political engagement (i.e. in terms of forming political parties and standing as candidates or voting for national elections) and within the commercial sector wherever staff has any contact with the public. According to Salaniece & Kuznetsovs,

...approximately 80 per cent of Russians had absolutely no knowledge of Latvian, making the Russian language, in the eyes of the majority of Latvians, the very symbol of occupation – even though Latvians in general had a better knowledge of Russian than any of the other non-Russian republics in the Soviet Union. (Salaniece & Kuznetovs, 1999, p.252).

Whilst language exams and proficiency cause much controversy in Latvia and Estonia, the issue has also caused debate amongst scholars who disagree as to whether the enforcement of the Latvian language will ultimately lead to the assimilation and integration of the Russian communities.

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<sup>68</sup> In 1997 there were 687,486 non-citizens in Latvia, which accounts for 28% of the registered population. This group is made up primarily of Russians, Belarussians and Ukrainians (UNDP, Latvia, 1997, p.53). Some groups are entitled and merely have to register, e.g. Latvians and those who have studied at University in Latvia and children born of at least one parent with Latvian citizenship (ibid.).

<sup>69</sup> The window system was abandoned in August 1998 following a referendum that was held in response to pressure from within and outside Latvia due to the slow rate of naturalisation (Smith 1999, Nissinen 1999).

Laitin's argument is based on rational choice (1998). On the basis of recent survey data, he reports that Russian-speakers are concentrating their efforts on the future, chiefly by developing the linguistic abilities of their children. He suggests that this effort is primarily about parental expectations of future opportunities and upward mobility. In order to compete future generations will need to be able to speak the titular language (for otherwise their training opportunities are severely hampered). Thus in order to maximise their economic and social benefits, Laitin suggests, Russian speakers are accepting the nationalising state and its rule (1998). Smith disagrees with the Laitin's thesis of "competitive assimilation".<sup>70</sup>

[It] assumes that the initially excluded will prove more malleable than they have so far been in practice. For one thing, the numbers engaged in language learning may not be as high as this thesis would suggest. ... Moreover, in essentialising language as the criterion for breaking down ethnic markers, this thesis is too ready to assume ... that a growth in bilingualism amongst minorities necessarily goes hand in hand with the depoliticisation of ethnic identities. (Smith, 1998a, p.112).

Instead of an integrating society, Smith (1998a) and others observe an increasingly segregated and distinct division of labour where both titular nationals and Russian speakers specialise. Salaniece & Kuznetsovs report:

Because they do not know the state language well enough, the majority of Russian citizens of Latvia cannot count on obtaining state jobs or participating in elected bodies. ... There is therefore a division of labour between the national groupings in Latvia: Latvians engage in politics and administration whilst Russians are involved in business, mostly in the service industries. Approximately, 60 per cent of businesses are 'Russian'. (Salaniece & Kuznetsovs, 1999, p. 254 quoting Diena, 3<sup>rd</sup> of October 1995).

In my understanding the citizenship question is also closely related to the way in which the Baltic states are positioned and connected with neighbouring states and international organisations. On resuming independent statehood, all three republics saw the removal of Soviet / Russian military as a major priority. Several Russian political leaders strove to link the pace of withdrawal to the alleged mistreatment and discrimination of the Russian population in the matters of language and citizenship. After lengthy negotiations the withdrawal of all troops was concluded only in 1994. However, the Baltic states are still considered Russia's *near abroad* and Russian

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<sup>70</sup> See also Ponarin's critique of Laitin's research and analysis about the likelihood of assimilation of



politicians remain involved in discussions regarding the Russian-speaking populations of Estonia and Latvia. However, Russia has made little effort to support its diaspora economically (the plight of Russian pensioners is being particularly widely reported). For the moment its stance is primarily rhetorical.

Baltic politicians and citizens nevertheless consider this Russian involvement in their internal affairs as inappropriate and indeed threatening. To protect their long-term sovereignty and security all three Baltic states are determined to join the North Atlantic Treaty Organisation (NATO). Whilst NATO membership has become a foreign policy priority it is also contingent on the way in which the Baltic states adapt to wider international standards. Their readiness to ratify and obey international conventions and treaties with the United Nations and the Organization for Security and Co-operation in Europe (OSCE/ formerly CSCE) has become a testing ground. All three Baltic states are being scrutinised for their commitment as they seek to become fully-fledged members of NATO and the European Union. The negotiations with international organisations are not a straightforward process, especially because there are major internal disagreements about the implications of membership and the way in which the Baltic states need to conform to pre-set criteria.

It appears that security is both a widespread concern and a number one state priority. In its effort to join NATO, Latvia is investing substantial resources into defence measures. But this commitment also has the potential to conflict with other national budgetary priorities (UNDP, Latvia, 1999, p.67). Smith suggests:

The idea of 'rejoining Europe', which figures prominently within the political rhetoric of Baltic modernisers and nationalists alike, is held up as a key means to ensuring their countries' economic modernisation, geopolitical security and general social well-being. Both the inter-war and post-Cold War political homeland are coded as being inextricably linked part of Europe and its dominant cultural values, punctuated only the 'the recent dark past of communism', which it is claimed artificially severed the Baltic people from what is considered 'their natural European home'. (Smith, 1998a, p.108).

However, in terms of the actual accession to the European Union the Latvian population is not very supportive: only 33% think that membership would be a “good thing” and this contrasts sharply with the 59% average support levels in all applicant countries (European Commission, 2001, p.3). According to another EU report, the lack of enthusiasm is due to the fact that Latvians “... are very caught up in their fears and (...) [their] attention is focused on the economic problems...”(European Commission, Debomy, *et al.*, p.10).

Nissinen, an expert on the economic and political transition in Latvia, reports that politicians have succeeded in gaining the respect of international organisations:

Latvia has pursued consequent reform policies since regaining independence in order to accelerate its transition to a fully fledged market economy. Latvia's reform strategy has been conformed to fulfill the strictest requirements of a monetarist policy. Adherence to a liberal economic regime implies almost exclusive reliance on the market mechanism and principled rejection of economic regulation and state interventionism. Latvia belongs to the most exemplary pupils of the class of transitional economies whose achievements are frequently praised by international financial organizations. One of the concrete acknowledgements is a substantial standby credit approved by the IMF to support the government's economic programme. The IMF is extremely circumspect in granting standby credits. (Nissinen, 1999, p.62).

But the restructuring of the Latvian economy has not gone without serious economic hardship and national debates. The UNDP Development Report of 1997 notes “a dramatic rise in poverty from 4 percent in 1988 to 32 percent in 1994. In Latvia (...) income poverty has risen dramatically and is compounded by growing inequality in access to healthcare, education and widespread social and political estrangement.” (UNDP, Latvia, 1997, p.32).

Privatisation of state enterprises and the restitution of private property (that was expropriated by the state without proper compensation in 1940) have been extremely controversial and progress in the 90s was slow (Nissinen, 1999, p.79-108). Latvia

opted for the distribution of privatisation certificates (or vouchers), which meant that vouchers were allocated depending on lengths of residence.<sup>71</sup> Nissinen explains:

As long as Latvia lacked a citizenship law the government was unable to design a comprehensive approach to privatization methods. Particularly the debate over the guidelines of the voucher programme was influenced by a distorted nationality structure. The Voucher controversy centred on the question of which population groups should be addressed – all residents or merely citizens ... many Latvian were afraid that if these people were issued privatization certificates they would use them to preserve the Soviet system, albeit under a different label, in order to safeguard their own positions. Latvians were also worried that issuing vouchers without adequate safeguards could lead to foreign ownership of Latvia's economic assets. (Nissinen, 1999, p.93).

Despite these problems and delays, a recent report into the relationship between poverty and ethnicity has found that in Latvia “there is *not a great difference between ethnic groups* when it comes to risks of poverty”. (Aasland, 2000, p.11, italics added). The same report explains that three quarters of the Latvian population are experiencing great financial hardship. Rural populations, young people and those with low educational attainment are most at risk.

In this section I outlined the way in which Latvian politicians and the Latvian public address the current post-socialist transformation process and I have highlighted the nostalgia for interwar-independence that has a strong presence in current debates about Latvia's future. Local discourses are focused on the centrality of agriculture and the intense discussion about how the state should deal with the Russian-speaking population. Whilst the human rights and integration of the Russian-speaking minority are clearly important, I would suggest that this strong focus on minority politics presents the transition period in the Latvian state in a one-sided manner and that it has diverted attention from a series of challenging issues.

Nation building and transition in Latvia are not solely and exclusively based and influenced by local and national politics and societal transformation. On the contrary,

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<sup>71</sup> Vouchers were also given to those who had experienced political repression (time spent in prison or labour camps) and to compensate those whose property could not be returned. For those who had worked high up in the Communist party or for the KGB, time was subtracted from their years of residence.

economic, political and social changes throughout the Baltic states continue to be shaped by powerful neighbours and increasingly also by the agenda of transnational organisations. Transnational companies view the area in terms of its great potential. Whilst it is recognised that they are highly relevant to all transition economies in terms of foreign direct investment, their wider activities are usually glossed over or represented as unproblematic.<sup>72</sup> In this thesis it is my aim to combine close attention to the differential opportunities of Latvian citizens and Russian speaking residents (see especially chapter 6) with a critical perspective towards wider regional and transnational involvements that have, to date, received only minor attention in the literature on Latvia's post-Soviet period.<sup>73</sup>

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<sup>72</sup> Larcon stresses the importance of strategy and outlines the broad scope with which transition economies must be addressed: "Multi-national corporations that have had the vision and capacity to build a profitable presence in the region in recent years are now reaping the benefits of prime movers: - the best local companies acquired at low cost, - large local market shared thanks to past presence, capacity, image or network of local partners, increased experience in restructuring, transforming local units, *recruiting and developing a local elite*." (1998)

<sup>73</sup> There are, of course sources that deal with the transnational dimension of the Baltic transition, e.g. Hood, Kilis, et al. (1997) and Nissinen (1999). However, I believe that in terms of a critical perspective that is sensitive to the dimensions of transnational power and its symbolism, (Smith, 1999) remains the exception.

## 2.3 Nordic co-operation and Swedish dominance

In this section I begin to probe the underlying motivation for Sweden's involvement in the Baltic transition process. I wish to suggest that alongside the stated philanthropic vision, there is a wider context and discourse about transition and economic opportunities and that it has played an important role in the organisational genesis of the business school. REA is a Swedish development project, which aims to educate young local people in business and economics in order to facilitate the economic and political transition of the Baltic states. In my understanding Sweden's current interest in the Baltic states is not coincidental. Rather it is an outcome of Sweden's historical and geographical position within the Nordic realm that is being extended quite systematically. I argue that Sweden's generosity (in terms of development aid) is both a tool and mechanism for establishing a dominant Swedish influence within the former Soviet Union.

Since the end of the cold war, there has been a marked increase in associations, which stress the importance of trans-national Northern European co-operation and region-building (Joenniemi, 1993; Steinfeld, 1993; Straeth, 1996, Neumann, 1999). Frequently, these links refer to the geographical *unity* of the Baltic Sea rim.<sup>74</sup> In most cases, this notion of unity is implicitly or explicitly based on a reference to historical precedent. The Hanseatic League was a trading network, which connected a large number of towns throughout Europe (but concentrated on the Baltic Sea) for 200 years, beginning in the 14<sup>th</sup> century. The notion of the Hanseatic League offers a model, which is economically oriented and regionally transnational, i.e. neither global nor national.

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<sup>74</sup> Environmental co-operation around the Baltic Sea rim was already established in 1975 (Pehle, 1996). Environmental concern may have been the baseline of original region building attempts during the cold war. The relationship between environmental concerns and International relations is recognised by Hjorth, who describes the importance of epistemic communities to the increased institution building aimed at Baltic Sea environmental protection (1994).

Based on a perceived geographical unity and developed in conjunction with the shared historical understanding of the *Hanse*, the ongoing region building exercise, which initially focused on Scandinavia, gathered momentum by the end of the cold war.<sup>75</sup> Nordic interests were fuelled by security considerations and in conjunction with perceived economic opportunities that were projected into the future. Within the North-European context, the Baltic Sea directs attention of Northern European states towards their immediate neighbours, i.e. it replaces the one-dimensional opposition of East and West with the notion of a co-operative union in Northern Europe.

Sweden is central to Scandinavian regional co-operation. Neumann argues “Sweden has been historically dominant in the region ever since the end of the Thirty Years War. It tended, and still tends to see Finland, Norway, and to some extent Denmark not only as buffers against the Atlantic powers, Russia / USSR, and Germany but also as an extension of the self.” (1999, p.130). At present Sweden is eager to project its dominance further into the Baltic Sea region.<sup>76</sup> Indeed Steinfeld claims that Sweden has already achieved “great power status” in the Baltic region (1996).<sup>77</sup>

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<sup>75</sup> “During the past few years, such concepts have been introduced in the debates as Ostseeraum, A Hansa Europe, a Baltic Europe, a Scanno Baltic Political Space, and Baltic-Nordic Belt or a Network North. (...) the network of co-operative relations in Northern Europe was for a long time virtually non-existent, and (...) this is rapidly changing as the previous divisions and obstacles to co-operation, such as the Cold War with its ideological cleavages are declining in significance.” (Joenniemi, 1993, p.134).

<sup>76</sup> According to the statement of a Swedish government official in 1992, Sweden perceives of the Baltic states much in the same way that West Germany has assumed responsibility for East Germany: “It is only natural that Sweden takes care of Estonia and that it would develop through the example, similar to how the former Western Germany takes responsibility for what used to be East Germany” Toomas Kaebin, a Swedish Estonian responsible for Swedish-Estonian economic co-operation, quoted by Kangeris (1993, p.60) and further discussed in Neumann (1999, p.130-133). See also Steinfeld who carefully assesses the competition between Germany and Sweden for great power status throughout the Baltic region (1996). Since the German state has been concentrating its efforts in the former Eastern Germany it appears as if Sweden ‘won’ the struggle for the Baltic sphere.

<sup>77</sup> It is important to note that the Estonian economy has developed rapidly primarily due to Estonian-Finnish co-operation. Whilst Sweden has a sizeable number of émigré Estonians who are active politically on its behalf, it was Finnish television, which was broadcast to and received in Estonia. Lieven notes: “Of the Baltic peoples the Estonians are the ones whose present attitudes and culture are closest to those of Western Europe. There are historical reasons, but in recent decades the crucial factor has been Estonia’s closeness to Finland, and the fact that Estonians can easily understand the Finnish language. While the Latvians, Lithuanians and other Soviet peoples depended for their impression of the outside world on a handful of Western radio stations, frequently jammed, and listed to only by a small minority, most Estonians already had access to Finnish television.” (1995, pp.20). Finland and Estonia (almost) share a language. Finns come to visit Tallinn on a regular basis (partly due to the cheap liquor) and it seems that many Finns consider Estonia as their own backyard. With

Furthermore, according to Ghauri "...the liberalization of the Baltic states has been of particular interest for Nordic firms, which consider the Baltic states to be an extended and natural market for their products." (Ghauri & Henrikson, 1994, p.235).

The Swedish State and Swedish based companies perceive of the Baltic states in terms of *emerging markets*. This attitude is highlighted in Swedish trade policies towards the Baltic states:

For several decades after World War II, the economic and political systems that prevailed in what is now called Central and Eastern Europe placed significant restrictions on the development of foreign trade. Sweden's trade with this part of Europe was consequently very limited. However, the collapse of the Communist system and the region's gradual integration into Western economic structures have opened up *tremendous new opportunities for trade and investment*. Since 1991, trade has developed very rapidly, especially with the Baltic countries (Estonia, Latvia and Lithuania), and Poland. (Swedish Institute, 1999b; italics added).

There is a clear intention to make the most of the current opening; the Baltic region is clearly perceived as a "growth market" that is yet to be exploited. "There is (...) growing trade with the former state-trading countries of Eastern and Central Europe, including the Baltic states. These countries still account for only about 5 percent of Swedish exports and imports...." (Swedish Institute, 1999b).

What is particularly noteworthy about Swedish attitudes is the speed with which these new opportunities were realised and addressed. For example, it was the initiative of the Swedish Ministry for Foreign Affairs that facilitated the "Economic Survey of the Baltic State" in the very early 90s (Van Arkadie, Karlsson, *et al.*, 1992). It became the early key text on the Baltic states and was superseded only in 1995 when major international organisations started to publish annual reports, e.g. EBRD, UNDP. Whilst Scandinavian investors were the vanguard, it has taken the Western business press ten years to realise the potential in the region, and nowadays the Baltic states are considered a "new breed of tigers". Meanwhile the entire Baltic

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Lithuania increasingly turning towards Poland and central European alliances, it almost looks as if Sweden was *left* with Latvia.

banking sector is already dominated by two “Swedish players” (Orton-Jones, 2001, p.69-98).

In Sweden (as elsewhere) foreign policies and trade policies usually converge in national development policies. Griffiths reports,

Scandinavians have approached the problem of equity on two levels: the material and the political. ... Most often the motive has been straight-out philanthropy, but in some cases Scandinavian companies have blended their commercial needs with those of the client nations. (Griffiths, 1993, p.262).

Nissinen informs that in 1996/7, Sweden was Latvia’s third largest trade partner (behind Russia and Germany) and among Latvia’s biggest foreign investors (Nissinen, 1999, p.78 and 67). Thus it is unsurprising that Sweden is willing to invest one part of its traditionally generous development aid package into the regeneration of the Baltic region.

Nordic economic interests in the Baltic states are being forged along a well-trodden historical path. At various periods the Baltic states area have been colonised by the predecessors of the German, Danish, Swedish states, Tsarist Russia as well as the Soviet Union.<sup>78</sup> Since independence was achieved in the early 90s different Western countries are eager to renew their historical connection. I understand Swedish interests in the Baltic states as a matter of revisiting and re-connecting with a former colony and the business school is one part of the bigger (neo-colonial) picture. As I will argue in this thesis, REA represents a strategic foreign direct investment into human capital. Whilst REA is billed as a *development project* intended to benefit the Baltic states, it is also clear that the education of 1000 Baltic students in economics and business administration serves the interest of transnationally operating companies that are facing a labour shortage for their expansion into the FSU.<sup>79</sup>

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<sup>78</sup> For historical background prior to 1945 please refer to the appendix.

<sup>79</sup> Puffer reports, “1.5 million managers and professionals need training in market-oriented management methods...” (1994, p.171, quoting Veselov). In fact it is widely recognised that human resources represent a ‘dilemma’ for any transnational company interested or active in the transition economies (Buckley & Ghauri, 1994; Larcon, 1998).



The Baltic regions' desirability as a market and an ally is undoubtedly heightened by its proximity to Russia, which is the territory designated for future expansion. Nichols argues, "One obvious area to build upon is Latvia's potential as a springboard into Russia. Latvia could be the ideal gateway to and from Russia. The idea alone was enough to attract several foreign investors unwilling to brave the risks of Russia itself." (1999).<sup>80</sup> Orton-Jones is even more concrete: "... far-sighted businessmen may note that should the Russian bear ever find his way out of the woods, the Baltics will be the closest EU states to that 150 million strong market. Useful." (Orton-Jones, 2001, p.70). I would expect that for most of the companies the Baltic states merely act as an intermediate destination. With a combined population of less than 8 million inhabitants, the Baltic states represent a tiny and relatively insignificant market. The major attraction of the Baltic states lies in their position as a gateway into Russia, which is currently considered too risky (and too poor) for large-scale investments. In terms of transnational companies and their business strategies, I believe that the Baltic states serve as an intermediate strategic outpost and experimental playground.

Educating young people from the Baltic states in Western management practices could be understood as a way of facilitating that ultimate goal of penetrating the Russian market. The Baltic region is small; it has a good track record in terms of its historically high standards of education. Situated between East and West and having been colonised by both neighbours, means that the social familiarity or compatibility is assumed as a given. Furthermore, the Baltic populations are by and large bi-lingual (Russian being the second language for most). The integration of a Baltic workforce into Russia would surely be cheaper than the employment of large numbers of expatriates.

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<sup>80</sup> The Baltic states also try to position themselves as strategic business intermediaries between Western Europe and the CIS (Hiden & Lane, 1994).

## 2.4 Sweden's bilateral thrust

In this section I seek to draw out the specific Swedish approach to the Baltic context by comparing the business school with another Western development initiative that was established to facilitate higher education reform in the FSU. *EuroFaculty* is a multi-laterally funded unit that is integrated within the University of Latvia and seeks to bring about a gradual transformation. In contrast, REA represents a particularly high profile organisation that underscores Sweden's special interest in the Baltic states.

One example of a wider union oriented around the Baltic Sea, is the Council of the Baltic Sea states (CBSS).<sup>81</sup> The CBSS was founded in 1993 and consists of Denmark, Estonia, Finland, Germany, Iceland, Latvia, Lithuania, Norway, Poland, Russia, Sweden, and the EC. Its aims are as follows:

The Ministers agreed that The Council of the Baltic Sea States should serve as an overall regional forum focusing on needs for intensified co-operation and co-ordination among the Baltic Sea States. The aim of the co-operation should be to achieve a genuinely democratic development in the Baltic Sea Region, a greater unity between the member countries and to secure a favourable economic development.<sup>82</sup>

One concrete project where the idea of co-operation around the Baltic Sea rim has found expression is the multilaterally funded EuroFaculty, which was organised by the CBSS.

The aim of the Eurofaculty project is to assist in reforming higher education of law, economics, public administration and business administration at the leading universities in the Baltic Sea Region. EuroFaculty is aiming at becoming a centre of teaching, research and counselling, a meeting place for students, teachers and industrialists of the Baltic Sea Region and an environment for mutual understanding.<sup>83</sup>

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<sup>81</sup> In 1992, "The Ministers found that the recent dramatic changes in Europe heralded a new era of European relations where the confrontation and division of the past had been replaced by partnership and co-operation. An enhanced and strengthened Baltic co-operation was a natural and logical consequence of these events."

<sup>82</sup> <http://www.um.dk/english/udenrigspolitik/cbss/background/background.2.html>, accessed 17/02/2000

<sup>83</sup> <http://www.um.dk/english/udenrigspolitik/cbss/background/background.8.html>, accessed 17/02/2000

In Latvia, Eurofaculty has offices and teaches from within the Latvian University (LU). Its arrival demonstrates an internationally perceived lack of quality teaching, both in Riga and throughout the Baltic states. According to King "... the situation in Latvia indicates that academic reforms there are, if anything, overdue." (King, 1996, p.10).

Despite clear objectives and generous funding from CBSS members, EuroFaculty is experiencing problems in translating its vision. The head of EuroFaculty stresses the difficulties and slow speed of organisational change in the Baltic states:

In its first three years of operation, EuroFaculty has made considerable, though variable progress in the development of economics programmes ... these universities had nothing that would be recognized as an economic curriculum in any Western university. Through continuous negotiations with local departments, we have obtained agreements for substantial curriculum reform at each university. ... The value of this agreement should not be underestimated; no fundamental development of economics education at these universities can take place until the core curriculum is in place. (Miljan, 1997, p.10).

In this quote the emphasis is on co-operation, consensus and ultimately compromise. It indicates that EuroFaculty is dependent on being tolerated and accepted within the wider academic community of Latvia. It has had to fight for its niche and few ordinary people are aware of this small unit. In Latvia, EuroFaculty represents a minor and slowly developing extension within a bureaucratic higher education institution that is still considered as being rather like it was during Soviet times.

As noted above, Sweden is part of the CBSS network. But despite existing multilateral agreements to foster higher education through EuroFaculty, Sweden decided to pursue its own agenda by setting up REA. Dispensing development aid in this form means that Sweden has created a prominent educational establishment that is clearly identifiable as purely Swedish rather than (confusingly) Nordic or European. The establishment of a Swedish higher education institution in the Baltic states also has a honourable historical precedent: in 1632, during the Swedish occupation, Dorpat University was founded. Now known as the University of Tartu,

Estonia's principal Estonian university continues to be well respected.<sup>84</sup> Furthermore, at REA the problems that EuroFaculty encounters on the slippery reform path are neatly sidestepped. REA does not face any problems of integrating a strong agenda of change within the complex and stagnant environment of an under-funded local institution – thus local challenges are successfully circumvented.

Further underlining Sweden's primary considerations and interests in *economic* development is the fact that Sweden chose to make its contribution primarily through an undergraduate education programme in economics and business, rather than through the broader social science spectrum that is advocated by EuroFaculty. REA was set up as a branch of Handelshögskolan I Stockholm, or HHS (transl. Stockholm School of Economics), which is Sweden's premier business school. HHS is "... run by a private foundation with central government support." (Swedish Institute, 1999a). Through the foundation of a prominent and highly visible organisation, such as REA, both Sweden and HHS are achieving a high profile. Setting up a stand-alone institution means that the problems faced by EuroFaculty are avoided and that the Swedish vision can be directly translated.

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<sup>84</sup> See Siilivask (1985) and Rauch (1969) for more information on the university's history.

## 2.5 REA: mission, funding and set up

*“...I established a business school in Riga, (...).  
It has been a great success...”*

Staffan Burenstam Linder<sup>85</sup>

REA's existence can, apparently, be traced to one person. The above quote forms part of the career statement summary of the Swedish conservative Member of the European Parliament Staffan Burenstam Linder (deceased in 2000). Burenstam Linder was the director of HHS when the REA scheme was devised. In a Financial Times article in 1994 the genesis of REA is described thus:

The school's name reflects the leading role played by the Stockholm School of Economics both in initiating the project and providing management. Indeed, it was a casual chat between Staffan Burenstam Linder, the SSE's president, and some Baltic state students three years ago that first gave rise to the idea. Burenstam Linder seized on it eagerly. "I like bold ideas and I like entrepreneurship", he says. There were plenty of hurdles, but eventually Burenstam Linder received financial backing, co-operation from the Latvian authorities and a distinguished building in central Riga to house the new school. (Brown-Humes, 1994).

Historically, business schools have a close association with global capitalism. The growth of transnational companies and management education developed hand in hand since the 1950s and 1960s. When enterprises began to grow rapidly through the transnationalisation of economic activities there were new educative demands, which led to the professionalisation of management, primarily through the introduction of American style practices into business (Marceau 1989, p.23). Sklair notes that business schools – everywhere – are supported by corporate sponsorship (Sklair, 2001, p.20).<sup>86</sup> There is then an indisputably intimate, if not symbiotic relationship between business schools and transnational corporations.

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<sup>85</sup> <http://www.moderat.se/sbl/epen.html>, accessed 22/04/99. The other people involved in setting up REA were the then Swedish ambassador, staff of the foreign relations department of the Latvian ministry of education, and a number of prominent Swedish Latvians.

<sup>86</sup> REA's founder Prof. Burenstam Linder also acted as a board member of the China Europe International Business School in Beijing (CEIBS). See [www.ceibs.edu](http://www.ceibs.edu) for further information. Sklair reports on recent business school ventures in India and Mexico. He also notes that First World partners are always involved (2001, p.20).



Burenstam Linder's ability to bring about such a venture – especially given the cost involved and the bilateral governmental support necessary – point to a successful career and resultant connections. He was a member of the Swedish parliament since 1969 and of the European parliament since 1995. Burenstam Linder was also Vice-chairman of Sweden's Moderate party and was Minister of Trade in the mid-70s to early 80s. He left his position as director of HHS when he was elected to the European parliament in Brussels.<sup>87</sup> Apparently he considered Swedish funding for REA "a small compensation for Swedish negligence towards the Baltic states during communist oppression."<sup>88</sup>

Burenstam Linder was not only a politician but also an internationally recognised academic<sup>89</sup> and he was extraordinarily well connected within Swedish industry. Like many business schools, HHS has close corporate links. As *the* high-profile institution in Stockholm, it has established ties with all of the big Swedish based transnationals, e.g. Ericsson, ABB, Volvo, Tetra Pak, Skanska and Telia. Indeed, HHS has traditionally been the prime institution for their recruitment efforts and corporate relations are taken very seriously indeed. HHS receives up to £1,750,000 annually from its corporate sponsors.<sup>90</sup> Burenstam Linder personally served on the boards of various Swedish-based transnational companies, such as Trygg Hansa and Philips Scandinavia. He actively supported links between the public and private sector.<sup>91</sup>

<sup>87</sup> He held the presidency of HHS from 1986 until 1995 (plans for the Riga branch were made in 1992/3).

<sup>88</sup> [http://www.europarl.eu.int/ppe/tree/press/pcom00/com367\\_en.htm](http://www.europarl.eu.int/ppe/tree/press/pcom00/com367_en.htm), accessed 17/06/02

<sup>89</sup> Prof. Burenstam Linder studied at the London School of Economics, MIT, University of California (Berkeley), Yale University and HHS. He has been connected through visits to various other universities, e.g. Columbia, Yale, Stanford, the European University Institute/ Florence, as well as Louvain.

<sup>90</sup> 25 million SEK are quoted by HHS <http://cr.hhs.se/partfigmain.asp>, accessed 08/02/2000. The exchange rate used was SEK (Swedish Krona) 1 = GBP 0.07

<sup>91</sup> Burenstam Linder argues for de-regulation to make university governance more flexible and efficient along the lines of American elite institutions. "European universities are part of monolithic, Government run national systems. Most of the famous universities are private, non-profit institutions. (...) Universities need freedom to seek their own solutions and *other sources of financing*." (1999, italics added).

HHS also seeks corporate sponsorship on behalf of its Baltic venture: "The SSE Riga Progress Partners program was established in 1996 and consists of companies with business in the Baltic states. These companies contribute on an annual basis to support the development and progress of SSE Riga."<sup>92</sup> REA has thus inherited from HHS a strong link with corporate donors and an attitude that is generally welcoming and accommodating of transnational concerns. The list of corporate sponsors is to be found at the building entrance. The companies are almost exclusively Swedish based and the list includes: Alfa Laval Agri, Asea Brown Boveri AB, Handelsbanken, Merita Nordbanken, Philips AB, Skanska International AB, Telia AB, Trygg Hansa AB.

Sponsors have an indirect say in the way in which a business school prepares its graduates for future jobs. Given the long list of sponsors, who wish to be associated with REA, Burenstam Linder's efforts have been successful both in Sweden and Latvia. It also points to the fact that Swedish based transnational companies consider the REA venture a strategic investment. Burenstam Linder thus facilitated the foundation of an establishment that unambiguously meets corporate approval. According to its website, REA

"(...) opened its doors for the first time ever for an incoming class of students on July 11<sup>th</sup>, 1994. This class consisted of 56 students from Latvia chosen from 743 eligible applicants. The school is located in a Jugendstil-building from 1908 on Strelnieku Iela in downtown Riga. The house was completely renovated in 1993-94 and officially opened by the King of Sweden and President of Latvia on November 8<sup>th</sup>, 1994."<sup>93</sup>

The initial period envisaged for REA under its present format were ten years. According to Brown-Humes, "The Swedish government will provide as much as SKr 80 m (£7m) over 10 years, mainly to cover education costs." (1994).<sup>94</sup> In addition the Soros Foundation made \$2 million (£1.3m) available for the reconstruction and extension work. The Latvian State pays for local running costs

<sup>92</sup> <http://cr.hhs.se/default.htm>, accessed 08/02/2000

<sup>93</sup> <http://www.sseriga.edu.lv/general/Objectives.htm>, accessed 17/02/2000

<sup>94</sup> "The Swedish government has granted 45 million SEK for foundation and first three years of running the school. Swedish understand that Latvia cannot invest such amount of money itself due to the current economic situation." (Dreska, 1993). The exchange rate used was SEK (Swedish Krona) 1= GBP 0.07. In a report from 1999 it is stated that REA had "... received a total of SEK 122 million from Sweden which is expected to cover the costs of the the school to the year 2001." (Regeringskansliet / Swedish Ministry for Foreign Affairs, 1999, p.10).

and building maintenance (Brown-Humes, 1994). A Swedish-based transnationally operating construction company, Skanska completed the building work and met more than a third of the building costs. Rather than spending this money on an expensive advertising campaign, it used the business school as a prestigious shop window advertising its wares to prospective customers in the Baltic states.

The Swedish director initially appointed to run the school was A. He set up the academic side of REA and used his excellent connections and enthusiasm to attract senior lecturers from Sweden to teach in Riga. All REA related literature of this period explicitly stressed that the school aimed to produce entrepreneurs and “catalysts” or “agents of change”. There was a marked interest in public relations, which clearly addressed the need to communicate with corporate sponsors. This makes sense also given A’s academic record and research interest in international business.<sup>95</sup> He organised conferences in order to raise the school’s academic profile and he was involved in all aspects of the day-to-day running of the school. In the admissions brochure it was stated, “The graduates will typically be involved in starting new businesses as well as participating in, and driving the transformation of, existing businesses and organisations.” This was A’s idealistic vision of REA graduates’ place in the Baltic economy:

The economic transformation in the Baltic countries requires improved market economy knowledge and skills. The Stockholm School of Economics was in 1993 invited by the Swedish Government to establish an institution located in Riga, offering a high-quality undergraduate program in economics and business (...) The Swedish and Latvian governments, and the Soros Foundations are financing the School. Gradually the financing and management will be taken over locally. SSE Riga is the Swedish contribution to EuroFaculty. The founding institutions of SSE Riga are the Latvian Ministry of Education and Science and the Stockholm School of Economics. The Board of Directors of the School consists of the Presidents for the SSE and SSE Riga and representatives from Swedish and Latvian governments, the Board of Directors of the SSE, Latvian business and industry, Swedish business and industry in Latvia. (This quote is taken from an article about REA’s establishment and objectives, written by A).

Whereas it had been Staffan Burenstam Linder’s idea to set up a business school, it was A who proclaimed in the REA application material for entry in 1996 that: “we are all partners in this project, determined to make SSE Riga the very best business school in Eastern Europe.”



By all accounts REA is considered a very successful project. For his contribution to the development of Latvia Burenstam Linder and various others involved in the setting up of REA have been awarded the *Trīs zvaigžņu ordenis* (transl. Order of Three Stars). Indeed, since establishing REA in 1993, its Swedish mother school, HHS, has gone on to found a further branch in the FSU: The Stockholm School of Economics in St. Petersburg (SSESPb) was created in 1997.<sup>96</sup>

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<sup>95</sup> A's enthusiasm for REA also went beyond glossy public relations. As outlined in the introduction, he also invited me to speak to the students.

<sup>96</sup> For the school's homepage see <http://www.sseru.org>.

## 2.6 Conclusion

At the beginning of this chapter I examined the way in which new relationships are forged between the West and East during the period of global shifts and re-alignments that followed from the disintegration of the Soviet Union. I summarised the prevalent notion of triumphalism and explained the fundamentally ideological nature of the way in which post-Soviet changes are understood and reported within transitology. I offered an anthropological critique of the transition paradigm and went on to consider the particular nature of the post-Soviet changes in Latvia. It emerged that whilst local politicians prefer a nostalgia-driven return to the interwar independence period, political realities are meeting a series of new challenges.

According to the literature on post-Soviet Latvia, the most important issue is the way in which Russian-speaking immigrants are allowed to participate in and shape the agenda of the new state. Much of this literature stresses the importance of a national consensus in terms of peaceful integration. Earlier in this chapter, I suggested that this almost exclusive focus on minority politics has meant that the powerful role of international agencies and transnational companies in shaping Latvian policies and instituting a particular transition framework has been neglected. Wedel has shown for central Europe and the FSU that international agencies are not only generous donors within the post-socialist period, but that they are also engaged within a process of neo-liberal standardisation (Wedel 2001). Individual countries can rely on support only as long as they are willing to tow the line of market reform and democratisation and she has clearly demonstrated that this ongoing development is an important aspect of the post-Soviet transformations.

In contrast to much scholarly work that focuses exclusively on the Latvian national context and especially its ethnic dimension, this chapter highlighted the continuing relevance of (and renewed investment into) the relationship between the Baltic states and Sweden. It showed how Swedish and international interests in developing and

controlling that region are based on historical precedents within the Baltic region and how these interests are played out not only within the economic and political context but also within the higher education sector. Swedish notions of the Latvian transition are clearly in line with the neo-liberal pro-market paradigm and have culminated in the generous funding of a prestigious business school.

In this chapter I have sought to explain how the idea of a Swedish business school in Riga is connected to this wider political and economic context. Based on the material presented above I argue that Nordic co-operation and neo-colonial components prevalent in transitology have had a role to play in the strategic set up of REA. What is most remarkable perhaps is the speed with which the Swedish state and Swedish-based companies have become proactive in approaching the Baltic states and the FSU as markets of great potential. REA is borne of this entrepreneurial vigour and, I suggest also, a particular imperial context. At the same time REA acts as a symbol of Swedish good will towards the Baltic region. Companies active in that area also sponsor the business school and hence I argue that Swedish philanthropy must be understood as both selective and strategic.

Having established the wider international interests in propagating market economy principles throughout the former Eastern bloc and in Latvia specifically, the final part of this chapter considered the Swedish dimension in terms of the institutional history of REA. I described the important role of REA's founders and contextualised their interest in Latvia's development by underscoring their connections with transnationally active companies who sponsor the school and employ its graduates. The aim of this chapter has been to prepare systematically for the exploration of the tension between REA's mission and the translation of that objective on the ground. The next chapter seeks to understand the background of the students who are attracted to REA and analyses the curriculum and its impact, thus underscoring REA's role in the production of a new Baltic business elite.

### **3. ELITE RECRUITMENT AND EDUCATION AT REA**

#### **Introduction**

In this and the following chapter I demonstrate the way in which the business school represents an important site for the cultural production of a new business elite for the Baltic states. Here I focus on the theoretical and structural aspects of elite schooling. I relate REA's educational project to the Baltic context in terms of students' background and in terms of the type of educational credential that they receive upon graduation. I begin in section one with a brief review of the literature on elite schooling and reproduction. I also introduce two key texts on elite schooling in France, which serve as key comparative examples for the remainder of the thesis (Marceau, 1989 and Bourdieu 1996).

Section two considers the selection regime that governs students' chances of entering REA. It emerges that access is based on narrow recruitment channels. This ensures that REA features a relatively streamlined student body that has been harvested through intense initial competition. In section three I go on to illustrate the particular structure of the REA degree programme in economics and business administration. By considering the course content, structure and timetabling I show that training at REA has all the hallmarks of an elite education. Attending the business school features the typical spatial and temporal isolation. The programme is all speed and intensity, which Bourdieu suggests, furnishes elite students with the confidence, ease and style that form the basis of prevalent notions of leadership.

On the basis of a detailed investigation of the programme I show that REA does not prepare its students specifically for a transformative role in the Baltic economies. Rather, the curriculum is training students for a career in transnational companies

where they serve as accountants and consultants. Students do not become catalysts of change because they do not join local companies or set up their own businesses as was originally envisaged. I believe that the lack of adaptation of the programme to the local post-Soviet context is a contributing factor. But students' desires play an important role too. Their personal aspirations may differ significantly from the institutional aim of social transformation. However, irrespective of its cause, the evident mismatch between educational outcomes and the original institutional vision (or propaganda) is particularly poignant given that graduate recruits conveniently alleviate a shortage of labour that could potentially hamper capitalist expansion into the FSU.<sup>97</sup>

Notwithstanding the contradiction between institutional intention and educational outcome, REA plays a powerful transformative role in the students' career trajectories. Whereas students arrive at REA with few connections to transnational companies, almost all of them end up working for such companies when they leave. In this and the following chapter I show how this specific connection between Baltic youngsters and transnational businesses is forged. I argue that REA acts as a powerful institution that is successful in producing a new Baltic business elite equipped with transnational credentials and powerful connections. This chapter shares with chapter 4 a focus on educational processes. Here I concentrate primarily on the structural form, institutional force as well as curricular and bureaucratic mechanisms of elite production.

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<sup>97</sup> The reasons and logistics of that shortage and the strategic location of the Baltic states were outlined already in chapter 2.

### 3.1 Elite schooling and reproduction theory

My understanding and analysis of educational processes at REA is informed by the critical perspectives that were developed by the *new sociology* (and anthropology) of *education* in the mid-70s. Until then it had been assumed that social mobility was essentially governed by meritocratic principles. It was taken for granted that the modern Western school system allowed those to succeed who had talent and made an effort. But these liberal ideas were increasingly challenged by a series of scholars in Europe and America.<sup>98</sup> Levinson & Holland summarise the shift that occurred at the time when educational processes were critically re-examined.

... schools were not “innocent” sites of cultural transmission or places for the inculcation of consensual values. Nor could schools be understood as meritocratic springboards for upward mobility .... Rather, critical scholars argued that schools actually served to exacerbate or perpetuate social inequalities. ...schools responded less to popular impulses of advancement and empowerment, and more to the requirements of discipline and conformity demanded by capitalist production and the nation-state. ... schools served to *reproduce* rather than transform existing structural inequalities (Levinson & Holland, 1996, p.5, italics in original).

Reproduction theory emerged as the major tool for explaining and analysing how inequalities were perpetuated within the educational system. It stresses the key role of education in the production, maintenance and longer-term continuity of a particular social order. Pierre Bourdieu developed the most coherent and original theorisation of reproduction by drawing on classical social theory, i.e. Marx, Weber and Durkheim (see Bourdieu, 1973, 1977, 1984, 1988, and 1996). This chapter focuses primarily on Bourdieu’s studies of schools and universities.<sup>99</sup>

Originally, Bourdieu conducted ethnographic work in Algeria among the Kabyle peasants. It was in his seminal work, *Outline of a Theory of Practice*, that Bourdieu formulated his reflexive approach to social life most systematically. He explicated

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<sup>98</sup> For a full account of the inspiring and dynamic movement that became the new sociology of education see Karabel & Halsey (1977) and Levinson, Foley, et al. (1996).

<sup>99</sup> It must be noted that Bourdieu’s focus and contribution is considerably more wide ranging.

three fundamental concepts: habitus, capital and field (1977). Calhoun *et al.* summarise his approach and understanding of *practice*:

... Bourdieu treats social life as mutually constituting interaction of structures, dispositions, and actions, whereby social structures and embodied (therefore situated) knowledge of those structures produce enduring orientations to action which, in turn, are constitutive of social structures. ... [Orientations] shape and are shaped by social practices. Practice, however, does not follow directly from orientations, in the manner of attitude studies, but rather results from a process of improvisation that, in turn, is structured by cultural orientations, personal trajectories, and the ability to play the game of social interaction. (Calhoun, LiPuma, *et al.*, 1993, p.4).

The concept of *habitus* is located at the intersection of (and functions as) a regulator between individual and society. Habitus refers to an unconscious disposition – a system of generative schemes – that is stable and enduring (i.e. it is inscribed in the social construction of the self) as well as transposable (across different fields) – but neither strategic nor calculating. The concept of field provides the frame for a *relational analysis*.<sup>100</sup>

Bourdieu's conceptualisation of *capital* "...entails the capacity to exercise control over one's own future and that of others. As such, it is a form of power." (Calhoun, LiPuma, *et al.*, 1993, p.4). Capital is unevenly distributed and defines the chances and trajectories of individuals and thus contributes to the reproduction of specific class relations. The most efficient form of capital is *economic capital*, i.e. the ownership of money. Whilst economic capital is crucial and determining of individual trajectories it is also converted into other forms of 'symbolic' capital. *Social capital* refers to the power gained through personal networks. *Cultural capital* refers to the enacted and embodied signs of social standing such as speech, style and deportment and to intellectual or educational qualifications. "Schools serve as the trading post where socially valued cultural capital is parlayed into superior academic performance." (MacLeod, 1995, p.14). Because capital can be converted into these symbolic forms, hierarchies are legitimised and specific social positions become 'naturalised'. Symbolic forms of capital thus mask 'modes of domination'.

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<sup>100</sup> "Each field is semi-autonomous, characterized by its own determinate agents (for example, students, novelists, scientists), its own accumulation of history, its own logic of action, and its own forms of capital. The fields are not fully autonomous, however. Capital rewards gained in one field

In his work within the field of education, Bourdieu has consistently highlighted the importance of cultural capital. He develops its significance to reproduction of inequalities historically. In feudal society nobility titles were inherited and passed on directly. However, under capitalism the function of assigning status and entitlement is school-mediated. This means that positions of power are claimed and achieved by means of educational credentials that are distributed and legitimised through processes of schooling.

Functioning in the manner of a huge classificatory machine which inscribes changes within the purview of the structure, the school helps to make and to impose the legitimate exclusions and inclusions which form the basis of the social order. (Bourdieu & Passeron, 1977, p.x).

Educational processes thus entail the recognition and distribution of cultural capital (Bourdieu & Passeron, 1977).<sup>101</sup> Bourdieu argues that those with cultural capital are being validated and legitimised on the basis of arbitrary categories.<sup>102</sup> Those who do not conform to these institutionally recognised distinctions are subject to *symbolic violence* (Bourdieu & Passeron, 1977). Education, or pedagogic action is closely related to the state in that it plays a central role in the sanctification of social divisions. Through the conferment of academic titles "... social identities and destinies are manufactured under cover of being recorded, social and technical competency fused, and exorbitant privileges transmuted into rightful dues." (Wacquant, 1996, pp.xvii).

Based on his empirical investigations into the schools that produce the bourgeois political and bureaucratic elite of France, Bourdieu shows that such schools perform *social magic* (1996). Elite schools select students on the basis of their cultural capital

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may be transferred to another. Moreover, each field is immersed in an institutional field of power and, even more broadly, in the field of class relations." (Calhoun, LiPuma, et al., 1993, pp.5)

<sup>101</sup> "Children who read books, visit museums, attend concerts, and go to the theatre and cinema (or simply grow up in families where such practices are prevalent) acquire a familiarity with the dominant culture that the educational system implicitly requires of its students for academic attainment." (MacLeod, 1995, p.14).

<sup>102</sup> According to Bourdieu, the distribution of power, wealth and different forms of symbolic capital is arbitrary (Calhoun, LiPuma, et al., 1993, p.6). It is not based on 'value' but instituted and legitimised by those who are in power. That which is valued will ultimately reproduce initial advantage, even if it does not appear that way (Bottomore, 1977, p.xv).



and these students are then segregated and aggregated. MacLeod explains, "...success or failure in school is determined largely by social class. But cloaked in the language of meritocracy, academic performance is apprehended as the result of individual ability by both high and low achievers." (1995, p.16). The impersonal mechanism of schooling validates and legitimises students' cultural capital with the conferment of academic titles. These titles have great efficacy in the wider social structure and are also (re-) convertible into economic capital.<sup>103</sup>

The educational institution thus makes a critical contribution to the state's monopoly on legitimate symbolic violence, particularly through its power to *nominate*. Granting an academic title is in fact a legitimate juridical act of categorization, through which undoubtedly the most determinant *attribute of one's social identity* is conferred (along with the occupation that this attributes and largely determines). Given that this social identity is always (...) social difference, distinction (positive or negative), it is indissociable from the differentiation of groups separated by magical boundaries. The most exemplary manifestation of this power of nomination is the *certificate* (for particular studies, aptitudes, etc.), an attestation of competence conferred by a competent authority (that is an authority socially mandated to guarantee and authenticate the technical and social competence of the title holder), credit credentials founded on the collective belief in the authority that awards them. (Bourdieu, 1996, p. 117, italics in original)

A second key text, which guides my analysis in this and the following chapter, is Marceau's study of the students and graduates at the Institut Européen d'Administration des Affaires (from here on referred to by its abbreviation INSEAD) in Fontainebleau, France. Marceau was one of Bourdieu's students. On the basis of reproduction theory she sought to document the international aspects of the social restructuring of the European business class (1989). Researching the background, education and careers of INSEAD's students and alumni she showed how

...business families have had to modify their methods of economic control and to develop exclusion strategies which maximise accumulation of cultural and social capital as well as the economic capital they traditionally relied on most. (...) High-level business education is one such resource: it limits the competition by redrawing the boundaries of the eligible to compete and, by its well-tailored fit to a niche in the market, highlights to employers the advantages of the qualified. (Marceau, 1989, pp.2)

Marceau demonstrates how class strategies are related to macro-changes in terms of the internationalisation of productive and business activities since the 60s, i.e. the

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<sup>103</sup> For example, those rich in cultural capital are being credited with greater legitimacy and this recognition of their 'importance' makes it easier to find business partners, to secure loans and to achieve excellent job prospects (Levinson & Holland, 1996, p.6).

growth in company size, the redesign of corporate structures and the introduction of new technologies. Whilst her focus is on intra- rather than inter-class competition, Marceau shares with Bourdieu a concern with the rise of *credentialism*, i.e. “the use of examinations to control entry to coveted positions which allow the business bourgeoisie to retain the right to nominate their successors in the control of the productive system.” (1989, p.11).

On the basis of archival research, questionnaires and interviews, Marceau demonstrates that INSEAD students emanate from the most exclusive sections of the European bourgeoisie; they were brought up in the most traditional schools and universities. They turn to INSEAD when they realise that despite their distinguished backgrounds “They must supplement their initial advantages with new weapons in the struggle for advancement, following advice to add ‘competence’ to ‘character’.” (1989, p.2). In her analysis Marceau shows how students from diverse social, geographical and professional positions acquire a highly significant common framework and a conservative rhetoric. Crucially, the INSEAD programme also equips the students with an understanding of specifically *international* opportunities and necessities.

The creation of a self-conscious international business elite with a sense of *international* rather than national issues as its central concerns means that the frame of reference used in business policy decisions and in discussions with public authorities (and trade unions) is fundamentally different from that of national business and public leaders. (Marceau, 1989, p.13, italics in original)

Before I begin to investigate REA’s recruitment channels and selection criteria it is important to point out salient differences between the business school in Riga and the comparative material employed in this chapter. Firstly, unlike the students in Riga who pursue an undergraduate degree, INSEAD offers a Masters in Business Administration (from here referred to by its abbreviation MBA). Secondly, In his analysis of the state nobility, Bourdieu describes a number of educational institutions each facilitating a different trajectory, i.e. the Ecole des Hautes Etudes Commerciales or Ecole Polytechnique (for business), the Ecole Normale Supérieure,

which is the seedbed of France's high intelligentsia, and the Ecole Nationale d'Administration that combines cultural and economic competencies and furnishes recruits for the high civil service and cabinet.

Bourdieu's and Marceau's work on elite schooling serves as a baseline for explicit comparisons throughout this thesis. In the first instance these French institutions highlight how elite schools function, and indicates the major relevant parameters and processes, e.g. aggregation, segregation etc.<sup>104</sup> By contrasting REA with other examples I show both the similarities and differences between this new institution in the FSU and older institutions that operate within a systemically more stable context and as more established parts within the French field of education. The comparison is *not* intended to rate or assess the 'value' or 'quality' of these different schools, their students or their teaching (it is emphatically not a league table) – for Bourdieu emphasises the arbitrary nature of distinctions and categories created and enforced through schooling – rather, it serves as an analytical tool. True to the spirit of reproduction theory I seek to establish whether and how status and privilege are claimed and mediated through REA and how it's schooling endows the students and graduates with cultural capital, i.e. to investigate the nature of their power and the mechanisms for its generation and distribution. At the same time I seek to move beyond reproduction theory, but I will do so only in chapter 4.

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<sup>104</sup> The emphasis on grooming is developed in chapter 5 and the specific esprit de corps at REA is underlined in chapter 6.

### 3.2 REA recruitment channels

In Latvia student numbers have dramatically risen since the collapse of the Soviet Union.<sup>105</sup> Economics and law are the most sought after subject areas (UNDP, Latvia, 1997, p.41). Every year REA's admission committee chooses 100 young people. In 1996-1998 the ratio of applications to places was 14:1. Although more recently the number of applicants has soared: in 1999 there were 14 000 applications for 116 places at REA.<sup>106</sup> All of REA's students are young, bright, maths wizards and (at least) trilingual. In comparison with their local peers, they appear somewhat more confident and are held to have that most essential and elusive quality: dynamism. Whilst this superficial description might seem to apply to the students of any number of business schools, the particular local context and period of dramatic social change need to be underlined.

REA students do not have a choice between a variety of business schools. Notwithstanding the popularity of economics, many students told me in private conversation that they would have preferred to study an entirely different subject (or in a different location). This means that REA students are not necessarily eager to study economics or business administration. Secondly, it is important to note that in the Baltic states, REA is the only university with foreign lecturers, which grants an internationally recognised degree. Furthermore, REA is a development project and as such it does not charge fees for attendance. The students receive a *free education*, which includes the use of excellent facilities. The substantial scholarship, which equals the average Latvian salary, serves as a further incentive.<sup>107</sup> Students who

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<sup>105</sup> Student numbers in Latvia have risen from 37,500 in 1993/4 to 64,700 in 1996/7 (UNDP, Latvia, 1998, p.64).

<sup>106</sup> REA's management in an interview with a Latvian newspaper gave this latest figure (Grunte, 1999, p.10).

<sup>107</sup> During the academic years 1994-1997 all students received a monthly stipend of approximately £50, later £70 (this amount was made up of the REA 'scholarship', plus the monthly student stipend paid by the students' respective countries of residence. Whilst the national rates varied slightly, in each case, the amounts were below £10). The monthly payment from REA was officially classified as a loan, but one, which the students would 'work off'. If they stayed in the Baltic states for the five years after graduation, the loan would be written off at 20% each year. At the beginning of my fieldwork period there were only 56 graduates. Those who were living abroad were either exempt from repayments (because they were studying), or REA had not caught up with them. Hence for the

cannot live at home are offered free dormitory accommodation.<sup>108</sup> In comparison with their Baltic peers, REA students lead a life of relative luxury. Graduates, students and prospective applicants all agree that REA offers the best education available in the Baltic states.

REA students are clearly of an 'intelligentsia' or middle class background.<sup>109 110</sup> During Soviet times, students' parents trained and worked as medical doctors, pharmacists, engineers, chemists, computing experts and planners, economists, architects, accountants, academics, within the media, state administration and as military personnel and managers in state owned enterprises. Many of the students' mothers trained as teachers. A few parents had been employed in manual jobs, for example as a plumber, a mechanic or in the railways.<sup>111</sup> Because of the current economic upheaval many parental occupations were changing or had changed relatively recently.

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students, repayment was not an issue (nobody was thinking that far ahead). The students referred to the monthly income as 'scholarship'. They collected their monthly income from the school's bookkeeper and this was usually a jolly affair followed by celebrations.

In 1997, the rules changed. Students were now entitled to a 'proper loan', i.e. one that was officially underwritten by a bank and which students had to pay back at the end of their studies. The school had initially great trouble finding a local bank willing to enter into such a deal. But in the autumn of 1997, students finally received this loan straight into a bank account and with a cash card to boot. Students could choose to take out a monthly loan of either £75 or £100. Apart from those students who continued with their 'extra scholarship', there were some students who did not need a loan – they relied on their parents' salaries instead. In contrast, for the very first year of operation, a certain amount of the students' money was immediately deducted for luncheon vouchers. This may serve as an indication of the level of poverty the school's management was expecting to encounter.

<sup>108</sup> The students' accommodation is examined in more detail in chapter 6.

<sup>109</sup> Bottomore's definition of intelligentsia provides some historic context: "The (...) term was first used in Russia in the nineteenth century to refer to those who had received a university education which qualified them for professional occupations; subsequently, its denotation has been extended to those by many writers, to include all those who are engaged in non-manual occupations. In this sense it is equivalent to the 'new middle classes', within which we may distinguish between higher and lower strata..." (1993, p.52).

<sup>110</sup> During fieldwork I did not gather systematic data on parents' occupation. This was already outlined in the methodology section of the introduction. I never asked members of staff whether I could see students' records. The data is derived from what students told me and from personal observation.

<sup>111</sup> However, if one parent had a manual job the other parent was likely to have undergone university level training.

Those who were particularly keen on changing their circumstances and prospects had already done so by embracing entrepreneurial opportunities that emerged during the late eighties. Changes in occupation that occurred in the mid-90s were usually in response to unforeseen circumstances. Parents had worked in state employment throughout their lives and the majority moved over into the private sector slowly. Some parents only reacted to the imminent threat of unemployment, for others commercial opportunities emerged gradually when they were invited to join relatives or friends in new commercial ventures.<sup>112</sup> Through these relatively recent changes the majority of parents' had managed to increase their prospects and earning power. Although many begrudged the sudden pressures, parents were on the whole managing to cope with the drastic changes and increased insecurities.

For the majority of students these changes in parental employment did not articulate themselves in dramatic increases in living standards. Many students' families continued to live where they had always lived, but things were improving gradually. In the mid to late 90s apartments were privatised, households were being refurbished piece-by-piece and redecorated; families increasingly owned (and upgraded) cars. Some students continued to live in difficult circumstances, e.g. very small flats were shared with many different generations; some families were struggling to pay medical bills. On the other end of the spectrum, a few students' families had become very (very) wealthy during the *transition* period. Fellow students would sometimes remark on the big new houses of their friends' parents. But all students recognised (and told me) that it was inappropriate and / or impolite to probe too deeply into the sudden wealth of one's friends.

Marceau reports that INSEAD's exclusive student body is made up primarily of young men whose fathers had held the very highest-level positions in international companies. This meant that INSEAD students had been either 'born abroad, educated

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<sup>112</sup> For example, someone who used to run a research laboratory sought alternative employment in management of a newly established private company and a teacher started to work in an insurance company.

abroad or studied abroad' and that there were only very few social and educational tracks leading to it. She explains:

Choices made by parents also ensure the accumulation of advantages acquired by passage through each educational institution. In this milieu, families made considerable investments in private education, thought both best academically and morally most likely to reinforce the culture of home and immediate milieu, and which influenced the development of the 'whole' man with appropriate attitudes and values. For most of their sons, through the most formative years of childhood and adolescence, effective access to alternative models was thus extremely limited. It is in this conjunction of experiences inside the intimate arena of the family and the social recognition of privileged educational achievement that the major mechanisms of social reproduction seem to lie (Marceau, 1989, p.53).

For the REA students' elite backgrounds cannot be distinguished quite as precisely as at INSEAD. They are middle class rather than upper class. Real financial wealth was a relatively new phenomenon in the Baltic states. High standing and influence in Soviet times were associated with Communist Party membership and had become devalued. The salience of international connections was even less easily identifiable: whilst many of the Baltic students had family relations who had emigrated during WWII (and in some cases later), this rarely translated into opportunities for the students. Some parents were still in touch with friends they had met whilst studying in major universities elsewhere in the Soviet Union but at the stage of application in the mid-90s few students looked eastwards for opportunities. Nevertheless, I suppose that for student recruitment purposes parental occupation and status served as important markers – why else would REA ask for parental occupation on the application form.<sup>113</sup>

During Soviet times parental occupation and status had important implications for the educational opportunities of younger generations. "Despite the regime's claim that there was equality of opportunity, the family continued to be an important factor." (Jones, 1994, p.6). Dobson is even more concrete in his examination of access to education in the Soviet Union:

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<sup>113</sup> Application materials and forms are publicly available prior to their submission (as mentioned before, I did not see students' records). By surveying changes in the application materials I found out that REA did request information of the occupational status for both parents from the first two student

A young person's educational attainment is largely a function of parents' socio-occupational status and educational level, family per capita income, and place of residence (e.g. village, small town, or large urban area) (Dobson, 1977, p.257).

Humphrey too reports that parental influence in the selection of children for higher education was extremely common in the FSU and that bribery was widespread (1998, p.369). Most REA students had attended a small number of elite secondary schools. One distinguishing criteria of REA students' secondary schools was the fact that there was a special association between their school and one of the local universities; this apparently denoted prestige status during Soviet times.<sup>114</sup>

Many students told me about the effort and hard work that parents put in to secure a place for their children at a good secondary school. Apart from the excellent grades of the student, personal connections were vital. Notably, the students did not tell me this so much about their own parents or their own school career, but as an explanation of the difficulties that were experienced by others at the time. Ledeneva argues that in the FSU

... major social stages of the life cycle stimulated *blat* (...): starting school (as education was free and formally all schools were the same, to obtain a place in the best one was a matter of *blat*), entering high school or university, getting exemption from military service, searching for a job, etc. (Ledeneva, 1998, p.116, italics in original).<sup>115</sup>

Throughout their school careers, most of the students at REA had developed a very close relationship with at least one of their secondary school teachers. This was still manifest during their time at REA. On the first day of the new school year many students would return to their secondary schools to present flowers as a token of respect and appreciation to their teachers. REA students would also occasionally draw on their secondary school teachers for help, for example with a particularly difficult math problem. Some students also told me of the way in which teachers had

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intakes. However, in later years REA stopped asking prospective students about their parental background.

<sup>114</sup> Matthews, who writes on privilege in the Soviet Union, states that "there is a strong tendency for schools offering special tuition, or having a particular relationship with a specific VUZ [local institute or university], to enrol children from more privileged families." (1978, p.118).

<sup>115</sup> As outlined in chapter 1, *blat* access in Soviet times was not a matter of bribery; rather token gifts and favours were part of ongoing relationships.



made allowances for them once it was clear that they were bright, had been particularly hard working and were considered high achievers. A lack of discipline in the final years appears to have been tolerated in a variety of schools, for different students explained that they experienced protection from bureaucratic constraints on the basis of these highly personalised connections with specific teachers.

The schools that furnish REA with the majority of students fall into two categories. The first is made up of traditional elite institutions, which are well known historically as providers of quality secondary education. The second category refers to newly founded establishments that opened only in the early 90s. Riga School of Commerce (RSC) is one of these new establishments. It has a strong emphasis on English language teaching. For the academic year 1996-1997 RSC graduates made up well over a quarter of REA's student population. Thus it appeared that RSC's graduates matched an unofficial blueprint of the ideal REA student. A prominent local member of staff in REA's administration had previously worked at RSC; hence there was also an existing personal connection. Attending such a new institution – already in the early 1990s – clearly signals an entrepreneurial as well as ambitious strategy on the part of both parents and students.<sup>116</sup> One student explained:

D. "...And then I decided that RSC sounded like a really good idea, so I went there."  
A.T. "You decided that all by yourself? What about your parents?"  
D. "It was my idea and they accepted it. I am glad I did it. It is a good school. My previous school was boring, you know... old fashioned. But RSC was good then. I was in the same class with... [lists about 10 current REA students who are close friends]."

Whereas RSC competes with innovation and a decidedly post-Soviet pro-market outlook, REA also recruits from established institutions. Riga 1<sup>st</sup> grammar school is one of the oldest and most renowned Latvian language schools in Riga. The school is well known for its strength in mathematics (and related subjects). In 1996, there were 11 graduates from Riga 1<sup>st</sup> in the new student intake. Many of REA's Russian speaking students are recruited from 40<sup>th</sup> Vidusskola, which is considered to be the best Russian language school in Latvia. It has a very strong emphasis on English

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<sup>116</sup> See also Wanner (1998), who compares public and private schools in post-Soviet Ukraine and who especially emphasises the way in which new experimental schools are associated with a nationalising agenda.

language teaching. My fieldnotes indicate that getting into 40<sup>th</sup> was an incredible asset, already during Soviet times.

S. and I would sometimes meet in the trolley bus in the morning, on the way to REA. She was in a different year to mine and at the time, I knew very little about her. I was guessing that she was Russian, which was indicated by her name and the company she kept. As we were travelling on the bus, two pensioners started to argue with each other, which is very common on public transport. One person shouted in Russian and the other in Latvian. I asked whether she understood both sides of what was going on and S. replied: "Of course. You know, I am Latvian". I was surprised and queried that I usually heard her speak Russian with friends... In response she exclaimed: "Yes, I went to 40<sup>th</sup>!" As I looked at her questioningly, she explained: "My mother is Latvian, so when we are on our own, we speak Latvian together. My father does not speak Latvian, so when we are all together, we speak Russian." I wondered how they had decided on sending her to a Russian school. She told me: "When I started going to school - those were completely different times - it was always much better to go to Russian schools. Russian schools were better - better standards, generally. And my parents... they thought it would be better for later, to have been in a Russian school - especially because I managed to get into 40<sup>th</sup>!"

In terms of REA admissions there is a very clear tendency for a small number of elite secondary schools to act as primary feeder institutions.<sup>117</sup> Having attended one of these establishments also indicates that the parents of most REA students were relatively privileged during Soviet times or could (at least on occasion) access the relevant channels. In turn this means that students who are accepted by REA can already draw on a number of networks, i.e. through their families, as well as through the schooling they received.

Despite this strong overall trend, there were, in each intake of REA students, a few who had unconventional secondary school backgrounds. These students were from somewhere deep in the countryside, where schools were deemed to be unreliable (and of low standard), good English language teachers hard to come by and opportunities for distinction few and far between. By working particularly hard these REA students did manage to distinguish themselves and eventually gained respect and distinction for their academic work. Bourdieu confirms that in France, such students - without cultural capital - tend to balance their lack by means of perseverance and tenacity (1996, pp.22). Boyd too argues,

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<sup>117</sup> Whilst I have detailed data on recruitment channels from Latvia only, the pattern was repeated by students from Lithuania and Estonia; they too had come from only a very small number of schools. Some had been abroad and all had excelled either in math or English.

When diverse elements are recruited into the elite, a common style can foster the impression of social homogeneity. Recipients of awards are expected to adopt some of the behavior patterns of those who already enjoy high status. In this way, rewards, especially the granting of high honours, become a co-option and ensure elite consensus (Boyd, 1973, p.21).

On closer inspection then, the occasional inclusion of such *transplants* (Bourdieu's term) into REA's otherwise streamlined elite student body does not contradict the overall trend (Bourdieu, 1996, p.106-8). In France and in Riga, underprivileged students compensate for their 'shortcomings' in cultural capital through excessive loyalty for their "adoptive universe".

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### 3.3 Selection criteria for REA students

For the selection of its students REA employs a number of standard Western university procedures. Typical of elite establishments, REA's application materials exude sophistication and clearly mark the business school as an extraordinary and special place. REA brochures are high quality and expensively produced. In fact the very existence of any kind of public relations aspect signals a clear departure from local Latvian practice. Furthermore, the REA application form provides instruction for its completion in five different languages (English, Estonian, Latvian, Lithuanian and Russian). It thus positively endorses political correctness, which was relatively unheard of in the early 90s in the Baltic states. I understand this overt effort to recruit widely as a matter of paying lip service to diversity. All students knew that language proficiency needed to be demonstrated in order to gain access to REA. As far as I know successful application forms were submitted in English only.

REA informs all applicants "The Admissions Committee will assess each applicant individually, looking both for intellectual academic capacity and personal qualities such as initiative, co-operation and communication skills." For this purpose, students are asked to list extracurricular activities, work experience, distinctions, honours and awards as well as other experiences (e.g. residence abroad /visits /study /travel). This means that successful REA applicants do not only excel in their school grades. Many students had done well also in extracurricular activities. For example, one student was a boxing champion; another had competed internationally in ice-skating competitions. A number of students had participated and excelled in the arts. Latvian students tended to play traditional instruments or they were members of choirs and folk dance groups; such membership frequently results in international travel opportunities to Western Europe or the US. Almost all students had competed successfully in local, regional, national and international competitions (Olympiads) in mathematics or science subjects. Various students had been among the *Ten best students of Latvia* that had been honoured and rewarded for their secondary school achievements in 1996.

If students had been abroad for longer periods it was usually sponsored through the *Open Society Foundation* or through an exchange programme. The Soros-funded foundation runs competitive scholarship schemes for secondary school students.<sup>118</sup> The scheme allows students to spend 6 to 12 months in American or British schools. Given below is my impression from the annual garden party of the Open Society foundation.

The party took place in the garden of the very expensive Radisson hotel. Some of my REA friends had suggested that I come along. I felt somewhat self-conscious for gatecrashing and decided to wear a suit, which proved appropriate. Most of the REA students had to take time off from work or from their internship placement. They were all formally dressed. The event was a rather grandiose garden party with free drinks and food. All participants wore nametags. We borrowed a nametag for me, choosing that of someone we already knew would not be coming. In the end nobody asked what I was doing there anyway.

It turned out that I already knew most of the guests, i.e. past, present or future scholarship winners. The vast majority was connected to REA somehow. Either they were attending REA themselves, or they were siblings of students or friends (whom I had met either privately, or at one of the REA parties). I realised later that I was not the only gatecrasher: other students from REA turned up later to meet friends. Amongst the other invited guests there were some notable dignitaries such as diplomatic staff and others from international organisations. One of our REA friends lost no time at all and struck up a casual conversation with one of them. This person was particularly interested in graduate study (and scholarship) opportunities in the UK. Some of us were full of admiration for the determination thus demonstrated. Others felt that it was somehow improper and slightly demeaning.

Given that the group of Soros scholarship recipients is almost identical with the REA student body, it appears that there is a very close fit and affinity in the way in which international organisations assess the aptitude and abilities of young Baltic people.

Bourdieu argues that the elite schools function as “ritual agents of exclusion”, where only those that have been *elected* stand a chance of becoming part of an even more narrowly defined elite.

In selecting the students it designates as the most gifted, that is, the most positively disposed toward it (the most *docile*, in the true sense of the term), and the most generously endowed with the properties it recognizes, the elite school reinforces these predispositions through the

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<sup>118</sup> George Soros is a Hungarian born, LSE-trained businessman. He is the most important independent philanthropist in Eastern Europe and the FSU (and elsewhere). His interest in education is manifest not only in these scholarship schemes but also in the foundation of Central European University (CEU) in 1991. CEU bears considerable resemblance to REA in terms of its pro-market and pro-democracy ethos, although it presents it students with a much wider choice of courses and programmes in the social sciences (see <http://www.ceu.hu/>). Soros and his activities are relevant to a number of aspects raised in this thesis. Chapter 2 already highlighted Soros' financial contribution to the REA building. See also chapter 5, which describes the REA lecture theatre that bears his name and also shows that the students consider Soros' success an inspiration. Finally, see chapter 7, which deals with the student traffic between REA and CEU.

consecration that it bestows simply by separating its students from the rest. This invisible action is effected through the statutory assignation ("*noblesse oblige*") that results from attaching students to a place and a status that are socially distinguished from the commonplace, which we might think of as a type of *marking* that creates a magical boundary between insiders and outsiders, often sanctioned by an actual enclosure (Bourdieu, 1996, p.102, italics in original).

As part of the REA admission procedures applicants are also asked to submit an essay 'describing your greatest achievements in life'. Here is one example:

I finished my primary school with honours ... my knowledge of all the subjects was graded excellent. In fact, I am determined to graduate from the upper secondary school with gold medal. I have done a lot of additional work in mathematics, as this is the subject I am really keen on. It assumes logical thinking that I prefer to learning by heart. I have taken part in several contests in maths individually and with our school's representative group of mathematicians. I have gained success in my own district. ... I mastered perfectly touch-typing, and got basic knowledge of marketing, bookkeeping, law, human psychology and etiquette. ... From my point of view, School of Economics in Riga would be the best chance for me to get highly qualified economic education. I want to devote myself intensively to studies and be active in student life. I see my future closely connected with economics; it has become my obsession (I have been convinced of it for a long time).

Among the entrance requirements for REA the age limit is one of the most remarkable features. For entry in 1996, applicants had to have been born after 1971, i.e. nobody over the age of twenty-five would be accepted for studies. The average age of the new students was eighteen/nineteen. By limiting its student intake to only the very young population of the Baltic states, REA is reproducing a preference that is common to transnational companies active in the FSU context. In Riga, newspaper adverts testify that companies are eager to employ only those who are in their twenties and thirties (UNDP, Latvia, 1998, p.58). Those who endeavour to set up business in Eastern Europe know that "training represents both up-front cost of entry and a continuing burden on the enterprise. Much of the cost involves unlearning of previous practice by workers." (Buckley & Ghauri, 1994, p.404). Skills and life-experiences that were gained during Soviet times have become re-categorised as 'non-transferable'. Young people, on the other hand, are perceived as 'unspoiled' by the Soviet work ethic and the everyday informal practices of socialism. In the current

climate young people's perceived ignorance (or innocence) marks their attractiveness – they are more positively valued as malleable and ultimately manageable.<sup>119</sup>

All applicants who meet REA's entrance criteria are invited for the admissions tests, which are held in all three Baltic capitals. The test consists of maths, English language and psycho-technical sections. Samples of these tests are available from REA or via the Internet. The 200 students with the best test results are then invited for interview, and the 100 best are selected. Two members of staff interview each applicant.

Fulfilling all formal criteria for getting into REA is a tall order, especially given the age limit. Existing students often help their former classmates or acquaintances.

On someone's namesday we were sitting in a pub and it was around the time of the new round of applications. We were in a group made up of new REA friends and old school friends from secondary school. Several of these old friends from school were enquiring for tips to get in. Although the REA students had sat the admissions test about a year ago, they still remembered the actual questions and tasks from the math test. Altogether it took 15 minutes to replicate last year's admission test on a napkin.

Other students also assisted their friends and family with application forms and willingly explained in detail the peculiar set up of the school. They invited those who were interested to school parties – so that they could get a feel for the place – and they helped by coaching their friends prior to the interview.

Like other universities, REA maintains that students are recruited on the basis of meritocratic principles only. Given its prestige and high status, it is perhaps unsurprising that the school is struggling to keep informal means of influencing

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<sup>119</sup> Such generational categorisation is underlined by Dunn's work, which describes ethnographically the transition period in a privatised fruit processing plant in Poland (1999). Within the plant, shop floor workers: "... are constructed as products of the socialist system who are unable to adapt to changing economic conditions (...) they are clearly associated with 'the way things were before' and the inefficiencies of the socialist system." (Dunn, 1999, p.133). Marketing personnel and sales reps on

decisions at bay.<sup>120</sup> When I first visited REA (in early 1995) I had to wait at reception until a member of staff came to pick me up. By way of an explanation, I was told that REA was in the process of finalising admission lists and that there are always attempts to 'persuade' staff to accept particular candidates.

During the admission cycle for 1997, a group of Lithuanian students came back from a trip home where they had learned that the (unchanged) admissions test was up for sale. Some students were very angry about the news. In response the school's management immediately made assurances that the tests would now be changed as soon as possible.

Other students were wondering what all the fuss was about. The fact that 'help' was somehow available was considered inevitable: "Yes, perhaps it is a Swedish school, but it is still in Latvia..."

Whilst no student ever admitted that she or he had 'got in' by other means, a number of students claimed to know fellow students for whom strings had been pulled. It was not a matter of accusing (either staff or students) of misconduct or gossip. In fact students were extremely careful not to point a finger at anyone in particular. But students insisted that they knew that it was possible to circumvent the official recruitment policy. For example,

A few students told me that during the entrance test, a friend had ended up at a desk, where all the answers were already provided together with the questions. The students concluded that this person had accidentally sat at a desk, which had been specifically prepared for someone, either as a favour, or for payment.

In terms of REA's recruitment channels, there is a clear indication that privilege leads to further privileged access. REA invites only those students that have been recognised already for their cultural capital locally, nationally and in the case of the Soros network, internationally. This recognition, or 'nomination' means that students can acquire an even more coveted prize. On the most practical level access to an REA education means access to opportunities in the classroom – to foreign teachers and to quality books – it means becoming part of a luxurious environment and to not have to worry about a monthly income. In terms of reproduction theory access to

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the other hand, are associated with vitality and self-confidence and they are considered valuable to the company.

<sup>120</sup> Attempts to sway admission staff or academics are not in any way restricted to the post-Soviet context. Indeed the British press frequently reports actual and alleged foul play. Whilst working at the London School of Economics in the Graduate Office, I learned of such attempts first hand.



elite schooling indicates that the cultural capital of applicants has been recognised and validated by the foremost local/international institution. In due course an REA education adds another (transnational) dimension to students' privilege and eventually it opens entirely new channels for social and economic advancement, both locally and abroad.

It is important to note that at the stage of selection REA students' network (or social capital) was primarily limited to other members of the Baltic intelligentsia. Some parents did have family connections elsewhere in the FSU or in the West, but these connections rarely proved to be advantageous or translated into concrete employment opportunities. Perhaps a third of REA students had been abroad on an exchange or scholarship programme. However, very few students had any real connection to established private businesses or transnational companies prior to attending REA. This connection and affinity is only established through students' attendance.

### 3.4 The REA curriculum and faculty

Most business school curricula resemble one another as they tend to be based on the Harvard business school model, which became popular also in Europe in the 50s and 60s (Marceau, 1989, p.22-25).<sup>121</sup> REA is no exception. Its curriculum is derived directly from the Bachelors degree that is taught at HHS in Sweden. The most distinguishing characteristic of HHS, is that economics has been given a stronger emphasis here than in most business schools. Internationally, HHS' membership in the Community of European Management Schools (CEMS) is indicative of its international status and prestige.<sup>122</sup> The programme consists of a mix of applied managerial subjects and economic ones. At REA the latter are deemed to be *more academic*, both by the students and the staff.

At REA the Bachelors programme in economics and business administration is the only one taught. All students follow the same courses and there are no options or electives. The entire programme is taught in English. The selection of individual course syllabi, the methods utilised and most teaching staff are taken over from HHS, the Swedish mother school. In addition there is a very small number of teachers from America and the UK. In Stockholm the programme is taught over three years, whereas REA offers a more compact version over two years. Compressing material and teaching it intensively over a short period of time achieves a substantial time saving.<sup>123</sup> In a *Financial Times* article on the school, Brown-Humes highlights other benefits: "Three years of normal university teaching will be crammed into two. This saves costs and gets the graduates into the system as soon as possible." (1994). As a result, the atmosphere of the REA programme is incredibly fast paced. For the

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<sup>121</sup> For comparative purposes, the Harvard and INSEAD curriculum are given below in footnote 124.

<sup>122</sup> CEMS is made up of 15 leading Western European business schools. Its membership also includes: HEC (France), ESADE Barcelona (Spain), Universitaet St. Gallen (Switzerland), Universita Commerciale Luigi Bocconi (Italy), Universite Catholique de Louvain (Belgium), as well as the London School of Economics.

<sup>123</sup> The study period applies to the time of fieldwork. For students who started in 1997 the length has been extended to 2 ½ years. Those students, who entered in 1998, are now studying for a full 3 years. Bourdieu notes that the lengthening of study programmes is part of a common strategy to claim status for new educational establishments. It is a standard technique to gain acceptance for the institution within the wider field of power (1996, p.197-229).

students it means that their holidays are cut down to a minimum of four weeks (one over Christmas and New Year, another over Easter and a further two weeks in summer).

Students are expected to attend REA during the week from 8am to 5pm. Most courses follow a certain pattern. For the first week all students attend lectures in which a whole subject is covered. After this intense teaching period the lecturers return to Sweden. Students are then engaged in 7 or 10 days of project work (in small groups) and / or on individual assignments. Sometimes, a different lecturer will come and give some more lectures. Once the project work or assignments are completed students present their work in front of the lecturer and their fellow students over a two-day period. Typically lecturers return to Riga specifically for these presentations. After an intense revision period students sit their exams. Assessment takes place after each individual course. A different subject begins immediately, with a new and different set of teachers.

In the first year at REA students attend the following courses: Statistics (four weeks), Microeconomics (four weeks), Accounting (six weeks), Macroeconomics (three weeks), Managerial economics with production management (four weeks), Business law (three weeks), Business ethics (two weeks), Economic anthropology (two weeks) and Organization & management (four weeks).<sup>124</sup> This is followed by an internship, which the students undertake during the summer break over a four-week period. In the second year of study, the following courses are given: International economics (two weeks), International finance (two weeks), Marketing management (four weeks), Service marketing & management (two weeks), Management of technology (three weeks), Strategy and international business (five weeks), Human resource management (four weeks), Analytical methods in economics (one week), and

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<sup>124</sup> Marceau reports the Harvard business school curriculum: finance, including accounting and financial control, management sciences, marketing, organisational behaviour (OB), i.e. diplomacy & leadership, strategy and environment. INSEAD teaches similar subjects, but also includes business

Financial economics (four weeks). The taught programme is followed by the Bachelors specialisation, where students concentrate on a small research project and thesis writing. Theses are usually co-written by two students.

Bourdieu suggests that urgency and mastery of a wide variety of materials are particularly important aspects of elite schooling and that they symbolise and inculcate salient notions of confidence and leadership:

Thus everything combines to make these “elite schools” genuine executive training grounds. The subordination of learning to the pressure of urgency and the strict continuous nature of the work are tailor made for inculcating that simultaneous docile and confident relationship to culture that predisposes students more to wield power than to perform research .... *The art of being able to mobilize instantly all available resources and to get the most out of them, taken to its highest form ... and the statutory confidence that goes hand in hand with this mastery are undoubtedly among the primary “leadership qualities” that ... indeed predispose students more to the pragmatic, disciplined calculations of decision-making than to the daring and originality of scientific or artistic research.*” (Bourdieu, 1996, p.88, italics added).

The speed and mixture of the many different courses at REA does not encourage delayed reflection or the development of students’ curiosity for ‘digging deeper’ into individual disciplines or specific theoretical problems.

Whilst the school maintains that courses build on one another, in practice, some lecturers are unaware of the way in which courses unfold or to what depth a particular subject has been taught prior to their own course. Incredulously, they stand in front of the lecture theatre and demand to know why the students are not familiar with terminology or concepts that they consider a basic requirement for their own course. The disjuncture between segments of the programme is partly due to the fragmented and multidisciplinary nature of business studies (Nespor, 1990, p.226). I would suggest that this general trend is exacerbated at REA because of the need to compress each and every course. Furthermore, lecturers rarely meet another person who is teaching in the same year. REA must ensure that courses do not overlap in time, as it would be difficult to accommodate too many at once.

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policy and European and international business environments in its curriculum. Both universities use casework and group work (Marceau, 1989, p.27-30), which are also employed at REA.

Faculty are briefly flown in for the duration of their course, or in some cases for their particular segment.<sup>125</sup> During the fieldwork period there was no locally resident faculty. REA occupies a nearby residence for the Swedish management staff and lecturers also stay there during their brief stint in Riga. The system of flying in different people is clearly expensive. But it also means that the students have no person to turn to if they wish to clarify questions or are generally interested in a particular aspect of an academic subject or in issues that overlap different courses. I assume that the particular staffing structure of REA is partly designed to ease access to a centralised pool of staff through Stockholm and can also be attributed to 'quality' considerations, i.e. addressing the perceived incompatibility between REA and the local higher education system.

At the time of fieldwork REA employed local people in academic positions only on a casual basis.<sup>126</sup> A number of courses were deemed to require local expertise, e.g. accounting, marketing and human resources. Thus, occasionally local staff is brought in. They are primarily charged with adding extra detail (or flavour) to the generic teaching that is provided by Swedish faculty. Local knowledge only ever has a secondary role to play in the REA programme. Another clear signal of this division of labour is the fact that local experts never teach in the more prestigious economic subjects. Furthermore, casual local staff usually have full-time work commitments in private enterprises. They do not have a permanent office, nor are they listed as REA faculty.

REA has repeatedly tried to bring in local academics, but this issue has caused much controversy. During fieldwork various people told me that when the school was first set up, REA advertised locally. Many applications came in, but once they had been

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<sup>125</sup> For one course, which lasted only 6 weeks there were 8 different lecturers sharing the teaching.

<sup>126</sup> The only exception was the Cambridge trained Latvian lecturer and course director for Economic Anthropology. But during the time of fieldwork he too had other commitments elsewhere. Other academics that were occasionally asked to contribute to the REA programme were ex-pats on fixed term assignments.

assessed, every single one was turned down.<sup>127</sup> When a new dean was appointed to the school he made an announcement that under his leadership the school would try hard to find qualified local staff. Immediately, there were worried questions from the floor. Anxious students enquired whether this would not impinge on the image of the school. It was noteworthy that the students did not question whether there was any qualified staff available locally, but instead they focused on the issue as to whether the hiring of local academic staff would translate negatively into the wider perception of the school. It appears that at REA both students and management prefer academic staff from abroad.

Each course is designed as a shorter version of the departmental undergraduate programme in Stockholm. Course directors in Stockholm put subject syllabi together. However many courses or segments are taught at REA by HHS' postgraduate students who have no influence on syllabus design. For many of them, teaching in Riga is one way to supplement their income: they merely have to compress and replicate their teaching efforts on a short trip abroad. As a result the REA students sometimes experience the programme as disjointed and they find it difficult to integrate the different approaches and disparate disciplines.

Degrees of commitment to the Riga venture vary widely among teaching staff. The Swedish management of REA changed at various points during the school's short history. These changes articulated the way in which Swedish lecturers conceptualised their connection to Riga. At one stage a number of the most popular lecturers threatened to discontinue their annual teaching engagement at REA because of disagreements with the then management. When students heard about this they were incredibly upset at the threat of being abandoned by their favourite teachers. Whilst it was notable that these teachers cared enough about the REA set up and the students to threaten action, it is also true that they could easily afford to drop the extra

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<sup>127</sup> To my knowledge, this unhappy episode was never part of institutional discourse, which also means that it was never verified officially.

engagement. Notably, these lecturers did not threaten to resign from their main academic position in Stockholm. Quitting the annual Riga trip would have been of little consequence; someone else could have easily covered their teaching. But the stance taken by a few individuals highlighted that for most lecturers their teaching at REA is an inessential part of their main academic activities, which are centred at HHS. The lack of locally resident faculty grants considerable freedom to the Swedish management that resides in Riga.

A small number of lecturers from Stockholm are very involved in the Riga branch. They take a personal interest in students and when they return a year later, they might seek out individuals and chase up their progress over a glass of beer. A few lecturers might even be available for email contact with students. Intensified contact between Swedish faculty and Baltic students usually happens in the longer courses, where senior academics teach for a sustained period. Senior staff actively seek out and encourage students who are keen, interested and talented. But this level of academic support and personal engagement with students outside of the narrow course context is the exception, i.e. it is not offered to all of the 100 students who attend each course.

Other teachers are infamous amongst students for their usage of Swedish terminology in teaching materials. A lack of adaptation of slides and handouts underscores the fact that courses are not specifically designed with the Baltic students in mind. In some students' eyes, the blatant oversight and insufficient preparation attests to the lecturers' indifference. Occasionally students also comment on the bad standard of spoken and written English of some lecturers. Again, what they find offensive is the implied lack of effort. Students themselves are studying in English and they seek opportunities beyond the classroom to perfect their language skills. Thus, students sometimes joke that they are learning 'SwEnglish'.

Any variation of the standard HHS programme to local economic conditions in the Baltic states is usually an extra consideration. Due to their other more permanent engagements in Stockholm, lecturing staff may be neither willing, nor equipped to undertake a systematic review or adaptation of their materials that would reflect the conditions of post-socialist economies. Most often, students receive handouts where the lecturer has pasted in a reference to the Baltic states. The excerpt below is taken from the introduction of a course outline:

Both Swedish and Latvian corporations are facing a changing business environment. The competition is getting more intense and the marketplace is becoming more global. ....  
(Course outline autumn 1997)

Some lecturers may be genuinely interested in the local context, but the speed at which they have to teach the basic outline of their subjects does not allow them to explore an additional transition angle or the potential repercussions that this might have within their own discipline. When Latvia or the Baltic states are mentioned, they come into the picture late in the course, as a shallow example of diversity. Indeed, the curriculum provides no guidance for the systematic understanding or theorisation of systemic differences. The genesis and circumstances of post-socialist economies are not systematically prioritised or even discussed in detail. At REA, there is just no time for such discussion. Hence, in their courses students learn the theories and principles of economics and business as they are taught in the 'West', generically. On occasion, there might be a conscious differentiation between the American and the Swedish approach, but standard Western theories form the unquestioned baseline models of the REA curriculum.

Whenever Latvian, Baltic or generally post-Soviet conditions are considered, this is done as an afterthought, an aberration. Whilst it is true that students work with local statistics and thus learn about the wider Baltic economies in quantitative terms, first hand knowledge of local practices rarely makes it into the classroom. It is always down to individual initiative whether staff feels that it is necessary to bring local conditions into the picture. Overall their task is to teach a standard, relatively basic undergraduate course, which is exported without much ado.



In this context it is surprising to note that HHS has established a centre for the study of transition economics in Eastern Europe and the former Soviet Union. The remit of the research unit is summarised as follows:

Transition economics is a dynamic area where recent experience is challenging long-held assumptions in economics. We are forced to reconsider the importance of legal rules and enforcement for economic development, and we are gaining new insights about the political complexities of implementing policies. The transition environment offers unique opportunities for empirical study of these issues...<sup>128</sup>

The evaluation of the significance of transition economics at the HHS research unit strikes me as ironic. On the one hand HHS urges the re-consideration of established theories and underlines the importance of current empirical research undertaken within the transition context. On the other hand, HHS teaches a standard curriculum within the very environment that it proclaims to recognise as different and challenging. Either way, the research and teaching opportunities provided in Riga remain unused despite the special interest that is so publicly declared. Only one person who lectures in Riga is associated with the transition studies unit. The lack of communication and feedback of FSU-based research somewhat defeats the notion that HHS wishes to aid regional development in the Baltic states. Cutting-edge research on transition economies is not disseminated at REA.<sup>129</sup>

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<sup>128</sup> <http://www.hhs.se/site/research/default.htm>, accessed 17/02/2000

<sup>129</sup> I am reporting on the fieldwork period in the late 90s. Since then there have been changes afoot to utilise REA for research purposes and to bring in researchers, but the process is slow. It remains to be seen whether it is going to impact on the curriculum.

### 3.5 Conclusion

*"You know as well as anybody else here that in some sense you are an elite. You have been selected among many to be admitted to this school, where you will be treated to a program that for several reasons is much more expensive than anything offered by the public institutions in your countries..."*  
REA director's welcome speech, August 1997

In terms of reproduction theory REA can quite easily be understood as an elite establishment. Structurally speaking, REA has all the hallmarks of an elite education. Careful recruitment is followed by spatial and temporal segregation of the chosen few. Students are being aggregated in exclusive surroundings and with similarly privileged and accomplished students from the other Baltic states. At the same time, the business school represents an entirely novel venture in the Baltic states. Its existence would have been unthinkable during Soviet times. Chapter 2 presented the organisational genesis of REA. In this chapter I have thought to explain how its elite status has been established through recruitment policies and how it is validated and maintained by student demand.

When students approach REA, they are, on the one hand, merely following in the footsteps of their parents. They are seeking out the best educational opportunities that are available to them. Already during Soviet times, some students' parents travelled to attend universities elsewhere, i.e. in other Union republics. Parental care and aspirations meant that their children too were already well on track during Soviet times. The vast majority of REA students had been within the elite schooling stream at least since secondary school, i.e. already long before they entered REA. On the other hand, REA students are approaching an institution that is quite different to what was available during Soviet times. In this sense the students are daring and opportunist. They place their energies and trust – and the cultural capital already accumulated – into accessing this entirely new establishment. Thus applying to REA and attending the business school must already be considered as an ambitious strategy in and of itself.

The institution that the students choose is both a precursor and facilitator of the transition from socialism to capitalism. Given that the business school is such a new organisation it requires a conscious effort to establish itself, and to reassure its students (and the wider Baltic context) that this is the way to go. It is important to note that REA's efficacy in the Baltic context only emerged when the first set of graduates was doing well, i.e. after their graduation in 1996. Until then the school needed to make special efforts and employ a variety of techniques to legitimise its existence and intentions. Significantly, the refurbishment of an existing and prestigious art nouveau building functions as an important marker. It signalled clearly that REA is operating on the basis of lavish funding. The building underpins the notion of a powerful, successful and benevolent West. With the collapse of the Soviet Union REA represents a vision of the future. Ambitious and future-oriented students want to join that world. The school can generously provide for its students, e.g. in terms of training, housing and subsistence. This in turn allows REA to pick and choose the best students that the Baltic context has to offer (meanwhile depriving local institutions of their most promising candidates).

REA continued to draw heavily on the connection with its Swedish mother school, HHS. This of course, works both ways. HHS's profile is raised internationally as a philanthropic and far-sighted provider of first class education to the struggling (but worthy and promising) Baltic states. At the same time REA can lay claim to the traditions, prestige and status that HHS accumulated as Sweden's premier business school. For REA, HHS acts as a model and as a source of practical benefits, e.g. the same architect was used, the curriculum and syllabi have simply been copied. Furthermore, HHS provides the vast majority of the teaching staff, with all the costs, benefits and limitations this implies for REA.

REA training is saturated and populated with spaces, positions, ideas and symbols from elsewhere. This makes the business school radically different to anything that other young people experience by studying at local Baltic universities. Perhaps most

importantly the business school presents the students with an opportunity to access transnational cultural capital. Studying at REA represents the opportunity to partake in a process of conversion. Through their attendance and education students and graduates are being imbued with the symbolic capital that emanates from abroad. But REA also facilitates that the students will eventually live this new status and prestige. It not only introduces them to theories and teaching methods of the West, but also to the world of transnational companies. REA thus provides a model of capitalism *and* a ticket to join that world.

The specific ways and means by which this connection between students and transnational companies is established are outlined in the following chapter. In addition, chapter 4 clearly demonstrates that by equipping the students with this special, scarce and incredibly desirable form of cultural capital, REA fuels the students' ambitions. It shows that students' ideas and organisational objectives are not necessarily aligned.

## **4. STUDENTS' RESPONSES TO REA SCHOOLING**

### **Introduction**

The previous chapter outlined and portrayed REA primarily in terms of the structural parameters of elite education and reproduction theory. In contrast, this chapter highlights the way in which students receive different aspects of the degree structure, how they respond to the course contents and to what extent they engage with the teaching and study methods prescribed by the business school. Chapter 3 compared the REA curriculum to other examples of elite schooling. It also indicated the lack of fit between the international curriculum and the local Baltic context in transition. Part I of this chapter builds on this earlier description. Section one investigates how attendance at REA forges a specific connection between Baltic youngsters and transnational businesses. Section two takes issue with the underlying contradiction between institutional intentions and educational outcomes. It summarises the overall effect of curricular contents and structures and how this ensures that students are likely to work for transnational companies rather than local ones.

Part II of this chapter seeks to put in centre stage the students' classroom experiences at the business school. Here I wish to show how students actively shape and define their educational opportunities. At different times the students concentrate on various different aspects of what the school has to offer. Rather than taking on board the school's agenda wholesale, students select and continuously negotiate their own engagement.

In the first few weeks, students are overjoyed at *having arrived* at REA. Initially, they are nervous about the set up and intimidated by the sheer grandeur. But despite students' lengthy preparations and determined efforts to get into REA the majority

do not take full advantage of all that is on offer to them academically. Despite the contradictions of the REA set up and specific limitations of the programme, its educational resources represent a very novel and privileged learning experience. Still, after a relatively short period of excitement and moments of doubt and insecurity, many students settle into a strategic routine. They comply with curricular demands only when it is absolutely necessary, i.e. immediately prior to project deadlines and exams. For the rest of the time they appear to concentrate and work at aspects that lie outside of the academic remit. There are a number of students who work incredibly hard to achieve top grades, distinction and to compete for a special scholarship, but they are in the minority.

Although attending REA is not compulsory, students clearly contest, resist and also avoid institutional strictures in their everyday activities. This was a surprising development to the school's management. In anticipation of students' difficult financial circumstances and potentially conflicting outside obligations, the school had set up the scholarship scheme. Endowed with the monthly income, the idea was that students could devote themselves to their studies completely. The school also believed and frequently declared that work and studies were incompatible; indeed there were rules prohibiting students from seeking employment. But despite these thoughtful considerations and generous provisions, the schools' administration found itself running periodical campaigns to improve attendance levels and student discipline. There was an element of moral outrage to their frustration – given that the students were so privileged – the least they could do was to turn up.

Section three unravels students' reactions to specific components of the REA programme, i.e. lectures, group work, presentations and exams. Section four seeks to re-engage with the theoretical points raised in the previous chapter and provides further comparative material. In this chapter I argue that REA acts as an institution that is successful in producing a new Baltic business elite equipped with transnational credentials and powerful connections. This process takes place

notwithstanding the students' unwillingness to submit to the school's rules and despite the fact that most students receive the programme quite passively. Transformation and legitimisation at REA are not dependent on students' blanket compliance and submission to the organisation. This means that the all-important transformative processes can and do take place not only within but also outside of the classroom.

## 4.1 Forging the transnational connection

As outlined in the previous chapter, the courses at REA present a model of economic theories and business practices that is based on Western scholarship only. From within this huge academic field and the many disciplines, REA teaching is limited to basic concepts and tools. The timetable and structure of the programme inevitably sideline in-depth consideration and sustained critical discussion. Perhaps most importantly, the educational experience at REA does not address or generate alternative interpretations of the transition. Rather, the REA programme presents the 'West' and its market oriented theories, methods and practices in terms of an ideal which in turn means that local post-Soviet conditions are shown as aberrations of the 'norm'. As such, local conditions appear as inherently problematic and less 'good' or 'valid'.

Instead of developing an in-depth appreciation of local context and the problems of local businesses within the transition environment, REA students are being taught by an international faculty and on the basis of course materials and textbooks imported from Western Europe and America. But REA is not unusual in this respect. Marceau argues that INSEAD students and graduates tend to operate on the basis of relatively narrow assumptions and conservative principles. A shared value base originates through core texts and primary teaching tools for business students as a whole. Meanwhile group work is vital to creating and maintaining particular sets of values and understandings at each school: "... the teaching methods in particular, linking people into small-groups (...), have powerful structuring, unifying and consciousness-creating effect." (1989, p.170). She also argues that through attendance at INSEAD students and graduates are less and less locked into national structures and prejudices.<sup>130</sup>

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<sup>130</sup> Chapter 6 investigates Marceau's claim more closely in terms of the REA material.



As the previous chapter already indicated, much of what Marceau describes applies also to REA. For example, when REA was established the HBS internationally accredited curriculum was adopted wholesale. Similar to INSEAD, REA relies on international textbooks for its teaching. Even the ubiquitous media forms an important part of students' lives, at INSEAD and REA.<sup>131</sup> Again, closely resembling INSEAD, REA students regularly perform tasks and course components outside of the lecture context, e.g. they collaborate on case studies and perform in-depth project work. These teaching methods are part and parcel of business school programmes and are used to provide insights into real life business practices and problems (Marceau, 1989, p.29).

As outlined so far, I do not understand the REA degree programme to be a particularly apt preparation for the context in which local companies struggle during the transition period. However, project work, company visits and guest lectures provide important opportunities to familiarise students with the Baltic business context. The more applied courses at REA, e.g. accounting, strategy, human resource management, etc., all include guest lectures and project work based on company visits. This means that students go out to companies to gather materials, which are then compared to and contrasted with what has been learned in the classroom.

Here is an example from one of the first company visits that took place in the first year of studies.

Accounting is being taught as one of the first courses of the first year at REA. Students form groups for this mini-project, which involves visiting a company, procuring an annual report and asking the company questions about accounting. The annual report of the visited company then forms the basis of the groups' report. My group was primarily Russian, with one Lithuanian. Without much discussion we had chosen a local Latvian holiday company.<sup>132</sup>

We had all dressed up for the occasion and were nervous. Having chosen a local company meant that in a way, there was less to be afraid of, but nevertheless it was the first assignment

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<sup>131</sup> Students are encouraged to regard the *Economist*, the *Financial Times* and *Fortune* as part of their 'natural reading matter' early on. I consider this an aspect of grooming and I investigate and analyse the importance of such practices in chapter 5.

<sup>132</sup> In retrospect I wonder whether at this early stage some of the students were in fact too scared to meet a transnational company.

and there was a palpable air of stage fright about. The name given as a company contact was Russian, so presumably we would get by with Russian (most of the Lithuanian and Estonian students would have not understood nor participated in a conversation in Latvian). When we had called to arrange the appointment it had been made quite clear that the manager would not have much time for us. Initially the company had been contacted by the school's administration, but when we called he was unfriendly.

When we arrived, there was very little room for the six of us to wait in the front salesroom of this travel agent. Nevertheless, we were standing around (in coats and hats, boots and umbrellas) for about ten minutes, clearly obstructing the everyday business of the agency. When we were finally asked to come into the manager's office, there were not enough chairs for our large group. The manager seemed hassled. When we finally started the interview he did not like the questions. He kept repeating that it really was none of our business and declared flatly that we would definitely not be given any financial statements of this company. We meekly suggested that apparently, also in Latvia, an annual report must be publicly accessible. But it seemed as if he was neither aware of the law, nor did he care for it.

As we returned back to school empty handed, it turned out that these company visits had divided our peers into two groups. Those who had visited transnational companies had been warmly welcomed and some had been feasted on biscuits and beverages. Most importantly, procuring a glossy annual report had been easy. Some were even given a choice of reports (either that of the local subsidiary or that of the main company abroad)! These companies had received students' questions with interest and asked them to come back if they needed help with anything else.

As part of the other group, who had lost out, we were handed random copies of annual reports that were available in the library. As it came to compiling our report, we were discussing whether to even 'admit' to our disastrous reception at the local company or whether to concentrate on the analysis of the annual report at hand.

The group felt very bad about not being able to *perform* for the accounting report project, or at least not to the extent demonstrated by those who had visited transnational companies. It seemed to me that the frosty reception at the local company was probably much more realistic and true to circumstances of Latvian accounting, and business more generally. However, the standard had been set by the visits to foreign companies and it was in this kind of environment that REA teaching worked best. The visit also showed that new students find it difficult to bridge the gap between what they learn at REA (or what they think is expected of them) and what they find outside of the classroom.

REA lecturers, who for the most part know relatively little about the local context, cannot adequately make up or explain what is going on. They are meant to teach the basics and for this purpose it is important that students familiarised themselves with

the information to be found in an annual report, no more, no less. Thus, project work especially runs the risk of exposing a lack of knowledge that is appropriate for the Baltic context, both on the part of students and their teachers. Students and lecturers have very little time to negotiate these conflicting demands. But there are other constraints too.

As part of their coursework, REA students are supposed to learn about issues and challenges as they occur in the normal course of business. But as the accounting project already indicated, struggling local companies may be reluctant to comply with the needs, demands and desires of the students and their unusual curriculum. Their disinclination could be attributed to various reasons.<sup>133</sup> In the first instance few local managers have the time to really get into what specific aspect it is that the students need to cover. Students are not necessarily particularly able to explain it either; they themselves are still trying to grasp the basic facts of the new subject. In response to their requests local managers may not necessarily feel that they have anything to offer or they may fear that their lack of formal training makes them subject to ridicule. Transnational companies, on the other hand eagerly broadcast their successful penetration of new markets. They willingly disclose any difficulties they experienced locally. In their view these are readily attributable to 'backward post-communist business culture'. Crucially REA is not involved in the systematic negotiation of these complexities if and when they arise. Mediating between the local context and the training received is entirely left to the students.

In my understanding the school's lack of engagement with local economic circumstances and business practices means that students are missing out on important learning opportunities. During one guest lecture in the Human resource management course students were appalled by the open-ness of the guest lecturer. The presenting guest was working for the recently privatised successor of the socialist state bank and was very upfront about the financial, managerial and

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<sup>133</sup> I will return to the relationship between local companies and REA students in chapter 7..

organisational problems her organisation was facing.<sup>134</sup> After the lecture students were discussing the event and most comments were scathing (they did not raise these points during the lecture):

“Ok, I could have never worked for them anyway – but after this.... [the guest lecture], how can she say these things!”

A.T. “Maybe she is trying to give you an idea of what it is really like to do HR in such a bank...?”

“I know what it is like – it is horrible. The same problems are everywhere! But you just don’t tell other people about your problems – not like that. I mean, now, nobody will want to work for them!”

The debate continued and students eventually explained to me that admitting business problems publicly was locally interpreted as a sign of weakness. In my view the guest lecturers contribution and the students’ perspectives on it would have been well worth a debate and could have been of great use to research and teaching. But teachers and students would have had to be willing and able to discuss the merits and limitations of the various positions displayed. Unfortunately, debates in the classroom are usually limited to the teaching material that stems from abroad.<sup>135</sup> Locally relevant information and interpretation is considered – occasionally – but appears isolated from the main courses.

In most cases a prospective clash of imported theory and local practice is safely contained by the frantic REA timetable. Potential challenges to established certainties are also lost because project work findings are presented just before the exams. There is simply no time to contextualise the local findings with any further teaching or discussion. Similarly, in the classroom, or in conversation, there is no opportunity to examine the details of the project work, to query the analysis and to challenge the interpretations of staff or students. With the presentations completed students must concentrate on passing the exams. Once the tests have been taken students move on to the next subject.

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<sup>134</sup> The human resource manager was a young Latvian woman who had studied psychology in Sweden before joining this bank. Through the media it was relatively well-known that the company was struggling

<sup>135</sup> The guest lecture had been organised by a member of the local part-time faculty.

Opportunities for longer-term critical engagement with a local economy are provided by the internships, which all students conduct between the first and second year of the programme.<sup>136</sup> At this stage students have invested a whole year of their training into REA's courses and methods. The internship period often operated as a longer-term testing ground for students' career choices. The excerpt below shows that students get frustrated when their frame of reference is being challenged and contradicted. It is taken from an internship report in a local Russian bank. The main focus of this report is on human resource (HR) management:

It seems that HR management is something that the management have not heard before. The management is not paying the attention to the needs of employees. It is purely nobody's business if you do your job properly. During 7 weeks of my internship in this bank I have never seen the president talking to any employee outside his office. It is destructive for the achievement of corporate goals, because employees and employer seem to be apart from each other. It is common practice to have events such as birthday, or anniversary of the bank, however the top management is not taking any part in such occasions. The only break through in HR management was creating a bonus system, which depended on particular department's performance. There are virtually no symbols or artifacts. Of course you would hear a lot of nice myths of when did the first customer come, but still it is not enough to develop loyalty and company spirit in the employees. This is a reason why there is not stability in staff. As an example Head of Stock dept. and secretary had gone away. The head of the Stock dept. noted to me that she was not sorry to leave, because it was just a routine with not much employee-employer interaction. This is a great proof of a fact that management should change their policies and that president should leave his fancy office (with a huge, massive leather covered door). (sic).

This report was written in a flippant manner and the student knew that she was likely to fail as her ignorance of and carelessness with the material covered was just a little too blatant.<sup>137</sup> However, it is merely a less glib and thus possibly more accurate rendition of an encounter that many students experience. Most students do now know how to handle a situation where the business theories and practices they are being taught at REA are ignored, (or even worse) completely unknown to local management. Their training does not equip the students to handle or analyse the gap.

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<sup>136</sup> Other opportunities exist. For example, prior to the beginning of the academic courses students undergo a summer programme at the end of which they go on a local study trip (see chapter 6). Students also learn about the business world through company presentations. These are extracurricular events and will be detailed in chapter 7.

<sup>137</sup> In an attempt to get someone else to help, this student asked me to "help with English".

After a few company visits and an internship such as this one, many students simply decide that local companies “don’t know anything”. Because students tend to favour transnational companies rather than local ones, REA students increasingly learn to appreciate the economic situation of the Baltic states from the perspectives of ex-pat managers of transnationally operating companies or local people who have trained abroad. Marceau argues that the cumulative effect of the literature, teaching methods, international community of students and international faculty is one where INSEAD students come to perceive themselves as part of a modernising managerial and transnational elite.

The relativism implicit in an internationalist and essentially comparative perspective allied to the distancing of internationally operating managers from the more established business groups and organisations of their societies of origin seems to mean that a belief in ‘economism’... (Marceau, 1989, p.168).

At REA students experience that they have access to seemingly successful models in a way that other locals do not. They come to believe that they have a broader and more appropriate perspective than the people that they occasionally meet in local companies. Whereas these people struggle, the REA training seems to suggest that students will eventually have all the superior answers; all they need to do is to apply them. However, it is important to note that their perspective is primarily Western rather than comparative. The age limit for REA applicants means that students are too young to have worked over a sustained period of time and – as this section sought to demonstrate – the local context eludes them.

Over time students become complicit with stereotypical classifications of companies and their practices (transnational/Western – forward looking/prestigious/good; local – backward/difficult/bad). Increasingly, they prefer to visit transnational companies, or at least those that operate according to Western standards and management structures. More often than not, students choose the companies that they wanted to visit. A couple of hours with an ex-pat or a Western trained manager were generally viewed as pleasant and informative; local companies on the other hand required lengthy explanations and did not guarantee success. Thus most of the students drifted

further and further into the transnational territory that understood and welcomed them.

At REA the trend towards embracing transnational companies was contradicted only at the time of Bachelors thesis writing, which takes place at the end of their training. However, by then most students are already working or they have signed a contract. After two years some students found their temporary involvement and problem-solving exercise focused on the local context quite intriguing, but at that stage such insights make no difference to their career choices.<sup>138</sup> Because of the unproblematic fit between students' training and the requirements of transnational companies expanding into the FSU, students' graduate destination is almost a foregone conclusion.

It is perhaps to be expected that students do not become 'catalysts of change'. The vast majority do not join local companies or set up their own businesses in the way that their Swedish benefactors had initially anticipated. In my analysis I suggest that it is precisely because REA provides such a standard Western business school experience that the educational outcome differs from the philanthropic project. REA does not forge a link with the local context, but it does play an extremely powerful transformative role in the students' career trajectories. Whereas students arrive at REA with few connections to transnational companies, almost all of them end up working for such companies when they leave.

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<sup>138</sup> I will return to the fascinating subject of students' thesis in chapter 7.

## 4.2 Institutional intention and educational outcomes

There is at the very base of REA's existence, a contradiction. The school's originators and benefactors originally claimed that in setting up the school, they aimed to foster local economic development. The school would provide the Baltic states with a host of well-trained, dynamic and entrepreneurially minded young people that would act as "catalysts of change". Training was to take place through a local institution and, in theory, this would prevent brain drain from the region. On their graduation, these highly trained individuals were supposed to go out and set up their own businesses, thus transforming local business practices and invigorating the Baltic economies. But the intention and the outcome of the REA project diverge considerably.

On their graduation REA graduates tend to become accountants (and consultants) rather than entrepreneurs. They neither set up their own businesses, nor do they work for local companies. On the contrary, most graduates end up working in the Baltic states for transnational companies. In fact, they are badly needed and eagerly recruited to act as foot soldiers of global capitalism. Since the demise of socialism the FSU has been re-classified as an emerging market. Is this a coincidence? If so, it is a fortuitous one. If it was down to planning, REA could be described as an incidence of foreign direct investment into the production of human capital.

In the previous chapter I showed how REA recruits the very best students from Baltic secondary schools. Over the period of their training, these students are taken out of their normal/local context. They are taught a standard international business school curriculum over an extraordinarily short period. After graduation, students overwhelmingly choose to work for transnational companies, which they have come to recognise as their *natural habitat*. To some it is perhaps not surprising that the graduates would turn their backs on local companies, local organisations and local opportunities. After all, there are bigger, better, safer and more convenient prospects



to be had within the transnational realm. But I would like to suggest that the processes at work are more complex. Rather than thinking of graduates' trajectories as primarily based on rational choice – or as *homo economicus* at work – I believe that REA attendance has an important structuring effect, which makes the graduates' choice appear so natural (also to them). By joining transnational companies students fulfil the underlying remit of an elite business education. Joining a transnationally operating company represents the implied progression of their training.

I believe that students' choices are partly due to the fact that the standard international curriculum sets up a particularly problematic dichotomy within the post-socialist context. At REA students learn that foreign theories and business practices are the baseline of all successful economic activity – for these are developed, tested and applicable. Foreign theories and resultant practices are positively valorised. Students also learn that, in contrast, local post-socialist economic circumstances and business practices are lacking sophistication and scale. They are not systematically developed, not based on theory and hence bad (and somewhat embarrassing). This surely is a simplistic notion, but within the two-year programme at REA there is neither space nor time in which students and faculty could work out and critically analyse the difficulties of applying of Western business theory within the Baltic context. Instead, the overall endeavour supports well-established positions; i.e. the post-Soviet East is the inferior *Other* to Western practice. Students themselves are left to bridge the gap.

Over the duration of their course, students come to assume that neo-classical economics will have a solution for everything and that the transnational business world somewhere will have encountered a similar problem and that if they apply the principles taught, the problem can be addressed efficiently. Once the problem is fixed, the company can be saved, or even better, made to succeed (and eventually sold to a Scandinavian company seeking investment opportunities). In the INSEAD example, Marceau argues that the understanding of INSEAD graduates is essentially

conservative capitalism. An REA education draws Baltic students into this transnational realm where universal managerialism has great currency. It implicates the students in the capitalist endeavour to treat the FSU as an emerging market. Over the period of their attendance at REA, students do not learn the perspectives of locals – be they businesses, people or governments – nor do they learn to analyse and negotiate these perspectives. In fact, they are not learning anything specific about the transition process or how to critically examine the current period.

Given these structural and local circumstances, it is unsurprising then to find that in the end the vast majority of REA's graduates opt for a career within a context for which they have been (almost systematically) prepared. By the time they graduate, students have been imbued with transnationality and managerialism; it is no wonder that they go on to practice it. In the Baltic states only transnational companies provide an arena in which to apply the theories and methods that REA teaches. Through their attendance at the business school students become implicated in the neo-colonial endeavour. REA represents an effective example of how one small part of the population of the Baltic states is co-opted into sharing Western notions of triumphalism at the demise of the Soviet Union.

### 4.3 Students' reaction to the REA programme

Part II of this chapter investigates and analyses students' responses to the REA programme. Section three concentrates in particular on implicit challenges to authority and different forms of collaborations between the students. In section four, this ethnographic material will serve to critically re-examine reproduction theory.

Before students arrive at REA they have spent considerable time preparing. With great effort they have managed to get through the selection process. They have passed all the tests and managed to present themselves as confident and dynamic at interview. Getting in is usually cause for an impromptu celebration. Once they arrive the new students are relieved and elated but also a bit scared and confused. REA initially pulls in students to an unprecedented extent and it completely takes over their schedule. There are so many complicated new things to learn about the set up, the faculty, the local staff and one's fellow students. The first few weeks are incredibly exciting and for some students also intimidating. Meanwhile the summer programme seeks to prepare all students in terms of language, study and IT skills, as well as group dynamics.

Students have to attend REA from early in the morning until late in the afternoon and often there are further assignments or new friends to be made out of hours. Eventually students settle in. The first parties begin and the first closer relationships form between students. Some students start to feel slightly blasé about the preparatory induction and they are eager for a challenge in a *proper* subject. Then the main courses begin and almost everybody is frightened for they do not know what to expect. Initially students struggle with the teaching methods, the course structure and the exam format. They cannot gauge how much effort is required and whether they will ever manage. At this point second year students are usually at hand to help.

When the first exam results come out, the new students have to suddenly cope with the notion that they are no longer the best. They are merely one of 100 students who each used to be the best in their own school. The realisation that there are so many people equally as good (or substantially better), usually hits the students quite hard:

When you get in, it is really great – it is like, you made it, and it is really good. I mean, it is so difficult to get in... when you do – that's cool. But when you have so many exams, you need to study and that is hard. I mean, all these people are really good. It is not so easy any more, to be really good. Sometimes it is very hard – to always have to compete....

Students often commented that I was lucky not to have to study for exams. Occasionally, they related our friendship to the fact that we were not in competition.

For the first few months, attending REA is an all-consuming experience. It presents students with innumerable puzzles and problems, dramas and possibilities – academic, social, bureaucratic, etc. Students eventually get the hang of group work. But before they quite grasp the many different subjects and how they interact, students struggle, probably for the very first time. In comparison, they say, secondary school was easy. By Christmas (i.e. after 6 months) most students are completely exhausted. They will have completed four courses and have written at least as many exams. Those who failed any of these exams are under severe pressure. Whilst they are participating in the frantic programme much like everybody else, they still need to re-take the earlier exams. They are allowed two re-sits. If they fail three times, they are out and this means that they have to repay their scholarship. There are no revision classes available to these students. By the time students get to do the re-sits, the faculty members responsible for that course have long disappeared.

The density of the programme, the self-contained nature of each course and the fast turnover of different subject areas and the lack of local faculty mean that students have to complete their engagement with each segment as soon as possible. They are not invited to linger or to take a closer look at any particular aspect of their course. Also, there is no time to analyse how courses intersect or build on one another. The course evaluation includes statements such as these:

“Definitely there must be one more week ..., in order to get the information pile to settle down in our minds.”

“I feel that it is a lot of knowledge in me but it is in such disorder.”

“I don’t really get the main reasons why we should be so much trained in those exercises that by reading once and without thinking you start to solve it. I doubt that even in such a situation it could be possible to get max. points. Indeed I feel raped course I haven’t slept normally for last two weeks due to preparing to exam and the result is that there are no chances.” (sic)

Just after Christmas a new course starts. When the first student gets expelled everybody else gets frightened. Or maybe they are just exhausted. But somewhere along the line in the first year most students develop from eager and earnest novices to aloof occasionally absent students who no longer take the REA venture all that seriously. A shift occurs where students are increasingly concentrating on other opportunities. It is not immediately obvious because they continue to spend a lot of time at the school. In fact some students come in also over the weekend (and they are not necessarily the most studious). Increasingly students’ engagement at REA is focused on the social and extracurricular aspects, rather than on the academic content. For example, one student famously missed an exam because he was too busy playing a computer game.

A small group of top students will eventually pull away. They consistently excel in their grades and it is soon becoming clear who will be in line for the special scholarship (that will instantly double their income for the second year of studies). Another group of students settles down around the pass-mark. But this is a dangerous game. All exams are graded with two hundred points available. Fifty percent of that usually represents the pass-mark. If students fail too often they will have very little chance of getting back onto their feet.<sup>139</sup> At the bottom of the class there is

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<sup>139</sup> Disadvantage accumulates. It is very hard for students to get back on track because of the double burden: Students need to come to grips with something that for various reasons they did not quite grasp either in the first round, or even the second. Meanwhile the ongoing courses press ahead with the usual steam.

considerable attrition. After two years just over 20 of the 100 students will have left REA without graduating.<sup>140</sup>

After the first few months the majority of the students most of the time tended to comply with all the necessary assignments, but no more. During fieldwork I sat in many lectures and observed how most students impassively followed their course (or not). In the back row, one student tended to be asleep. Others kept whispering, passing notes between them, or were busy flirting. At some stage, one couple moved on from holding hands to kissing during the lecture. As a participant observer I often ended up playing noughts and crosses during the lectures, although I never instigated it. Occasionally, the school's dean came in and everybody was briefly on their best behaviour. Eventually some students stay away from lectures and classes. Appalled by the low attendance levels in 1998, one lecturer begged the students to consider the following question:

Don't I owe it to the generous benefactors of this school who are providing me with the best education in the Baltics at NO COST to do my best and act responsibly, which means respecting the institutional and course requirements at SSE? (Letter to the student newspaper, Insider, 1998)

The school's administration instigated various campaigns to get students to attend, i.e. through attendance lists at lectures, seminars and presentations and through the enforcement of strict deadlines. Out of frustration one Swedish lecturer even started a new no-excuse rule for his course: a student's absence had to be backed up by a medical certificate. To the students this new rule seemed naïve. In post-Soviet Latvia medical certificates are not particularly hard to come by and they do not necessarily respond to a person's ill health. For example, medical certificates also guarantee that young men are exempt from being drafted into the army. Whilst most students seemed in very good health and many excelled in sports, not a single REA student has had to serve military service (neither before, nor after attending REA). Students do find ways and means of negotiating REA *rules*. Either the students turn up early

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<sup>140</sup> More detailed completion rates are provided in chapter 7.

and disappear later, or a friend helps by signing the absent person's name in the register.

But the relative lack of interest and engagement with the material is puzzling. After all, students say that they applied to the school primarily because of the quality of the institution. They felt that REA was the best school that was available in the Baltic states. Some students had studied in other local higher education institutions for a year or two and they were keen to change over to REA. Western faculty, textbooks and teaching methods were considered desirable and superior. However, despite the unique set of opportunities that REA provides most students receive the schools' programme quite passively. None of the students complained about any particular aspect. In fact, the overwhelming majority of students like attending REA, even if some of them would have preferred to study a different subject. If anything students sometimes find the fast pace and the ongoing emphasis on competitiveness difficult. But they neither reject the school, nor do they develop a systematic critique. The origin of REA, its agenda or the programme is not questioned by the students (certainly not in the way in which I am presenting it in this and the previous chapter). REA students do not query the limited support that their fly-in-fly-out faculty represents and as shown in the previous chapter, they are not particularly interested in installing local academic staff at REA either.

Whilst students do not actively engage with the curriculum they are nevertheless very seriously involved in the school. Most of their non-academic activities are pursued together with other REA students and contact with friends from secondary school is severely hampered by REA schedules (see also chapters 5 and 6). Furthermore, in the second year the majority of students will have started to work. But despite these conflicting interests and demands on their time students do not drop out of their course. Rather, they cope and their attendance at REA becomes very selective. At the beginning of each new course, other interests continue to be followed. At the end of each course there are short and intense bursts of frenzied

exam preparation. It is quite rare for students to develop a passionate interest in any of the courses that they attend. At most they develop a passing interest, i.e. they might enjoy some subjects more than others (and this preference might guide their choice of internship). One student stood out because he kept reading about game theory and kept talking about game theory, borrowed books about game theory from the library and took them home to read. Game theory was not going to be a major element of any of his courses, but he was genuinely interested in it. But he was definitely a very rare case.

Most students are being strategic about their courses and the overall result is a minimum-effort-maximum-output routine. When I interviewed one of the lecturers from Sweden he explained that the ambitions of the majority of the Baltic students seemed to have been wholly exhausted by passing the entrance requirements. Exam performance and engagement with teaching materials appeared irrelevant at REA: “once you are in, that’s it: you’ve made it”. Whilst students overtly comply with the school’s demands, it appears that many devise and depend on various forms of collaboration, which effectively subvert the school’s rules.

Collaboration between students takes various forms. As mentioned earlier, small group work is one of the key teaching methods at REA. Students form small groups either by themselves, or they are divided up by their lecturers or by the administrative staff. Together these students are responsible for completing project work. Often this means conducting company visits or research. Students are initially reluctant to perform work in groups. They find the many unknown people difficult to deal with and they would prefer to stick with their friends from secondary school rather than engaging with strangers. Over time however, students get used to the group work ethos at REA. Most students prefer to work in semi-permanent formations or clusters.



In the lectures on group dynamics (during the summer programme) students learn that free riding is the biggest threat to harmonious group work. But once students have developed a relationship of trust with most of their peers, free riding is accepted and indeed, applied strategically.

One day, after school and following yet another submission deadline for a report, I was leaving the school with a friend who had had an extraordinarily busy time at work. He had failed to make much impact on the report, which nevertheless bore his name.

"I need to stop at the shop and get some cake and some champagnietis [local sparkling wine]."

A.T. "Whose birthday is it?"

"It is not for a birthday – it's for my group. This time I couldn't do anything – really, nothing. But it was ok. I mean, I told them at the beginning – but they were ok about it. That was nice! So, I want to buy something, to say thank you. They were really cool – I mean – it is not like we are really good friends or anything..."

The quote indicates that fellow students will cover one person's absence if it is pre-arranged or if reasons are given. The deliberation within it also clearly implies that tolerance of free riding was something that close friends owe to one another, but that it can also be granted as a favour.

Presentations are another integral part of REA teaching and learning. At the end of a project period students and staff come together and the results are presented formally in front of an audience. Usually, each small group presents and also acts as opposition for another previously assigned group. It does not take long for the students to work out a satisfactory way of conducting mutually beneficial opposition sessions. For example, the matched groups get together beforehand: the presenting group tell their opposition which points of their presentation they wish to have criticised and how. By preparing in this way groups ensure that the allotted time is filled as prescribed. By formally doing-as-they-are-told groups also prevent the lecturer from addressing issues that are perhaps truly problematic. I know of only one situation where a student blatantly violated these unwritten rules of conduct:

One student deliberately set out to trash another groups' presentation without prior warning. Disapproval for his behaviour was particularly vocal from within his own group: "We don't know what happened – sorry, he just did that. We had not talked about it at all. And then we didn't know how to stop him..."

As part of their *Communications in English* lessons, all students learn the formulaic ways of opening a presentation and to criticise without becoming offensive.<sup>141</sup> Mockingly, many opposition presentations included the expression: “.... there is room for improvement”. The catch phrase was usually delivered with an ironic smirk emphasising the performative aspect.

The last few days before each exam are spent with everybody desperately cramming. Increasingly students do their exam preparation at the school rather than at home, or in any case in the company of REA friends. At REA, if need be, they roam the corridors and study rooms for someone who might be able to explain the course. Otherwise there is always the option of late night phone calls. Those that are asked for help are mostly either second year students, or one of the top ten. Second year students helpfully provide first year students with past exam papers despite the fact that this is not necessarily allowed. It tends to make the exams a lot easier, as questions do not necessarily change a great deal from one year to the next. Whilst second year students act as aides and allies initially, increasingly most students will provide real assistance and support to one another. For example, in the second year, students regularly meet up to study together, especially for the most difficult exam in Financial Economics. Students also engage in impromptu question and answer sessions in small groups on the evening before the exams. However, Finance has a special status (see also chapter 7); most other exams are prepared for in the very last few days or the night before the exam.

Some students cheat during exams quite regularly. Others do so if and when a little extra help is required. Some students will have to resort to cheating because something urgent came up (e.g. a pressing assignment at work or an impromptu party). Some students just want to make sure that they have a backup. They might deposit a textbook somewhere around the school. Others prepare carefully and

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<sup>141</sup> The ongoing study skills programme and the preparatory summer programme are detailed in chapter 5.

deliberately by writing cribs. Some students use the opportunities provided in the exam situation itself. They might look over their neighbour's shoulder, or they might ask directly. There are many jokes and anecdotes recounted to general amusement:

Finally I managed to get a good look – so I started copying: first, second, third line – until I realised that all I had done was copy the question! Apparently she always does that. At least, now I know. But you know I didn't realise until that third line....

Students are not necessarily proud of cheating, but neither are they particularly embarrassed or bothered. It is not something one advertises, but it is ok to talk about it to friends. However, when students noticed that one of the special scholarship holders had lost a crib there was gossip. Getting through REA by occasionally cheating is ok, but claiming a scholarship for excellence was somehow seen as disreputable and almost a bit scandalous. Nobody thought that it was particularly cunning.

Some of the students are appalled that cheating is going on at all. They think it is wrong to cheat – to them no explanation is needed – it simply shouldn't happen. Others consider it an unpleasant and inappropriate hangover from Soviet times: some students told me that cheating in schoolwork and at university was widespread in Soviet times. At that point cheating was far from dishonourable. On the contrary, informal practices were associated with an opportunity to undermine, resist and *beat the system*, i.e. the impersonal and unjust bureaucracy / the colonial Soviet oppressor. Cheating in exams was acceptable similarly to various *blat* practices (see chapter 1), albeit perhaps less 'necessary'. But in the 90s a handful of students at REA wished that everyone would realise that the system had changed and that it was time to play by these new rules.

At one point the student advisory group approached the REA management to ask them to stop students from cheating. Members of the group argued that cheating would eventually have a detrimental effect on the school and its standards. It seemed an odd role reversal: the students were policing the school for the enforcement of procedures. It was especially bizarre, as the circumstances they tried to do away with

had evidently operated to the advantage of many of the students whose interests the advisory board was supposed to represent. A few months later, a school committee disciplined one student for using a textbook during the exam itself (it had been found in the toilet). Most students barely bat an eyelid – they themselves found cribs more appropriate and given the construction of the lavatories, there was little the school could do to check what went on behind closed doors.<sup>142</sup> Whereas some students had ideological grounds on which to oppose cheating, others happily continued to do so. It strikes me as noteworthy though that there was not a single case where an REA student snitched on a colleague.<sup>143</sup>

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<sup>142</sup> At REA lavatory facilities are housed in distinct and separate rooms, i.e. they are spy and soundproof.

<sup>143</sup> See also chapter 6, which considers students' networks and collaboration outside of the curricular realm.

#### 4.4 Theoretical implications: non-conformism and aspirations

Throughout the 80s and 90s reproduction theory has been extremely influential within the anthropology of education and beyond. But it has also been criticised, primarily because its accounts of social lives appear too deterministic. Indeed reproduction theory's exclusive focus on structures is deemed to be simplistic and scholarly interest has increasingly shifted towards the dynamic interaction between structures and agency. Based on ethnographic research, closer attention is now being paid to the cultural context that gives rise to specific class relations. Rather than treating structures as a schematically reproduced given, they are being critically analysed in terms of ongoing processes of contestation and negotiation (Levinson & Holland *et al.* 1996). Within educational research the focus on reproduction has given way to a stronger emphasis on cultural production.

For comparative purposes this last section will briefly outline two examples of working class school ethnography. At a superficial level, REA's new business elite with its bright future and powerful transnational connections appears to be literally worlds apart from the struggles of these two groups of youth. However, there are two vital theoretical points that I wish to explore. Willis' work shows that there are autonomous and creative aspects to resistance and non-conformism. Indeed, his ethnography of Hammertown Comprehensive vividly demonstrates that counter-school culture contains a *knowing* critique of capitalism (1977, p.117-129). MacLeod's work builds on and extends Willis' critique of reproduction theory. He suggests that among the various factors contributing to social reproduction, personal decision-making and aspirations are particularly important (MacLeod, 1995).

The work of Paul Willis has played a particularly important role in the revision of reproduction theory. In his seminal work, *Learning to Labour* (1977), Willis traces how working class students reproduce their class identity despite and because of their resistance to secondary schooling. He contrasts two groups of students. The

'ear'oles' seek middle-class jobs (and status) and conform to the school and its norms. A second group of disaffected boys, the 'lads' challenge authority, and actively seek diversion from boredom by having a 'laff'. This means that they disrupt classes as much as possible. Willis vividly shows how the non-conformist group draws on contradictory "sources of meaning" in their opposition to the school's achievement ideology: the lads are launching a *creative* challenge and resist the school. Instead of submitting to the school's regime they embrace working class culture as lived by their fathers and brothers.<sup>144</sup>

Willis argues that the non-conformist culture of the lads represents a refusal to compete for educational credentials that are meaningless because they do not translate into upward mobility in any case. He suggests that the lads know that they do not stand a chance and opt for the instant gratification of "having a laff" instead.

Conformism may hold a certain logic for the individual then, but for the class it holds no rewards: it is to give up all possibilities of independence and creation for nothing but an illusory ideal of classlessness. The individual might be convinced by education's apparent resume of what is supposed to happen in society – advance through effort for all who try – but the counter-school culture 'knows' much better than the state and its agencies what to expect – elitist exclusion of the mass through spurious recourse to merit. The counter-school culture and other working class cultural forms contain elements towards a profound critique of the dominant ideology of individualism in our society. (...) the counter-school culture identifies the false individualistic promises of dominant ideology as they operate in the school (Willis, 1977, pp.128).

From the ethnographic description provided above, it is obvious that many of REA students are non-conformist too. However, their main activities are not focused on the creation and performance of counter-culture. In Riga, the students like REA and indeed they spend more of their time there than is required. REA students are neither anti-social, destructive nor resort to irrational violence (Willis, 1977, p.34). Whilst they pay less attention to the programme than their teachers would wish, they are busy with other things; they are not "bored". Furthermore, at REA there is little

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<sup>144</sup> "What begins as a potential insight into the conditions of labour and the identity of the working class is transformed, under the influence of patriarchal ideology into a surprising and uncritical affirmation of manual labor. It is this identification of manual labor with male privilege, which, more than anything else, ensure the lads' acceptance of their subordinate economic fate and the successful reproduction of the class structure." (Burris, 1980 quoted in MacLeod, 1995, p.20).

antagonism between the 'straight' students and the many others who are just muddling through. In fact, students tend to collaborate with each other in order to meet the course requirements.

Willis suggests that only the ear'oles "have invested something of their own identities in the formal aims of education and support of the school institution" and that they thus have "foregone their own right to have a 'laff'" (Willis, 1977, p.13). In Riga it seems that the majority of the students have it both ways. They all benefit from their association with REA.<sup>145</sup> But what I want to take from Willis is the fact that *non-conformism is creative*. As I will argue in the following chapters, REA students are not simply lazy if they are not solely focused onto the curriculum. Rather they invest their time and efforts carefully and successfully into negotiating their newfound status, albeit perhaps primarily on a non-curricular level.

In view of the material from REA, I believe that Willis' insistence on our recognition of the cultural level (i.e. in addition to the structural one, that is pronounced by reproduction theory) is instructive. Schooling processes and outcomes cannot be taken for granted but must be carefully and sensitively deconstructed in order to understand what it is that actually happens within the educational establishment and how educational processes contribute to the social order. In addition to structural constraints, any such investigation must consider the relative autonomy of the cultural sphere where contestation, resistance and compromise take place. Attention to non-conformism is likely to indicate these processes in a way that structural elucidation does not.

It seems to me that much of the work on elite schooling takes for granted that because such schools ooze privilege, and because students are set to gain from

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<sup>145</sup> Chapter 7 will show that even without graduating, most students do well in their post-REA career.

attendance, they will inevitably conform. It is almost as if there was no need to investigate how and why students attend elite schools, for as long as their privileged status is reproduced, this does not matter. Bourdieu briefly mentions the way in which the typical sense of urgency instils a calculative and strategic mindset in the students at elite schools in France:

The logic of urgency at the basis of all these dispositions being one of action, it is not surprising that, (...) it undoubtedly prepares students better for the demands of working life than for research and intellectual pursuits. (...) all activities that are neither directly profitable (...) nor easily assignable at a certain time (such as a general reading list) are sacrificed in favor of expressly required graded work (...). Likewise, the need to be able to give an immediate answer to any possible question at all costs requires the use of the recipes and ruses of the art of dissertation, which save the student the trouble of doing in-depth research, while at the same time masking what he does not know and enabling to hold forth ad infinitum by recycling the most timeworn and predictable "*topos*". It also necessitates the use of anthologies and textbooks, those products of scholastic routine that are designed to provide the means for satisfying scholastic demands at the lowest cost. More generally it encourages students to use subterfuges and ploys, precocious mastery of which predisposes them neither to intellectual rigor, nor honesty, and to practice study habits..." (Bourdieu 1996, pp.87).

However, Bourdieu does provide no pointers as to how we are to understand the students' behaviour. Thus, whilst Bourdieu's and Marceau's work on elite schooling are useful pointers in terms of structural elite parameters, they tell us little about how *structures become sources of meaning* (Willis' formulation, 1977). Non-conformist attitudes to schooling are not usually associated with elite education. When they are mentioned it is done as an aside, not as an inducement for further enquiries. MacLeod, too, challenges Bourdieu's account of habitus because it does not attend to "the actual process whereby external forces and internal consciousness wrestle with each other." (MacLeod, 1995, p.255).

MacLeod's criticism is based on his study of young men in an American low-income neighbourhood (1995). Like Willis, he contrasts two groups of students.<sup>146</sup> One group, the 'Brothers' are part of the black community. They are determined to overcome the racial barriers experienced by their parents and are diligently devoted to their school and subscribe to the dominant achievement ideology. On the same estate MacLeod investigated another group, the 'Hallway Hangers' who – similar to

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<sup>146</sup> Whilst Willis was more concerned with the class-consciousness of the rebellious lads, MacLeod's comparison is more systematic and even between the two groups.



the lads described by Willis – reject the system. The Hallway Hangers “... see through the ideology, perceive the constraints, and realize the futility of high aspirations...”; but by renouncing the system and its structure they also “... relegate themselves to the bottom of the pile.” (MacLeod, 1995, p.149). Despite their similarity in background MacLeod shows the dramatic differences between the two groups. His work thus highlights the importance of aspirations. Differences are forged within the family and through an understanding of the world of work. According to MacLeod, aspirations are also informed and levelled through the peer group, which is an aspect that neither Bourdieu, nor Willis have attended to.<sup>147</sup>

MacLeod’s follow-up study conducted eight years later makes for depressing reading: neither the Hallway Hangers nor the Brothers have managed to transcend their working class background. The Hallway Hangers are unemployed, work sporadically either legally, or underground, some are imprisoned, others operate within the drug economy. The Brothers, who had subscribed to the American dream, are stuck in low-wage, high turnover jobs in the service sector.<sup>148</sup> Despite the Brothers’ puritan morality, conformism, strong work ethic and respect for authority, these young black men are caught out by the system that automatically categorises them as criminally inclined and dangerous members of the black sub-proletarian street culture.

If the Hangers show that opting out of the contest is not a viable option, the Brothers show that dutifully playing by the rules hardly guarantees success either. ... Aspirations, application, and intelligence often fail to cut through the firm figurations of structural inequality. Though not impenetrable, structural constraints on opportunity, embedded in both schools and job markets, turn out to be much more debilitating than the Brothers anticipated. Their dreams of comfortable suburban bliss currently are dreams deferred, and are likely to end up as dreams denied. (MacLeod, 1995, p.241)

Unlike the working class students who are trapped in low achievement tracks and almost inevitably end up in dead-end manual jobs, REA students already arrive at

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<sup>147</sup> MacLeod also supplies a sophisticated analysis of the intersection between race and class (MacLeod, 1995, see especially chapters 9, 10 and 11).

<sup>148</sup> “...as high school graduates, the Brothers have barely improved their job prospects over those of black dropouts ten years earlier.” (MacLeod, 1995, p.212).

REA with an intelligentsia background and have even more to gain from their attendance at this prestigious educational establishment. In the final instance, it seems REA students have it all. Even without working particularly hard for their courses, they are still in an advantageous position vis-à-vis their peers who do not attend the business school. Irrespective of whether REA students subscribe to the achievement ideology, they are privileged. As I have shown in this and the previous chapter, REA recognises and bestows cultural capital on its students. This cultural capital is unattainable in any other context within the Baltic states and it forges the crucial connection between Baltic youngsters and transnational companies. Such businesses specifically recruit from the Swedish business school because students are seen as powerful potential mediators between emerging markets and capitalist interests and because REA is considered a guarantor for elite selection. REA attendance, in turn guarantees the students a handsome income (economic capital) in the future.

MacLeod's initial study pointed to the central significance of aspirations as an explanatory factor in the way in which structurally similar individuals come to assume diametrically opposed positions vis-à-vis their schooling. He also suggests that the peer group is highly relevant to the students' expectations. Aspirations and the peer group are two aspects that I will continue to investigate in the remainder of the thesis. In the same way that we cannot simply dismiss the lads' or the hangers as lazy ne'er-do-wells, I would like to probe deeper into what it is that the REA students consider important. My assumption is that students' relative disinterest and evasive behaviour are neither ungrateful nor indolent. The stance taken towards the school and its curriculum is not simply a matter of greed and arrogance. Rather I would like to suggest that young Baltic students are in fact very seriously and eagerly engaged in negotiating their individual and collective position in the current climate of dramatic social change.

First of all, I would like to note that the concerns that students engage in are in fact structured through the school. Students do not wait for the approval of the REA administration before they start working, but they do follow a certain path that has been suggested to them through the institutional forging of the transnational connection. Secondly, students are concerned with the generation of a befitting image and style. Again, REA does place a high emphasis on public relations and impression management. The importance of a particular image is something that is stressed through an underlying emphasis on grooming and is also clearly signalled by the school's space itself. Lastly, the students eagerly develop social networks whilst they attend REA. Networking, or the development of social capital, is, of course, one of the most important parts of elite schooling, and in particular at business school, as Bourdieu's and Marceau's work has consistently highlighted. At the same time social networks have played an important part in the socialist economy of favours – both as a survival mechanism and as an integral part of the second economy – as Ledeneva's work has shown. Students are very involved in these different aspects that are in part structured and facilitated by the school itself. They are not passive recipients of a certain agenda, but are intensively involved in shaping their own future.

## 4.5 Conclusion

This chapter is intended to complement my argument from the previous chapter where I detailed the students' backgrounds and their curriculum. In the first part I continued the description of the programme by focusing on the teaching methods, and in particular the way in which students are being familiarised with the world of corporate business. I showed how students are increasingly drawn towards the realm of transnational companies who also act as their future employers. Section two concluded by explaining the contradiction between institutional mission and educational outcome.

Part II further expanded the description of schooling at REA, but it focused on the way in which students themselves experience and utilise the programme. It showed that the analysis of students' reception of the curriculum is not straightforward. Although students enrol at REA voluntarily and despite having invested considerable time and effort into *getting in*, many students do not primarily focus on the study opportunities that are on offer to them. There are in each year a few students who tow the line and who work incredibly hard at being successful in their grades. But the majority of the students have a multiplicity of interests, which they pursue alongside the demanding curriculum. In order to manage these conflicting requirements, students tend to collaborate with one another and many implicitly subvert the school's bureaucratic and academic demands.

Section four aimed to contextualise the REA students' choices and behaviour through the provision of further comparative material. I summarised the work of Willis (1977) and MacLeod (1995) who both investigated working class counter-school culture. Their work served to highlight similarities and differences with REA's students who refuse to conform to the expectations of the business school managers and lecturers. Willis and MacLeod also provided a critique of Bourdieu's reproduction theory. Moving on from purely structural concerns I sought to draw out

the ways in which non-conformism points to the creative and cultural levels that reproduction theory ignores.

Whilst it was evident that REA students paid less attention to the programme than management and teaching staff expected, I would suggest that students were in fact seeking to negotiate the conflicting pressures between the somewhat surreal context of REA and the world outside to which they returned at the end of the day. Students collectively adapted and creatively managed their course requirements at the same time they embraced particular aspects of the schooling experience, which lay outside of the curricular realm. In this thesis I would like to suggest that these other aspects are central to the students' transformation and ensuing status as a new Baltic business elite. Students may be non-conformist within the classroom context but they embrace the opportunities for networking, style and career development that REA provides. The remaining chapters will focus on these.

## **5. SPACE, GROOMING AND STYLE AT REA**

### **Introduction**

The previous two chapters (3 and 4) dealt with educational processes at REA, especially in terms of the nature of elite schooling, the structure of the programme, contents and students' responses. It emerged that whilst students overtly comply with REA demands, they do not take the programme as seriously as their educators would wish. Instead, students concentrate on other activities, which I will describe in this and the following two chapters. I suggest that whilst many students do not necessarily prioritise educational concerns, they are nevertheless actively involved in the project of becoming a new Baltic business elite. Instead of solely concentrating on their courses, students are very heavily engaged in networking and in the creation and design of an image befitting their new and special status. Additionally, most students begin to work long before they graduate (see chapter 7). Thus, students do not reject the school's ethos; rather, they draw on the transformative theme and opportunities provided at REA more widely. Students thus translate the Swedish vision of their own future status into a number of different realms. I argue that in order to understand elite production at REA, the investigation must also probe student activities beyond narrow academic concerns. In this chapter I will explore how the school promotes the importance of a particular image and how the strong transformative theme is played out outside of the academic programme.

In section one I seek to demonstrate that the business school building is central to underlining the notion of the powerful West and it also sets the scene in terms of the importance of style. I describe how the building was designed and funded through the Swedish government and with corporate and philanthropic support. A Swedish architect designed it and I provide some insights from interview material. I believe that through the school's built environment the students are encouraged to take on board the transformative theme. For example, the school represents a very specific

ambient that is highly unusual within the Baltic context (or at least it was highly unusual in the mid-90s). The school does not resemble local higher education institutions in any shape or form. In its splendour and public relations capacity it looks very similar to the spaces occupied by transnational companies instead. What is being signalled to the REA students (and to the larger Baltic community) is that the students are special, that Sweden is their friend and that the future will be bright. The business school space itself provides a potent indicator of where the students will eventually end up when they graduate. Within this special realm, their ambitions are nurtured.

Section two investigates the way in which the business school encourages a particular engagement with grooming on the part of the students. Within this special place, students are taught and emboldened to transform themselves, i.e. to be able to speak, look and behave like Western business people. I describe the *summer programme* that takes place prior to the academic courses at the business school. It serves as a relatively gentle introductory period between the students and the school, but it plays a key role in communicating the agenda of change. During the induction students are being socialised into what is expected of them at REA, they are introduced to the school's bureaucracy, to the teaching methods and to one another. Whilst the summer programme is not particularly taxing academically, I believe that it sets up a series of connections, both practical and symbolic ones, which continue in the *Communication in English* lessons throughout the first year. Prior and alongside their Western-style courses in economics and business administration, the students are subject to rigorous training in image management.

Section three provides ethnographic description of the students' own search for an appropriate style. I show where they look for inspiration, how they spend their money, and perhaps more importantly, document the time and effort involved. Students actively embrace the opportunities on offer through their REA attendance, be they spatial, social or more generally symbolic and transformative. The input into

their consumption patterns is varied and the outcome is a hybrid style that closely resembles the transnationally acceptable fashions of Western ex-pats. Indeed, students tend to visually emulate a particular model, but their ways and means of acquisition of special and appropriate goods is more reminiscent of Soviet times. Students do not merely buy items; oftentimes they procure them. Furthermore, students do not simply adopt what is suggested to them, they carefully choose and combine resources and influences all the while comparing notes with their new peers who are both audience and arbiters of crucial style decisions for this new elite.

The final section considers space, grooming and consumption in reference to the relevant literature and draws on the work of anthropologists who research elites and on that of others who are specifically engaged with understanding the spatial dimension of transnational connections, the role of consumption, and the study of post-Soviet change. The theoretical contrast also acts as a conclusion to this chapter. Below I outline how and why REA's transformative project is so successful, not only in training students in economics and business administration, but in socialising them into elite lifestyles, deportment and tastes that act as vital markers of their status also outside of the business school. Chapter 6 continues to look at what the students do whilst attending REA, but it focuses especially on the problematic gaps in the organisational reach. It investigates the way in which students struggle to negotiate different sets of standards.



## 5.1 The Swedish nature of REA space

The business school is located in an exceptionally beautiful *Jugendstil* building originally constructed in 1908. It looks rather grand and imposing. REA is clearly and understandably proud of its building, whose image is replicated at every opportunity. This is its description in the REA admission brochure:

... an architectural monument of national significance, a remarkable building in the Art Nouveau style. (...) It was designed by the most renowned architect of that time Mihails Eizenstein (1867-1921) specially as a schoolhouse. (REA admission brochure 1997, sic).<sup>149</sup>

The school is situated in an area where there are many other architecturally significant buildings, a little away (15 minutes) from the centre's medieval old town.<sup>150</sup> Many tourist buses stop nearby and strangers frequently photograph the school. In the mid-90s REA was the only building in such splendid condition. There are well kept fenced off grassy patches in front of the building, which – again – is a rare occurrence in Riga. The original blue tiling is set off by pastel yellow plaster. When I first began to research the connection between REA and Sweden I assumed that the colour scheme (blue and yellow – Sweden's national colours) of the façade was chosen in reference to the Swedish benefactors and sponsors. But this is not the case; according to the Swedish architect it reflects the original colour scheme that was restored with painstaking detail.

Four flagpoles front the building. There used to be only one flagpole. The other three were established as an afterthought, i.e. one each for the Latvian, Swedish, Estonian and Lithuanian national flags.<sup>151</sup> The transnational emphasis, pedigree and

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<sup>149</sup> Elsewhere the building's style is described as "Eclectic Art Nouveau presenting a range of lavish decorative detail and sculptural ornament of the elevation." (Krastins, 1996, p.34).

<sup>150</sup> Most of the art nouveau buildings in this and the neighbouring streets were built by M. Eizenstein. Eizenstein who was born in Germany and studied in St. Petersburg at the Civil Engineering Institute. According to Janis Krastins most of his buildings are: "built in extremely decorative Art Nouveau manner, hardly applied by other architects in Riga" (Krastins, 1996, p.34)

<sup>151</sup> I will return to the significance of national representation in chapter 6. Whilst every single minority is being respectfully referred to, there is no flag (and hence no official recognition) for the Russian-speaking population at REA.

significance of the school, and the fact that REA is housed in such a grand old building bestow its endeavour significant legitimisation. On the outside, the business school exudes a respectable and conservative charisma. The fact that the façade has been painstakingly restored means that a historical connection (to better times) is established. Unlike most places in Latvia, and certainly unlike any other educational institution, it oozes importance and wealth.

On entering the heavy wooden outside doors, there is a clean, long corridor with beautiful original tiling. As one walks down a few steps, one can see ahead through a second set of doors, which are almost entirely made of glass. The space beyond these inner doors is awash with natural light thus providing a strong contrast. The reception is located at the very end. A corner mirror allows for the attending staff to monitor the entrance. Inside the guards' cabin, there is further surveillance equipment, which ensures a complete overview of REA's boundaries. There is an unusually high-tech angle to the security arrangements, possibly more befitting of an embassy, rather than an educational establishment. The only other distraction from the controlled and slightly clinical tone of the corridor is a small – slightly dilapidated – display of dried grass, stems and leaves, placed in one corner, which provides a personal touch. Framing the reception's glass window are high-quality plaques engraved with the names of REA's sponsors, the Progress Partners. The corridor is not unfriendly, but it is clearly a place for passing through. The REA entrance is always guarded and admission is granted only to those who are known, or have a legitimate purpose. This means that visitors to the school have to negotiate access through the second set of doors with the elderly guards. Communication through the thick glass takes place either in Latvian or Russian; otherwise it can be cumbersome.<sup>152</sup>

Once one has passed through the tunnel-like passage and one's entrance has been authorised, one proceeds through the second set of doors past a stainless steel clad

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<sup>152</sup> The school's local staff who are dealing with the public are provided with free English lessons.

lift and the central staircase into a light-flooded open-plan space. Whilst access is restricted, the inside of the school building is defined by open-ness. The contrast between the respectable heritage outside and the smooth modern interior of the school is marked. Scandinavian style pervades the ground floor area of the building. Two long facing walls are of glass and all others are painted in shiny glossy white. The ceiling, for the most part is two storeys high. The floor is of a very dark granite-type stone. The right hand side is set up as a canteen. Benches and tables are made of blonde wood and additional chairs are black. The shapes are functional and Spartan in a decidedly understated manner. On the left there is wide-open space, elevated by a couple of steps. The glass wall on the left showcases the peaceful cobble-stoned yard, which has a few benches and some plants are climbing against a white wall. Opposite the entrance, a huge freestanding partition wall cuts diagonally across the corner. It is painted bright red and provides a splash of colour, a focal point. It screens the cloakroom and access to the lavatories, one of which boasts wheelchair facilities.<sup>153</sup> Huge pillars, both solid and elegant, are fitted with inconspicuous up-lighters. They support the split-level of the big disk-shaped lecture theatre. A wide and generously bending metal staircase and an open-plan bridge lead to the Soros auditorium, the entrance of which is visible from the canteen below.

It is primarily the multi-purpose ground floor/first floor<sup>154</sup> extension that provides the dramatic effect that has so effectively adapted the building for its new educational purpose, Swedish style. No major structural work has been undertaken in the main block and all other floors are fairly standard. Their interior continues to be plush: wide spaces, white walls and parquet floors throughout, but much less dramatically so. All floors are connected through the glass-fronted staircase and the lift. The second floor houses the administrative offices. The third floor has two further teaching rooms and teaching staff offices. The fourth floor consists of three rooms, which are used for teaching and functions. There are some open plan study areas, each consisting of four study carrels which are sheltered from the corridor by the

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<sup>153</sup> These disabled facilities are likely to have been the earliest provision of this kind in the Baltic states. To my knowledge they have never been used by a person using a wheelchair.

<sup>154</sup> I am using the storey classification system that is used in the Baltic states. Under this scheme the ground floor is designated as the first floor.

student lockers. Due to the temperamental and unpredictable water supply in Riga, the school installed a shower on this floor. It is primarily students who rely on this facility. The shower is housed in a converted cleaning supply cupboard. The corridor leading to it is intensely colourful, as there are at least twenty towels being dried on the rails. Whereas the dormitory residents make use of the shower regularly it provides everybody with a welcome opportunity for a warm shower when their districts or buildings are 'dry' (which can happen for weeks and months).<sup>155</sup> The two high-use computer rooms are located on the fifth floor. Computing staff is also housed on this floor. The library, storage facilities, the librarian's office, the student association office occupy the sixth floor. Another room in the far corner provides office space for external users.

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All floors of the REA building are shared between students and staff. Only the 2<sup>nd</sup> floor is dedicated primarily to the administration, which has a Swedish dean and Latvian members of staff, e.g. the pro-rector, the director of executive education, the accountant etc. The dean's office is the most carefully decorated and representative space and showcases many original features of the building, each carefully restored. It is the biggest office in the whole school and also happens to be the space, which is least in use, as the dean also spends extensive periods of time in Stockholm. The administrative office is fairly large, but it is shared by two to three members of staff and exists as a point of contact for other staff as well as students. The room, which houses the director of studies, (now pro-rector) gets most of the student traffic. It is the most remote space, tucked away at the end of the corridor and up a few steps. The location of this office seems somewhat at odds with the major contribution, multi-purpose functions and title of its inhabitant. The only redeeming feature of the tiny office is, perhaps, its view across the yard. But students were acutely aware that it offered surveillance opportunities too. This meant that sometimes voices were tempered, activities postponed and some conversations expressly reserved for a less exposed context.

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<sup>155</sup> The dormitory facilities are described in chapter 6.

Far from imposing through individual elements of interior design the school is impressive because of its restraint. The atmosphere is light, bright and airy with an overwhelming degree of minimalism. On the first glance perhaps, it looks a little bare, but this is clearly intentional. Over the many canteen tables there are long rows of individual lamps; there is no glaring fluorescent institutional fare to be found at REA. The benches further support the streamlined and ‘uncluttered’ impression (they do not merely provide cheap seating). In fact, all furnishing elements look sturdy, purpose-built, well designed and well maintained. Despite the intensive use nothing is loose, rusty or broken. There is no graffiti to be found, anywhere. The ground floor appears empty yet convivial, austere, yet opulent. To Western observers it might appear as a beautiful example of institutional space that is of a modern/minimal Scandinavian 90s design.

REA was designed by a Swedish architecture firm that has strong links with HHS, the mother school. When I interviewed the architect I asked him how they had come up with the specific scheme for Riga.

Well, there is nothing special about it really. It is pretty much like any other Swedish business school. That was the idea; we were supposed to build a Swedish school in Riga. So we did.

But there were a series of considerations that specifically dealt with the local Baltic context. The guarded entrance in particular was built to accommodate Swedish fears about Baltic instability and poverty:

The school had to have security. It was designed around that single guarded access point. Well, at the time, we didn’t know what to expect – fighting perhaps – and people didn’t have anything to eat... Otherwise anyone could have just walked in there, ... anyone! Perhaps it was excessive. We know that now. But at the time, it seemed like a war zone.

REA was specifically set up to be independent, both in terms of its status as a Swedish higher education establishment in Riga *and* as a building that guaranteed safety and independent provisioning with electricity and water; like a little fortress of privilege for the chosen few.

REA space is expressly ‘open’, ‘empty’ and ‘all new’. The architects may not have thought specifically about how to create a space for the education of “catalysts of change”, but many architectural features that are commonplace in Sweden are rather radical in the Baltic context. For example, REA’s open plan ground floor/first floor was specifically designed as its *democratic heart* where everyone could come together, thus defying hierarchies and barriers to communication. In this context it is noteworthy that extra provisions were made for the management and administration, i.e. whilst they often eat together with the students, they also have an extra room that can be used for more exclusive lunchtime meetings. The glass walls and open doors present a further radical departure from local practice. Intentionally focused on the Soviet context or not, they make a forceful statement about institutional *transparency*. Glass everywhere signals that inside this school, there is nothing to hide. Thus, architecturally the business school counters local expectations of public institutions as forbidding impersonal places, riddled with corruption and so unintelligible that one is daunted if not doomed without the proper personal connections. REA’s design functions as an important marker and statement in the post-Soviet context where informal practices such as ‘bribery’ and ‘corruption’ are taken for granted as a feature of everyday life (see Wedel, 1992 and Ledeneva, 1998 whose work is also summarised in chapter 1).

Whilst REA caters to traditional expectations of what a university should look like from the outside (impressive, respectable), it turns local notions of hierarchical academic space and authority upside down and provides an antithesis.

Academic space in Riga, e.g. at the University of Latvia (LU) and Riga Technical University (RTU), tends to feature monumental entrance halls. On entry, the general aura is dark, cold and forbidding. Whilst one is allowed to wander in off the street, it is difficult to find one’s way around or to identify individual units and offices. Signs are conspicuous in their absence and there appear to be few people who can provide definite pointers. Doors tend to be closed and generally, the space does not invite trespassers and students to linger.

Once one has successfully managed to enter REA, this type of local context is visibly left behind. Establishing REA as a separate unit clearly bypasses the predicament of slow institutional change and an unwanted historical legacy (these aspects were highlighted through the comparison with EuroFaculty in chapter 1) also in terms of spatial features. For REA the creation of a new and different set up means that its

organisational aims and novel ideas can be projected into and facilitated by the built environment.

REA's ambitious endeavour and its daring to be different also manifests itself in the many pieces of contemporary art. As the building was restored and planned, someone from Sweden came over to Latvia to choose the appropriate (Latvian) art objects. On a slightly raised platform-like open space is a huge sculpture: Olegs Tillbergs' "Protected Place". It is an organic bean or paisley-shaped 2-metre high steel object with a driftwood log placed on top. There are a few other interesting pieces of abstract modern art scattered around the building: "Virtual" and "Software" (by Kristaps Gelzis), "Orange entrances" (by Ojars Petersons) and "Angel" (by Aija Zarina). On tours of the building, the students (who act as guides) have to endlessly and patiently explain to baffled local guests and newcomers why it is that money has been spent on art. The implied question is: why did they waste all that money on something as unnecessary and superfluous? Over and over again, the students repeat: "In Sweden all universities have to spend one part of their budget on supporting artists, that is why we have lots of art." Whilst they report the reason for REA's collection, there appears to be a flicker of recognition for the outsiders' obvious incomprehension and / or scorn. But on the whole REA students accept (in some cases with pride) that at the business school, things are done the Swedish way.

Nespor conducted comparative fieldwork at an American University. He followed a physics programme and contrasted spatial and temporal parameters with those a business school. Here he describes the latter's spatial particularities:

...a public space that mimicked the spatial form of the corporate workplace. The coursework may have been typical lecture and test, but the material settings of practice – and ultimately the social spaces they produced – were tied to those of the corporation, both metaphorically (through simulations of corporate furnishings) and metonymically (through visible invocations of corporate links). (Nespor, 1994, p.111).

Nespor insists that the quasi-corporate space sets up an important relationship between the students and their graduate destination. He stresses that this extra-academic association transcends (and thus relegates) the temporary significance of

business school training itself. He suggests, "... the business school wasn't geared solely to academic or scholarly activity. The wide landings, lobbies and hallways of the building, all lined with deep cushioned couches were sites where students chatted between classes, read the newspaper, and waited for each other." (Nespor, 1994, p.111). He thus marks out business school architecture from that of other academic and institutional spaces. Spatially, it seems business schools pre-empt the future. Nespor's observations also ring true in the REA context, which is rather swanky and invites everyone to network in appropriately stylish surroundings, almost as if the students were executives already.

In Riga, REA's visual proximity to transnational corporate spatial environments is clearly perceived. The school provides important opportunities for Progress Partners and other companies and organisations. Frequently, companies hire the institutional site to give presentations to the students about their corporate goals, missions and business in the Baltics. Each time they pay for a lavish buffet and sometimes there are even presents for the students (see chapter 7). Annually, career days are organised by the student association to take place at the business school. Although there are other bigger career fairs in each Baltic capital, REA is targeted specifically by transnational companies. Rather than risking a diluted or distorted image at a public fair, the special link is thus protected (from outsider involvement) and contained within the REA site. Both students and transnational companies use the business school space to communicate things about themselves and both parties recognise that the special space forges and facilitates a powerful connection of the like-minded. In Riga, REA space is exciting and mesmerising and there is no other building quite like it, or certainly none that is accessible to a bunch of Latvian youngsters.

In order to develop and run REA's facilities to the standard described here, funds were raised not only from the Swedish government, the corporate Progress partners,



but also from the George Soros Foundation.<sup>156</sup> The Soros money covered the initial renovations of the building and as a result the main lecture theatre was named the George Soros auditorium. Through gossip I heard that when George Soros came to visit REA for the first time there was a small scandal. Apparently, he personally found the whole set-up unnecessarily luxurious and exclusive. He was displeased because the money could have been spent more effectively elsewhere rather than on the pomp and glory of the building. This controversy again highlights that there is another important theme implied in REA's existence, i.e. there is, symbolically, more to it than facilitating local students learning about the market economy. Indeed, REA is also an important prestige object.<sup>157</sup>

The REA refurbishment cost 2 million US\$ in 1993, and this figure was widely published in the Latvian media. The Swedish construction company *Skanska* undertook the building work. But Skanska itself met more than one third of the building costs. Rather than spend this money on an expensive advertising campaign to raise its profile in the Baltic states, the company used REA as a prestigious shop window. An REA student newspaper article described the relationship thus: "Although Skanska did not earn great profit from this project, it opened many good prospects for future projects in Latvia." Thus, the business school building does not only advertise itself – it is pictured on all REA application materials and brochures – it also advertises superior Swedish products and engineering. Indeed, the first photos of the school in the local Latvian press feature the Latvian and Swedish ministers of education in front of the building site. But most obvious in these pictures is the huge Skanska logo. Skanska's close association with REA continues to this day: the company acts as a Progress Partner, as an employer to REA graduates and a representative of the company sits on the school board.

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<sup>156</sup> For more background on George Soros and various connections between his philanthropic activities and the REA students, see footnote 118.

<sup>157</sup> See also Wiener who briefly discusses the significance of the choice of location and housing of London Business School (1981, pp.140).

In this section I sought to show and explain that the REA site is a powerful statement about Sweden and its good will. It symbolises a deliberate gesture to re-establish a closer relationship with the Baltic states: Sweden is ready to help in the difficult period of post-Soviet transformations. As such the establishment of REA is not a small gesture, but a massive one. The Swedish government is prepared to put up this fantastic site that oozes power and importance. It is eager to pull in and train a number of Baltic students, although their number is small and very select. These students are then invited to share in the power and the prestige that the school provides. In addition to students' existing cultural capital, they are now also privy to the transnational cultural capital that stems from the Swedish connection. Students' acceptance into REA ultimately means that they will be furnished with a connection to the transnational companies. Whilst this is never expressly stated the spatial unity of transnational companies and the business school clearly underscores it. REA thus fuels new ambitions and provides the powerful and unique opportunity to join the world of transnational capitalism. But in terms of an association, REA space is not exclusively linked to the world of transnational companies. There is also a more general notion about the West and about modernity. If it is possible to enter and exist in that kind of space – REA – one is almost there.

REA is also a monument to Swedish power and prosperity. It showcases all that Sweden can do and achieve – not only in terms of training and charity, but also – in terms of distinction, which is expressed in the particular style and architecture of the school. Students pick up on this importance of style, on its signalling power and on the need to adapt themselves to befit their new environs. The following section outlines how the students are introduced to the importance of image and presentation. REA does not merely signal this important message about style through its space, it also addresses the issue as part of the training of the students.

## 5.2 Communicating the agenda of change

In my understanding one of the most important transformative impulses of an REA education stems from the summer programme, which students undertake before embarking on their academic studies in economics and business administration. The introductory period differs in various aspects from the academic training. For example, whilst the REA degree programme is very similar to most undergraduate business degrees in the West (as outlined in chapter 3), the summer programme explicitly addresses the Baltic context from which the students originate. The summer programme seeks to equip the students with the basic technical skills that they need in order to follow their academic programme. By learning the language of business and familiarising the students with the technological trappings of modernity, students acquire important transferable skills that have a currency outside of the classroom and in the wider global context.

Perhaps even more importantly, the summer programme aims to develop students' communication skills and there is an implicit yet powerful emphasis on grooming. In my understanding, students are not only taught how to speak and behave *appropriately* within a business context; they are also learning to playact the Western businessperson. Lastly, the summer programme is structured and taught primarily by local staff. Those who introduce the students to the school and its expectations are also the only members of the school staff who have a constant presence in students' lives over the duration of their course (and beyond). Foreign faculty members come and go, but local staff are there to guide and guard students' every step and effort. Whilst not involved in teaching academic subjects, local staff have an important structuring role to play: they frame the educational activities and experiences of Baltic students and visiting lecturers.

The summer programme itself consists of a ten-week induction with compulsory classes in Communication in English (CIE), Introduction to Computers (ITC), as

well as an introductory mathematics course and Basic Economics and Business (BEB). Throughout the first year of studies, students continue to take classes in CIE, which are run by the director of the summer programme. The same person acts as English language instructor, informal mentor and chief monitor of the students' progress throughout their attendance. With one person in charge of this wider remit, I believe that this quote (about the objectives of CIE) best explains the overall aims that are being pursued through the non-academic teaching that takes place at REA.

In developing a high degree of proficiency in a foreign language and mastering a different set of study skills, students are in many ways becoming *bicultural* as well as bilingual. (REA Yearbook Class of 1996, italics added)

Indeed the first thing that students learn about CIE is, that it is much more than English language tuition. At REA it is all about communication in an 'enriched sense'. In order to master the curriculum, English is a prerequisite. But REA is relatively lenient in terms of students' knowledge of English at the beginning, precisely because it has a good record of bringing students up to standard. Nobody has ever left REA because of insufficient English language skills.<sup>158</sup>

Whilst the school's local staff know that CIE is not and cannot be the main point to attending REA, CIE is also the one area in which local staff takes a leading role. It is their domain and there may be an interest in widening its reach, rather than running it as an accompaniment to the always transient, though seemingly more substantial, academic courses whose contents and staffing are determined by Swedish management. I believe that CIE is highly relevant to the institutional processes as well as vital to the final product of REA, i.e. its graduates. CIE's emphasis on grooming expresses REA's implicit endeavour to change the students into something that closely resembles the graduates of Western business schools.

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<sup>158</sup> In fact, the relationship between CIE staff and students with initially poor language skills usually develops into a particularly deep and meaningful one. Justifiably, the school takes pride in these success stories of students who came with self-taught skills and became effective communicators – notably not by studying English full time, but – alongside a demanding curriculum in business studies.

An incredible amount of work goes into the preparation of CIE lessons. There is no one book that is simply followed. Instead, the programme is based on myriad sources and people, all contributing in different ways, either through their backgrounds or through the material and thought provoking impulses they bring in *from elsewhere*. The director of the summer programme tries to find teachers from all three Baltic states to work with the new intake, presumably to make the students from Lithuania and Estonia 'feel at home'.<sup>159</sup> Great emphasis is placed on the students' opportunity to experience different accents ideally both English and American ones.

Any chance to recruit guest speakers is being used. Local people who had lived abroad or had studied abroad on a scholarship come and speak to the students. Others travelling through the region were invited to the school to share their life experiences. For example, one woman came to speak of South Africa, its snakes and natives; another person conducted a session on non-verbal communication. The Christian crusade for Christ passes through the Baltic states every year and also delivers a regular guest lecture.

The director of the summer programme stresses the role and importance of communication rather than *mere* language skills. She sets out to teach the students not only to speak correctly, but also to communicate appropriately and effectively. Thus, most of the reading and teaching material is based on the disciplines and subjects that are being taught at the school. During the preparatory CIE course students often read articles from *the Economist* and the *Financial Times*, or *Fortune*. At INSEAD, where Marceau conducted her research, students read the very same transnational business media. Indeed she proposes that business elite like-mindedness is being brought about (and sustained) through this ubiquitous reading matter (Marceau, 1989, p.172).<sup>160</sup> At REA the engagement with this transnational media is very intense: students are asked to pick out those economic or business terms that are unknown to them, learn them and then test each other on the definition and meaning of these new words. Students soon learn to regard these newspapers and magazines as their 'natural' reading material and when they have a break in their

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<sup>159</sup> This is a difficult undertaking. Those teachers who share the qualifications and attitudes of REA staff are presumably in well-paid jobs within institutions that share a pro-transition outlook; they have the status of a scarce commodity. English language teachers who are working in state institutions might be in a better position to come to Riga for two months during the summer programme. However, unless they understand the 'new' methods used and the importance of bringing the students up to scratch, this can be a tricky endeavour.

<sup>160</sup> Marceau argues that because these sources address the major concerns of those involved in transnational capitalism, such reading materials remain central throughout one's career; local and national sources are of secondary importance only.

schedule they tend to fight over the latest issues as they appear in the library. Alternatively, students pilfer copies and read them at home.

To familiarise the students with the vocabulary of their chosen career, students also watch videos as part of their CIE training. Many of the films are set in the world of money, e.g. *Wall Street*, *Working Girl* and *The Firm*. Again, students are told to specifically concentrate on the economic and legal terminology used. I would like to suggest that students are not just supposed to learn the jargon of the subjects, but that they are also meant to become acquainted with the arena as a whole and perhaps even to identify with the characters of these films. Thus the students are being prepared for their future role with a concrete model in hand: American representations of successful American business people. Students respond eagerly to this implicit notion of a *model*; the most ambitious become avid readers of business tycoon biographies in their spare time. For example, various students were familiar with the lives of Warren Buffet, Bill Gates and George Soros.

CIE teaching continuously works at extending vocabulary and correcting grammar, and all REA students are taught to be aware of small details in language and behaviour. But the most important way in which CIE departs from Standard English language tuition is through its concentration on what is ultimately an emphasis on marketing-of-the-self or impression management. Students are taught public speaking skills and during numerous CIE lessons, they rehearse their performances in front of each other as well as the video camera. In this way, students are made aware of the importance of being presentable in general. Through CIE grooming techniques students are introduced to the importance of public speaking skills, i.e. of clear, logical as well as argumentative communication with an audience. In their CIE lessons students learn a host of skills that are broadly related to public relations. They are reminded about the importance of time management, especially for company visits. They are instructed in the necessity to appear like a true professional, for

example in terms of the presentation of reports, all of have to be submitted in a standardised format.

The emphasis on standardised presentation and smooth structured performances is an aspect that the students embrace and they carry it forth into their academic courses. To my knowledge, students were never explicitly instructed to dress up as part of their school routine. However, already in the first year of their course, most students wear formal clothing when they present their group work to their peers. When the opposing group comes similarly dressed the whole matter becomes increasingly staged. It is clear that students are rehearsing for their future role, which values clean and professional attire and above all the demonstration of self-confidence. Nespor suggests, reporting from his fieldwork in an American management undergraduate programme, "In these presentations it was not only what students said that was important but how they looked, presented themselves and managed the questions and comments from professors and other students." (Nespor, 1994, p.115). Students at REA appear to agree; formal clothing somehow goes with the territory. At the same time as students learn about presentation skills and rhetoric, they also acquire the slick wizardry that comes from the routine use of overhead slides and *powerpoint* presentations.

At REA students learn the jargon, manage the contents as well as props.

In 1996 and 1997 high importance was placed on public speaking and debating skills. Taking part in competitions became something of a hobby for various students at REA. The school even organised a native English speaker who came in once a week as a public speaking coach. The hard work paid off and in 1997 one of REA's students won the final of the *English Speaking Union World Public Speaking Competition*. Her talk was entitled: "Mind the gap!" and dealt with Latvia's role in the changing relationship between East and West. On her return from London, she announced (in her usual deadpan manner) that she had won a handshake from Prince Phillip.

REA students are very successful at national and international competitions of this kind. Students recognise that nowhere else in Latvia is such good training available. CIE thus produces not just proficiency in a way of looking Western, but also encourages and promotes the ambition to join that world. Initially, students learn

presentation skills by rehearsing with fellow students. Later, they perform in public: all students become the voice and face of REA during company visits.

But the REA students do not necessarily believe everything that they are told in the classroom as part of their CIE lessons. For example, some students remark on the way in which 80s films “full of yuppies” are really not where it is at anymore. But when they laugh about the outdated hairstyles and clothes in these films, it is largely due to their awareness and pride in having a much better idea of what is appropriate in the financial world in the late 90s. It is precisely because students take matters of style so seriously that they know the latest trends better than their local CIE teachers. If some students disagree with their teachers on the latest Western fashions and lifestyles, the discord on contents only underlines the fact that both staff and students of REA subscribe to the relevance of some sort of Western role model.

REA has a strong agenda of change and transformation and this is played out both in the academic subjects (as outlined in chapter 3) and in the supporting training (e.g. the overall summer programme and the continuous core element CIE). Students and staff cooperate in an effort to create a transnationally acceptable business elite. In this thesis I would like to suggest that grooming is one of the most important arenas for this endeavour. Wiener notes the importance of appearance and gentlemanly form in post-war management education in Britain:

The Oxbridge tradition of teaching not how to *do* certain kinds of work but how to *be* a certain kind of person inclined the new management education toward, in one consultant's view, 'acculturation of social roles at the expense of work itself.'" (Wiener, 1981, p.140).

Similarly at elite schools in France, Bourdieu suggests “... the material taught is less important in and of itself than what is taught above and beyond this material through the ordeal required for its acquisition.” (Bourdieu 1996, p.111). Based on my fieldwork among students at REA I believe that re-inventing oneself is a serious concern, not simply a matter of ‘dressing up’. I will continue to trace this engagement with style and image throughout the remaining thesis.



In this section I also want to explore the way in which students' vision of what is appropriate to the transformative endeavour differs from what the school provides. This extract shows how, after two years of seemingly endless presentations, some students eventually got bored with the formulaic structure of it all.

In spring 1997, there were rehearsal presentations for the Bachelors thesis. The rehearsals were not a regular event but scheduled specifically for the benefit of some Swedish visitors. For these presentations the stakes were higher than usual, partly on account of the outside audience, partly due to the importance of the thesis itself. The groups who were to present an early draft of their thesis had been handpicked by the school's administration. The majority had previously received scholarships and academically speaking they were seen as 'safe bets'. Towards the end of the presentations two students went up onto the stage of the Soros auditorium. In contrast to the previous speakers they were both markedly casual in their attire. When they began their talk they complied with all the rules for presentations that they had previously learned: they introduced themselves and the paper and they formally handed over to each other for different parts. However, following the initial overview of the structure of their presentation, one student referred to her co-presenter by his nickname (a diminutive form) just as she was handing over. The subversion of formality was an instant hit with the audience and the entire auditorium roared with laughter. The presentation was a great success. The Swedes liked it too; they were grinning along.

CIE teaching encourages students to be 'natural' and always highlights the importance of humour and visual aids to lighten up the tone. However, being playful with language (or indeed languages) is not necessarily encouraged. Students being witty were primarily reserved for encounters in the yard. Banter amongst the smokers who gathered there occasionally had playfully performative undertones. This was especially true for joking, which was often done in Russian.<sup>161</sup> The presentation described above was so much more memorable precisely because it drew on the students' own interactive patterns and subtly subverted the teaching received.

As mentioned above students are not uncritical of the provisions that are made for them in CIE and they are particularly sensitive to the ways in which their training implies that they still 'have to' learn from the West and Westerners. For example, the wife of a Western ambassador to Latvia did some voluntary work at REA. She taught the occasional CIE class to the first year students. But the students were not quite ready to be patronised and cast in the role of grateful recipient. One student commented:

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<sup>161</sup> See also Yurchak's work on *Anekdot*, which emphasises the notions of ridicule and resistance in Russian joke work in late socialism (1997).

She thinks we are monkeys or something. You know, today she asked whether we had heard of Pizza Hut... soon she will wonder whether we ever heard of McDonald's...If she thinks we are that stupid, why does she come here?

The ongoing teaching of CIE stresses an agenda of change and improvement and students are also being evaluated for their activities and achievements during the summer programme. Summer programme staff draw on homework assignments, class participation, lecture attendance as well as comments by other lecturers. CIE is not simply about basic skills and role-play, there is an element of supervision and control too. After the ten-week summer programme the school is also assessing and revising its original entrance decisions, indeed some students have already been classified as unsuitable long before they have even started their academic courses.

For example, in 1996 at least one student was “offered the piece of paper” two or three weeks into the summer programme. The *piece of paper* denotes the students’ euphemism for being asked to leave REA. Apparently, such suggestions are made in a gentle and subtle manner. For example, students are asked whether they might not wish to postpone attending REA for a year. This suggestion is made when particular students are considered to be “uncooperative” and “immature”. Because individual students are not seen to engage with the agenda of change to the desired extent, the school takes a step back. What is important here is that students are being asked to leave not because of low standards in their academic work. Rather, the business school makes decisions about students’ suitability already prior to any exams. It is obvious that at REA criteria other than academic and meritocratic ones are at work.

At the end of the summer programme – ten weeks into their training – students must be able to demonstrate their progress as *a direct outcome* of the teaching received. The summer programme evaluation tutorial forms an important part of students’ ongoing relationship with local staff. But students are not being assessed on how closely they resemble their Swedish, or Western counterparts. Rather, in its tutorial

assessment the summer programme staff seeks to assess the distance, which students have 'travelled'. This means that those students who have had to adapt most dramatically, (especially in terms of English language skills) usually do well. More problematic are those students to whom CIE has little to offer. Those students who are already capable of appearing 'Western' and sophisticated fall outside of this classification scheme.

One student explained his experience of the summer programme and the tutorial:

It was very lucky that already from the beginning we were in this really cool group. It would be a cool group – we had [gives list of student names]! I mean we chose to be in that group together... During the summer we had a great time. You know, that the summer programme is great! You get to know these new people. And we were hanging out together, going to the beach, drinking together in Old Town...

When we had that tutorial, it was, like: a complete laugh! I mean, there wasn't much that they could have taught us – or was there? So, they hated us. Already from the start, they were angry with us. They said we were arrogant and that we weren't trying. And that we did not make an effort to fit in with the other students... And they said that we hadn't learned anything.

CIE – ha – well, I don't think so! In fact, my English was much better then than it is now – with having lived ...[abroad]. That is stupid anyway about SSE ... those who are really good just get worse. Only those who are terrible get better – but we all end up somewhere in the middle. What else was there? BEB – honestly! That was just bullshit. Anyway, we knew that already. We all got good grades in that exam too. Group dynamics, we were a great group – we had fun together! Maths was ok. ITC was a joke – so simple. Yeah, but they really hated our group! That never changed – they still don't like us...

The students' rendition of the summer programme highlights the discrepancies that exist between students when they arrive at the school and the way in which the Baltic states are undergoing a rapid transformation. In the 1996 and 1997 intakes there were clearly a number of students who needed guidance in the implicit transformative project. But increasingly there were also more and more students who had been abroad and who featured all the 'Western' distinction that their peers still had to acquire. Whilst local staff matters in their mediating capacity at REA, some students are clearly increasingly reluctant to take style advice from them.

This section showed how the business school implicitly seeks to produce Western style business people. The ten-week summer programme and first year's most permanent component (CIE) puts a strong emphasis on grooming. But this section also indicated that in terms of privileging particular images, role models and fashions, many students are increasingly well prepared to make their own choices. Bourdieu suggests:

It is undoubtedly through their efforts to dress themselves in the trappings of nobility and intellectual grandeur, especially in the presence of their peers, that they acquire not only the assured manners and style that are the surest sign of nobility, but also the high opinion of themselves that will lead them, both in their lives and in their work, toward the most lofty ambitions and the most prestigious enterprises. (Bourdieu, 1996, p.112).

In my understanding, self-presentation and grooming are elements at which the students excelled. In fact, their standards were higher and their remit was broader than what was proposed in terms of personal transformation by the school itself. This section already indicated how the strong agenda of change manifests itself within the REA training especially in the beginning of the two-year programme. The following section seeks to provide a contrast to the organizational agenda, it considers the students' own efforts in finding and defining an appropriate style for this new elite.

### 5.3 Negotiating visible identifications: consumption at REA

The previous section outlined the way in which the organisation introduces and promotes the importance of looking the part of the Western businessperson. But the students, who are taught self-awareness and careful control of how they present themselves, take this message only half seriously. Some students consider the staff who teaches them about the importance of self-presentation and public speaking “old-fashioned”. They are taught how to be Western, but they feel that they themselves know better what it means to approach and appropriate powerful *Western styles*. As outlined in section one, the building already sets a particular tone. Section two showed how the training emphasises transformation. But the student community itself also provides an excellent tool. For students it is only through REA that they find a group of people who are equally interested *and* equally capable of going to considerable expense for it.

The tools with which students research the lifestyle fashions are primarily visual. There is an obvious similarity with Svede’s work (2000), which reports the illicit reading of Western fashion magazines during Soviet times (see summary in chapter 1). Many female REA students frequently buy and read fashion and lifestyle magazines. Overall there is a preference for imported magazines from Britain and the US, although the Russian editions of *Elle* and *Vogue* are also of interest. Some students also read the local fashion press. Sometimes seriously, sometimes just to have a laugh about the manifest ‘backwardness’, be it of the clothes or the quality of the photography. Because these magazines are relatively expensive, students buy them and then swap. This is not an organized activity, but it occurs whenever magazines are spotted, e.g. in people’s bags or homes. Magazines must be given back: they are being used for later reference or returned to the original owner. The magazines provided in the REA library are almost permanently in use.

Students do not only use the same sources, they are resources to each other. Frequently they discuss fashions and trends together and they also go shopping together. Again, this activity is somewhat more pronounced among women. But almost all students attempt periodic reinvention in their personal styles whilst attending REA. Proud announcements such as: "I changed my image!" are always followed by the doubtful question: "What do you think?" All students clearly rely on peers for advice and inspiration in their pursuit for appropriateness. On the quest to identify appropriate clothing styles and obtain actual items, REA students utilised a variety of strategies and sources:

Some research is conducted on the Internet, where the latest catwalk shows are scoured for images and ideas that are then printed out and taken to the dressmaker. But such designs are rarely just copied. Instead, students seek to combine and adapt different elements according to personal preferences and to create novel effects. During fieldwork I spent hours hunting through shops to find the most appropriate fabric, more hours on the bus to the dressmaker and then considerable time discussing the merit of various alternative cuts and patterns.

At some point one student had heard of this shop in a small town outside Riga that sold seconds of Western European fashion lines. In total we made three trips there, each time finding something completely unlike what we had hoped for, but improvising and generally having a great time. Eventually too many REA students ended up wearing the same clothes, the novelty wore off and we never went back.

Other places to hunt for bargains were the outlets of the former state-enterprises. The recently privatised local knitwear company was trying to adapt to market conditions by producing the occasional line for export. Whilst most of their wares locally sold were decidedly old-fashioned (even drab Soviet style!), the occasional jumper or cardigan due for shipping abroad had stayed behind and was sold for a pittance.

Yet another option presented itself in the many second hand shops that sold Western clothes that had been donated for a good cause. Whether hunting for clothes for parties or casual wear, students tended to share sources.

Birthdays were an appropriate occasion to pass on fashion advice subtly. A few students would put together money for a present and we spent hours choosing just the right kind of tie for our friend.

Some male students continued to rely on their mothers to help them find clothes. This indicated that not everybody at REA is equally keen on this strive for self-improvement. However, snide comments and / or compliments that were frequently expressed among friends and peers soon alerted even the most reticent student of the importance of keeping up. Eventually they too got the hint that it was time to change.

The student body provides important opportunities for exploring and fine-tuning image changes and new styles. But notably, not everybody shared information about sources and bargains with everyone.

One student reprimanded me somewhat sheepishly that I wasn't supposed to hand out special addresses to everyone. She had introduced me to this particular salon and whenever there were compliments I had willingly passed on the details. I hadn't realised that this was not the done thing. As it turned out, her relatives had complained that this particularly service was now in such heavy demand that they could no longer depend on the fast service they once enjoyed. Also, they were worried that ultimately the prices would go up!

Another student explained to me that it was "not necessary" to disclose all the treatments and treats one had had at the beauty parlour. "Let them think that it's natural! Anyway, you don't want them asking where you are getting it done. And certainly not in public."

In order to gain access to specialist services close friends were in a privileged position. Sometimes though one could simply not help disclosing the address of one's hairdresser or the shop, from which a particular pair of shoes originated; even if one would have rather kept it to oneself. The comments above were made to me, because I clearly did not have a clue and violated that which was understood and usually remained unsaid (see also chapter 6, which focuses on networks).

Whilst they are studying at REA, the students are, of course, (not yet) hugely wealthy, but they are receiving a monthly income that should cover their subsistence. Anything that they earn on top of that (and most students do have another income) is pocket money. The majority of students tend to spend their monthly grant or loan quite quickly and easily. They do not set money aside and few students appeared to contribute to their parental households. On the contrary, I would estimate that up to twenty percent of students were perennially in debt. They rely on friends and their families to see them through until their money arrives at the beginning of the next month. First and foremost, student's income is spent on consumption and leisure activities. Ultimately it represents an investment into their new status.

REA, like other business schools features the "external trappings of modernity" (Bourdieu, 1996), thus the students also use the Internet as an important tool for staying up to date with the latest issues, themes, trends and fashions. In addition,

some students' homes have satellite television including music channels such as *MTV* and *VIVA*. In the late 90s many students had already been to Western Europe or the US, e.g. either on a scholarship or for a short trip with a choir or a folk dance group, or to work or buy second hand cars in Germany. There are major global trends in which REA students are involved and frequently REA students serve as national trendsetters. For example, in 1996, some of the students had mountain bikes. In 1998 it was a definite trend for graduates to purchase such expensive bicycles. But it was only in 1999 that the whole of Latvia went bicycle crazy. A similar thing happened with snowboards. At REA, one student was a snowboard champion. Many students were proud of her, and of their association with her. Soon enough, they too wanted to be associated with that sport. Indeed many REA graduates' initial salaries were spent on purchasing expensive imported leisure equipment. In each case it took the Latvian market months or even years to catch up.

Most ubiquitous was the advent and spread of the mobile phone. In 1997 mobile phones were still rather exceptional in the Baltic states. It certainly was an unusual item to own for a student. But it quickly became extremely popular at REA. I believe that it was singularly appropriate to the situation of the students. Mobile phones provided ultimate privacy, which was a rare commodity for the students, both at home (where they lived with parents), in the dorms or within the school context. Mobile phones were openly visible, but could also be tucked away, discreetly. They facilitated the students staying in touch with one another all the time, and thus accommodated their hectic and intense lifestyles. Whereas the first few students had been given a mobile phone from work, many students followed suit and invested heavily on what soon became an essential item.

But consumption patterns also relied on a sense of community and in turn, furnished the students with closer connections within the group. When the intake of 1996 began studying, the numbers of students from Lithuania and Estonia had also increased. Instantly, there were various playful competitive debates about which one



of the Baltic states had produced the best sparkling wine, hard liquor and chocolates. Once these students returned home, they brought back bottles and cans and boxes and all joined in the process of evaluation and appreciation. In the first instance students became *Baltic cosmopolitans* almost by default. They learn the statistics of each Baltic country in the classroom and during project work, but the constant association with students from the other Baltic states means that they also acquire detailed information in terms of lifestyle and consumption. Through visits to their new friends from neighbouring countries, students quickly became knowledgeable about the best nightclubs, pubs and ski resorts.

Procuring items or accessories for friends provided ever more opportunities for discussing the merits of particular products. Throughout 1996 and 1997 Estonian students were being constantly pestered to buy and bring a new brand of cigarettes that had not yet appeared on the Latvian market. *Barclays*, an American cigarette brand, were widely available throughout Latvia, but initially only in the normal brown version. In Estonia, on the other hand, the low tar version was already being sold (in blue packaging). Very quickly, *blue Barclays* became the cigarette brand of choice for the majority of students at REA. It seemed reminiscent of Soviet times when essential items had to be “procured” especially through personal networks (Ledeneva, 1998, see also various articles in Wedel 1992); so much time and effort was being spent. In Latvia in the mid-90s this particular item did not cater for urgent and desperate needs, but it was a rare commodity and thus provided distinction. It also offered an opportunity for creating and testing new relationships between REA students and allowed for the negotiation of personal preferences and collective consensus, which I believe, are crucial to the process of elite creation. Marceau argues that INSEAD students and graduates “... perceived their group as special because of common understandings, attitudes, values and centres of interest...” (Marceau, 1989, p.170). Consumption provided an important opportunity for differentiation from others outside of the school context.

REA students would occasionally warn me that they were in fact rather unlike *normal* students in Riga. One student told me the following story, which showed just how out of touch with the local scene he had become.

Whilst discussing smoking and cigarette brands with old school friends from secondary school they ended up debating the typical students cigarette brand in Riga. The REA friend immediately suggested *Barclays*, but his friends began to laugh. They said: "perhaps at the Swedish school... - but the typical student cigarettes at LU are *Quattro!*" (a local brand which cost a third less).

The student was completely surprised by this revelation. At REA he had always been interested in marketing and had excelled in the course. But he had not applied the principles and theories to himself. Secondly, he could not fathom the forcefulness with which the REA consumption patterns had come to dominate his own perception.

Whilst REA students were increasingly out of touch with what was going on locally in terms of consumption, they were ever more involved in global trends and opportunities. The students' awareness is broadened through their programme and through their fellow students. Ultimately, the latter are a strong determining factor in consumption patterns and developing lifestyles. Few others can share and appreciate the new and distinguished passions of the REA students either because they can't be bothered to care so much, or because such items and trends are simply beyond their means. REA supplies a ready-made audience and a source of co-conspirators who are equally interested in the re-making of the self.

Together, students would spend long hours inside the school happily watching videos. In 1996 and 1997 the students repeatedly watched *Trainspotting*, *Pulp Fiction*, *The Usual Suspects* and anything by Peter Greenaway. Noticeably, students' interests were much broader than the films about the corporate world that were being shown as part of CIE. They were interested in being part of current debates, trends and to some extent, cultural and literary criticism. As far as they were concerned these self-chosen films corresponded more closely to their own aesthetic and sense of humour. Because small groups frequently watched these films in the Soros auditorium, they might alert others or others would simply join in, without much ado.

Thus the word spread about what was considered cool there and then, all the while producing an ever more elaborate shared frame of reference.

Students' interests and likes were not solely focused on the Western media and Western images, nor were they solely satisfied by *imports*. Countless students recommended that I read Mikhail Bulgakov's *The Master and Margarita*. In terms of music tastes, some students attended concerts of whichever popular Western pop band was touring, but they also went to listen to Boris Grebenshchikov, whose music has a long association with the cultural and political opposition to Soviet repression in the 80s.<sup>162</sup> Another popular form of all-night entertainment were *raves*. In the mid-90s in the Baltic states these were just starting to become more commercial and whilst some students were clearly avant-garde in their knowledge and appreciation, they were soon popularising such events amongst their new colleagues at REA. Raves and the music-entertainment scene more generally were partly inspired by Western styles, Western records and Western DJs, but there were also important Russian and indeed *Soviet* inputs. Local musicians, performers, DJs and producers of contemporary music were in equal measures Russian and Latvian and their gigs and events were frequently littered with references to a Soviet heritage – de-contextualised and mythologised – e.g. honouring the creativity of Soviet time filmmakers or using Soviet political symbols and images as stage props.<sup>163</sup>

In the Latvian music scene, more than anywhere else, there seemed to be a self-confident and assertive mixing of irony and nostalgia that the students appreciated, precisely because it drew on a shared cultural history and cultural knowledge in an irreverent, but relatively uncomplicated manner. Being acquainted or even friendly

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<sup>162</sup> For background information on Russian rock music see Ryback (1990) and for a review of the cultural continuity of Russian rock music and its importance in the post-Soviet period see Friedman & Weiner (1999).

<sup>163</sup> For more information and comparative detail on the 90s rave scene in St. Petersburg, see Yurchak's brilliant analysis (1999). He traces the history of the rave scene back to its original producers and makes a convincing case about the way in which it is based on counter-cultural impulses in the late Soviet period such as cynicism and the aesthetics of *Stiob*.

with the organisers and (cultural) producers of these events was considered the ultimate status symbol.

Occasionally these links also provided privileged access to perks. For example, two students managed to get free tickets to the music festival in Roskilde, Denmark. Twenty tickets had been sponsored by the tobacco company House of Prince, and through their personal connection, these two friends had both 'won' the contest.

After a while raves became ever larger, increasingly popular and to some extent also more dangerous and less fun due to "too many shaveheads" (i.e. mafia types / New Russians) who had moved in and claimed rave events as their own arena. REA students moved on to other forms of music. Again, first there was a wave of knowledgeable connoisseurs who took their favourite REA peers along to parties, events and clubs. After a while individual students began to celebrate their birthday parties in these clubs, inviting the entire student body to listen to their favourite DJ. In the late 90s Latvia's premier acid jazz band eventually performed at an REA party, invited by the student association's party committee.

In their common endeavour students increasingly embrace the world of casual dressing and after two years at REA most of them will have learned the finer distinctions between *casual* and *smart casual*. In the second year of studies, even when they wear formal clothes for work, students look confident and relaxed. This is in strong contrast to the beginning of their REA attendance, when most students tend to be very tidy and neat in their appearance.<sup>164</sup> Somehow, over time, REA students get rid of the excessive formality and stiffness and they replace it with a certain effortless flair. Like most people in the Baltic states students tend to be very well presented. Their clothes are almost always ironed and spotlessly clean and often carefully and neatly mended. In winter there are many hand-knit jumpers to be seen (by mothers or grandmothers). Shoes are polished on a daily basis. However, at REA there is definitely an overall trend towards dressing more casually. Over time students start to look more and more like each other. Standards of neatness might be relaxed (to some extent and where appropriate, i.e. in a casual setting); meanwhile clothing styles emphasise that this is a deliberate choice.

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<sup>164</sup> Students' appearance on the first day was detailed in the introductory chapter.

The ability to *do casual* is in part attributable to a unanimously popular student initiative, which identifies sponsors who finance the production of REA branded clothing, in return for adding their company's logo. Companies game for such ventures tended to be transnational, of course. In early 1997 students had ordered over 2000 REA branded items. With some foresight the person responsible had limited supplies for the new students who were to join some five months later (and some orders had also been received from the recent graduates). But given the small size of the student population – less than 200 – the amount of clothes ordered seemed extremely high. Most students had ordered several T-shirts (in white, black, navy and red), several sweatshirts (in the same colours), an umbrella, and at least one rain jacket (in red or navy). The most desirable item was the REA watch. It had been sponsored under a separate agreement and it was available in a limited edition only.

The sheer volume ordered obviously meant that all students were buying multiple items. When I asked why, most pointed out that these items were cheap and their quality was considered adequate. When I asked for any other reasons, no further comments were made. A few months later, the following advert appeared on the REA notice board, outlining some possible considerations. By then the scholarship had increased and a few items in unpopular sizes and colours were left:

Since now all of us have become very rich and our purchasing power has increased, you might be willing to obtain items with SSE Riga symbolics that you see other students wearing. So use your last chance, make up your mind and obtain things that you can wear, that will mark your identity with SSE Riga and will remind you of your school for long time. So just stop by me and we will make a deal. This is your last chance. (sic)

The REA branded clothing symbolised and made tangible the students' connection and involvement with REA, i.e. something prestigious, Western and foreign. It was noticeable that the branded clothing showed not only the crest but also the name of the school in English, i.e. *not* in Latvian. When I asked one student about her order, she explained:

"One is for my sister, one for my brother. Maybe I will give one to A. [a friend from outside the school who had many friends in the REA community], and the rest are for me. I liked the last design better... it had a small logo - you've seen my T-shirt?"

A.T.: “Yes, I like them better too. But they made those ages ago – you weren’t even at REA then!”

“That’s true, but M.[second year student] presented it to me. That one is much nicer. The new things, I really only like the watch. I would like to give one of those as a present. And I would like to keep one, for if mine breaks...It is stupid we can only order one each...Which ones are you getting?”

I had ordered one red T-shirt, which most students thought was rather too little. Ordering huge quantities was the thing to do. As this student’s considerations indicate, giving REA branded clothing as a present was also one way of involving selected others in the prestigious endeavour and the transformative project that REA represents. Those 2000 items delimited the social sphere around REA. Only the siblings and close friends of REA students had access and were honoured with these visible tokens of membership. But there was also a downside: several students reported how they had spotted “strangers” wearing REA clothing, (even in Estonia!). Due to their small number, some REA students knew most of the students’ siblings *and* close friends (even those from Estonia, i.e. through visits and from school parties where friends were invited). Seeing the REA logo appropriated by unknown third parties was somehow unsettling.

The sheer volume of identical clothes proved almost too difficult within the small set-up at REA. Students kept mistaking other people’s jackets for their own and it took a lot longer to find one’s clothes. Rain jackets especially were constantly mistaken in the early days. Students would go home in them and realise in the trolley that their monthly pass was missing. Whilst there was a great desire to partake in the joint effort of being identified with the school visually, this also implied and communicated an approach that made some students feel ambivalent.

In the summer of 1997 two friends were offered a job as the result of their internship. Every day after lectures they would change into their dark suits. Together they made their way to the company. Both of them would wear their identical navy rain jackets. When it rained, they would open their identical REA branded umbrellas and walk on. They were both the same height and of a similar stature. One was blond and the other one dark haired. When they were walking around together – many students laughed – the formality made the corporate identity seem ridiculous. One person joked that the two looked like the missionaries who descend on Riga every summer.

One of the two commented:

“I thought it was a really good jacket, and such a good deal. Value for money, really. But now – I don’t feel good about it. We both look the same – it is stupid. But I don’t have another one... I have nothing else to wear...”

In this section I hope to have shown that the transformative endeavour is something that may be suggested by the building itself, it is actively promoted through the students' training, but it is also something that they themselves embrace, enjoy and seek to bestow on selected others. Students' engagement with style is serious and indeed, hard work. It has the potential to expose individuals to ridicule and is best accomplished with the help of newfound friends. The varied student body and the many opportunities provided by the school facilitate manifold influences from which the students need to distinguish those that best befit their status as a business elite-in-the-making. Because students are so exposed *and* open towards Western styles – especially in terms of fashion – so dedicated to the quest and so disciplined in their application they are almost mistakable for ex-pats.

## 5.4 Theoretical considerations of space, grooming and consumption

In the final section of this chapter I would like to re-consider the different elements described above and attempt to theorise their relevance to the production of the new Baltic business elite. In contrast to political scientists and sociologists who tend to emphasise the structural patterns of elite succession during periods of regime change, I would like to propose that research into REA space, the institutional emphasis on grooming, and student consumption patterns, is vital to an understanding of the business school project in the transition context and of the situation of the students who attend it. For as Miller notes “...demand for goods may flourish in the context of ambiguity in social hierarchy.” (Miller, 1987, p.136).

The REA building, together with the earlier description of REA recruitment patterns (detailed in chapter 3), has an important role in boundary maintenance, which is one of the core factors in anthropological elite research (Marcus 1983; Pina-Cabral & Pedroso de Lima, 2000; Shore, 2002). The business school building clearly segregates those who are chosen and physically excludes those who are not. It supplies a safe and exclusive space in which a new group can form; or aggregate, according to Bourdieu (1996, p.102-114). The building offers substantial resources in terms of space and splendour, technical equipment as well as academic training. But this means that REA also departs from the ethos of many elite schools that stress rigour and frugality. For example, Wright Mills suggests that exclusive schools tend to be ‘Spartan’ and ‘quite simple’ (Wright Mills, 1956, p.66). Bourdieu argues that elite schools rely on ascetic practices because

It is only if we bear in mind this deep and unconscious desire for cultural ascesis (...) and for all the trials that, as public proof of one’s self control, stand as proof of one’s right to control others, that we can understand why, in an apparent paradox, “elite schools” in all times and all places should subject those who are destined to wield power to such rough treatment. (Bourdieu, 1996, p.111).



I would like to suggest that REA differs from this model because it represents a dramatically different elite project in a period of intense social change. For example, Kingston & Clawson (1990) quote the dean of one elite establishment as explaining that American business schools apparently function like *bottling plants*, i.e. they merely label an already desirable product. With this chapter I propose that there is in fact a major difference between American business schools and REA. In Riga attendance does transform its students: it supplies a particular set of ambitions. Secondly, and by no means less importantly, the business school functions as a site for students' own transformation. Similar to elite schools in America and France REA *then* supplies the all-important credential (or label). Whilst REA students are already equipped with considerable cultural capital when they arrive, something does have to happen before they can step onto the corporate ladder. A transformative act does take place, which turns the bright offspring of the Baltic intelligentsia into quasi ex-pats. In large parts this transformation is about the appropriate behaviour, style and deportment. In this respect my analysis agrees with Wright Mills' observation on the importance of

... conformity with the criteria of those who have already succeeded. To be compatible with the top men is to act like them, to look like them, to think like them; to be of and for them – or at least to display oneself in such a way as to create that impression. (Wright Mills, 1956, p.141).

The spatial similarity between REA and transnational companies underscores the fact that the students are being socialised into their future existence at such companies.

But the emergence of students' transnational ambitions is not straightforward. Appadurai proposes that practices of segregation (and any other form of rites of passage) are “techniques for the inscription of locality onto bodies” (1995, p.205). They are thus part and parcel of a *technology of localisation*. REA's Swedish benefactors have taken on and taken over one bit of Riga (the building) and one part of the most promising population of the Baltic states (the students). By setting up the business school they are involved in a process of “locality-building”, which according to Appadurai, always involves a moment of colonisation.

It involves the assertion of socially (often ritually) organized power over places and settings which are viewed as potentially chaotic or rebellious. The anxiety that attends many rituals of habitation, occupation or settlement is a recognition of the implicit violence in all such acts

of colonization. (...) [It] is inherently an exercise of power over some sort of hostile or recalcitrant environment... (Appadurai, 1995, p.209)

In my interview with the architect, he recalled how the process of building and establishing the business school seemed to be risky. The endeavour and the space for it had to be protected and guarded, for fear of being 'out of place' or contested. I suggest that the anticipated danger was also a reflection of the fragility and daring that are implied in the neo-colonial project of introducing capitalism into the formerly socialist context of the Baltic states back in 1993. By asserting its ability to claim that space (both physically and symbolically) REA's benefactors show themselves to be powerful and triumphant winners and set up an important example for the students to emulate.

In the process of setting up shop in Riga, Sweden and the corporate philanthropists depend on the standing and reputation of HHS, the mother school. Thus, the establishment of REA relies on notions of descent and succession. These concepts are usually applied to elite families where power is inherited. Herzfeld suggests, "...reproduction of an underlying sameness in the midst of generational change is the foremost proof of ... [a] fundamental claim to perpetuity." (Herzfeld, 2000, p.234). I believe that in order to understand REA's status, the notion of perpetuity and its effect of legitimisation can also be applied to the institutional level. For by building REA in HHS' image, i.e. using the same architect and a similar curriculum, the business school in Riga is making a claim about being bigger, better and more established than it really is. But, (as already noted in earlier chapters) the beneficial association works both ways. REA shares in HHS' academic standing and achievements, and meanwhile REA also attests to the charitable intentions of its benefactors and its institutional progenitress. Shore perceptively observes, "...monuments enshrine the status and authority of those who finance and commission them." (Shore, 2002, pp.13).

On the one hand, the strong link with HHS and with transnational sponsors bestows onto REA a powerful background, a status and a history. On the other hand, REA also fosters in its students transnational allegiances and it provides a special platform for their individual and collective future. As I have shown in my analysis in section two, the summer programme and the training in CIE implicitly aim to cast the students in the mould of Western business people. For this purpose, students are socialised into the world of Western capitalism, i.e. through the emphasis on glib performances, smooth and routine usage of jargon and the cultivation of a professional image; the aim is to make them *bicultural*. In addition students increasingly meet transnational companies and their ex-pat workforce at company visits, internships, company presentations and career days. Thus students' life worlds are increasingly populated by places, positions, ideas and symbols from elsewhere (either Sweden or more generally Western capitalism). As they become ever more fully absorbed into the institution and its practices, the local context is, to some extent, being corroded (Appadurai, 2000, p.221).

Meanwhile students are not only passive recipients of what they are taught at REA. As highlighted above, they reject and contest the way in which they are trained to replicate specific Western images that they do not value. They are active producers of their own models and ambitions. Spurred by ever more accessible and affordable mediascapes students are engaged in "... *the work of the imagination* (...) [which is] a constitutive feature of modern subjectivity" (Appadurai, 1996, italics in original, p.3). Marcus identified elite lifestyles as one of three elements that denote elite exclusivity – similar to issues of recruitment and boundary maintenance – thus emblems of status denote separation as a way of asserting superiority (Marcus, 1983, p.11). As I hope to have shown, at REA the design and creation of an appropriate hybrid elite lifestyle is not simply a matter of mechanics. Much effort, creativity and fine-tuning is involved before the students graduate from stiff formality to a relaxed projection of confidence and cool.

I do not wish to brand students' endeavours as an entirely novel activity. Indeed, a process of familiarisation with Western fashion was ongoing, also throughout the Soviet period. Svede's rendition of Latvian hippies showed that in the 60s and 70s young people from the Baltic states were aware and proficient in the adaptation of Western styles (2000). Svede goes into great detail about how hybrid styles were developed despite the supply problems of the market economy and the official lack of concern for consumers' needs and desires.<sup>165</sup> Verdery too argues for the centrality of consumption under socialism:

... consumption goods and objects conferred an identity that set you off from socialism, enabling you to differentiate yourself as an individual in the face of relentless pressure to homogenize everyone's capacities and tastes into an undifferentiated collectivity. Acquiring objects became a way of constituting your selfhood against a deeply unpopular regime. (Verdery, 1996, p.29).

In the post-Soviet Baltic states of the 90s the reasons behind consumption-as-resistance have clearly gone. Many consumer articles, e.g. designer clothes, perfumes and mobile phones are readily available. Furthermore, the REA students are actually in the position to be able to almost afford the real thing. Thus, a lot has changed in terms of opportunities. Consumption in the 90s need no longer be a matter of having to *make do* (Reid & Crowley, 2000b). Thus, at REA, the emphasis on consumption is no longer a matter of scarcity, but style. Nevertheless, styles and pedigree are pursued and established with the sort of verve, voracity and effort that had become part and parcel of consumption under socialism. Furthermore creating appropriate styles and consumption patterns is something that students do together with fellow students. They rely on each other's advice and access to sources that are otherwise carefully guarded. Hence the importance of style is not an individual pursuit but a collective endeavour that is likely to persist even once students leave the institutional context behind.

When students are particularly careful about the way in which they select appropriate styles, media, films and music, I believe that they are not only true to their

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<sup>165</sup> A summary of his work and of the role of consumption during socialism was provided in chapter 1.

intelligentsia background. Rather, they are also on a quest to differentiate themselves from the only other group of people who are willing and able to ‘freely’ consume Western fashions in the post-Soviet period: the *New Russians* or New Latvians (or *nouveaux riches*). As indicated in chapter 2, Humphrey (1995) has convincingly shown that in the post-Soviet context of Moscow the mafia, businessmen and entrepreneurs are conceptually associated with the Soviet concept of speculation. Thus, trade is heavily laden with negative connotations and violates the centrality of production, which according to Marxist-Leninist ideology can be the only source of true value.

REA students tend to laugh at the New Russians, because of the “tasteless” clothes, the heavy gold jewellery, the Versace clothes and the conspicuous consumption. But implicitly, the students are very careful never to be ‘mistaken’ for this other group. I propose that this is due to the moral ambiguity of wealth and privilege in the post-Soviet period. REA students are never brash or loud and they are desperate not to appear “cheap”. Instead, they are carefully cultivating tastes that are refined, relaxed and mature. They would never buy something simply because it was expensive. Rather, most items are carefully researched and discussed. Those that gain approval have pedigree and style. I would like to suggest that the deliberate differentiation between New Russians / New Latvians and soon-to-be-wealthy business school students is necessary precisely because it is not automatically obvious. Both groups are *winners of the transition*, for it is the demise of the Soviet Union that enables them to gain financially.

Major issues within this discourse are perceptions of what it means to be ‘modern / legitimately wealthy’ and to be ‘cultured / civilised’. As far as the students are concerned, they do not engage in large-scale drug dealing, extortion, prostitution or murder and hence they are not part of the ‘mafia’, they are neither ‘thugs’ nor ‘shave heads’. Nevertheless, they are uneasy about any suggestions that they could be considered *New Estonians / New Latvians / New Russians / New Lithuanians*, for it

remains a term of abuse. The differentiation between students and these disreputable groups of 'criminals' is clearly being played out is around education, 'legality' and high status. In contrast to such shady characters, REA students' attainments, careers and salaries are all 'above board'. Crucially, their existence is sanctioned and legitimised through their membership of REA and through the transnational sponsorship that REA receives.

Whilst students and graduates can rest assured that they are 'legal', Humphrey's work nevertheless underscores that within the FSU context, there is an underlying question as to whether they and their (future) activities are (or will be) considered 'moral'. Thus, differentiation outside of the safe institutional context is often pursued and achieved through recognisable signs of cultural capital and distinction. REA students tend to employ signs and styles that are refined and recognisably Western.<sup>166</sup> The consumption patterns of the students are then at once a playful celebration of their own success and a creative engagement with style and transnational trends, and, at the same time a claim for moral status and superiority. Taking account of Humphrey's work, I hope to have shown here, there is a lot more to the labour of consumption (Miller, 1995) than meets the eye. Due to the students' ability to master a variety of influences and resources so convincingly, "... one may have to look twice for the culturally creative aspect of it, not to accept that it is in large part direct import, and mere imitation" (Hannerz, 1996, p.153).

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<sup>166</sup> See also chapter 6, which deals with the "normality" of Western goods. There I compare the perception of the students to that of Estonians on a former collective farm (Rausing, 2002).

## **6. DISCONTINUITIES, DIFFERENTIALS AND ESPRIT DE CORPS**

### **Introduction**

The previous chapter demonstrated that REA is powerful in conveying a particular notion of transformation to the students especially in terms of image and style. I outlined the symbolism of REA's built environment and showed how central it is to the notion of the powerful West and that it sets a modern tone for the educational endeavour. I examined the way in which the preparatory summer programme and the ongoing CIE courses inculcate the students with a particular model, i.e. that of the smooth-talking, well-presented businessperson that is appropriate and 'at home' within the world of transnational corporations. I went on to reveal that the students contest the contents of that model, but crucially, they do not reject the idea of individual and collective change towards various kinds of Western styles. Rather, students embrace the transformative notion and collaboratively design and re-design their own consumption patterns. I showed that the *magic* of REA extends beyond the narrow confines of the classroom and the academic curriculum.

However, in previous chapters of this thesis I have also suggested that there is a considerable gap between REA's modernising elite project and the wider context of the Baltic states in 'transition'. I have argued that REA does not bridge that gap – neither through its curriculum, nor through its faculty – and that it passes on this difficult task to the students. This means that it is up to the students themselves to make sense of transnationally derived privilege on the one hand and, on the other, ordinary circumstances "at home" – be it with their families, as part of the wider societal context and in their relationship with the Latvian state. In my understanding the reconciliation of that gap is the most difficult experience that the students face whilst attending REA. Personal and collective transformation on the part of the REA students also means that previously established relationships are changing and must

be negotiated anew. Moving on and moving up within the 'transition' context is not simply a matter of unlimited advantages.

Section I of this chapter highlights the difficulties experienced in moving between the school context and the local Baltic environment. The business school is transfused with transnational, future oriented and image conscious references and practices by means of which it facilitates the transformation of the students. To be able to discern distinction and to be able to operate within an REA type environment is an important part of the students training which prepares them for a career in transnational companies. As part of this process students quite quickly come to take for granted REA's Swedish (or Western) standards of provisioning. They respond to the signals that the business school provides, i.e. they are told that they are an elite and most of the time they are treated like one. Thus elite standards become *normal* in the REA context and students expect continuity, i.e. that the school will supply nothing less. But when students articulate demands commensurate with this status *outside* of the specific REA environment – for example in terms of dormitory provisioning – they are perceived as arrogant, precious and ungrateful. Students clearly struggle to navigate and bridge the gulf between a privileged REA existence on the one hand and the local post-socialist context on the other.

Section two and three focus on the differentials within the REA student body and closely examine the status of the Russian-speaking students. I note students' readiness to adapt to new political circumstances and outline their efforts to come to terms with their own positioning within the current phase of nation-building. It emerges that whereas Russian-speaking students need to constantly prove their appropriateness for membership within the national realm, their attempts to fit in (and hold onto their pride) are not necessarily appreciated or rewarded. As outlined in chapter 2, Smith suggests that nationalising states institutionalise and reproduce ethnic and linguistic differences through citizenship regimes (1998a). It is noteworthy that even when Russian speakers seek to comply with legal requirements



they are still caught out by a categorisation, which associates Russian language and culture primarily with the label Soviet (and thus occupation and oppression of the eponymous groups in the Baltic states). Nationalising discourses stress the importance of cultural standardisation and essentialisation and within this discourse Russian speakers tend to be classified as collectively unwanted. Individuals within Baltic societies are frequently operating these broad categorisations, but *not always*. Meanwhile few opportunities exist that allow personal relationships to emerge that would contradict this process. However, the institutional realm of REA functions as relatively neutral ground, which facilitates incessant opportunities for intense encounters across the ethnic divide.

It is the purpose of this chapter to highlight the problematic aspects of students' transformations and to explore their individual and collective negotiations as they traverse different political, social and spatial realms. In the final part I argue that new institutional processes and continuing patterns of networking together forge the specific REA *esprit de corps*, which is a notion that has been developed by Bourdieu and his students to describe the particular nature of ties established in elite schools. In chapters 6 and 7 I continue to analyse the nature and power of the REA student network and highlight its potential for students' careers.

## 6.1 REA vs. home

This section is concerned with the spatial discontinuities of REA's transformative project and with students' attempts to reconcile their special status within the local context. The school building (described in the previous chapter) is where most students spend the better part of their days. Here I want to pay closer attention to the way in which students experience the contrast between the main site and the REA dormitory and their individual home context.<sup>167</sup> The aim is to investigate how students traverse the divergent standards and how they fit in within the different arenas.

When students go home – eventually – at the end of the day, the Swedish endeavour stops and Baltic post-Soviet *normality* resumes. I suggest that because of the size of the gap, i.e. between a powerful, prestigious and sheltered arena in which to transform themselves (at the main site) and the local context that is rather more mundane, students need to work that much harder at negotiating the disjunctures between these two extremes. I begin by highlighting the situation in the REA dormitory where students live side-by-side with regular (non-REA) students. The problematic gap between local and REA standards is neatly highlighted by the dormitory residents negotiations with the school's management about improvements. It appears that students reject inferior local standards, they expect and demand better.

But as it turns out the issue is more complex. First of all different students have different views about their own status and entitlements and their positions keep shifting. Secondly, some students in fact seek out the context that is less privileged, i.e. they choose to live in the dorms and / or they go there to visit. In my understanding this reflects the students increasing willingness to spend time together.

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<sup>167</sup> Not all REA students live in dormitories. Students from Riga tend to stay where they are, which is usually with their families. Some students stay in rented accommodation (either a room, or a flat

By this I mean that it is representative of an increased understanding (or an increased willingness to understand) that the students are indeed 'in this together': they all share the problematic process of moving, switching and translating between different life spheres. They find that bridging the gap is made easier when it is undertaken in the company of REA friends and colleagues.

For a small number of the first intake of students (56 only) REA had rented a number of private flats. At that point all students came from Latvia and few were from outside of Riga. As student numbers grew to 100 and as students were accepted from outside Riga, the business school made arrangements with the Latvian University (LU) to share in their facilities, i.e. renting one floor in the LU halls of residence in Teika. The building is a 4-storey prefabricated rectangular block amongst four or five identical ones. Constructed during Soviet times, the dormitory facilities exist without any noticeable changes to their exterior or interior. Teika is approximately 6 km from the city centre and access by public transport is relatively unproblematic during the day. But like many suburban areas in Riga, Teika is not very safe and some students have been mugged, either in or on their way to the trolley bus.

On the LU floors, students live three, sometimes four to a room. Floors are divided into two halves, which are separated through a door. Each half has a communal kitchen and male and female toilets at the very end of each corridor. There are approximately 12 rooms to each half and the inhabitants of these rooms share the rather drab facilities. On each floor there is an open access communal area with an old-fashioned and ramshackle corner sofa and a low table. Showers are located on the ground floor and are shared among the residents of each block. Once residents get past the guard downstairs, they are left to their own devices.

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share). But most students who come from outside Riga and from Estonia and Lithuania live in the dorms.

Overall, there is little comfort and certainly nothing decorative or grandiose about the Teika dormitories. The only elements that separate and safeguard particular REA facilities from wider use are the locked doors, which connect the floor to the two central staircases. On the REA floor, only two students (occasionally three) share a room. Some students use the extra space for a small fridge in order to store the ample supplies of food brought back after weekend trips home. Sofa beds and built-in wardrobes look shabby and worn. The decoration remains firmly old-fashioned even when 're-decorated': steel curtain rails with poorly attached flimsy makeshift material complement washed walls with graphic chalk patterns, reminiscent of the 50s. The kitchens have one or two stoves but no communal cooking equipment; everybody has to bring their own. Facilities for students to eat together are minimal: a table and a couple of chairs in the middle of an uninviting kitchen. The smoking room resembles a cell; its walls are covered in blue tiles. At Teika there is neither a democratic heart nor are the facilities embellished with architectural features or modern art. Instead the dorms feature cockroaches, rodents and hygiene standards that leave much to be desired.

During fieldwork various dormitory residents fought perennial battles to improve standards: they petitioned the school and kept nagging. Meanwhile two students simply brought in some paint and rearranged their room as best as they could. Others arrived at the beginning of the school year and left straight away. One student explained:

I went there with all my things when I first arrived. But I couldn't live there. And I certainly couldn't study there. It is so crowded and dirty – it's a joke. I didn't really want to take a room ... [outside]. But that place just wasn't an option. Honestly, I could not believe it – you would think that the Swedish school would find somewhere decent...

Here a student clearly articulated that, in her view, the dorms were not (or no longer) good enough. It also marks the high expectations that students have who are constantly told that REA is an elite project where the best students receive the best training under the best possible circumstances.

Despite these various coping strategies, the students did have grievances about the dorm provision in Teika. To underscore their complaints the students invited REA's dean to visit the dormitory in the autumn of 1996. It was an official event and advisory group representatives travelled together with the dean in the school's Volvo (a generous leather clad present from REA's sponsors). After the tour the dean seemed genuinely horrified; I suppose he was particularly shocked by the contrast between the dorms and the school provision at the main site.<sup>168</sup>

In Teika cockroaches were running around as usual. The toilets did not seem particularly hygienic. In the gloomy and draughty women's bathroom there were some 8 cubicles, but only three of them were intermittently in use. Second year students reported that the smelly stagnant water had already been there when they had moved in 15 months earlier. The wooden planks were rotten. During the dean's tour one student was crying. Others described their life there in detail. The dean immediately promised to query the abominable state of the facilities and to bring about change as soon as possible.

The arrangements with LU for renting the REA floor were originally made to bring about gradual improvements. For an above market rent (£15 per month per student) REA had been assured that the facilities of REA students would be done up bit by bit. But by 1997 no changes were evident. Some students were wondering where all the money had gone and suspected foul play on the part of LU. Gossip was rife, especially regarding the elusive study room that was supposed to have been refurbished especially for REA students' use. Indeed, there was a room, which had been re-decorated, but nobody had actually seen it because it was locked. When the issue was raised with LU, the buildings' caretakers apparently explained that the study room was now in such good condition that they had wanted to preserve it.

Students gleefully recounted that the caretaker had insisted: "No, it needs to be locked! Otherwise the students will use it! They might have parties...". At this stage the students were delighted. They never really had a problem with organising parties, even without a special place for it. Also, it seemed that with the REA management now on their side and interested in solving the issue the dorms would improve after all. Into the bargain the visit had exposed the outdated uncooperative attitudes of the LU dorm staff.

In the immediate aftermath of the dean's visit there was a flurry of activities. With the school having promised to foot the bill, students researched the pan-Baltic market for the most potent pesticides so that there would be an end to cockroaches. But bigger plans were afoot too: shower cubicles were to be installed in the bathrooms on the REA floor for REA students' use only. But despite the frenzied activities, hope for the better, and energetic planning, nobody was particularly surprised when there

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<sup>168</sup> That is to say, although students had heard of the teachers' dorms being rather nice (and a lot more like the main site), none of the students challenged the dean by making comparisons between the

were “structural problems” preventing the bathroom rescue mission from happening. The students soon realised that the dean – no matter how motivated – was impotent in bringing about change by himself. Even his willingness to release funds was of limited importance.

Ultimately the liaison with LU representatives and caretakers fell to REA’s administrative staff. For the difficult task of organising anything as ambitious as renovating the existing LU dorms, local language skills and old-style negotiating abilities were required. The dorm issue neatly exposed the gap between local environment and Swedish ideas. It also meant that local REA staff had the unenviable task of explaining to local LU staff why exactly REA’s (local) students were so special that only Western standards would do for them. They were stuck in the middle: having to satisfy the demands and requirements of the Swedish management and having to somehow translate REA’s vision of Swedish standards to those who operated within the local context.

LU as an institution, of course, had nothing much to gain by cooperating. Giving in to REA ideas and demands made little impact and difference to their own or LU students’ existence. If anything, better dorms for REA students further exposed LU’s struggle to cope with restricted state funding levels and increased student numbers. LU’s school facilities were already lagging far behind those that were provided by REA (at the main site). In 1999 REA finally decided to find, re-build and furnish an entirely separate building for student accommodation. But the dramatic visit by the dean that eventually led to this longer-term outcome was only half the story. Throughout fieldwork dormitory residents’ expectations mirrored the difficult circumstances and contrasting perceptions of standards.

Some students switched back and forth in their own interpretations of what was going on. Firstly they were hopeful. Then they were appalled that improvements were only gradual or seemed to have been forgotten. A few weeks later they were “not really surprised” that nothing seemed to happen. Stoically they remarked “... it’s a Swedish school maybe, but the dormitories are still in Teika...”. Meanwhile some students wondered whether the school might be willing to pay them the £15 so that they could move out and find their own accommodation.

But there were also a number of REA students from outside Riga who knew LU students who resided elsewhere in the LU dorm complex. They used to go to school together and they still occasionally socialised with these old friends. The REA students who were thus connected did not appear too keen to accentuate differences that were borne of their privileged attendance at REA, e.g. as far as I know they did not bring these friends to REA parties. But in the dorms the proximity to old school friends made them feel “at home”. One Latvian student who had previously studied at LU had simply stayed in his room shared by other LU students and located on another floor. The REA dorm debate did not concern him. Indeed he had always felt that to keep a little distance from REA somehow made good sense and provided a healthy balance. In fact at night he was quite happy to leave REA and REA people behind and to return to “normality”.

Therefore whilst some students felt that the dormitory was an unrelenting extension of REA patterns and intensity, others clearly revelled in and relied on the social and practical opportunities provided by the group. Undoubtedly the dorms functioned as an important foundation for salient student and graduate networks. Especially for students from Estonia and Lithuania the dorms acted as a vibrant and generally supportive hub. In each case a few students had already attended the same secondary schools (or universities) in their home countries and these connections were being immediately extended. Once they studied at REA and lived together in the dormitories these students continuously cooperated: moving items, friends and

messages between Riga and home. Even after their graduation former students from Lithuania and Estonia were guaranteed a bed in the REA dormitories whenever they visited. On the one level this increased cohesion of national groups, but the dormitory also facilitated networking across groups.

In 1995 students had lobbied REA to install a non-academic scholarship for the most popular student. They were successful in doing so and when it came to the election a well-liked Lithuanian won. His election promise had been utterly compelling, especially to the dormitory residents. He was going to use the extra income as a perk for dormitory residents. Thus students went to sauna and spent nights out in the town. Generally these were inclusive events where everybody could come along, but especially for dormitory residents they served as a focal point. On a day-to-day basis dormitory residents borrowed food, clothing, cooking equipment and fridge space from one another; they exchanged agricultural produce brought back from home as well as locally unavailable specialities. There were some close-knit groups who did so routinely, but if there was a need it seemed one could ask anybody. Having been out late at night in Riga's old town, dormitory residents shared taxis. This conveniently allowed for a final summary of that night's gossip.

One or two students from the Riga area even moved into the dormitory, standards notwithstanding. They could have continued staying at home but for them there was some convenience either in the transport connection, or they preferred to live in Teika as a way of avoiding parental checks on their activities. Thus, whilst some students found the dorms an unacceptable place to live, other students clearly considered it as a viable option. Despite the lack of charm in the dorms, some REA students who were not residents came to visit and to enjoy the space as an unsupervised place for socialising. This is how two enthusiastic dormitory residents advertised it in the student newspaper to the newcomers in 1996:

Parties at the dormitories are just great! There are parties with an explicit reason (birthday parties, passed exams), and parties with implicit reason (because it is



Friday, or because it is Monday). Parties last until all drinks and food has been consumed, or until it is time to go to the School...

Students living elsewhere were invited for birthday and namesday parties and later some of them returned, sometimes unannounced: for a beer, a game of cards, or simply to hang out. Occasionally, the levels of noise caused grievances amongst regular residents. Periodically, efforts were made to establish party-free days, i.e. prior to exams. In my view the willingness of the students from Riga to visit and integrate those from outside marked an important tendency for REA students to increasingly socialise with other REA students. Riga residents could have easily spent their free time by continuing to see old friends from secondary school or by staying at home with their parents, but instead they increasingly forged closer links with REA peers not only at school, but out in the town and in the dorms.

As outlined in previous chapters the REA context of the main school site is exclusive and the patterns of courses and methods mean that students are forced to interact with one another all the time. Both the days spent together at the school and the dorm 'community' gave rise to increasingly close ties. I noted also that the main site is particularly important, for its spatial characteristics underline and consolidate the importance of creating a separate and special REA identity and image. In this section I seek to highlight that students' preferences were not one-dimensional or straightforward: in addition to stressing their belonging and identification with the school (at the main site), students also choose to spend time together in places where their environment was decidedly less modern and less privileged. For example, for the annual sports days the student association rented the camps of former state enterprises or organisations (bedbugs included); similarly, for the summer symposium (which is a weekend where new students are welcomed) students travelled to another such camp. In their leisure activities students also 'roughed' it together. Carrying boats, sleeping in tents, sitting by the fire in the endless midsummer rain was no big deal. All of this is (still) considered "normal."

In terms of the organisation, the dorms marked an area that was discontinuous from the REA context and this meant that the organisational message about the transformative endeavour – about being different and better – was not completely watertight. But the discrepancy between home and educational facilities also applied to students who were resident in Riga. Since REA structures and timetables (and activities of the student body) dominated students' lives other aspects were crowded out. There was less and less time for friends from secondary school and families.

Throughout the period that I spent at REA, I only witnessed one occasion where a student brought her parents into the main school building. It happened on a quiet Sunday afternoon and the group seemed mismatched. The parents were clearly in awe as they were ushered through the space. The student appeared embarrassed and it was unclear to me whether this was on account of the parents, or on account of the school's conspicuous splendour. Meanwhile some parents did bring their children to Riga; i.e. they helped to transport their belongings and settled them into the dorms, they never got to see the *magical place* that was the actual reason for their children living in Riga. Back home, many students' families were proudly showing off pictures of their children that were taken inside REA, but for the vast majority of parents (and friends), the school itself was off-limits. During students' attendance at REA there was an increasing spatial separation of different life spheres.

Occasionally students brought friends to the school, but usually only one at a time. For such introduction, some friends seemed more suitable than others. Those that came along tended to be people who shared in REA students' transnational cultural capital, i.e. they had lived or studied in the West and there was a similarity in terms of lifestyle and linguistic abilities. Usually they were connected to REA not simply through one student, but through close-knit groups that had known each other from secondary school. Apart from these selected individuals, most students were increasingly isolated from their former circumstances. They appeared to prioritise REA contacts over other relationships. For example many students from Riga started

to celebrate their birthdays and namesdays at the school. For this purpose they brought in refreshments and invited their new friends to gather in institutional space. Alternatively, they chose the more modern and less personal settings of bars and clubs. Either student's homes were considered inappropriate for entertaining new friends, or new friends seemed to not quite fit within the family context.

Here I would like to briefly focus on the students' shared perception and evaluation of what they considered to be "normal". I am drawing a comparison with Rausing's latest paper (2002), where she reports on her fieldwork in Northern Estonia. Rausing noted that in the early 90s many people on a collective farm were spending money that they could ill afford on relatively expensive imported products. But rather than using such items as a means of distinction, she reports that the consumption of these goods was downplayed, i.e. goods that were special were treated as if they were nothing special. Indeed, she argues that through the consumption of special goods, these Estonians were approaching the state of becoming "normal". Probing the meaning of the concept, Rausing suggests that it is based on an opposition between Estonian-ness and Russian-ness, where the imagined past plays a vital role.

The relationship between consumption of Western goods and the concept of the 'normal' is associated with a second relationship between the notion of what qualities constitute Estonian-ness – i.e. thrift, order, quiet, stubbornness and individualism – and the conception of a set of opposite characteristics which are associated with the Russians and the Soviet Union – profligacy, disorder, emotionality, and a tendency towards collectivity and brutality... (Rausing, 2002, p.131).

The logic of this relationship pivoted around the term 'not normal', whereas the West, and particularly Finland and Sweden were represented as 'normal'. The 'normal', then, tended to mean not what Estonia, or the collective farm actually was, but what it it should have been had the Soviet invasion not taken place. The 'norm' in other words, was not used in the meaning of what the norm was, but rather in the meaning of what should have been: what 'normality' would have looked like had Estonia's development itself been 'normal', i.e. uninterrupted by the Soviet takeover (ibid., p.131).

Rausing goes on to show that whilst the conceptionalisation of the 'normal' was steeped in anti-Soviet association, it was nevertheless based on a world-view intimately connected to Soviet culture, and especially normativity.

In this thesis there have (so far) been a couple of instances where I quoted students who were explaining their situation or desires on the basis of what they considered 'normal'. Here I would like to suggest that at REA students' understanding and usage of the term veered between two modes.

- a) In its first meaning the concept as used by REA students was not dissimilar to Rausing's explanation, for it signified and captured something aspirational. However, in contrast to Rausing's case, students' were not looking back into history, i.e. "to *return* to normality" (Humphrey & Mandel, 2002, p.8), but *forward* into the future. Students would use the term prescriptively when they were making a claim to superior entitlements (wanting "normal" things), but also descriptively, i.e. when they were judging circumstances to be just right (things being "normal"), thus emphasising their own special status as someone who knows what Western standards entailed.

For example, when Western standards were not forthcoming within the business school context this was sometimes considered "not normal", REA was somehow seen to be defaulting on a promise. The student who left in disgust after having surveyed the dorms had expected or REA that it should have "normal" dorms: all she wanted was something according to Swedish standards. Similarly, the term also marked those who were trying to signify to others that he or she was a knowing consumer of all things and circumstances Western, who could take things for granted. Much as in Rausing's case, when someone commented on objects or items especially the owner might simply reply that it was "not special, but normal", even when the pride shone through. Again, this readiness to "normalise" indicated that the person knew what should be normal and claimed it, for they understood what was trendy or required for their elite status.

- b) The other context in which the term "normal" was used referred to the local context in its post-socialist state. Students would assert that they were (positively) "normal" as a way of de-emphasizing their special status. They thus marked themselves as simple, easy-going people who were in touch

with 'reality'. To be "normal" in this way was a compliment, for it denoted that this person was neither arrogant, nor precious or haughty, but down to earth.

For example, the student who wanted to keep the room on the LU dorm floor argued that he belonged there. He was (still) "normal", and not special or precocious and did not think too highly of himself to be dissatisfied by "normal" circumstances. It was about modesty. "Normality" in this second sense marked students as being 'integrated' and in 'touch' with what was going on locally, i.e. as opposed to 'above'. In the beginning of people students would sometimes tease me about being a 'soft' foreigner. It meant that I was not adapted to the rough ('normal') life that they knew. However, as highlighted in the previous chapter, one student found out by discussing cigarette brands – much to his surprise – that he no longer knew what was "normal" among ordinary (non-REA) students.

In my understanding the term "normal" served to express both aspirations and denial of one's special status. Indeed students were switching back and forth to accommodate their own obligations and desires. The meaning attached to the word was highly contextual and expressed the students' ambivalence about having to negotiate the disjuncture between 'home' and business school contexts, about wanting to be special and yet at the same time needing to be ordinary, e.g. for comfort, or to fit in. Students relied on an understanding shared between peers to extricate the intended interpretation, i.e. whether they were claiming or contradicting that they belonged within the sheltered and exclusive realm of REA or into the larger (and 'more real') context of a country in transition.

The dormitories and the home context of many students clearly contradict the signals of a special status for REA students. But the need to continuously bridge the contrasts between privilege at REA and post-socialist reality (at home and in the

dorms) was something that students had in common and that, ultimately, they achieved together.

Whilst being spatially discontinuous students' experiences tended to be socially contiguous. Alongside their splendid and luxurious existence at the main site, which quickly came to be taken for granted and thus "normal", students also shared an understanding of what local "normality" meant. Some felt that this local context was somehow not (or no longer) good enough, others meanwhile sought it out and continued to utilise it, i.e. for friendship / networking purposes. Crucially, REA students' command and access of both realms was not easily shared with others. As indicated above, access to the special realm of REA was limited to specifically selected individuals. In the long run students chose the company of equally privileged REA peers and found it preferable. It sidestepped issues of jealousy and a questioning of why exactly REA students were worth it, whereas others were not.

## 6.2 Issues of nationality, citizenship and difference

As outlined in chapter 3, the vast majority of REA students were born in the late 70s and grew up in the Soviet Union. Their background is one that is commonly described as intelligentsia. Most students had attended a small number of elite secondary schools in Riga or the other Baltic capitals or major towns. From one perspective the REA students are quite homogenous. From another, REA actively recruits from different nationalities. Moreover, REA draws in not only titular nationals, but also permanent residents of Estonia and Latvia.<sup>169</sup> Throughout the Baltic states, schooling was (and is) available either in the titular language, or Russian. This means that Russian-speakers (irrespective of whether they held citizenship or permanent residency) and the eponymous groups were unlikely to have met prior to their arrival at the business school. This section focuses on the position and specific activities of REA's Russian speaking students especially in terms of integration and naturalisation. It is followed by a consideration of how differentials between Russian speakers and titular nationals are recognised and dealt with by REA.

In chapter 2 I outlined the way in which the newly independent states are struggling to classify the Russian speaking population as an integral, permanent and welcome element of the Latvian and Estonian nations. One of the key issues that fuelled Baltic efforts to re-claim sovereignty from the FSU was the fear of Russification and ultimately cultural extinction. Language continues to act as a marker of ethnic status and is of great significance in Latvian politics; it plays a key role in legislation about citizenship. To briefly recap: in Latvia, the official state language was Latvian, even during the Soviet period. However, Russian was the lingua franca throughout the Soviet Union. In Latvia, as in other Union republics schooling was provided in either Latvian or Russian. This meant that children of Russian-speaking families could attend schools where Russian was the language of instruction. Latvian children

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<sup>169</sup> As mentioned in chapter 2 citizenship issues were worked out differently in Lithuania when the Soviet Union collapsed. Whilst Estonia and Latvia each have specific ways of dealing with a large

tended, for the most part, to attend Latvian schools. In a classic colonial pattern, Latvian language schools provided very good training in Russian, whereas Russian language schools provided relatively little training in Latvian.

Throughout the fieldwork period many of the students at REA who were Russian-speaking permanent residents applied for (and were granted) Latvian citizenship. In their late teens or early 20s REA students neatly fit into the naturalisation ‘window’, which sought to attract young people in the first instance.<sup>170</sup> The eagerness with which REA students embraced this opportunity is especially noteworthy and interesting in comparison to the situation in Latvia overall where “less than 5% of eligible non-citizens have applied for citizenship and undergone naturalization.” (UNDP, Latvia, 1997, pp.54). There is an ongoing debate about the criteria that are being used to allow permanent residents to become citizens. The language exam is a particular bone of contention. The UNDP Human Development Report goes on: “[i]t is possible that the low naturalization figures reflect the psychological estrangement of non-citizens from the state. Some observers also suggest that non-citizens feel cheated or offended when they have to actively affirm their belonging to Latvia.” (ibid., p.55).

The Russian speaking REA students who applied for Latvian citizenship had lived in Latvia all their lives. In some cases, the only reason why they had missed out on automatic citizenship was because their mothers had wanted to give birth near to their families (who lived elsewhere in the FSU). Other Russian-speaking families had long connections with Latvia. Some students told me that there was, unfortunately, no paperwork to support that claim. REA students’ abilities to adjust to and embrace new circumstances and opportunities – such as the business school itself – have already been documented in the earlier chapters of this thesis. Thus, perhaps unsurprisingly, the Russian-speaking students did not find the naturalisation

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population of Russian-speakers, both countries have been criticised for their naturalisation policies. The approach chosen by Lithuania is considered more inclusive (see Smith, 1998b).

<sup>170</sup> See chapter 2 for a description of the naturalisation process and criteria at the time of fieldwork.



process a particularly difficult task. Having been accepted into REA already indicated that they were all high achievers. REA students were applying to become Latvian as part of an adaptive strategy. They considered the history and language exams they had to take as part of their application quite easy. Students felt that they needed to be able to speak some Latvian in their daily lives anyway and they were already trying to do so. This was despite the fact that their attendance at REA offered limited opportunities only (see next section). Whilst the tests were perhaps considered tedious, the skill examined was practical.

Applicants from REA all hoped that Latvian citizenship was going to “make things easier”. But in conversation students neither referred to the fact that becoming a citizen would allow them to vote, nor did they mention that they were worried that without citizenship they might find it hard to find work. Rather students tended to cite practical concerns.

A. was fed up with problems about travelling outside of Latvia. Each time she wanted to go and visit her friends and boyfriend in another Baltic State, she had to apply for a re-entry guarantee stamp. If she wanted to travel abroad she had to do this on top of applying for a visa. With her old Soviet passport she was officially stateless and this did not make things easier. Whereas Latvia is part of many non-visa regimes, the former Soviet citizens / permanent residents do not benefit from such arrangements. As far as A. was concerned the re-entry guarantee stamp represented extra hassle and extra cost (£6 for each single guarantee stamp, £15 for 24h service). She was not particularly keen on becoming Latvian, but she would do whatever it would take to make her life easier, or more “normal”. If they were being “stupid” and making it difficult – fine – she would overcome that difficulty.

S.’s reasons for applying for Latvian citizenship were different. She told me that her parents had had difficulties in the past for they had had to rely on Latvian business partners to sign all the important papers and deal with administrative processes and permissions. She was the first in the family who was eligible to apply. Also, she was the only one whose Latvian was good enough. Her mother understood some, but her father did not. Her younger sibling spoke some English, German and Latvian. Once she became a Latvian citizen it meant that the family could go about their business in her name – they no longer needed to rely on people who had cheated them in the past. They also wanted to get on with the privatisation of their apartment.

Russian-speaking students at REA were sometimes defiant about having to fulfil special criteria just in order to be “normal” or on an even footing with others. A willed detachment from emotional attachment and issues of “belonging” was very much the mode of operation when talking amongst close friends. But cynicism and mockery about “silly” Latvian bureaucracy were also interspersed with anxiety and trepidation. Wilson perceptively highlights that the nationalising discourse about

indigenouness in the Ukraine implies that *the others*, i.e. ethnic Russians, “have ‘homelands’ elsewhere” (Wilson, 1998, p.124). This denial of belonging was also in operation in Riga and it seemed to me that – especially the young Russian speakers at REA – considered this the most hurtful element. In my understanding the permanent residents also felt that they belonged to Latvia. Whilst they did not feel *Latvian*, they nevertheless considered Latvia their “home”.

The growing literature on Latvian citizenship procedures outlined in chapter 2 frequently notes the dilemmas of the *beached diaspora* (Laitin’s term, 1998). Whilst REA students are privileged in comparison to most Russian speakers, the following extract from my field notes shows that even the highly educated, confident and resourceful students of REA struggled to make sense of the naturalisation procedure and their own role and feelings whilst undergoing it. As one of the students was due for her oath, I asked whether I could come along.

As we were getting ready to leave the school, T. expressed unwillingness and hesitation about going to take her oath. Previously she had seemed eager and impatient to get the naturalisation process underway. On the day she complained that we had to travel quite a way into the suburbs. She noted that it meant extra effort and inconvenience. This was noteworthy because usually T. found energy for absolutely everything and she very seldom complained about practical matters. I expressed my surprise about our out of the way destination, for I thought that there would be one central office dedicated to the administration of all naturalisation applications. T. remarked that it was “hilarious”: there were so many offices, “so many people working in them and such a slow speed to the whole process”. She said that it was ironic how much money the Latvian state spent on it, especially given that they did not achieve anything. Eventually she confessed that she felt uneasy about the whole thing: she would have to vow towards something that she did not actually believe in.

When we arrived it turned out to be in a very official looking 70s public building. I had passed it previously on the trolley bus and always wondered what it was. Inside it turned out to be rather shabby, Soviet style. We were early and we went to the cafeteria, which T. apologised for – it was distinctly ‘old times’ and quite unlike the sort of place that REA students normally favoured. I noted that visually, nothing much seemed to have changed. T. laughed: given the newness of any such thing as naturalisation, it was indeed strange that the building looked so old-fashioned. She went on to say that it was also apt – after all, people had not changed. Although everybody talked about change, people were essentially the same.

When we went up to the office, T. became nervous. There was nobody there and when we enquired next door we were told to wait. A little while later another very pretty young Russian woman showed up and asked T. (immediately in Russian) whether she was waiting also. At this point a member of staff passed by and frowned.<sup>171</sup> Then the man in charge turned up. I was surprised to see him wearing a jumper, for it seemed so ordinary. He went

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<sup>171</sup> I immediately attributed the staff member’s frown to the fact that Russian was spoken (but with all the tension and anxiety building up I may have been over-interpreting)

into his office, turned on the radio and asked the two applicants in. When the candidates set off to enter the office – I had indicated that I would wait outside. Seeing that T. was accompanied, he said that I could come in as well. T. seemed glad that the official had invited me in voluntarily. She was not usually shy but on this occasion she was visibly relieved not to have to ask for special favours. I thought she seemed much more hesitant than usual, more demure rather than energetic and inquisitive. It seemed almost as if she would comply with whatever they wanted, just to get it over and done with.

The office was very small and there was a miniature Latvian flag on the desk – right beside the old Soviet radio. The official said a few things in Latvian. It seemed almost as if he was speaking deliberately fast (not making exceptions). He asked the two applicants for their passports and carefully inspected them. He switched off his radio before asking them to step up one by one to the desk and read aloud the official oath text. Meanwhile all others present were standing for the solemn and serious occasion. T.'s Latvian seemed awful compared to her usual fluency. The text commanded the applicants to “use their lives to uphold the independence of the Latvian state and to fight against its enemies”. Both of them swore to it in turn. That was all, apart from further instruction regarding the administrative procedure. When we left, T. relaxed.

As we went downstairs in the lift she spoke gladly about the way in which the man had treated them. I said that he seemed relaxed (given the jumper rather than a suit), but she disagreed. She thought that he had seemed nervous to her. In any case, she found him friendly. She actually felt welcome into the Latvian state and was surprised about it. We went on to celebrate over tea and cake.

As this extract illustrates, when it came to actually undergoing the naturalisation process all strategic considerations and cool defiance were gone. The bureaucratic elements and the tests might have come relatively easy to REA students, but emotionally it was a draining experience.

The Russian-speaking students who applied for Latvian citizenship whilst at REA were overwhelmingly female. According to the UNDP Human Development report “Young male non-citizens do not wish to serve in the Latvian army; as opposed to their citizen peers who must do military service...” (UNDP, Latvia, 1997, p.55). Indeed various male students held on to their status as permanent citizens for it seemed to convey certain advantages. Some students cited the ease with which they could travel to Russia (although few students did so regularly during their attendance at REA). Others explained to me that they wanted to wait: “nobody wants to go to the army”. But in this respect Russian speakers were no different from Latvian, Lithuanian or Estonian REA students. As previously noted, to my knowledge not a single REA graduate served in the army. To become exempt from military service they either provided medical certificates or they enrolled at a local university for a

Masters degree (young men studying or holding a postgraduate qualifications were not drafted).

However, for some students recognising integration as a necessary process had happened already earlier. At REA, I knew of two “Russian” students who had attended Latvian schools. In each case the decision seemed to be connected to great personal resourcefulness and a determined desire to change destiny.

One evening, I was walking back from the old town to the school with B. I asked him about his background:

B.: “I have a bit of everything – Latvian, Russian, German, Jewish, Polish – you can’t tell anymore...”

A.T.: “What kind of school did you go to?”

B.: “First, I went to a Russian school in ...[large town] – but it was not really good. When I was thirteen, I thought I must change, or it would be too late... It was very complicated, and very difficult, but I went to a Latvian school. I did not fit it. In my old [Russian] school, I didn’t fit in either, but at the new [Latvian] one, everybody said I was Russian. In the end, I got into fights and they said that it is typically Russian, to get into fights – but I hadn’t started it. It was really hard. But I am glad I did it. It is better this way, you know, for later...”

Early on this student had forced himself to adapt to the changing circumstances. Indeed he spoke excellent Latvian, but whenever others spoke of him, he was considered to be essentially “Russian”.

Despite such determined efforts to fit into the wider Latvian societal context there is an underlying negative stereotyping of all Russian speakers as unwilling to adapt and integrate into the newly independent Latvia: collectively and latently they are often viewed as ‘unwanted Russians’. As noted in chapter 2, Latvian nationalist discourse readily collapses the categories Soviet and Russian. Thus, all ethnic Russians, Russian-speakers and Soviet era immigrants are somehow implicitly blamed and held responsible for the actions of the Soviet regime. Smith reports “Nation-builders are (...) engaged in reinventing, defining, clarifying and homogenising boundaries.” (Smith, 1998b, p.15). Boundaries are drawn especially in public and or *impersonal contexts* (on the streets, public transport). The negative wholesale label applied in the public arena of course means that individual’s actual legal status is immaterial. Irrespective of whether individual Russian speakers are permanent residents or

citizens of Latvia – and no matter whether they are trying to learn Latvian and are making the effort to speak in Latvian whenever appropriate – the (wholesale) negative classification frequently predominates.

Russian speakers, of course, sense when they are unwelcome. In response, especially in public, they are eager to simply brush aside the negative stereotyping and disregard it. Many of the REA students try and fit in as best as they can, e.g. they open conversations in Latvian. When speaking amongst themselves they continue to use Russian. When they discern prejudice, Russian speakers tend to respond with an air of nonchalance, i.e. “I don’t care, let them be silly”. But to be expressly careless about being unwanted involved a continuous effort, consciously and unconsciously. Periodically there were small unpleasant surprises and REA’s Russian-speaking students found that they still felt vulnerable and hurt by routine exclusionary propaganda.

In conversation one REA student reported that he had found yet another nationalistic party political leaflet in the mail. He was upset. The leaflet proclaimed that Latvia must be protected and guarded against being overpowered from within. In his interpretation it was an ordinary mail shot not a personal attack. But the commonplace campaign, which highlighted that “Russians” did not belong, had no place in Latvia and should ideally be driven off, still affected him. The student and his family were Latvian citizens, i.e. they had a long-standing association with Latvia and had received citizenship automatically. The official recognition meant very little in this context: it did not reassure him that he was officially Latvian. He was also upset that something as “stupid” as this could still affect him, but it did. But what could he do about it? He would have to put it aside, yet again.

In Latvia unease about a “Russian” presence in the country is frequently articulated around language issues. As outlined in chapter 2, particularly during Soviet times, the urban Latvian populations became bi-lingual. Partly, this was a matter of course: the media were predominantly Russian and speaking Russian was necessary for all official tasks and professional mobility. But learning Russian was also a strategy for taking advantage of and accessing the wider (socialist) world, i.e. during military service, whilst ‘abroad’ on holiday (in the FSU and Eastern bloc countries) and for training purposes in the acclaimed universities and academies in St. Petersburg, Moscow and elsewhere. With a large Russian speaking population resident primarily in the cities, Russian continues to form an important part of the urban environment in

Latvia, visually and audibly: Russian is spoken everywhere, Russian books and newspapers are sold and read and Russian songs are played on the radio. At the cinema and on TV films are dubbed or subtitled in both languages. In many work contexts – and especially in business – throughout the Baltic states Russian language skills remain essential.

Despite the continuing importance of Russian, many Latvians no longer consider their own ability to understand and speak Russian as a skill or tool. Rather, many pointed out to me that learning Russian had been forced onto them. Especially the older generations considered the continuing prominence of the Russian language in major cities as one of the most negative outcomes of Soviet occupation.

During fieldwork I witnessed many an angry conversation in public transport where two elderly people were fighting over seats or queried someone's perceived rudeness. In these encounters one person spoke in Latvian, the other in Russian. Both speakers evidently understood one another, but in these moments of publicly voiced hostility they maintained their stance and idiom.

My landlady could speak excellent Russian, but she explained – categorically – that she preferred not to. She found it shameful to “have to” use Russian in her “own” country. With Latvian independence restored there should be no need to speak Russian.

For many of the Latvians I met (also for many Latvian students' parents) it mattered a great deal that I had started to learn Latvian before attempting to study Russian. On each new meeting I was complimented on my Latvian (usually out of politeness, for most of my vocabulary and grammar was seriously skewed towards informal expressions directly derived from youth culture). My efforts forever gave rise to comparisons:

“How long have you been here / learning Latvian?”

A.T.: [weeks / months / years]

“Only? Incredible! There are all those people who have lived in this country for more than 20 years, and they never bothered.... They still can't speak Latvian. They don't even try...”

However these attitudes did not necessarily mean that most Latvians objected to the actual presence of *individual* Russian speakers in their lives. On the contrary, a strong and decidedly politically incorrect rhetoric was frequently contradicted by friendly gestures and ongoing relationships with long-term neighbours, colleagues or existing in-laws. When Russian speakers were recognised primarily as individuals they can and do transcend the wider negative classification. In this respect it is also important to note the intersection between class and nationalist sentiment. Whenever I challenged acquaintances on their “Russian” stereotypes they argued that I didn't know any “real Russians”, for Russian speakers from REA were probably

“different”. As members of the educated middle class, it was acceded that, REA students were “quite possibly intelligent people” and “not like the rest”.

The trend towards homogenising ethnic categories that Smith describes (1996, 1998) is indeed at work in Latvia. However, despite the trend, ethnic boundaries are not impermeable in Latvia. In my understanding, individual Russian speakers are accepted into long-term relationships and can get involved in primarily Latvian contexts. The process of getting to know one another usually relies on sustained one-to-one encounters. Notably, there are few relaxed and culturally unmarked contexts for this to happen and as noted earlier, young Latvians and Russian speakers do not attend the same schools. Integration of individual Russian speakers into expressly Latvian contexts might be possible, even easy sometimes. It also works the other way around. Latvians switch to Russian for a particular conversation or in a predominantly Russian speaking group context. In each case the successful negotiation relies on the subtle downplay of cultural references, or undercommunication of group membership (Eriksen, 1993, p.22).

REA represents a special case for all students are by the very fact of their attendance, part of a larger group that is focused on a common project, in this context ethnic differences are relatively unimportant. Within the wider nationalising context that frequently insists on a dichotomisation between the eponymous group and the Russian-speaking minority, REA provides a space in which students come to perceive of ethnic group membership as relatively irrelevant. At REA these groups are somehow ‘equal’ at least on some level, i.e. equally qualified and equally ambitious. In very practical terms, the business school environment allows for sustained contact and interaction between individuals, but also of small and ever changing mixed groups of students and this interaction is both structured and casual. In the following section I seek to show how and why REA represents *neutral ground*. I argue that the business school presents an important and highly unusual institutional arena for the development of interethnic relations in the Baltic states.

## 6.3 Language and politics at REA

In this section I investigate to what extent the ambiguous position of Russian speaking students in the wider Baltic context has an impact on their chances and opportunities within REA. I examine the ways and means by which the minority status of Russian speaking students is being acknowledged and how their status affects organisational processes.

In the 90s Latvian language skills have an important impact on educational and occupational opportunities.<sup>172</sup> Since 1992, by law the language of instruction of all state higher education institutions is supposed to be Latvian (see e.g. Karklins, 1994; Dreifelds, 1996; Laitin, 1998; Salaniece & Kuznetsovs, 1999). In theory, the law represents a decidedly integrationist approach to education, for it forces young people to learn the titular language. Various observers note that the implementation of the law has been incomplete.<sup>173</sup> At REA there were a few students who had previously studied in Russian at tertiary level. Some friends of students were continuing to do so. But whilst certain opportunities clearly continue to exist, it is also noteworthy that young people without Latvian language skills have very limited choices. The 1998 UNDP Human Development Report underlines the low standard of Russian language higher education programmes available in Latvia:

At the end of 1998 there were fourteen private institutions of higher learning in Latvia, but only four of them are accredited. Many of them use Russian as the language of instruction, and young Russians who do not know Latvian well enough to enrol in the state universities attend these private institutions. Their quality is often open to question. The government has ignored these problems... (UNDP, Latvia, 1998, p.64)

In contrast, training at REA is widely recognised to be of the highest quality. Furthermore, REA has the added benefit of operating in a highly desirable third language, thus sidestepping the channelling into Latvian/Russian tracks. Furthermore, studying in English marks young people as progressive and forward

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<sup>172</sup> Chapter 2 reported on recent developments in Latvia where politics, administration and the arts tend to be run in Latvian by Latvians whereas Russian-speakers are prominent in the business sector. It also indicated an increasing ethnic division of labour.



looking. Since independence was restored English is fast becoming the lingua franca of choice. Throughout the Baltic states, learning English has become the strategy of the upwardly mobile. Within the Baltic states English represents the overall re-orientation westwards that is part of the wider transition endeavour (see also chapter 2). Speaking English provides practical advantages and potential for travel and especially work. In students' eyes, the use of English as the language of instruction, teaching and learning is considered to be one of the main desirable features of REA.

However, in order to access the privileged education at REA certain applicants have to undergo not only an English language test, but also a Latvian language test. This test exists at REA despite the fact that Latvian is neither part of their curriculum, nor the language of instruction: only applicants from Russian-speaking schools have to undergo this Latvian language test, for "By law, a graduation diploma could be attained only if a Latvian language exam had been passed." (Dreifelds, 1996, pp.158). It is noteworthy that the application of this law does not apply to REA's Estonian and Lithuanian students. Irrespective of any Latvian language skills they are being accredited with the REA diploma at the end of their studies.

The Russian speaking REA students did not especially remark on or query the Latvian language test requirement.<sup>173</sup> Those applicants who were permanent residents and had studied at secondary school in Russian sat an exam right after their interview. One student remembered how she was asked in Latvian about her daily travel to school. The tests' existence was neither considered surprising, nor particularly taxing; Russian-speaking students appeared to be well "used to this sort of thing". Some of the students brought it up, almost inadvertently as we were discussing the Latvian language tests that were part of the citizenship exams.

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<sup>173</sup> For example, Karklins states that in 1992, this law was 'still violated' (1994, p.177). Dreifelds reports that in 1994, higher education was 'still available' in Russian in Riga (1996).

<sup>174</sup> Despite my interest in the issue of differentials it took me quite a while to find out that the Latvian language test even existed (it was and is not documented in the official literature about REA).

Well, it is not such a big deal really. We had Latvian in school, of course. We were lucky - it was quite a high level. And we had to do that test at the beginning of REA. We managed then and we will manage now...

As far as the Latvian language test for REA was concerned, “it had been easy”, the students said. Its existence was considered almost laughable. We all knew students at REA who were Latvian but “only by passport”.

One student in particular was made fun of by all her friends whenever the language issue was being discussed. By passport, she was Latvian, because one of her parents could claim Latvian citizenship. But her Latvian was not very good. She explained that in her school it had not been a priority. Other students who were ‘only’ permanent citizens were much better at understanding and speaking Latvian. According to the somewhat exaggerated jokes she spoke no Latvian at all, although in my observation she was making a determined effort to open conversations in Latvian during most days. But frequently – at REA – after two or three half-sentences, it was either practical or necessary to switch to English.

Especially more polyglot Russian speakers occasionally ridiculed fellow Russian speakers who had somehow “slipped through” despite their almost non-existent Latvian. By highlighting this they also made fun of the bureaucratic system: the successful entrance of students without Latvian language skills indicated that the test’s existence did not guarantee that all students were proficient; it was a farce.

In addition to studying in English, many students use the opportunities for extracurricular language learning that REA provides. As outlined in chapter 3, most students understand and speak at least three languages by the time they arrive at the business school. Once they join, they have a choice of attending additional classes, either to brush up or to learn a new language. In 1996 French, German, Spanish and Swedish were offered. In the summer of 1997 some students organised an additional option in Russian. Whereas many other people in the wider Baltic context would prefer to forget their Russian language skills, some REA students realised that a proficiency in Russian also presented great potential in terms of their future career. REA also offers Latvian for beginners, so that students from Estonia and Lithuania find it easier to get around in Riga.

Throughout the day students tended to speak to each other in a mixture of different languages, which reflected the dynamism of ad hoc social opportunities and work group formations. As part of their life at REA students continuously translated and combined terms and expressions. Most REA students generously rather than grudgingly switched back and forth between various languages. Company visits were far more restricted. Since students were asking favours in this context, they had to be able to speak whatever language the (local or ex-pat) management favoured, i.e. usually Latvian, Russian or English. There were also general tendencies that signalled varied orientations, preferences and skills:

Most Russian speakers were acutely aware of the opportunities that English provided and many were keen to practice and improve their skills at every given opportunity. Some of the Russian speakers were regretful that they missed out on learning Latvian in the way that some of their friends did who attended LU. Few students managed to improve their Latvian language skills over the duration of their studies at REA, although one student seemed to integrate completely into a close-knit group of Latvians who knew each other from secondary school. In addition to studying in English, many Russian students were learning French.

Latvian students considered English more of a chore, even though they recognised that it was a worthwhile skill to have. But given that the vast majority of REA students are Latvian, they did not have to switch idioms quite as regularly as everybody else. Sometimes it was their conscious choice to opt for Latvian-only groups, be it for course work or in private. However, out of courtesy many Latvian students would switch to Russian if they realised that Russian peers were struggling with Latvian (sometimes against the wishes of the Russian-speakers who were trying to improve). Latvian-Russian interethnic relationships between students tended to be conducted in Latvian, especially if they were based on longer-term commitments. In terms of learning additional languages Latvian students tended to favour Swedish and German.

The vast majority of the Estonian students spoke excellent English already before they arrived at REA. But they also had the most notable lack in Russian language skills. Occasionally, students explained to me that this shortcoming could be attributed to the way in which Estonians had been more stubbornly resistant to Soviet occupation. Some students were respectful of this categorical refusal; others thought that the Estonians were thus disadvantaged. Interestingly, individual Estonians were never 'blamed': not to be able to speak Russian was considered an accepted Estonian cultural trait among the students at REA. Indeed there was no particular antipathy between Estonians and Russians at the school despite Estonia's reputation for being somewhat more fiercely nationalistic and more intensely segregated than Latvia. On the contrary the number of relationships between Estonian and Russian students at REA was noteworthy. Far from the censoring eyes of one's parents, interethnic love and sex seemed to be an acceptable thing to do. Almost all of these relationships were conducted in English.

Meanwhile the Lithuanian students were more involved in their own ethnic group which they endeavoured to enlarge at every opportunity, e.g. through a major recruitment drive in Lithuania that was pursued with great vitality (see below). Lithuanian national pride came to the fore especially in competition with Latvians (i.e. neither with Russian-speakers, nor with Estonians most of whom also lived in the REA dormitory). Lithuanian students tended to have quite good Russian skills and occasionally seemed to favour Russian over English. On the whole, Lithuanian students had no problems to get by in Riga; they tended to pick up the necessary Latvian (which is relatively close to Lithuanian) without formal studies. In any case they were ready and willing to switch to Russian whenever a multi-ethnic situation arose that made it either necessary or possible.

According to official statements REA is a one hundred percent English speaking establishment, i.e. this is how it brands itself in the prospectus, on the website and in information leaflets. Indeed English is used for all official communication and academic purposes with Swedish and other foreign lecturers, as well as with the Swedish management (who speak neither Latvian nor Russian). But outside of the educational context there was a clear tendency towards underscoring Latvian as an informal but significant force within the institution:

Firstly, all of the school's local administrative and managerial local staff were native Latvian speakers. At REA Latvian students tended to communicate with local staff in Latvian. On the one hand, this meant that students and staff operated with Latvian language hierarchies, i.e. students switched from the informal English 'you' to the more formal, polite and distant Latvian form of address (for people who are senior and / or in authority).<sup>175</sup> On the other hand, the change to Latvian also provided a greater opportunity for intimacy. Furthermore, switching to Latvian also excluded third parties. This is not to say that the REA staff was in any way unwilling to conduct its affairs in English. On the contrary, good English language skills were a prerequisite for all key administrative and managerial members of staff at REA. To be able to speak English fluently was a sought after and well-rewarded skill and as such it was also a source of pride. But whilst English was the language of work, study and business, the switch to Latvian represented a certain 'ease' and it almost always implied a momentary relaxation on the part of both speakers.

Secondly, it is notable that there had only ever been one member of local staff who was a native Russian speaker. He was fluent in Latvian and English and had been specifically recruited by one of the Swedish deans. But yet neither the dean (with his new ideas) nor the Russian newcomer quite managed to fit in with the other members of staff who were a close-knit and stable group of long-term friends. Both outsiders left after a relatively short period. To my knowledge the integration experiment was never repeated.

Lastly, Latvian language (and occasionally folk dancing) was being actively promoted through the school's choir. It performed at all school functions and served

as an informal public relations tool of the school. The choir participated in song festivals and competitions both locally and abroad. It provided an opportunity for members of staff and students to regularly gather, sing and be merry. For some students the choir functioned as a welcome release from the relentless pressures of the 'modern world', i.e. speaking English, doing exams, working and career ambitions. To sing together was a joyous activity undertaken in the company of friends and performed for the pleasure of everyone. But the choir also represented a low-key Latvian lobby and a relatively tight-knit interest group. In all three Baltic states singing is intimately connected with historical traditions, national awakening and national assertiveness.<sup>176</sup> During fieldwork the choir was not exclusively Latvian either in its membership, or in its song repertoire. It featured the odd Estonian, Lithuanian or Russian speaking student, but whilst the REA choir regularly rehearsed Baltic and Nordic folksongs and national anthems, to my knowledge the choir has yet to perform in Russian.

At REA this informal trend towards positively affirming and celebrating Latvian-ness was discussed and sometimes criticised amongst the students. For example, various students (including a number of Latvians) were decidedly uninterested in the choir; they found it too cliquey or old-fashioned. Most audible were Lithuanian and Estonian students who fought for greater recognition of their own national groups. In 1998, one Lithuanian REA graduate wrote a brief and made concrete suggestions to entice REA into raising its profile in Lithuania. The intention was to achieve recognition by the Lithuanian academic community, to attract prospective students and to alert potential Lithuanian employers of REA's educational remit and benefits. He wrote:

My true hope is that the ideas outlined will receive some attention, and help from SSE Riga to develop the more definite plan of actions outside Latvia. If needed, I am ready to devote some or all of my time to help the school to work at the problems mentioned.

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<sup>175</sup> The modes are similar to the *vous – tu* differentiation in French.

<sup>176</sup> The Baltic dissident movement that eventually led to independence from the Soviet Union has frequently been described as the "singing revolution".

His personal engagement was rewarded: REA employed him to apply some of the suggestions he had made.<sup>177</sup>

Students from Estonia and Lithuania also took personal responsibility for placing REA adverts announcing information events and application deadlines in newspapers in their home countries. The school's website was translated into Lithuanian. Thus both groups positively emphasised their contribution to the school and were proud of increased numbers and were lobbying for higher numbers still. Given that neither of their home countries was supporting the school financially or practically it was rarely doubted that students from Latvia would remain in the majority. Generally the school humoured and welcomed these initiatives from the Lithuanian and Estonian students. REA was also keen to receive and honour Estonian and Lithuanian dignitaries, be it presidents, diplomats, politicians (whose visits heightened its profile and prestige) and business people who acted as sponsors. In addition REA was actively involved in ensuring that its Bachelors degree was recognised in the other Baltic countries. The four flagpoles (for the representation of Estonia, Latvia, Lithuania and Sweden) in the front of the building clearly indicate that REA considers itself a pan-Baltic establishment.

As an officially English speaking Swedish business school that sees itself as benefiting the Baltic economies REA did not publicly address the position of its Russian-speaking students. Whereas Estonian and Lithuanian students were each a relatively united and visible force within REA, the Russian-speaking students represented an unacknowledged group.

In the summer programme in group dynamics in 1996, Estonian and Lithuanian students were officially accorded minority status. Meanwhile the position of the Russian speakers was sidelined and ignored. As students were taught about the virtues of diversity and tolerance the existence of Estonian and Lithuanian students within the student body was consistently emphasised. Their presence was billed as an opportunity to put the new teaching into action. In the group formation exercise these official "minorities" had a high profile and it was decided that each group should at least welcome one member of these official minority

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<sup>177</sup> The concerted and individual efforts of the Lithuanian students paid off: in 1999 REA accepted a record number of 27 Lithuanians (Grunte, 1999, p.11).

groups. Throughout these exercises the Russian-speaking students kept quiet. It seemed to me that at this early stage they did not want to risk attracting attention by being assertive.

Russian speakers were accepted at REA after passing the Latvian language test, but once they attended REA there was no official recognition of their tricky positioning within the wider Baltic political context.

Many Russian-speaking students were asserting their Russian heritage in private and casual conversation, rather than through institutional channels. For example, many were keen to teach me Russian phrases and jokes. Frequently in conversation there was a notable emphasis on ‘high’ culture and intelligentsia pursuits, i.e. in terms of classic literature and the theatre. Additionally, Russian-speaking students also marked Russia as a site of cultural experimentation (in cinema, art and as a recognised source of important youth culture and music trends). Occasionally one or the other wondered in private why I bothered with learning such a minor and unimportant language as Latvian. They implied that, in contrast to their own situation, I – as a Western European foreigner in Latvia – did not have to bother.<sup>178</sup> As noted above, many Russian-speakers at REA were keen to develop linguistic abilities that would allow them to tap into large and dominant Western cultural arenas. Rather than learning Swedish, which was considered regionally and economically relevant by many Latvians, Russian speakers tended to concentrate their efforts on English and French. Wilson perceptively notes that for ethnic Russians in Ukraine “English-language ‘global culture’ may increasingly provide an escape route for those who continue to seek an identity capable of transcending ‘Ukrainian provincialism’...” (Wilson, 1998, p.132). Within a wider national context that sidelined them and as part of an organisation that appeared to ignore their presence there were among the Russian-speaking students also such private and subdued claims for status and a greater awareness of opportunities in East and West.

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<sup>178</sup> But other Russian-speaking students were willing to teach me Latvian and even practiced with me. Despite the obvious tedium involved they were careful to correct my Latvian grammar and pronunciation thus showing that they were knowledgeable and that learning Latvian was something that we had in common.

However, in contrast to their Estonian and Lithuanian counterparts Russian-speaking students were also much less a cohesive group and they made neither demands nor moves to officially aid an increase in numbers (although some individuals sometimes grumbled when they felt underrepresented and sidelined). Estonians and Lithuanians were frequent (and successful) candidates for various high-profile posts in the student association and in the student advisory board. Russian speakers sought visible office within REA much less often. In the annual student association elections they repeatedly found a niche in the information committee that was responsible for publishing the school newspaper, but other posts tended not to be sought. Thus Russian speakers did seek a heightened profile or formed an outspoken lobby within the REA context. There was no mention or recognition of their impressive academic record either.

In 1996 Russian-speakers were particularly numerous among the top ten scholarship recipients. This clearly indicated that they were not 'discriminated' against within the business school. But their academic achievement was neither acknowledged nor celebrated.

Had scholarships been distributed to Estonian or Lithuanian students in such great numbers, I would have expected this fact to feature heavily in their playful assertions of national pride. Meanwhile Russian-speaking students remarked on their comparative triumph only occasionally.

Perhaps unsurprisingly – given Russian speaker's curious non-status at REA – there are no official statistics available that indicate the percentage of Russian-speaking students at REA. In the table below I have tried to indicate students' affiliations. Nationality is given in inverted commas because the figures do not represent 'hard' data, i.e. they were not based on students' legal status (by passport). Rather I learned from the students themselves who was considered to be part of the broader category *Russian*, irrespective of their official status.



**Table 1: Student intake by 'nationality' (1994 – 1997)**

	1994	1995	1996	1997	Total
Latvian	33	66	62	45	206
'Russian'*	23	16	20	24	83
Estonian	-	10	9	14	33
Lithuanian	-	8	9	17	34
Total	56	100	100	100	356

\* This category features students whose mother tongue is Russian, but who were by nationality Latvian, Ukrainian, Kazakh, Belarussian, and Estonian etc.

Whenever REA was officially asked about its policy vis-à-vis Russian speakers' attendance levels it very emphatically pronounced that it does not operate an admission quota. However, despite this official denial it seems unlikely that REA does not monitor its intake for some sort of *balance* and without consideration of Russian speaker's status. For example, permanent residents featured very visibly in the school's prospectus, thus signalling to other future applicants and interested parties that – even without citizenship – they are welcome at REA. Furthermore, in 1997 there were rumours that a Swedish assessment commission had queried the low percentage of Russian speakers within the student body.

Politically it may be wise for REA not to involve itself in Latvian debates about citizenship and minority rights. In this way REA can choose its students carefully and quietly, without local scrutiny and interference. But whereas the school seeks to support Lithuanian and Estonian students through voluntary introductory Latvian classes – so that they can feel at home – optional (higher-level) Latvian language classes for Russian speakers are conspicuous in their absence. Indeed the business school may understand such considerations to be well outside of its remit. But in contrast to the almost paternalistic provision for other groups it seems bizarre that REA's Russian speaking students remain unsupported in this respect.

In this section I have sought to outline the position of Russian speakers at REA. Russian speaking students are clearly welcome, but despite being the second largest group within the business school they are not institutionally recognised as a significant force. Problematic concerns such as their integration into the Latvian polity and society are not being addressed openly or strategically. On the whole though, it seemed that Russian speakers at REA feel that they are treated fairly. Like other students they consider their education at REA to be the best that is available within the Baltic states. In addition Russian-speaking students specifically benefit from English being REA's language of instruction: it allows them to bypass the confines of access to higher education that are currently operated by the narrow legislative regime. Within the academic context of REA only students' English language skills matter and in this respect all students are equally well supported. Given the contrast with the local environment, institutionally, REA represented relatively neutral ground.

## 6.4 Esprit de corps at REA

Throughout the thesis I have argued that over the two years of their attendance at the business school, students are consumed by and actively exploit the opportunities that the school has to offer; it is an intense experience for every one of them. Whilst the majority might not be solely concerned with academic contents, they are nevertheless fully engaged with the school's transformative project. This means that students increasingly choose REA type structures, activities and options. They prefer to spend more and more time at the business school and increasingly with REA peers. As students are increasingly segregated, aggregated and cocooned within this spatial and / or social realm, they are also provided with an opportunity to experience *others* intimately. In this chapter, so far, I have sought to suggest that REA attendance and the interaction between students is not necessarily a smooth or easy process. But in my analysis the negotiation of complex discontinuities and differentials forms a vital part of elite formation. Here I argue that from within this complexity another important outcome of REA attendance emerges: in addition to gaining a powerful credential and to forging strategic and rewarding connections to transnational companies, students are being enabled to build salient networks.

So far this chapter explored complex and challenging problems, which REA students somehow need to negotiate over the period of their attendance at the business school. They cannot escape their own privilege and its mismatch with the local context, nor can they help but cooperate with their fellow students, irrespective of their ethnic affiliation and background. Wright Mills suggests, "The vitals of ... [an elite education] are not located in the curriculum. They are located in a dozen other places, some of them queer places indeed..." (Wright Mills, 1956, p.65, quoting from *Fortune*, 1931). In my understanding the processes outlined above represent such "queer places" for it is through them that the students develop strongly binding ties. As this chapter has shown REA is an insular institution, which fosters relatively insular perceptions: REA students are at odds with the local context. Furthermore, on the business school's neutral ground, differences that are operable within the post-

socialist environment of the Baltic states are crosscut by an entirely new system of measuring acceptability, desirability, success and failure. Thus during their attendance at REA students gradually come to realise that they have more in common with one another, than they do with people outside of the institution.

I would like to suggest that students' collective ability to cope with these difficult issues significantly contributes to REA's specific esprit de corps. This notion refers to a conceptual harmony and attachment that emerges between peers at elite educational establishments and is central to both Bourdieu's and Marceau's analysis:

INSEAD teaches people to think alike: constant mixing with those of like mind reinforces the sense of unity and difference from others. ... [students and graduates] perceived their group as special because of common understandings, attitudes, values and centres of interest which transcended ... national frontiers." (Marceau, 1989, pp.169)

More than sharing a culture in the traditional sense of the term (in other words a body of knowledge and know-how), here as elsewhere it is the imponderables of manners and deportment, the typical expressions of school slang (condensed from crystallized values), the shared turns of phrase, the particular kinds of jokes, and the characteristic ways of moving, speaking, laughing and interacting with others, and especially with like-minded individuals that create and forever sustain the immediate complicity among schoolmates (which goes much deeper than a simple solidarity founded on shared interests). (Bourdieu, 1996, p.83)

In contrast to the (France-based) educational establishments described by Bourdieu and Marceau I am concerned with an elite school that has been created in an environment heavily involved in a specific post-socialist nation-building project. But in Riga too, I argue that an inclusive esprit de corps is forming at REA.

During fieldwork various students explicitly remarked that over the period of their attendance at REA they and their peers had become "less nationalistic"; they felt less strongly about ethnic distinctions. At the business school, they said, "it doesn't really matter whether you are Russian, or Latvian..."

Not all REA attendees were necessarily observing or analysing this process, but almost every student experienced moments of genuine revelation of *like-mindedness* where previously they had assumed strong differences. At the beginning, REA's group work method was vital to this development. Following the conclusion of yet another project – that had been conducted within an allocated rather than a self-chosen group context– students often observed that, contrary to expectation, so-and-so was "actually not that bad", or "quite interesting", or even "nice!". Thus individuals were being gradually re-classified and these observations were fed back to others.

Whereas students perceived many of their peers as distinct and different initially, over time they came to experience cooperation and likeable features in the most unexpected parties. Having reiterated students' own sense of surprise at realising that the presumed differences between them were in fact less pronounced than they had originally thought, I now want to explore ethnographically how REA's specific *esprit de corps* develops. Students' realisation that other people at REA did not respond to negative expectations did not mean that each student was equally close with every other student. Ethnic distinctions never quite disappeared at REA, but their relevance lessened, as new and contextually more relevant features were emphasised and different constraints emerged instead. Over time the vast majority of students worked out a harmonious relationship: whenever the need arose, students could and would work together, even if they had preferred not to.

In the first instance it seems to me that by cooperating REA style, students drew on cultural practice evocative of Soviet times. Ledeneva's work, outlined in chapter 1, demonstrated that an *economy of favours* was central to socialism:

*Blat* was an exchange of 'favours of access' in conditions of shortages and a state system of privileges. A 'favour of access' was provided at the public expense. It served the needs of personal consumption and reorganised the official distribution of material welfare. *Blat* exchange was often mediated and covered by rhetoric of friendship or acquaintance: 'sharing', 'helping out', 'friendly support', 'mutual care', etc. Intertwined with personal networks *blat* provided access to public resources through personal channels. (Ledeneva, 1998, p.37, italics in original).

In chapter 5 I already pointed out that whilst needs and circumstances may have changed since Soviet times, cultural practices especially in relation to acquisition and consumption continue with unabated intensity. For example, students still enjoy *procurement* and crafty deals in out of the way places despite their higher income levels and the wider and easier availability of consumption goods. Thus, I would like to suggest that REA students' networking skills are (in part) based on a historical pattern. At the same time it must be re-emphasised that networking is considered central to business school structures; in fact it is deliberately encouraged.<sup>179</sup> I argue

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<sup>179</sup> Previous chapters already explained that group work features as a core method in all business schools (Marceau, 1989; Bourdieu, 1996). Also previously mentioned was Nespor's observation that spatial aspects and provisioning at American business schools intentionally encourages lingering (1994).

that REA's esprit de corps is a product both of the *economy of favours*, which continue in the post-socialist period *and* borne of new practices and novel alliances that are *facilitated by the business school* context.

For REA students in many ways the business school functioned like "a home". Chapter 1 noted the way in which socialism forged a specific differentiation between public and private (see summary of Kharkhordin 1997, 1999; but also Wedel, 1986, 1992 and Verdery 1996). In this section I suggest and seek to develop the notion that REA was partly associated with the intimacy of the private sphere and thus fostered the relative indiscriminate sharing of resources. For example, I noted earlier in this chapter that dormitory residents collectively coped with limitations. They routinely shared bits and pieces of equipment and produce. But in the school too, students were frequently borrowing each other's belongings.

Sometimes people mistook someone else's jacket for their own. But in winter students simply passed outdoor clothing to one another as they moved in and out of the building for a cigarette, or simply to join the crowd. Few students bothered to find their own jackets or coats, instead they just grabbed one. Male students took off their coats and courteously provided for the comfort of female students. Within the endless stream of students the same item was passed around or simply shared whilst everybody was standing in the cold, smoking and chatting.

The school's independent and constant provisioning of water supplies meant that the showers were in heavy demand: it was used not only by dormitory residents, but also by others who were caught out by temporary and sometimes unpredictable shortages. Instead of always carefully preparing for the use of these facilities students arranged to borrow towels, soap and shampoo in conversations in passing, it was nothing special.

Inevitably, such practices brought an intimate quality to the refined and elegant set up of the business school.

At REA students experienced and treated business school space as qualitatively different to other local contexts. For example, REA students relaxed about the way in which they safeguarded personal property.

Things were constantly and carelessly left lying around. Books and study materials were all provided by the school anyway, i.e. students did not have to buy such items. But whereas in public students and everybody else carefully thought to avoid becoming a target of muggings, at REA many students left their purses, clothes and personal stereo equipment unattended in an unconcerned manner. Someone was always trying to figure out where they

had left their things and went hunting for them sometimes days later. The caretakers had cleared a whole cupboard to store these items. When students could not find their things, they merely waited for them to turn up in this open access storage space.

When a small spade of thefts occurred students were genuinely shocked: it seemed so unbecoming within the REA context. But no explicit accusations were brought forward; students suspected that somehow an outsider had slipped by the guards. In the end this occurrence did not significantly change patterns. Students still parked their belongings everywhere and locker use did not appear to increase.

Marceau suggests that one important structuring effect of elite business education is that students develop a “second kinship network”, which remains important also after graduation (Marceau, 1989, p.172). At REA students did distinguish between very close personal friends and a general pool of REA friends. ‘Best friends’ usually knew each other already from secondary school, although there were also some close friendships that developed only during REA attendance. In an effort to delineate public and private concerns, below I indicate how a series of issues were divided up into discussion topics and those that were taboo.

Wealth was not considered a topic for discussion. Unless students or their family members volunteered information about how they had come to be rich, a probing into the acquisition of family fortunes was out of the question. There were a small number of students whose parents had been able to acquire big houses or flats, drove very expensive cars and whose living standards far exceeded those of everybody else. When I enquired students might wink and point out that it was not a good idea to ask. Sometimes they would say that it was considered impolite.

In contrast most students were willing to discuss the fact that their family was not very wealthy or temporarily short of money. This information would come up as an explanation for there being little space at home (e.g. students sharing a room with siblings and relatives), or when giving reasons for not doing certain things. In such contexts it was often freely volunteered. Sometimes students simply complained about wage levels and living standards, and were being explicit about how much their parents earned and what they owned. Again, there seemed no shame associated with not being able to splash out and indulge. It was normal to hit hard times and to admit that. Most students’ families did better their circumstances relatively quickly.

Class issues seemed to be embarrassing in the concrete comparative context of REA. When it came to writing her c.v. one student felt inferior to her REA peers for having acquired work experience in manual jobs only. She explained that she got into her work through her parents and noted their working class status.

“You know I really don’t know whether to put it on there.... But if I leave it out, it looks as if I have never worked and that is bad too. I am not sure... I think it will look bad. Everyone has worked in banks and in big important companies [i.e. transnational corporations]. If I say what I did it will look stupid....”

Some students felt uncomfortable about peers knowing about their home situation. Rather than acknowledging or discussing the death of a parent or a parental divorce as a part of one’s personal history such information tended to be strictly limited to confidantes. Students’ experiences of alcoholism, rape and abuse were not discussed outside of close relationships.

Some students would freely and happily disclose the success of their siblings, for example at school or at work, i.e. when they secured entrance to elite establishments, won scholarships, received job offers or gained promotion. If they had other siblings who did not correspond to these standards of achievement they simply did not mention them, disclosing their activities and circumstances only in private to close friends.

As for students' own employment related activities, different rules applied. Tempting job or scholarship opportunities would sometimes be kept secret. Given the similarities between all REA students in their background and training, this is perhaps not surprising. Oftentimes though students felt bad, either for desperately wanting to discuss strategies and options, or because they knew that their prior knowledge would come out eventually anyway.

Whilst there were certain topics that were considered too private for discussions with new REA peers, equally there were activities that were not being disclosed in the family context.

At REA there were quite a few regular female smokers who would diligently avoid being seen with a cigarette in public, or on a photograph. Their pretence made everybody laugh, but it was kept up, even after students had graduated and set up their own households.

Similarly drugs were not discussed at home. On the whole students did not brag about drug taking. They might share their experiences within their circle of friends. Beyond that they all assumed that it was obvious and easy to tell that they had smoked pot or taken tablets.

Drinking sessions might be mentioned even at home but discussion of nightly exploits was very different at home and with friends. Parents might humorously acknowledge that they teenage children were drinking and leave it there. With friends students boasted about their state of inebriation. Heavy drinking always took place away from parental supervision.

Many of the activities that students undertook in the school context were rather hard to communicate with anyone who had no direct part in it. Academic courses might change weekly and students were constantly onto new topics, each time shifting activities. Group formations were changing often and this meant that students constantly got to know a different side of their peers (i.e. abilities, free riding, personal preferences and eccentricities, common goals). Friendships developed, became strained and cooled down. Parental concern about the stress and strain that their children seemed to be under was usually brushed aside, for they did not understand REA and life within it. Rather than letting them in on all the drama,



intensity and excitement, students conducted their lives away from their gaze and with relatively little interaction.

Meanwhile at REA many students were pursuing all sorts of romantic and / or sexual liaisons with fellow students.

After an extensive update discussion about current relationships between students at REA I wondered aloud.

A.T.: "Everybody seems to be going out with each other, here..."

D.: "Of course! It is natural. Here everybody is interesting! That is how the students were chosen.... It is not like in other places... [other local universities]. Of course people fall in love with each other! There are 200 really really special people here! And of course, it is much better to go out with someone from school. You save time too – you do everything together anyway. It is practical. If you fall in love with someone from outside, it is just double the work, and you just don't have time for that when you study here..."

Such practical considerations were rarely made explicit, but REA clearly served as a pool of attractive young people. Few students began or continued relationships with outsiders whilst they were attending REA. Emergent relationships differed vastly in lengths, intensity and commitment. Snogs, flings, affairs and steady involvements all formed an important part of REA life and gossip. Relationships commonly transcended student generations: each new intake was scrutinised and assessed in terms of "chicks" and "guys" and graduates would re-appear at parties. Frequent events and social opportunities (also the annual sports days) allowed for periodical re-classification of graduates and students in terms of their potential attractiveness. Sometimes judgements were revised during parties, i.e. as the evening went on and alcohol consumption had increased.

Business school romance gave rise to longer-term cohabitation, marriage and new families. Relationships derived from the school context featured every possible inter-ethnic combination between Latvian, Estonian, Lithuanian and Russian-speaking students. Whilst students attended REA it seemed that liaisons developed somewhat more often across ethnic backgrounds than they did within ethnically homogenous sections of the student body. However, it is noteworthy that at REA there were few relationships between female Latvian students and male Russian speakers. Those that

did emerge tended to be relatively short lived rather than longer-term involvements. Indeed throughout fieldwork a number of Latvian female students noted that their parents expected them to find Latvian partners. During fieldwork I could not detect any other patterns of preferences, neither did I hear of any other parental sanctions.<sup>180</sup>

Even outside of particularly close relationships and friendships students transacted innumerable acts of goodwill and kindness.

One student was about to have his first job interview at a high profile bank. He felt under pressure to perform well and at that time it seemed like the ultimate test. But he had no suit! He told me that he had never had one -- before there had been no need. At this point in time there unfortunately was no money for such an expensive item and it was all very short notice. His family lived far away in a rural area and could not help. However, new REA friends who were already working in the same bank sorted him out. They knew what was required and they had the sort of suit that would make a good impression. He got the job.

Late one night we received a phone call in the flat share. It was a Russian-speaking friend from school who urgently needed help with translating an important confidential business document into Latvian. It had to be done there and then. Could he come over and have his efforts checked over by the Latvian REA friend? Of course! With the translation finished we continued to hang out as usual, almost forgetting the urgency of the situation.

A steady couple from REA had somehow managed to acquire a rather elderly second hand car, a Porsche. When it was first parked outside of the school building it had caused a bit of a stir. But when it was not working and they urgently needed a spare part they were stuck. Far away from their respective home countries they needed to arrange something as specific and rare as Porsche spares and repair. Without Latvian language skills the undertaking was even trickier. A Latvian student and car enthusiast -- not an especially close friend -- freely gave up his afternoon (and the lecture) to traipse around with them. Through his car dealer and garage contacts they eventually managed to organise the necessary repairs.

These examples show that students were usually willing to cooperate within the wider student community even without being particularly firm friends. When help was needed it was graciously given. What is particularly noteworthy about these cases is that students performed favours readily irrespective of ethnic backgrounds and with people they had only met at the business school. Furthermore, the favours transacted between students were all about new situations and new opportunities. The need to ask and the understanding with which favours were provided were based on a mutual understanding of what REA restraints and prospects were all about. For

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<sup>180</sup> Given that the numbers of Latvian and Russian-speaking students were so much larger it is difficult to speak of patterns for the other groups (or reference to overall figures, please refer to table 1 on page 237). My observation about gendered differences may also apply to Lithuanian and Estonian students, but REA's student intake 2 and 3 featured very few women from Estonia (3 in 1995 and 3 in 1996) and Lithuania (1 in 1995 and 5 in 1996).

more “normal” situations where assistance was required students continued to rely on their parents. For example, when our apartment door lock had been damaged during an attempted break in, we immediately called for parental help, i.e. for this practical sort of thing REA contacts never entered the picture. Similarly, when students lost their drivers licences to the police they would draw on older personal connections (relatives or acquaintances), charm or bribes to get it back.

At REA favours were on the whole not talked about, they were “nothing”. Reciprocity was considered to be “unnecessary” between schoolmates. Amongst students such support was marked by token gestures, e.g. a beer at the end of the school day, some chocolates, or flowers or something similarly small brought back from one’s home country. Given that these acts of care and support were not regarded as significant the comparison with Ledeneva’s analysis of the socialist economy of favours is instructive.

The objects obtained in *blat* relationships were rarely exchanged in a straightforward manner. It should be emphasised that *blat* involved relationships and not merely goods. The *blat* favours bear, as it were, a non-alienable character. They are marked by the personal stamp of the donor. (Ledeneva, 1998, p.35 italics in original).

REA provided a larger arsenal of contacts within a somewhat less personal context than Ledeneva’s material indicates. Indeed small favours did not necessarily give rise to closer or more sustained contact between helper and helped. For favours to be granted the shared REA context sufficed. Once students were accepted into REA they became part of the *corps*, which, in turn implied access to the company, skills, and connections of one’s peers.

REA attendance provided an ideal environment for networking with students from a formidable variety of places. Despite the ever more exclusive socialising within the REA realm students still had different connections through their families, hobbies, outside interests, and of course, increasingly, places of work. As noted above, access to some of these was also bestowed onto REA friends. Students all the time requested and provided favours of information and access, but reminiscent of *blat*

exchange relations (that were borne of necessity and utilised public goods for private purposes) students tended to *misrecognise* the powerful nature and scope of their own REA network when asked directly. During fieldwork students emphatically rejected any suggestion that they might be utilising their REA network for strategic purposes or indeed that they could do so in the future. But at the same time everybody was operating deals on the side and constantly making helpful suggestions about who might be contacted or asked for assistance.

Students also interpreted my presence, associations and activities as an ambitious strategy. One day in 1997 I was discussing business opportunities with one of the students. We were brainstorming about ways in which I could come and work in Latvia. I thought of opening a small cafe, or perhaps a business, but dismissed it as a fanciful and unrealistic notion as I had no capital. My friend looked at me in disbelief: “but you know so many bankers... I don’t see a problem with getting the money”.

I believe that REA students do sense the power and potential of the group and their membership. At the same time they were unwilling to address the fact that what bound them together was advantage and strategy, or that self-interested intention was a major motive for their participation and actions within the REA structured realm. Wright Mills explains: “They are more or less aware of themselves as a social class and they behave toward one another differently from the way they do toward members of other classes. They accept one another, understand one another, marry one another, tend to work and think if not together at least alike.” (1956, p.11).

At the very beginning of this chapter I showed students’ collective difficulties in working out who they are and where they belonged. The dormitory issue showed that they were seemingly at odds with the local context, i.e. they no longer matched local expectations of ordinary young people from the Baltic states. Their expectations, fostered by REA, were at odds with what was provided for them outside of the business school. In my understanding there were no easy or straightforward answers to students increasing privilege and separation from local circumstances. As a way of dealing with the gap students practiced a form of collective avoidance of the issue, i.e. by increasingly choosing REA peers for company.

Between fellow students there was relatively little need for thorny arbitration. Despite the fact that students came from different countries and backgrounds students increasingly shared an understanding of new ideas and future-oriented opportunities: they came to realise that they had more in common with other REA students than with many other people who were literally outside of the loop. Together students developed their own notions of success, failure, style and appropriateness. In contrast to the wider nationalising context, which seeks to accentuate and institutionalise ethnic and linguistic difference students experienced each other as both acceptable and desirable. Furthermore, REA provided a sheltered and neutral ground in which to explore intimate social opportunities also across the ethnic divide.

Although elite schools – and business schools in particular – actively seek to foster strategic networking between students (Marceau, 1989; Nespor, 1990, 1994, Bourdieu, 1996), at REA few people seemed to need extra lessons. Drawing on established cultural practices in terms of provisioning and procuring, many students were accomplished players (providers, brokers and negotiators) already. Skills that were vital in Soviet times in order to meet basic needs are nowadays utilised to service and increase REA students' privilege. As they enter the corporate workplace, their network is unlikely to disappear or to diminish. REA students are connected by strongly binding ties of common experience and shared outlook. Their veritable *esprit de corps* formed as they lived through the privilege *and* pitfalls of an elite education. Students may choose not to explicitly recognise the usefulness of their network – be it latent or active – but, according to Wright Mills, such denial merely explicates true elite status: “People with advantages are loath to believe that they just happen to be people with advantages.”(1956, p.14).

As outlined above, students did not share everything with everyone: some knowledge about personal circumstances or access to advantageous information was strictly limited, i.e. to best friends or one's imminent circle. But especially impersonal

information (e.g. about job openings) also had a tendency to leak either through gossip or discussions and eventually opportunities were shared between ever-larger groups of students where ethnicity was not particularly relevant. Whilst students are to some extent leaving behind the distinctions and stereotypes that tend to be accentuated in the nationalising context of the Baltic states, it is important to remember that REA attendance forcefully promotes another relatively simplistic opposition. As argued in earlier chapters, in the REA programme students are taught that transnational is good and local is bad. Chapter 7 examines how this structuring process impacts on students' post-REA destinations.

## **7. DESTINIES AND DESTINATIONS**

### **Introduction**

As outlined in chapter 3 students arrive at REA with few connections to transnational companies. It is only through their attendance at the business school that this powerful connection is being established. In the discussion in chapter 4, I noted that it is highly unusual for REA students to work for local companies after their graduation. I attributed this outcome to the curricular structure, the teaching methods and the seemingly 'natural' fit between REA students and transnational companies. At that point I sought to explain the contradiction between the stated institutional mission (to produce catalysts of change) and REA's educational outcome (furnishing transnational companies with suitable recruits). In chapter 5 I went on to discuss the spatial unity of REA and transnationally operating companies and I showed that style and image have an important role to play in the students' transformation into quasi-Western executives. Hence, the structural and symbolic reasons and mechanisms that channel REA students from the business school into transnational companies have already been established.

In section one of this chapter I report on the dynamic negotiations between students and companies, which involve temptations as well as opportunities (gained and lost). Here I build on the argument developed in chapter 4 (part I) where I described how the REA curriculum sets up and forges an important relationship between students and transnational companies. Here I consider the situation primarily from the viewpoint of the students and that of potential employers. The second section outlines the students' deliberations at the very end of their studies as they are completing the research and writing of their Bachelors thesis. I comment on Bourdieu's observation about the relationship between business schools and corporate employers. I contrast his statements with the specific case of REA and

show how the topic specialisations for the Bachelors thesis are indicative of a shift in organisational priorities over time.

The third section details corporate recruitment efforts, and, building on chapter 5 highlights the importance of REA in establishing a link between students and companies. I examine the contexts in which REA students meet their actual future employers and focus in particular on performative aspects of these encounters. Based on ethnographic data of company presentations and the career fair, I show how students' recruitment into transnational companies is being facilitated. I also highlight that despite the grooming and the training in presentation skills, students might still feel insecure and embarrassed (sometimes); contrary to much of the literature on elites that emphasises seemingly effortless performances, at REA not all is as glib as it appears. Section four presents the graduates' choices in terms of their employers. The vast majority of students are working for a small number of companies and in two distinct sectors that are dominated by transnational corporations. I report on these most important graduate destinations on the basis of statistical data from the Industry Interviews that were conducted by REA. This is followed by section four, which probes graduates' alternative careers. Rather than entering the corporate world straight out of REA, some students are continuing their studies. Additionally, I examine what happens to those who dropped out of REA before graduating.

This chapter seeks to examine students' chances, choices and considerations in terms of employment, as they move through the business school and as they are about to leave it behind. It explores specifically the actual outcomes of an REA education; i.e. it establishes students' post-business school destinations in detail. The final anthropological analysis of the production of ambition is provided in the conclusion to the thesis (chapter 8).



## 7.1 Deciding between corporate and local futures

As previously mentioned REA management publicly stresses an official study-only policy. But the labour market situation in the Baltic states in the mid-90s bore significant temptations for students to disregard this institutional priority:

On the demand side, there is a severe skills shortage within the Estonian job market. Many former managers deemed as Soviet-minded have been expelled. Consequently, many students can find jobs in middle management level within Estonia. Since this is a classic seller's market, many 20 year olds in university are well aware of the fact that they could get a high-ranking job without a university qualification. (van Hoek & Yee Chong, 1995, p.12)

Fearing split loyalties on the part of the students the school seeks to dissuade them from establishing lasting connections outside of the company visits and internships that are prescribed by the curriculum.

For REA there are a number of practical, academic and bureaucratic considerations at work. For example, lecturers are engaged in conveying a very basic curriculum to their students, i.e. they are introducing them to a whole range of disciplines and each can be dealt with only up to a certain level.<sup>181</sup> Lecturers who each specialise in particular disciplines usually would prefer to convey a more in-depth understanding of their own subject area: they do not think that a three-week course turns students into experts within the many composite areas. Faculty thus tends conceptualise its students as an as yet unfinished product. Furthermore, all REA staff are committed to education and training that leads to a degree which certifies a range of competencies. Their role as guarantors of a particular standard is somewhat undermined if students are recognised as desirable and adept even without having undergone the full programme and the final consecration of their graduate status.

The REA management, of course, knows that a very large percentage of students (especially those in their second year) are already working. Earlier in the thesis I

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<sup>181</sup> As previously outlined, the four-year Swedish degree programme is shortened and taught intensely over a two-year period in Riga.

noted that at one stage the REA management was so concerned that it sought to forbid it. However, most of the time, management turns a blind eye. In fact, occasionally the school tries to find students who are willing to work for one of the school's Progress partners, usually on a temporary or part-time assignment.

Advertisements from large transnational corporations are placed on the school's notice board. At least once an urgent request was posted to all students via email. Later, I heard it being actively chased by a member of staff.

Given the close connection with the Progress partners and through a burgeoning executive education unit, REA is inextricably linked with the transnational corporate world. This is also underlined in a school statement regarding the Industry Interviews it conducts with the employers of its graduates: "The findings will allow us to review the balance of theory and practice in the study programme, and some changes in the curriculum may follow. We also wish to update the courses offered, so that they better accommodate the employers' needs." (Insider, 1999).<sup>182</sup>

I do not think that the school's management deliberately or systematically differentiates between types of work (at least not towards the students): in principle it opposes any kind of work during the study period. Nevertheless it appears as if *in practice*, the school does differentiate: connections with local companies appear to be few and far between, meanwhile all kinds of transnational companies are being implicitly endorsed for they are regular guests at the school. Moreover, I suppose that more bureaucratic and impersonal forms of work in large transnational companies and organisations are perceived as more appropriate (and less threatening) to the students' transformation.<sup>183</sup> In my understanding, REA's ambivalent stance against students working is primarily concerned with the school's anxieties about unpredictable local companies where informal practices persist in the post-socialist period. At the same time, REA does seek to prevent brain drain. In an interview with the *Financial Times*, the Swedish benefactors made the following point: "It is very important that the students come out into an environment which they recognise from

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<sup>182</sup> The results from the industry survey are detailed in section three of this chapter.

<sup>183</sup> See also Scott's description of different forms or phases of capitalism (liberal / organized / disorganized). He provides a useful contrast with emerging systems in the FSU. (Scott, 1997, p.17-18).

the instruction they have had. Otherwise they will go abroad.” (Brown-Humes, 1994). It appears then that transnational corporate employers are ultimately deemed to be the most desirable destination for REA graduates as far as the school is concerned.

Whereas school rules and their interpretation remain fuzzy on the issue of work versus study, students actually face offers, opportunities and problems whenever they come in contact with companies as part of their coursework. Each company visit implicitly raises issues of exchange and reciprocity and potentially lasting connections. During their attendance at REA students approach a whole range of companies and request information and assistance. On each occasion they are asking for time, effort and patience on the part of companies that are being visited and without ever giving anything in return. Transnational companies might appreciate and readily respond to token gestures, e.g. a copy of the report that was written on the basis of such visits might be given as a thank you. But such reports tend to be of little use to local companies.<sup>184</sup> Furthermore, academic reports are geared towards the learning experience of the students and may be of little use to companies.

As previously highlighted in chapter 4, many students prefer to visit transnational companies rather than local ones because of a mutual understanding and an ideological fit in terms of conservative capitalist ideas and models. Transnational companies tend to be cooperative for their senior staff are likely to have attended business schools themselves and they consider the students almost always as potential recruits. I noted also that local managers, on the other hand, are frequently unaware of the specific demands of the REA programme. According to the students, many do not know the theories that are being espoused by the business school, and they tend to be unfamiliar with the tight schedules that dominate students’ activities. Furthermore, some local managers might feel that these groups of young students are

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<sup>184</sup> Small local companies might not actually have personnel that speak, read and understand English (and of course, students are unlikely to have the time to translate such things whilst they are attending REA).

a waste of their time, or they perceive them as arrogant. Nevertheless even at an early stage of their REA attendance, students seek opportunities to try out their new skills:

As a 'first job' many students help in the writing of business plans that are needed to secure loans. This is usually a short-term assignment that does not imply a firm commitment on either part. Sometimes it is completed for free, as a favour to friends, family and acquaintances. But some students are contacted by word of mouth and they may receive payment in return for their services.

Over time the students begin to feel more confident about their abilities to operate the subjects and disciplines taught and about their new status. Outsiders too come to perceive of the students as increasingly more knowledgeable about business and economics. As previously underscored, students also become more acutely aware of image management and self-presentation. They will have conducted numerous company visits and this means that they know the ropes *and* the jargon. In their second year they move on to the higher-level courses in strategy and management. At this stage – when students are increasingly imbued with transnational cultural capital – many companies (local and transnational) become interested some form of involvement with REA's students. Whereas initially students are just seen as "way too young" and a bit uppity, they eventually become sought after on account of their future-oriented knowledge and training.

Transnational companies and organisations tend to hire students for specified purposes, e.g. for projects or research or for work that forms a small part within ongoing business processes. Local companies tend to be more enterprising in their requests. Rather than merely filling a neatly defined slot with set tasks and responsibilities (as is often the case within transnational corporations), local companies expect students' efforts to make a real and immediate difference. It is important to note that especially in the beginning, for the students this kind of attention is extremely flattering: local companies consider their command of market economy principles and management theories authoritative. Contrary to the school context in which they are forever lacking knowledge and experience, in this other (local) realm students are perceived as accomplished already. Thus, in a phase of

spirited and opportunist experimentation students may wish to try out in practice what they have learned in the classroom. Indeed, some students tend to think of work as “more real” and as a more apposite test of their abilities (as opposed to exams). Meanwhile, as far as the Swedish lecturers are concerned, the students’ (premature) engagement smacks of amateurism.

Some local companies might suggest that company visits could be developed into a mutually beneficial manner. Rather than merely providing case study material for an academic programme companies might request that the project should be a consultative exercise. Indeed some local companies are willing to co-operate *only* if it is possible to work out detailed opportunities for them and their company rather than contributing to reports on subjects which are of limited use to the company’s current concerns.<sup>185</sup> Companies may well suggest to students that their skills and status could be put to more effective uses, i.e. in the form of a consultation. Oftentimes students refuse politely. With REA being such a full on venture (and possibly having one job on the side already), students simply do not have the time for a commitment within the unpredictable and demanding business context of local companies. But some students will try it.

As outlined in chapter 4, business information is not commonly shared. In fact it is considered highly confidential. But as REA students are quizzing local managers about their own practices (e.g. during company visits), both might realise that it could be useful and profitable to know this type of information about other firms. Occasionally, REA students conduct “comparative” research: they undertake company visits: either as part of an actual project, or by pretending to fulfil an official assignment. Meanwhile they have come to an agreement with a particular company that stands to benefit from insights into the practices and strategies of its competitors. It is important to note that students do not necessarily do this for

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<sup>185</sup> Human resource management is one subject, which many local companies consider superfluous (Holden, 1998).

personal gain. As noted above, sometimes a *reciprocal* arrangement is the only way to gain access and extract the information that students need or want.

One group of students appeared to be conducting “comparative” research: they were systematically researching an entire business sector, filing requests to everybody for an important REA project. Other students noticed that this group was in fact closely allied with one particular company (at REA most students know of others’ projects and allegiances). As the group approached other companies they were doing so without disclosing this link, i.e. they were presenting themselves “from REA”, not as “working for competitor x”.

In turn the other students decided to alert the companies with which *they* had a special relationship: they felt protective, or perhaps they assumed that their demonstration of loyalty would eventually be rewarded somehow. It is noteworthy that they did not contact or deliberately enlist the school’s management (they did not snitch on one another). Rather, these other students used their personal contacts to warn companies that the research request had been made by fellow students who may seem impartial, but were in fact already “under contract” to deliver information to a competitor.

Being an unwitting party to corporate espionage is probably something that the business school would like to avoid at all cost, but to my knowledge students’ covert market research practices were never discussed openly between students and school management. For the students the incident provided an intriguing plot: students and companies were involved in a fascinating drama where each tried to outguess the other; it featured cunning, elegance and entrepreneurial spirit. But the incident also called into question the students’ accountability and morality; it invited them to consider ethical issues involved in their own training and transformation. In order to get students to think about “fair play” and their own position, one small story (a proverbial storm in a teacup) could have easily outperformed the Swedish curriculum in business ethics, which is – incidentally – the least popular course of the entire REA degree programme.<sup>186</sup> Most importantly perhaps, this incidence also indicated to REA students that relationships with local companies are complicated and potentially disreputable. Meanwhile the involvement with transnationally operating companies emerged as relatively trouble free and comfortable.

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<sup>186</sup> At REA all students attend a two-week course in business ethics. Each year the students rate this course as the “least useful”.

During fieldwork students also experienced much more mundane encounters with the world of work, which ranged from the disappointing and boring to the exciting and eventually stressful:

One student took on work in a ministry. He thought it might be interesting to get a feel for politics and large organisations. However, within the ministry he was assigned photocopying duties and earned a pitiful local wage that the ministry considered commensurate with his age and work experience. He stuck it out for a few months, but when he realised that he would not be given access to anything remotely useful or interesting, he quit. He had been willing to get involved in local affairs, but his training and abilities were not being recognised: he was simply seen as a student helper.

Meanwhile, another student – equally qualified – took on an internship with Proctor & Gamble to work in marketing. Rather than shadowing ongoing work, she was expected to function like any other member of staff. The work was demanding and challenging: she worked as a product manager and had wide ranging duties for a particular product range, including the organisation of high profile marketing events and media campaigns, business travel throughout the Baltic states and the commissioning of market research. She clearly enjoyed the opportunities before her. But she also had difficulties in extricating herself from the arrangement when her internship period was finished, partly because of her sense of responsibility for ‘her’ products, partly because the company was so keen to keep her there.

Over time REA students’ considerations about their future careers are becoming increasingly streamlined as more and more students’ experiences confirm the difficulties of engagements with local companies. Graduates and older students are being consulted informally and formally. The statements given below are taken from the student newspaper, which sought to inform first year students about internship placements:

Positives about working in transnational companies (from 3 different students):

A: “The best things are to get to work in English, maybe, and to see the interaction of the international traditional management styles and the local poor/active response to it.”

B: “The standards and the environment are usually much better than in the Latvian companies due to the presence of foreigners. This is my personal opinion.”

C: “Most positive thing was the atmosphere that so often are not in a good shape in local companies.”

Negatives about working in international companies (same 3 respondents):

A: “Environment seems to be less problematic, so you may not find out the real state of things.”

B: “You also have to keep the standard, have to be in shape all the time.”

C: “It is hard to remember any real disadvantages...”

Meanwhile one student who had been an intern at local companies reported:

(on positives) “You feel advantaged over some other employees coming from the method of working that has been obtained in our school.”

(on negatives) “The most important issue in deciding upon the salary is how to avoid taxes”

(on whether it was to be recommended to other students) “Yes, to see a bit of real life vs. paradise-like school.” (sic., Insider, 1998)

The school's programme, contents and structure *and* the students' experiences all seem to suggest that employment prospects in transnational companies are better and less problematic than local ones; they also tend to pay better wages. In this section I showed that REA students are drawn into various specific work situations and opportunities and how individuals and the group as a whole value these. The internship opportunities, students' working patterns and preferences are all highly relevant for the students' ultimate post-REA destinations.



## 7.2 Conflicting tendencies: academic vs. applied engagements

As outlined in previous chapters, Bourdieu's work has been crucial in demonstrating the growing significance of educational credentials for elite status reproduction. Here I would like to suggest that in terms of the production of the new Baltic business elite it is also important to consider the major contradiction between the aims of education and enterprise, which he posits (1996). Bourdieu points out that corporate managers are in two minds about the role of the education system, chiefly on account of its potential ability to inculcate in the students its *own* visions and principles.

[Business managers expect] ... an institution for the training of the 'elite' to introduce its students to intellectual matters without turning them into intellectuals, to educate them without warping them, to condition them without 'contaminating' them ... these employers are logically led to show an indisputable preference for the ... [educational establishments that] seem tailor-made to respond to the profoundly contradictory aspect of their expectations (Bourdieu, 1996, p.89).

[Business schools] must encourage and foster anti-academic dispositions in students who are already more than half converted, all the while guaranteeing them the more or less deceptive forms of prestige offered by fallacious academic titles. (Bourdieu, 1996, p.224)

Bourdieu argues that business schools were adapted so as to be able to operate between the academic and the economic pole. These contradictions (and anti-academic dispositions) are also at work in Riga. Earlier on in the thesis and in the first section of this chapter I showed that REA is actively seeking to align its programme with the wishes and desires of major transnational corporations active in the Baltic states. Here I want to briefly consider the importance of the Bachelors thesis, which highlights the school's shifting position vis-à-vis academia and the students' pursuit of intellectual status.

In chapter 4 I mentioned that thesis projects at the end of the degree programme seemed to contradict the overwhelming trend for REA students to engage primarily and exclusively with transnational companies. This section reports that there has been an important shift over time: whereas early on REA encouraged the students to deal with local issues and economic development within the Baltic states, there is now a clear tendency emerging towards more *academic* and less contextually defined issues. In the first instance I seek to detail this change in regard of students' final

specialisation, I then move on to consider the implications of students' choices and evaluate Bourdieu's statements in the light of these findings.

When the degree programme was first set up students had relatively little choice for their final thesis specialisation. There were only two options and both of these had a strong emphasis on the local transition: Entrepreneurship & Small Business Management and Intrapreneurship & Consulting (although very determined students were also allowed to write on more traditional economics topics if they wished). In the second round of Bachelors thesis writing, in 1997, the specialisation options remained the same. During fieldwork I observed students conducting their projects.

In 1997 many students performed research for their thesis in co-operation with small local companies. The projects were essentially about trying to work out a specific business strategy or solve a complex problem such as how to secure urgently needed investment and how to re-orient export production away from the increasingly restricted markets in the FSU. The students were actively engaging with the issues and problems that local companies were facing in the transition period. During the research stage REA students and staff of these businesses attempted to work out together how local companies could take advantage of the opportunities of the market economy.

In the early period of REA's existence small local companies were clearly benefiting from REA training. When I spoke to the students about their theses (I had offered to help with proofreading) it turned out that many of them had enjoyed the challenge. The case material they gathered was clearly rich, complex and difficult to handle. Theories learned in the classroom did not necessarily make sense when all (post-socialist) factors, constraints and the local business environment were taken into account. As it turned out most students came to appreciate the difficulties that were being experienced by their "clients". Some saw the thesis as a chance to be useful and to "make a difference". REA too is proud of these achievements: the theses are for sale through the Internet.

In 1998, however, there were changes afoot. With new management in charge (for the 3<sup>rd</sup> time in four years) there was to be a stronger emphasis on the more academic

(as opposed to the more 'applied') subjects. As previously mentioned, at REA the more technical subjects are associated with higher prestige both by students and staff. Especially the last course of the programme is considered to be the most challenging:

At REA Finance is taught by an internationally esteemed senior academic who had demonstrated a firm commitment to the school and the students. Although many students regularly failed the course on the first and second attempt the lecturer was well liked and admired. In 1998 students relished the challenge of the most demanding unit -- many specifically took time off work in order to attend all or most sessions of the Finance course. They made enormous efforts to prepare for this particular course. Various students told me that it was "impossible to cheat", thus marking that this was a "serious" and "tough" assignment. When they finally managed to pass the students were relieved but also proud of their achievement. It seemed as if Finance was the holy grail of an REA education.

When it came to deciding on a Bachelors thesis specialisation students overwhelmingly opted for the Finance specialisation: In 1998 there were 28 theses in Economics and Finance, 19 in Business administration and only 6 theses in Consulting.

Financial economics is all about maths and models and the skill of performing advanced calculations can be applied in *any* context. It struck me that students appeared to symbolically want to compete on a 'level' playing field: by concentrating on highly technical aspects of their training they were no longer restrained by the local circumstances that made everything that much more complicated. Students were keen to learn and exercise a skill that is universally valuable and transnationally applicable. Thus it seemed that Finance was partly so important because it irretrievably proved to the students that they are as good as their Western counterparts. In 1998 the self-chosen Bachelors specialisation became more and more like the overall REA programme: universally applicable topics gained currency and *applied* subjects that were primarily locally relevant became further sidelined.<sup>187</sup>

In 1998 students did worry about local problems, but significantly, these considerations took place outside of the classroom.

One evening whilst hanging out the students were wondering about the national railways. They systematically worked out what it would take to turn the railways around, i.e. how to restructure the entire system and how to make it profitable. Drawing on the standard practices of their REA training students drew up a wish list of team members and allocated responsibilities: on the basis of known strengths of course mates they decided who should manage day-to-day operations, who would deal with logistics and who was going to look after the finances and human resources. It would be a tough job – nobody could bring about change in such a big organisation all by him or herself – it would need a team of experts and together they could manage, maybe. Working as a team (of ‘experts’) would also distract from the students’ age -- persuading the state sector to give a chance to a bunch of youngsters (barely 20) was not going to be easy.

Wanting to fix the ailing national railway system – to do something “useful” and “for Latvia” – was a desire that came up spontaneously. It had nothing to do with making money: everyone knew that state organisations were incapable of funding managerial posts in a manner comparable with the private sector. But it was a challenge. As a late night topic of discussion nothing came of it, not even a thesis. By then the notion of employing REA derived skills within a development context had ceased to be a priority for the Bachelors thesis. As part of the drive to “raise academic standards” REA supported students’ competitiveness within the most prestigious realm: in 1998 Finance had become *de rigueur*.

For the vast majority of REA students an engagement with local companies is about youthful experimentation – there is something of a risk involved and it is always complex. Furthermore, it deviates from the standard that is proposed and implicitly sanctioned by the programme structure *and* the school’s practices and corporate-friendly ethos. But even when students engaged with local companies towards the end of their training (which was mandatory in the past), theirs was a passing involvement. As I show throughout this chapter, the vast majority of REA students end up working for transnational companies that represent a seemingly uncomplicated environment. At this late stage in their school career it was also clear that the soon-to-be-graduates would never actually work for the local companies with whom they had engaged as part of their thesis research project. Again, everybody knew that local companies simply lacked the necessary resources to attract REA graduates.

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<sup>187</sup> In chapter 4 I developed my argument about the simple dichotomy that emerges from an REA education, which favours Western science, methods and practices over local circumstances and issues.

The students' increasing fascination with Finance is especially interesting in connection with Bourdieu's characterisation of business schools where students "...gradually learn to identify what 'interests' them with what is 'useful' ... and at the same time, ignore what they do not know and to be satisfied with what they do know." (Bourdieu, 1996, p.90). Indeed, in the previous section I showed that students find it hard to reconcile opportunities in the world of work with the strictures of their curriculum. During their attendance they tend to value work more highly than the programme itself (alas primarily the sort of employment that only REA facilitates, i.e. in transnationally operating companies); their efforts in the classroom tend to be highly strategic and many students begin to work long before graduation.

Finance was a subject that clearly captured the imagination of many REA students – in its complexity it responded to their academic yearnings (and it showed that whilst these rarely emerged, they clearly existed) – rather than to the sort of anti-academic dispositions Bourdieu detects at business schools in France. In Riga Finance was particularly exciting for those students who sought to exercise and increase their analytical skills and knowledge. But other students were drawn into this trend as well: in the late 90s it became something of a fashion at REA. Despite the students' reluctance to engage in-depth with most courses (as shown in chapter 4), students revelled in what they considered to be the most academically demanding course in their degree programme. At the same time, the heavy math focus of Finance represented a return to a comfortable subject matter for many. During the socialist period mathematics had been a key area in which the FSU education system achieved very successful results. In Riga too many students had entered the business school with astonishingly good scores in maths. Irrespective of whether it was down to personal aptitude or previous high quality training, returning to the use of a subject matter that was 'pure' and reminiscent of past accomplishments must have been reassuring.

Thus the emergent picture from Riga is more complex than that described by Bourdieu (1996). Whilst most students frequently prioritise work commitments over classroom attendance and complying with school demands, there are in Riga also a number of students who specifically seek out academic challenges. In turn they define the arena that matters and others seek to follow. In part this can be explained through the fact that REA is different to the business schools Bourdieu portrays. As mentioned earlier the business school is widely perceived as the “best option” in higher education in the Baltic states, thus its student body also encompassed those who are not necessarily drawn to a straightforward career track in business. Unlike students elsewhere who specifically seek to attend a business school, REA’s student body also featured a few individuals who were very positively disposed towards academia. Their engagement with Finance indicated the fact that some students were motivated by intellectual work and success and the status it brought.

At the same time, Bourdieu’s thesis is verified. The then management of the business school encouraged this specific engagement: it stressed the *more academic* subject matter of Finance rather than the more *applied* subjects, i.e. no student was ever seriously encouraged to do a thesis in accounting. What is observable at the business school in Riga is indeed an *oscillation* between the academic and the economic pole. On the one hand, students are specifically prepared for a career in transnational companies by a whole range of rather mundane and necessary subjects; i.e. they undergo vocational training. But on the other hand, the school claims prestige as an intellectual hub where the students perform universally recognised academic work that is relevant and comparable also outside of the specific Baltic context.

Earlier I mentioned that students’ interest in the math-based and pure subject of Finance could be interpreted, as indicative of an academic ambition, but Finance was also prestigious in other ways. Within a historical context Wiener (1981) notes that in England, Finance as a profession has been more closely associated with world of

the aristocracy (as opposed to industry which was identified with vulgar profit seeking):

[Finance] ...was 'clean' – well removed from the actual processes of production. It involved the extraction of wealth by associating with people of one's own class in fashionable surroundings, not by dealing with things and with the working and lower-middle classes, in perhaps grimy and ugly and certainly unfashionable locations. ... The City, in short, offered a way ... to be a gentleman and still get rich. (Wiener, 1981, p.145)

In the current era Finance continues to be very closely connected with the rapidly developing global economy. Nowadays it represents a subject or area of expertise that is more fashionable, more powerful, more distinguished and more profitable than (mere) economics.

In this section I have sought to demonstrate that students' paths into the transnational corporate world is not straightforward. The Bachelors thesis does not only provide an interesting insight into the evolution of the school and its shifting priorities, it also shows multiple ambivalences and motivations both on the part of the students and on the part of the business school. In the following two sections I will continue to highlight contexts that bring together students and transnational companies.

### 7.3 Mutual seduction: students and companies meet

In the first section of this chapter I showed that students' career choices and expectations are mediated by the REA programme as well as by their encounters with different types of companies. I also highlighted that students' relationships with local companies tend to be inconsistent, tricky and are marked as potentially dangerous. The school endorses transnational companies. Transnational companies are unambiguously keen to cultivate a close relationship with REA and its graduates. Indeed, previous chapters have shown that over the duration of their attendance students have been systematically prepared for employment in such companies. At REA they have become socialised into salient expectations and distinctions: they have learned about the principles that are used in such companies and they have come to acquire a personal image and style that successfully signals their suitability. On company visits they have become familiar with this particular milieu. At the same time, REA's pedigree, the existence of stringent entrance criteria, its foreign faculty and a curriculum (that befits their own capitalist undertaking) are assuring transnational companies.

For recruitment and marketing purposes transnational companies follow a variety of strategies that directly target REA students. The cheapest option is to sponsor a prize for a particular course, e.g. for a particular project. Slightly more expensive for corporate sponsors are scholarships: the students who perform particularly well in their first year of study earn a scholarship, which doubles their monthly income during their second year. Increasingly, these scholarships are named and sponsors come to an annual event where individual high achieving students (the 'top ten') are honoured. Another option for companies is to become a Progress partner. By supporting REA in this manner they achieve a somewhat higher profile. For example, the company's name appears on a plaque at the school's entrance and on the website. But this alone does not significantly raise the students' awareness. Other companies participate in the career fair, which is organised annually by the student



association (see below). However, the most powerful way of wooing REA students is through company presentations.

Company presentations are an occasional but consistent feature of REA. Once in a while a company decides to raise its profile and sets up an appointment with the school. The events guarantee the most intimate access to the students. When done well such presentations firmly establish the company as a known, generous and professional entity in students' individual and collective memory. Such events usually feature an air of mutual recognition: students are excited about the schemes and prospects presented, meanwhile the company representatives are instantly reassured that they have come to the 'right place'. At REA language barriers are conspicuous in their absence: students are fluent in both English and management speak. The business school space, equipment and atmosphere all serve to underline the similarities of environment between REA and transnational companies. Meanwhile students appear bright and alert. Their behaviour, attire, communication skills and environment seem familiar to the Western visitor.

Company presentations all follow a certain format. First everyone gathers in the large auditorium. The visitors begin their presentations, describing their company's history, successes, future endeavours and current needs. This is followed by a question and answer session. Afterwards everyone gets together over a buffet meal and informal mingling session. The most exciting and memorable event of this kind was the company presentation of a Swedish packaging company.

Most students had never heard of the company and when it was first announced there was not much enthusiasm: few students signed up for the event. But soon a very a tempting rumour was being spread and this in turn ensured that almost all students attended. As usual the company had asked the school to organise the catering. As usual the REA canteen was to provide a buffet dinner. The truly remarkable difference was the price that the company was willing to spend: £15 per head.<sup>188</sup> REA administrative staff shared their astonishment at this unusual generosity. They encouraged students to sign up: it would be a shame to miss this

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<sup>188</sup> For the graduation party in 1997 students had to purchase tickets for £10. At the time this was considered a serious problem. Students complained that the unusually high price would mean that some family members would have to stay at home. The fifteen pounds spent per student at the company presentation represented almost a third of the students' monthly income.

extraordinary lavish occasion. The sum was completely unprecedented and the ensuing meal was a feast of unrivalled proportions.

The presentation itself was noteworthy too. As usual it was very professional and sleek. But this company had sent many senior level employees from Sweden. This signalled the company's recognition and high esteem for REA and its students and in turn the students were appreciative of their efforts. However, the ultimate selling point on this occasion was the fact that all students who attended the event were given presents. We all received a real leather wallet. It was handed out to each student together with a clever gadget: a writing pad that was covered in the companies' packaging materials. Both gift items had the company name and logo prominently displayed.

During the event a few of the students were standing outside in the yard, smoking. We kept admiring our wallets and we all felt pampered and slightly tipsy. We then began to wonder why the company had gone to such great length to impress. It had worked just fine; we were impressed. But when some students had gone to talk to the company representatives it turned out that they only had one regional office (in Riga). Even more puzzling was the fact that the company had no plans for further expansion. This came as a great disappointment: several students had been willing to sign up with them straight after the presentation! But now it turned out that the company was not actually looking to recruit anyone...

Mine was the most sceptical take on the event: I suggested that by feasting 200 students once (and relatively cheaply), this company had managed to create a lasting positive impression and that this was probably good enough an outcome for them. Some students didn't really like this interpretation; it seemed too cynical. One or two continued to be upset that they would not have the chance of joining this particular company. They were disoriented by the visit: it had all looked so promising. Most students didn't care either way – they had a new wallet and it had been a good event.

Most students clearly perceived themselves as grateful or indifferent receivers of these presents; they did not associate the company presentation with a targeted effort nor related it to their future status. In any case both gift items were immediately put to use: the company's logo was hard to miss for a while. Even with the wallets eventually discarded, the company visit remains in the students' minds: it won the category of "best sponsor" in the yearbook poll. The fact that company presentations are ranked clearly indicates that they are a standard feature of business school life. Presumably unbeknown to the company subliminal advertising continues: once in a while students leaf through their yearbook and fondly remember the feast.

The career days, which are organised by the student association, are similar although the impression that individual companies leave is somewhat diluted. The number of companies willing to pay a substantial fee in order to meet the REA students climbed from 23 companies in 1997 to over 40 in 1998. The career fair also became

increasingly international, attracting companies from Lithuania and Estonia. Each of the companies sought to raise their profile and this meant that the student association could stipulate high charges for official sponsorship deals.<sup>189</sup> In 1998 demand for this special status was so high that new sponsorship categories had to be invented almost on the spot. Two days were filled with opportunities to meet and get to know one another: participant breakfasts in the morning, presentations scheduled throughout the day, and panel discussions and networking buffets in the evening.

The 1998 career day unfolded incredibly smoothly. It was an impressive demonstration of team effort. The student association had compiled a dedicated committee. The event was marketed successfully. Complex negotiations were conducted with the sponsors. Some students were responsible for the promotional material to be included in the brochure. Others carefully allocated the space for the stalls. Elaborate floor plans were drawn up: the biggest challenge was to avoid placing direct competitors alongside one another. On the day companies were welcomed and nametags were issued. The student newspaper had to be produced and picked up on time and it was. These were activities that students did alongside their study programme and they performed their tasks with an amazingly professional gusto. Financially too, the career fair was a success. The students association's budget for the coming year looked promising.

Career fair activities took place in two distinct arenas: the open plan ground floor and the fourth floor which houses two of the major teaching rooms. The downstairs area was madly busy throughout the two days. Or at least it seemed busy. Much of the dynamic impression appeared to be generated by students dashing about. Students were busy *being* busy; meanwhile recruiters were sitting idly on their stalls. Upstairs, the spatial set-up did not really allow for this level of pretence: once one entered one of the teaching rooms one was trapped. Interestingly, the students did venture upstairs during the career fair, sometimes repeatedly. But most students congregated around the central exit. Occasionally they nervously glanced into the teaching rooms on either side. But instead of making contact with the representatives they were busily talking to one another. For much of the day the company representatives ended up talking to themselves.

On the day some students were still producing their c.v. in the upstairs IT labs. But there was no fun to be had. As we were trying to come up with a good c.v. the students were clearly not feeling comfortable with the idea of advantageous self-presentation. Indeed most of the c.v.s were absolutely identical. We were desperately trying to find an interesting angle, a distinguishing criterion, but could not. We were correcting spelling mistakes and worked on the layout, but even that was a chore. Many students found it almost painful to have to somehow live up to the showy atmosphere.

After all the careful planning and management of the preparations it was surprising to see that students were so unforthcoming during the actual career fair. This event was of the students' own making. They had not been forced into it, but volunteered to take on responsibilities. But once little pre-event hiccups had been sorted and the

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<sup>189</sup> Over the years, the student association has managed to attract sponsorship for almost all of its activities. Two competing audit companies both sponsor the student newspaper. A software company sponsors the software for newspaper and web design and a local photo shop is providing film and develops the pictures for the newspaper. Local banks are willing to provide advice and support for REA's investment fund. Proctor & Gamble sponsors student parties.

operation was on course, the students treated it as a matter of endurance rather than a strategic opportunity.

Herzfeld argues “Performance is important because the position of elites is always an ambiguous one, responses to them being potentially fraught with irony.” (2000, p.233). During the career fair students concentrated on those aspects that they could master and demonstrate effortlessly. They evidently knew how to dress up, and bar one or two they had all done so. In some cases students had even bought new clothes especially for the event. All energies had gone into a polished and staged presentation. Once the students entered that stage they did not quite seem to know what to do. It was all props and no action. The students knew how to behave: they had all turned up and they had all done the rounds, although few had actually spoken to recruitment personnel at any length. It was as if almost everybody had suddenly become extremely embarrassed and very shy.

At this stage the students were already half-way there: they had conformed to the visual and structural scheme of things, only to then become incapacitated by doubt and insecurity that was sometimes masked by boredom and arrogance. This evident reluctance was uncharacteristic of the students in other contexts. It also provided a strong contrast to the bravado articulated only a few days earlier. For the school’s student newspaper I had conducted a mini survey about students’ expectations of the impending career fair.

One student explained:

“My consideration is that companies want us since they have paid to the school to participate in the career days. Therefore I presume that we are the ‘scarce’ resource and our possibility to choose is wider than those of the companies.”

Another student was being more provocative:

“I think of it as a yearly slave market, with the difference that the slaves, in case of SSE are dressed in business suits. And I am also fully concerned with the question: who is the most generous slave owner?”

Whereas the quotes depict the students as bold and assured, the career day itself highlighted students’ collective ambivalences. Most students felt uncomfortable

about the idea of selling themselves, especially in the context of the career days where peers were witnessing these efforts. However, one important development that the career fair facilitated was to open the discussion of this year's graduate starting salaries. Students were keen to find out what they were *worth*. Those who had dared to involve the recruiters in discussions had ascertained what was on offer and the new figures quickly became public knowledge.

Meanwhile some students were laughing about the naivety with which certain local companies had approached the REA event (only two local companies participated). One student commented:

Why did they come? What was the point of that? Maybe they came to find someone... -- but now they know: no way is anyone going to work for them. But I think they know now. I mean, they are offering half of what everybody else is offering.... – they won't be back next year!

The local company had failed miserably in conveying a favourable impression to the students, indeed it was almost seen as presumptuous for trying, as the company was unable (or unwilling) to offer the level of rewards that soon-to-be graduates were expecting. Furthermore, they were clearly inexperienced in emphasising public relations to which REA students were accustomed. In contrast to employment with transnational firms, working in local companies was by then thought of as “not nice”, and as the quote indicates it was not considered profitable either. One graduate explained to me that REA training would be a waste within the local context. All that was needed to work for a local company could be learned on the job; i.e. by picking up on company practices in terms of cheating, tax dodging and mafia connections. Students did not really warrant the stall any attention or enquired what positions were open. They had made up their mind already: they were going corporate.

Kingston & Clawson (1990) report on the recruitment practices and criteria at American elite business schools. One of their key findings was that academic

performance is not used to distinguish between candidates.<sup>190</sup> Students are being evaluated according to social and cultural capital rather than in terms of any professional skills.

Simply by being admitted in this school students ensure themselves of the opportunity of being considered for many 'fast track' positions in the corporate world; but once entered in the contest, largely because of demonstrated prior academic and job achievements, they compete among themselves on the basis of their ability to convey a personal style which comports with the prevailing norms of executive behaviour at particular companies. (Kingston & Clawson, 1990, p.249)

The chief criteria used by recruiters (who are often sent to their own alma mater) are personality and social compatibility. Thus, Kingston & Clawson argue, a business school degree "...is a credential signalling desirable qualities, not necessarily related to the content of the education." (ibid., p.250).

In the end, the students' reticence as displayed at the REA career fair made little difference to their careers. In the recruitment process that followed they all secured well-paid jobs. The career fair was just a show. I presume that by the time they were being interviewed, their embarrassment had subsided and that their usual communication skills and determination had returned. Meanwhile the career fair had set another REA standard. The REA peers had negotiated an acceptable starting salary amongst themselves. As they were looking for jobs after graduation they had a good idea of their own market value. For the majority of students and graduates, serious and solid careers are conceptualised within transnational companies that are capable and willing to woo the students and who reward them according to their status.

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<sup>190</sup> "...these recruiters presume that a degree from this elite school certifies an acceptably high level of general intelligence and technical training, but they see little value in attempting to make further distinctions among the candidates on these matters." (Kingston & Clawson, 1990, p.242).

## 7.4 Arriving at the corporate destination

As the ethnographic material outlined above indicates REA is keen to establish a special relationship with corporate recruiters. Apart from the sponsorship deals, company visits and career fair, the Industry Interviews are another example.<sup>191</sup> The Director of studies explained the school's motivation for conducting market research with graduates' employers:

Industry interviews allow us to learn how employers evaluate the performance of SSE Riga graduates, and we view the contribution of employers in shaping the SSE Riga study programme as highly valuable. Industry interviews provide information that will help to maintain, apply and improve a quality control system, and maintain and develop a professional network to pursue the goals set .... We conduct the industry interviews to give the school a better profile in the Baltics and in general and in the companies SSE Riga graduates work for in particular. ... Close contacts with the companies and organisations provide us with opportunities to arrange internships, company visits, and guest speakers. (From the student newspaper, Insider, 1999)

Similar to the established American business schools (detailed above), REA is very seriously involved in fine-tuning its *products* according to corporate specifications. Below I present some of the data that clearly demonstrates the emerging employment patterns of REA graduates. I will also provide students' perception of what represents a successful transition into employment and their ideas for their future careers at the time of graduation.

Over the period of fieldwork 199 students graduated from REA (student intake 1-3). The Industry Interview data covers the destinations of the 151 graduates from Latvia only (see table below).<sup>192</sup> At the time of the interviews (in 1999) REA graduates from Latvia worked in 51 companies throughout the Baltic states. Half of the REA graduates from Latvia worked in the Audit & Consulting and Banking & Finance sectors (see table 2 below).<sup>193</sup>

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<sup>191</sup> The Industry Interviews were conducted by REA staff in 1999. Eighteen employers were questioned who employed one or more REA graduates.

<sup>192</sup> Estonian and Lithuanian graduates' destinations will be the subject of a separate survey that the school seeks to undertake.

<sup>193</sup> When taking into account factors not covered by this survey, the number of graduates employed in these two sectors is even higher: the majority of REA graduates who had opted for postgraduate studies had previously worked within these two sectors and were planning to return upon completion of their postgraduate degrees.

**Table 2: Graduate employment by most important sectors\***

	1996	1997	1998	Total	Total (%)
Audit & Consulting	16	25	23	64	32%
Banking & Finance	8	15	11	34	17%
All other sectors	17	23	13	53	30%
Graduate Studies	11	13	18	42	21%

\* This data is presented on the basis of the REA Industry Interviews conducted in 1999. According to the REA findings, 151 graduates work in 51 companies and 42 graduates were studying. Six graduates are unaccounted for.

Companies in the Audit & Consulting sector refer primarily to the global auditing companies, i.e. Arthur Andersen, PriceWaterhouseCooper, Ernst & Young, Deloitte & Touche etc. The majority of graduates began to work for the first two companies. This choice of working environment was billed, both by REA and the companies themselves, as a “third year” of studying. In 1999, according to the alumni yearbook former REA students held positions as: Audit Manager, Senior Consultant, Senior Associate, Information Systems Specialist, Management Consultant, Senior Auditor, Audit Associate, Project Manager (Corporate Finance), Sales Director, Consultant, Auditor, Human Resources Co-ordinator, Tax & Legal Consultant, Senior Partner. The more recent graduates were working as Auditor’s Assistant, or Assistant.

The Banking & Finance sector had a few local players, but these too had to operate according to international standards and procedures. Whilst originally local, Baltic banks were increasingly merging and eventually Swedish banks bought most of them. Within this sector, in 1999 REA alumni worked as: Head of Sales, Project Manager, Investment Manager, Head of Client Service Department, Branch Manager, Associate (Corporate Finance), Head of Treasury, Associate (Investment Banking), Broker (Equities), Treasury and Corporate Finance Specialist, Fixed Income Dealer, Director, Head of Derivatives, Analyst, Resource Manager, Manager (Leasing Department), Project Manager (Corporate Finance), Trader (Financial Products).



Compared to the two leading sectors the number of graduates employed in each of the other areas is of minor importance. Other sectors are made up of Communications and Transport, Commerce & Trading, Marketing & Advertising, and Engineering. In 1999 REA graduates held the following positions: Managing Director, Director, Operations Manager for Baltics, Vice-president (Finance), Chief accountant, Finance Manager, Marketing manager, Accounts and Planning Manager, Financial Controller, Product Planner, Business Control Director, Regional Manager, Director in Baltic states, President, CEO, Director (Finance), Economist, Sales Director, Chairman, Division Controller, Director, Marketing Director, Account Executive, Finance Director, Financial Manager, Broker, Consultant, Financial Analyst, Media Director, Partner, Area Manager/Director and Senior Partner.

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In addition a small number of primarily female REA graduates worked for international organisations and agencies such as UNDP, the European Integration Bureau, the Latvian Development Agency or the World Bank. It is my estimate that less than 10% of graduates went to work for local companies or organisations such as ministries and city councils. The pattern observable for graduates from Latvia was similar for the Lithuanian and Estonian students. They too tended to work overwhelmingly within the major sectors (in auditing and banking) or in major corporations and agencies.

Working in transnational companies meant handsome and regular monthly pay checks, ongoing training opportunities, performance-related career progression and incentive schemes. It was a well-known fact that audit companies paid their new recruits a substantial clothing allowance prior to their employment and, in addition all new staff were sent on training sessions in Southern Europe. REA students were looking forward to these perks. In fact it seemed as if working for a globally recognisable company was almost like being in the West – and of course, many graduates travelled abroad through their work, e.g. for training or to see clients. It is

noteworthy that whilst many students and graduates did not want to settle abroad themselves, they nevertheless tended to hold those in higher esteem that did.

These were the considerations of one ambitious graduate-to-be:

Did you know that London is supposed to lose its status ...[as a financial capital]? I read it somewhere – and Frankfurt too... but really, I want to be in London. I wrote off to some ten banks. I want to work in the city. That's my dream. My brother went to London, to the city, where all the banks are. But when he was there, everything was closed. But I want to be there, working there. I was too late this year. I wrote to these banks... There are 1400 banks in London... why shouldn't they give someone like me a chance... someone who wants to work in Finance... someone from Eastern Europe, from the Baltic states...

The excerpt shows that some REA students and graduates perceived themselves as underdogs, especially in comparison with Western Europe. Despite such apprehensions and misgivings about whether they would manage to be accepted and could be successful abroad, some students felt that nothing less would satisfy their ambitions. Indeed, ultimate success among many of the students was measured in terms of geographical distance from the Baltic states. The graduates operated with an implicit notion: “the more Western, the better...”. Western Europe and the US were assumed to feature more competitive labour markets and thus a career there was assumed to be harder, but also more worthy and exciting. The association between success / prestige and access to Western locations (and power spheres) also applied to postgraduate studies (see next section).

One graduate explained this valorisation to me through a metaphor as we were discussing an REA peer who had had phenomenal success in his banking career at home.

Of course, that is quite amazing. It really is... He managed all that and so fast. But you know, in a way you could already tell in school. So, no... it's not really a surprise. ... But you know, he may be a big fish there, but it [one of the Baltic capitals] is only a small pond... Doing that sort of thing here is not as hard as in London or New York, I am sure.

Local Baltic success was not considered as noteworthy, respectable or true as working abroad. Transnationally high profile firms such as the legendary merchant bank Goldman Sachs or the elite consulting company McKinsey represented the

pinnacle of a triumphant career. Within the alumni group everybody had heard of (and liked to talk about) the success of those who had *made it* abroad and many were slightly in awe, but also proud. Again, this categorisation applied irrespective of whether former peers had managed to access well-known elite education institutions, or in terms of jobs. Whilst there were also the occasional snide remarks, most comments appeared quite unrelated to envy. Many graduates seemed to think that if *one of them* could make it, they too might get there eventually. This principle appears to be in operation especially with younger generations of REA students who tend to view certain high achieving graduates as role models.

It is important to note that within the Baltic environment all REA graduates have very similar opportunities within major agencies and corporations. Citizenship or residency status matters very little once graduates possess the REA credential that signals transnational cultural capital. For auditing and consulting companies it is especially important that they have staff available to deal with any client, hence such companies are eager to employ both Russian-speakers and Latvians. In turn this led to a further affirmation of the networks that had developed during the period of studies. A common employer meant that even graduates who had socialised relatively little during their time at the business school were being brought closer together.

In the late 90s many graduates continued to seek out the company of their REA peers. Between 10 and 20 graduates regularly came back to the business school to take their lunch there. The mixture of graduates and students led to a formidable resource not only for the graduates, but also for the students.

During a stock market crash the REA cafeteria was buzzing. Many students were eager to get to talk to the graduates as soon as they arrived. Students were keen to find out whether the graduates might know more than what had been reported on the news about the day's events.

This was not an isolated event. Those who were still studying frequently pursued graduates in an effort to secure data and favours of access. Occasionally, current students would reach out to graduates they had never actually met at REA. Request

like these appeared on email: “you don’t know me, but I am from REA too. Please can you help with...”. REA itself was keen to foster links by getting graduates to come back and give guest lectures. Through the ongoing establishment of inter-generational contacts, it is likely that new students will follow into the footsteps of their predecessors and that in future they will be hired – at least partly – on the basis of credential cronyism (Kingston & Smart, 1990).

Throughout the thesis I have sought to highlight the close alliance between the business school and transnational companies. This chapter especially underlined the eagerness with which corporate employers are snapping up the REA product and has indicated impressive career trajectories for a group of young people who are still in their early to mid-twenties. The findings from the Industry Interviews (conducted by REA in 1999) indicate that, overall, the graduates’ employers are happy with their new recruits. In particular, companies are impressed by the graduates’ English language and presentations skills, their teamwork abilities and a professional attitude as exemplified by reliability, efficiency and a willingness to take on responsibilities. But employers also remark on the graduates’ excessive confidence and arrogance; an ability to sell themselves is set off by inflated expectations about salaries. Whilst employers note that graduates are willing and eager to learn and improve, they also highlight that this is badly needed, for graduates are seen as lacking experience and understanding of local business, local economics and legislation.

## 7.5 Dropping out, studying on and post-REA networking

Chapter 4 and section one clearly demonstrated that through their involvement with companies long before graduation, students seek experiences beyond the classroom from early on in the REA programme. But despite these other priorities during their attendance at REA, many REA graduates chase further educational opportunities after graduation. In this section I seek to unravel the reasons for students' dedication to higher education. It is particularly noteworthy not only because an REA education in itself already marks students as the 'cream of the crop' within the Baltic states, but also given that continuing studies convey relatively few tangible benefits within the Baltic labour market to which most of the students return. Later in this section I also report on the fate of those students who did not complete their education at REA. Finally I detail the continuing connections between former students.

There are different reasons for REA graduates to continue their academic careers. High status is associated with gaining scholarships to study in the US or the UK, especially those that are organised through highly competitive schemes. REA graduates, of course, have a number of distinct advantages when it comes to the selection committees of various funding bodies and institutions. They speak and write English fluently and this helps with the compulsory English tests. Secondly, within the Baltic states their alma mater could not be more distinguished. Thirdly, REA is familiar with Western university admission requirements: its transcripts and references are available in English and conform to the desired format, thus undoubtedly reassuring those in charge of selecting candidates. Indeed it could be argued that the business school functions as a feeder institution in much the same way that elite secondary schools were shown to serve REA (in chapter 3). Most graduates, irrespective of their academic post-REA destination continue their studies in economics, finance and business studies.

The most ambitious students tend to apply for programmes in prestigious Western universities. Whilst grades were shown to be almost irrelevant for a career within the corporate sector, the realm of further studies requires academic achievements. Applicants to British and American programmes and scholarship schemes thus tend to have been amongst the most academically successful students at REA. But success with the top institutions also demands from the applicants a steely determination, longer-term planning and preparation, effective self-presentation at interview and a hefty dose of opportunism.<sup>194</sup> I would estimate that in Latvia there are about five or six scholarships available annually.<sup>195</sup> . It seems that each year at least two of these highly prestigious scholarships go to REA alumni. In addition some graduates access funds that are not restricted to Baltic applicants or those of specific American universities. REA graduates have attended graduate programmes at business school and universities in the UK (e.g. at Oxford, Warwick, Essex, Cambridge, etc.), in Spain (IESE), in Belgium (College of Europe) and the Netherlands. North American higher education establishments that have accepted REA graduates include amongst others: New York University, Georgetown University (Washington), Bentley College, Boston (Massachusetts), Queen's University, Kingston (Ontario) in Canada, Williamsburg (Virginia) and Agnes Scott College (Georgia).<sup>196</sup>

According to the students' own evaluation, scholarships for graduate study in Scandinavia or Eastern Europe are easier to come by and thus carry somewhat less prestige. Annually between six and ten REA graduates gain a scholarship for a Masters degree at HHS, REA's mother school in Stockholm. In addition between three and six students attend programmes elsewhere in Northern Europe. A steady flow of former REA students attends the Soros-funded Central European University (CEU) in Budapest. REA graduates opt for these programmes usually when they

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<sup>194</sup> I partly know just how much work goes into this because both of my flatmates ended up studying abroad. One of them did a Masters in New York and now does a PhD in Stockholm, the other worked for a year, studied for a Masters at Warwick and now works for the World Bank and is applying to do a PhD. Her application to the LSE has already been accepted.

<sup>195</sup> For example, the Fulbright schemes, the British Council, and the Soros Foundation. Another scheme is run through the Rotary club.

<sup>196</sup> This data was primarily taken from the REA Alumni Yearbook published in 1999. Nordic universities chosen by REA graduates are listed below.

wish to move into a different subject area, when they are not sure what to do next with their career, or if they seek time away from home without *really* going abroad.

For REA students and graduates CEU holds a curious status. It is sometimes considered a soft option for it is *only* Eastern European and hence not properly Western. Indeed it does attract primarily young people from the FSU and Eastern Europe, but (at least initially) this is not perceived as an advantage. One REA alumnus who is not from Latvia rejected CEU on the following grounds:

...but you see, here in Eastern Europe, people can't really imagine that a university in Hungary can be good. People don't see the point in going there, because it will be just like at home. For example, when we decided to study in Riga, here people were asking: 'why... [bother]? You might as well stay ...'. There is this suspicion... and people think that it can never be as good [as in the West]. But we came to Riga and that was great!

Such considerations notwithstanding, each year two or three students attend CEU. Usually, they report that it felt rather "like REA" in terms of the facilities, international climate and because of the stark contrast between the philanthropically funded school and the local context in transition. CEU also offers a variety of social science programmes and it allows former REA students to move on to specialisations that they may feel suit them better, such as sociology.

A number of Nordic graduate programmes are being advertised in Riga, e.g. at universities and business schools in Lund, Jonkoping, Oslo, Bergen, but also in Denmark and Finland. Given the REA set-up and the mother school's particularly high profile (and prestige) in the Scandinavian countries, graduates have no trouble at all in gaining acceptance for such courses. However, most of the universities that offer these occasional scholarships are considered little known entities and some programmes feature only limited or unusual specialisations. Hence in the early years of REA the idea of a degree from an "unknown" Nordic university was not particularly popular.

The vast majority of REA graduates who continue with a Masters degree abroad move on to the Swedish mother school, HHS, where they complete the International Graduate Programme (IGP). Annually, those who have gone on to Stockholm write articles for the student newspaper in Riga, thus all of the REA students are familiar with the set-up. The graduate studies option at HHS tends to be seen as a *safe* option within which REA provides almost paternalistically to most of those who apply with serious intentions. As far as I know these scholarships are restricted to REA graduates only, i.e. those from other Baltic universities are unlikely to find HHS quite as accessible. It appears that both students and staff think of familiarity as a major advantage. Most of the Riga students who move on to Stockholm will have performed well in their courses at REA and some of the Swedish lecturers are very encouraging.

In 1998 there were well over thirty applications for the IGP in Stockholm. The short-listed candidates were interviewed by a panel of advisors from Stockholm in conjunction with the REA administration. However, various REA graduates were cynical about the selection procedure: some suspected that the key to getting into the IGP programme was to be able to draw on well established contacts with the Riga administration.

The criteria are based on proven academic success, but some graduates think that this alone does not guarantee acceptance. In response to their enquiries about the IGP some graduates received variable responses and some felt that they were being discouraged from applying. Occasionally graduates comment that it appears as if scholarships are provided as a favour, even at late notice.

It is noteworthy that many of the first choice candidates drop out at the last minute, or they defer if a better opportunity comes along; going to Stockholm, it appears, is rarely the highest priority for REA graduates.

REA itself only collects data on the students who are studying abroad. Similar to the targeted graduate recruitment drives by well known transnational companies, the acceptance of REA alumni by prestigious universities is clearly perceived as a compliment to the business school. But it is also a reflection of the relative disdain



that REA has for local programmes. Graduates gaining further qualifications abroad form part of an ongoing human resource strategy for REA. It is envisaged that those who gain Masters and PhD degrees from abroad will eventually become lecturers at REA. This is explicitly discussed with those who go to Stockholm, especially at the research level. Whether this scenario will actually happen remains to be seen: it is dependent on whether REA manages to extend its original agreement with the Latvian state and on its funding arrangements that are subject to a time limit.<sup>197</sup> In the first instance those who attend HHS are expected to come back to REA as occasional teaching assistants.

**Table 2: Number of graduates who undertake graduate studies abroad**

	1996	1997	1998	Total
Graduates	53	72	74	199
Graduates who go on to study abroad	11	13	18	42
% studying abroad	20,8%	18,1%	24,3%	21,1%

These figures are official statistics supplied by REA in 1998. In 2002, out of those who graduated in 1998 alone, as many as a third have studied abroad for a Masters degree or are currently doing so.

As mentioned above, studying on does not always indicate an intention to shift discipline or profession. Indeed many young people from REA start working after their graduation, i.e. in a bank or with an auditing firm. After a while they decide to go abroad for a Masters degree. On their return most tend to go back to their former employer, even on the same salary as before. Thus the number of REA graduates who are going back for further studies is highly noteworthy especially given that within the local labour markets those who hold a Masters degree are not necessarily advantaged financially. Whether there will be long-term benefits for their careers remains to be seen.

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<sup>197</sup> Chapter 2 provides figures on REA's funding levels.

According to REA staff, those graduates who go to Sweden are not even particularly interested in their host country: back in Riga there is concern that REA alumni are not making the most of their scholarships at HHS. Rather than soaking up the atmosphere and enjoying themselves, staff in Riga have observed that students tend to return to the Baltic states early. It is said that students on the IGP do not necessarily stick around to write their Masters thesis in Stockholm. Rather they briefly return for its defence, thus many seem to effectively shorten their programme to 9 months. From my own observations it seems that students in Stockholm appear to stick to one another quite closely. Each IGP intake complains that it is hard to find friends in Sweden. Students who were merely acquaintances whilst attending REA oftentimes return as close friends.

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It is important to note that the choice to attend a postgraduate course abroad does not always seem connected with ambition, i.e. for higher salaries or for a period spent abroad (that may or may not lead to employment outside of the Baltic states). Instead many of these young people seem to primarily seek a break, a period of respite from their careers, and / or a time for reflection. Choosing a Nordic programme in particular does not necessarily represent a determined career strategy on the part of the students. But it is not representative of a shift in perspective or a pre-cursor to alternative lifestyles either: on their return the IGP graduates join their peers in the pursuit of successful corporate careers and the steady increase of living standards. There appears to be a difference between those who go to the UK and the US, on the one hand, and those who end up studying in the Nordic countries and Eastern Europe on the other. As mentioned earlier in this section, these latter destinations are considered something of a *near abroad* for REA students. Whilst there is an indication that Northern Europe is somehow “better” than Eastern Europe, it is noteworthy that REA graduates consider themselves relatively “at home” at either destination. Studying in the West proper also means that students are less likely to return to the Baltic states.

Some REA graduates who go abroad for studies realise even before they leave that they are likely to be overqualified on their return. One student commented:

It is true, you don't really need to study more [to get a job]... but you know – you can always work. I am planning to work as late as possible – there is plenty of time. (...) But there is another thing: at some point there will be enough graduates. I mean, there are all these stories of great salaries and that is true – for now! But soon – I don't know when, in two or three years time, it won't be so great anymore. Then there will be a big competition, because there will be more graduates. Each year it will become more difficult.

This student was unusual for he was particularly interested in academia, but implicit in this statement is a more widely shared assumption that those who go abroad expect to return to the Baltic states (although of course, such attitudes are always open to re-assessment). Being over-qualified for the Baltic labour markets is a serious problem. Especially those who specialise in Finance are unlikely to find an outlet for their skills. It is also particularly relevant for those who undertake research degrees. If REA will cease to exist those with doctorates are unlikely to be able to integrate into the local Baltic university system. Even as research students their monthly income by far exceeds that of a local lecturer.

It is noteworthy that many graduates who go on to study at prestigious universities in the West prefer to study and research “normal” topics rather than those who are associated with the Baltic or post-socialist context in particular. What appears to be in operation is similar to the students' overwhelming preference for doing a Bachelors thesis with a Finance specialisation: graduates seek to compete on an equal footing with others and seek to de-emphasise the local context from which they originate. Unwillingly they concede that they might have to play the Eastern European and *transition card*, i.e. to make themselves more interesting to funding agencies and prospective supervisors. Whereas they perceive themselves to be moving out of this context, they are consistently re-classified into it.

Yet more REA graduates go on to study locally. As previously mentioned this is often a strategy for young men to avoid being drafted into the army. Few students consider their courses a high priority or a goal in itself. When graduates select the

local option they frequently find themselves in an odd situation. Despite their relative disregard for local higher education institutions, new graduates have repeatedly experienced “discrimination” on account of their alma mater. In an interview with the REA student newspaper, the pro-rector characterised the situation thus:

I do not believe that we are angry rivals with LU [Latvian University]. Of course we are rivals with every other university in the Baltic states, for the place as the best school. Otherwise, we have quite good relations with most universities. Some LU deans tried not to accept our diplomas, but we are accredited in Latvia, and they cannot really do anything about it.

Each year, as the new REA graduates apply for graduate studies at LU, some departments refuse to consider their applications. The formal reason for this refusal is the length of the REA programme. Locally the Bachelors degree takes four years to complete, hence an REA degree based on a two-year programme does not meet the entrance requirements.

Once again, in 1998 departmental offices at LU turned the new graduates away with their applications rejected. Upset by the insult, the graduates called REA. In turn REA staff immediately contacted the mother school. The Swedish side then contacted the highest level LU administration that in turn declared the REA degree as adequate. Despite high-level involvement, this ritual humiliation is afflicted on each new generation of graduates.

It is noteworthy, that after four years of its existence REA had still not managed to establish lasting good terms with other higher education establishments locally. Rather than keeping at it, REA sought to assert its status through international connections. Again this indicates that REA clearly considers itself *above the local level*.

Some graduates opt for Masters studies at Riga Business School (RBS), which was established at Riga Technical University. For the part-time MBA course fees are considerable higher than at LU. It appears that RBS is something of a low-tech version of REA, its courses are held in English and in recognition graduates of REA are exempt from a number of courses.<sup>198</sup>

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<sup>198</sup> The RBS programme was developed in partnership with the State University of New York at Buffalo and the University of Ottawa. Gothenburg University from Sweden is also involved. In terms

So far I have detailed the higher education choices and options of REA graduates. For the remainder of this section I turn to examine the chances of those who failed to complete their course at the business school and I briefly comment on the opportunities and choices for networking between former REA students. Table 3 indicates that non-completion is a relatively frequent occurrence at REA.

**Table 3: REA completion rate (student intake 1994 – 1996)**

	<b>1994</b>	<b>1995</b>	<b>1996</b>	<b>Total</b>
Student intake	56	100	100	256
	<b>1996</b>	<b>1997</b>	<b>1998</b>	
Graduates	53	72	74	199
Completion rate	94,6%	72%	74%	77,79%

As noted above, some graduates now feel that competition between them is likely to increase in the future. It might then be reasonable to assume that those who left REA without a degree will find it particularly hard to secure good jobs. However, closer inspection of the destinations of expellees reveals that the post-expulsion situation is not necessarily all that bleak. Indeed so far there is little evidence that non-completion of the actual degree course makes necessarily a substantial difference to employment prospects. Those students who were expelled from REA (due to insufficient performance at exams) on the whole do not find it particularly difficult to secure jobs. Oftentimes they work in the same companies as their graduate peers. If they so wish, they will still end up joining big transnational companies such as Proctor & Gamble or Lattelekom. Although whether their career progression will be similar, remains to be seen.

It is unclear whether this success (despite students' failure to complete) has primarily to do with REA's prestige, i.e. whether even partial attendance is seen as indicative

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of financial and other assistance, however, RBS relies primarily on American and Canadian aid, <http://www.rbi.lv/eng/intro.htm>, accessed 10/06/99.

of potential and skill of an applicant. Perhaps employers were persuaded by the abilities of self-presentation that all students come to perfect at REA. But it may also be due to a certain amount of cunning on the part of the students. In some cases it was rumoured that those who had done well had intentionally left their employers in the dark as to whether they had or had not (yet) graduated from REA.

In any case students who were expelled from REA usually continue to engage with academia locally. Many of them go straight into the economics programme at LU. REA usually negotiates on their behalf and ensures that such students are exempt from 1<sup>st</sup> and 2<sup>nd</sup> year courses. Leaving REA prior to graduation is generally a grey area. In a number of cases REA has allowed students to re-take exams over and above the maximum number of re-sits, (i.e. irrespective of the rules and regulations which stipulate three attempts only). Thus students sometimes retake exams (and graduate) years later. But REA's paternalism and generosity towards its students also extend to the financial realm.

Publicly all students were reminded at regular intervals that they would have to face a severe penalty if they did not complete their studies. The initial arrangements for all REA students during 1994-97 were such that they received a monthly stipend.<sup>199</sup> If the graduates were to continue working and living in the Baltic states, the loan would be written off by 20% annually. For those who went on to study abroad the period was deferred. After five years students were deemed to have fulfilled their obligation: they were free to go and do as they pleased. For students who failed to complete their education, the matter was different. They would have to pay back their stipend. Knowing these rules, students, who were temporarily or permanently under-performing, felt under intense pressure.

During the Finance course I was talking to one student who had failed for the second time and was extremely anxious. As I was trying to calm him down, he suddenly erupted: "You don't understand – if I fail – it is much worse than just being expelled! This is the end of the second year and I have to pay back the whole money! All of the scholarship for the whole

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<sup>199</sup> As outlined earlier, the scholarship became a loan after the second intake graduated from REA.

two years! That is so much money,... How am I going to manage if I don't even have a certificate?"

As it turned out, he needn't have worried; he passed on the 3<sup>rd</sup> try.

For fear of financial demands some of those expelled were initially highly apprehensive about bumping into REA staff on the streets of Riga; some even specifically avoided the REA building. Back in 1997/8 it was not yet common knowledge that REA does not necessarily enforce its own rules about repayments. Whilst the regulations are consistently represented as strict and valid, REA actually continues to bestow care and attention onto some of those whom it expels. For example, in 1997 various members of staff were keen to employ a student who had recently been expelled from REA. They had figured out that she would need money and thought it might help if they could offer her a job there and then. Indeed it seems highly unlikely to me that REA would force its former students into poverty or even inconvenience. In reality the school is almost careless about issues as trivial as money:

One graduate especially wrote to the school to volunteer paying back his scholarship. Working abroad he felt that it was only just and proper to contribute to the school and on his salary it seemed hardly a burden. Until then he had been in frequent contact with various members of staff for example about references and academic advice. None had ever asked him to return the stipend on account of his living and working abroad. When the message arrived at REA the response was friendly and welcoming, but it also sounded as if the recipient was somewhat surprised. Chasing student 'debtors' does not appear to be one of REA's priorities. .

In terms of students' social life, having been expelled made remarkably little difference. First there were rumours and gossip, but the actual reasons for expulsion were soon forgotten. Those who did not finish the programme still appeared in the graduation pictures. If students had already prepared their submission for the yearbook prior to their expulsion their pages went into press regardless of their status vis-à-vis the school's administration. It seemed that having attended REA for that length of time meant that social ties were strong.

Nevertheless when students did get expelled it seemed a bit of shock to REA friends and acquaintances. Occasionally, I heard students comment on expulsions in this manner: “well he/she doesn’t really need REA anyway...”. There was a certain defiance to these statements. It indicated that REA peers hoped that there were alternative routes to doing well. Such comments usually referred to expellees who were very well connected through their families. Or it was said when these individuals had shown drive and energy during their attendance. But there were also cases where close friends of expelled students were worried: they would urge the expellee to come back and “negotiate” with the REA management (which they sometimes did, with variable success). Each expulsion took a little while to sink in. Some former REA students who had have to leave would keep a low profile and reappear socially only when they had sorted themselves out with other prospects. Others continued in their relationships with the business school and the students unabated: e.g. through their ongoing participation in the choir and / or by marrying the partners they had met at REA. For the continuing engagement of expelled students with REA and its graduates the length of their attendance did matter, but this was not always the case.

On the whole, few former students vanished from the social radar of the REA community and got “lost” completely. When I asked around among the graduates in 2000 (two years after the end of fieldwork) only 16 of the 256 former REA students seemed to have “disappeared”.

One or two graduates had gone travelling. One apparently went to Australia.

Another graduate was reported to have suffered a major breakdown and fellow peers feared that rumours of homelessness and drug abuse were true, but graduates seemed to think it wrong to approach the family with their enquiries.

My cursory enquiries indicated that the composition of this group of absentees from more established or enduring REA networks was as follows: 7 Russian-speakers, 4 Latvians, 2 Estonians and 3 Lithuanians.<sup>200</sup> The relatively high numbers of Russian speakers is noteworthy. They tended to have come to REA on their own; i.e. as the

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<sup>200</sup> This really was a cursory survey. If I asked around some more, the whereabouts of various people may turn out to be known, at least by their closest friends.



only student from their secondary school or from smaller places outside the capital or from the other Baltic states. When individuals had taken a step back from the REA social circuit others sometimes attributed this to the fact that they had somehow failed to make strong connections at REA in the first place. But most graduates expected these former peers to reappear at some stage. Whether individuals had graduated or not seemed to be quite irrelevant to their continuing engagement or disengagement with former peers.

For the remainder of this chapter I now want to briefly detail how REA graduates continue to network. One way of staying in touch is through the REA alumni association (AA), which takes a professional interest in the fate of former students. Membership fees and donations finance the AA. Its main activity is the maintenance of a graduate database. As a service to companies – against payment – the AA sends out job adverts and announcements via email to all those who are listed. It also publishes an online alumni newspaper, *The Aluminator* and compiled the first alumni yearbook in 1999. The AA is very closely connected to the business school and its management. For example, the two joined forces in order to launch a first fundraising campaign for REA.<sup>201</sup> Although organisationally distinct from the school, the AA has not sought to establish its own platform. For example, it does not appear to have an agenda that engages conceptually and / or critically with the development of the school. Rather, its concerns seem to be primarily restricted to the continuing provision of fun, games, fundraising and the facilitation of professional advancement of its members.

The association has its critics: some graduates are put off by what they consider an overly bureaucratic and cliquey set-up. They resent the “calculating” style of the fundraising campaigns and feel that the AA has evolved into a small and rather exclusive club of former mates from secondary school. The critics would prefer to

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<sup>201</sup> Those alumni who generously donated money to the school are to be honoured by little plaques on the school’s walls.

have spontaneous inclusive gatherings instead – without the pomp and self-importance. But whilst not everybody attends the alumni meetings, many graduates do, at least occasionally. Together REA alumni go bowling, or bobsleigh riding and special events are arranged at REA, i.e. lectures, presentations and debates, usually at the time of the school's anniversary. The AA is successful in fundraising too, which underlines the fact that many graduates do find it relevant.

Graduates, of course, also continue to gather privately, with close friends. When those who have gone to live or study abroad return for a brief spell, they are sometimes being invited (or obliged) to assume a somewhat elevated status. Their re-appearance is often used to galvanise larger (but still informal) reunions of REA peers. Graduates who refuse to invest time and effort in their former schoolmates are considered thoughtless, careless or arrogant. But such impromptu gatherings are not solely focused on the returnee; rather, they facilitate an overview of what everybody is doing. Perhaps most importantly, periodic catching-up events allow for opportunities to gossip.

Whilst some graduates might reject the strategic nature of the AA, their dislike is primarily concerned with its structure and the overt “manipulation”. Many graduates tend to downplay the importance of the graduate network (whether organised or informal) and their own networking activities. They prefer the idiom of friendship. Notwithstanding this reticence about the importance of REA contacts, many alumni use chance meetings, and email or a brief phone call whenever the need arises, i.e. to sound out each other's opinion or gather information for social and professional purposes. True to REA's esprit de corps it seems that many graduates favour relaxed and informal settings for their communications and gatherings.

## **8. CONCLUSION TO THE THESIS**

To recap: this dissertation was concerned with a group of young people who attend a Swedish business school in Riga. The higher education establishment is financed through development aid and other generous donations. With their modern economics training the students are expected to take on a special role in the transition process, where socialism is being dismantled and market economy principles are being instated. Within this scenario REA students are to become “catalysts of change”. In the preceding chapter I showed that upon their graduation the vast majority of students are becoming accountants and consultants, they work for banks or in transnational corporations. In my interpretation the Swedish project is thus ultimately beneficial to the expansion of capitalism, rather than to the development of the Baltic states.

On a macro-level this thesis engaged with the new form of ideological and economic engagement between East and West that is currently underway. Within the FSU a little over a decade ago the foundation of a business school in the Baltic states would have been unthinkable. However, since the collapse of the Soviet Union and in line with the demands of transnationally operating companies that seek to expand into emerging markets, business studies courses have spread rapidly and in all forms and guises (Spiegel, 1997). Business education in the FSU is unequivocally of this time and represents an important form of engagement, symbolically and in terms of practice.

Throughout Eastern Europe and the FSU student demand for business education has rapidly grown (Puffer, 1994), for many now seek to approach and appropriate the new order. Within this wider trend REA represents a special case. The Swedish state and a number of corporate sponsors agreed to build and equip the school according

to Swedish standards and to finance its existence over a ten-year period. Few other organisations and entities are prepared to engage in such a costly endeavour. The Swedish willingness to pave capitalism's path in style indicates an extraordinary commitment to the region and towards taking a leading role in influencing its future. As noted, for good measure the Swedish benefactors founded another business school in St. Petersburg in 1997.

The concrete objective of this dissertation was to advance an anthropological understanding of the students' lives and activities as they negotiate the opportunities and pitfalls of the transformative endeavour provided by the business school. On the basis of ethnographic description I developed my argument on the making of a new Baltic business elite. Ultimately the work is intended to contribute to anthropological debates on elite production through education and to the growing literature that seeks to document and analyse post-Soviet transformations. In this conclusion I strive to re-capture the main points of the discussion and to develop them further. For this purpose I revisit and summarise the structures, practices and processes that contribute to the production of ambition.

## Students' motivations and the REA programme

Established in 1993 REA was one of the first business schools to be set up in the FSU. In this thesis I argued that despite the school's newness and splendour, its inviting appearance and the many unusual advantages that it has to offer, by attending REA students are also simply continuing on a path that they pursued already during Soviet times. The students are overwhelmingly from an intelligentsia background. Prior to their arrival at the business school they attended the most prestigious secondary schools that were available to them.

Most students also followed into the footsteps of their parents, for they too had tended to make the most of educational opportunities (not only within the Baltic states, but also further afield in other parts of the FSU). In the introduction I highlighted Humphrey's and Wedel's observations about the role of educational credentials. Writing about Soviet times in Siberia, Humphrey noted "... degrees and academic titles come to have an aura attached to them which is beyond the simple attribution of 'knowledge'." (Humphrey, 1998, p.372). Given that most REA students were well within the elite schooling stream already prior to their arrival, REA attendance represents an almost natural progression rather than an abrupt break from the past. Students and their parents had sought to arrange their prospects with the then regime and under the current circumstances they were making efforts to adapt. Notably for this group of people a trust in the power of education persisted despite the new era.

In conversation students usually cited the quality of the education as the main reason for wanting to attend REA. A further advantage was also REA's grant scheme that had been set up to free students from other obligations (such as having to work for basic subsistence). In private students disclosed that they were not necessarily interested in business studies or economics. Nevertheless they were acutely aware of opportunities for advancement, achievement and success. They had chosen REA

over the local higher education establishments, which many considered “old-fashioned” and “outdated”. Some of the students had applied to universities in the West, but failed. The general agreement appeared to be that REA represented the “best training available locally”. Whilst the students did not state this aim explicitly, I propose that their approach towards the business school clearly indicates a quest for power, distinction and modernity. With its prestigious transnational pedigree, outlook and faculty, REA was a prime target for the upwardly mobile who sought to partake of the new trend. Applying to REA must be considered an ambitious strategy in and of itself.

As outlined in the thesis, the REA programme was taken over directly from the mother school, HHS, a prestigious institution linked to a number of leading business schools in Western Europe. In Riga, students are presented with a standard Western curriculum that is neither adapted to the specific local circumstances in the Baltic states, nor to the wider problems associated with the transition period in post-socialist economies. The subject areas correspond to those taught globally, i.e. the Harvard model (Sklair, 2000; Marceau, 1989). The teaching methods (group work, case studies, company visits etc.) also mirror those used by other business schools. The programme from Stockholm is compressed (from 3 years) into two years with few breaks and little time for reflection. Teaching staff is flown in (primarily from Stockholm, but also from the US and the UK) to teach specific elements of the courses. Whilst some lecturers are very keen to be involved in REA, the engagement of all teaching staff is strictly part-time, i.e. usually one or two weeks a year. Very few faculty members have a special research interest in transition economies.

At REA students are presented with a tight schedule that does not leave room for careful consideration of how imported theories fit in with the local context (or not). Instead capitalism, Western theories and corporate practices are consistently valorised within the programme and come to be seen as authoritative and thus worthy of emulation. Meanwhile practices, problems and priorities pertaining to the local

context and the post-socialist period are sidelined. No elective courses are offered. It is quite unusual for REA students to develop a keen interest in any particular aspect of their courses and there is no local support available to those students who are experiencing difficulties and are falling behind. It is in part because students do not learn how to understand and analyse the local economic environment and / or local business practices that they come to think of these as less good or less valid. Instead of systematically addressing the specific problems faced within the local economy (by companies, governments or citizens / consumers), students are taught how things ought to be, i.e. according to theories and examples based on economic and business success from elsewhere.

## Reproduction vs. non-compliance and collaboration

Throughout the thesis I indicated that the REA building is absolutely critical to underlining a notion of the powerful and benevolent West. With its distinctive Scandinavian interior and extraordinary facilities it demonstrates the importance of image management and public relations and it sets the scene in terms of the importance of style. The school's architecture outlines a symbolic path for students' individual and collective transformations and, at the same time, enforces important parameters: REA's special facilities are not for everyone. The business school clearly distinguishes between those who are eligible and those who are not. An elaborate application regime prefaces the educational venture. Once accepted into the special realm of REA, students are becoming increasingly segregated from the wider local context. Through the provision of Swedish standards – in terms of funding levels and transnational modern prestige – for a select few, the business school creates a hierarchy within the local higher education environment, where REA comes to assume the apex.

Whilst it may not necessarily be a deliberate move on their part, most REA students respond to a separation of their life spheres quite enthusiastically. Soon after they

start their courses, very many students prioritise spending time at the school. Initially the students are absorbed by busy schedules, new methods and different structures. However, increasingly they opt for socialising with their new peers also outside of school hours. With a strongly binding focus on common ground students' social lives inevitably change: there is very little time left for other commitments. Outside contact requires lengthy explanations of REA internal procedures and activities and this can be cumbersome. Students are not only segregated, but also aggregated, meanwhile almost imperceptibly family and old school friends fade into the background.

Bourdieu's work suggests that simple mechanisms, which structure the space and time dimension of educational processes, have an enormous influence on elite production (1996). Reporting on French elite schools, Bourdieu argues

Given that this enterprise of hothouse cultivation is carried out on adolescents who have been selected and who have selected themselves according to their attitude toward the school, in other words, according to their docility, at least as much as their academic ability and who shut up for three or four years in a protected universe with no material cares, know very little about the world other than what they have learned from books, it is bound to produce forced and somewhat immature minds that more or less ... understand everything and yet understand absolutely nothing. (Bourdieu, 1996, p.91)

In Riga students are increasingly cocooned in a special place that establishes and safeguards their new status. Separating out and sealing off internal activities means that students are sheltered from external observation, envy and intrusive (potentially critical) probing. At REA segregation and aggregation clearly account for some of the *magic* of elite production, but Bourdieu insists that elite education institutions inevitably foster (and rely on) students' "docility". In this thesis I have shown that this is not the case in Riga.

The first few weeks at REA are all consuming and incredibly intense: first there is the summer programme and then the academic courses begin, each representing a challenge due to the different set up and pedagogic styles used. Over time, however, many students step back from a keen involvement with the programme, usually



already in the first year. At this stage, extracurricular concerns take centre stage in most students' lives. This means that students continue to attend the school, but their focus shifts towards the social aspects, i.e. new friends and new opportunities. Thus, whilst some students excel academically, many students settle into a minimum-effort-maximum-output routine.

As outlined, students' scant, periodic and reluctant efforts are noticeable in lectures as well as group work, presentations, seminars and exams. In the second year, the majority of students start to work and this requires an increased effort at juggling other ongoing demands on their time. They develop various ways and means that allow them to get by, but it becomes clear that for a considerable number of students REA attendance is not their first priority. In order to reconcile the demands of the programme with social aspects and jobs, oftentimes students depend on last minute preparations before exams. Otherwise they rely on cribs (etc.) or the support of their peers to get through the frequent tests. Crucially, in Riga the production of a particularly potent elite status takes place despite the students' lack of engagement with the school's academic programme. Furthermore, students' career trajectories are in no way impeded by their unwillingness to adhere to the rules and procedures prescribed by REA.

## The centrality of grooming and consumption

In my understanding the induction period prior to the academic programme represents one of the most important aspects of the Swedish programme. Students undergo a sustained period of study skill acquisition that is intended to prepare them for the new Western education regime. Apart from basic courses in maths, computing, economics and group dynamics students participate in an extensive grooming project. In their courses in Communication in English (which continue throughout the first year) the students learn how to speak and act appropriately in the world of business. The course aims to generate "bicultural" products. Western

models are drawn from imported books and visiting teachers, from American and British films and the international business press. An ongoing emphasis on image management ensures that students are fully aware and proficient in all aspects of public relations. Students soon become well versed in management speak and accomplished presenters.

REA students routinely challenge the particular model that is being suggested to them by school staff. They seek to assert their own trend awareness and powers of distinction, but I proposed that these are muted squabbles over contents. Disagreements over style particulars merely underline that both business school staff and students subscribe to the importance of a Western role model. In the end, different elements of the course and the REA programme combine to supply students with the necessary training and knowledge, but crucially also the language and demeanour to almost pass for glib and dynamic ex-pats. I argued that this appropriation of Western examples is crucial to the students' transformation and success.

Drawing on the pertinent critique of reproduction theory supplied by Willis (1977) and MacLeod (1995) I suggested that for the students image making is hard work. Rehearsals takes place during their lessons as students practice in front of the video camera, before peers who have been assigned to give feed back and in direct exchange with the lecturers who assess students' developments. But the school's focus on self-improvement is also supported through students' own efforts outside of the classroom. Whilst students may not work as hard on their mainstream courses as faculty might wish, they nevertheless fully embrace the grooming project. This is to say, REA students are not lazy: despite failing to engage academically with most courses, they are bringing about their own transformation and advancement by focusing on deportment, style and social relations.

REA students' eager pursuit of Western styles does not mean that their efforts simply reflect Western consumption practices. Whilst images are primarily drawn from Western media sources (magazines, TV and the Internet), the *labour of consumption* (Miller's term, 1995) continues to rely (to some extent) on socialist modes of *acquisitionmanship* (Verdery, 1996). However, in the post-socialist period the students' fervour for consumption is no longer about need, but about style and *distinction*. Despite their comparatively lavish grants (and their additional wages) REA students continue to seek desirable items not only in shops but also in out of the way places. Their approximation of Western styles is brought about through intense and collaborative processes of procurement reminiscent of the practices prevalent during shortages in Soviet times (as described by various contributors in Wedel, 1992 and by Ledeneva, 1998). Crucially, students rely on one another for advice on appropriateness and flair. On the basis of the ethnographic material from Riga I can only agree with Herzfeld (2000) who emphasises the performative aspects of elite production and perpetuation. Sheltered within and inspired by the glorious space of the Swedish business school, the students collectively negotiate and achieve their own transformation. At the end, they emerge as recognisable and sophisticated products.

Alongside Western fashions and influences different groups of students also engage with other local and historical trends and various forms of culture ('high', folk, popular and alternative). For example, some students perform in the school's choir that audibly relies on Latvian folk culture themes. Others engage with the Baltic music scene, e.g. at raves, clubs and acid jazz events. Many students draw on both. Through their focused interaction and common endeavour at the school site and through the collective pursuit of all kinds of popular and conservative cultural themes boundaries between sub-groups and cliques are relatively porous.

## Esprit de corps: networking on neutral ground

The school recruits from all three Baltic states and welcomes applications not only from titular nationals, but permanent residents too. English being the language of instruction means that Russian speakers and eponymous groups are on an equal footing within the business school context. I argued that within the Baltic states REA represents relatively neutral ground, for the distinctions and stereotypes prevalent within the nationalising state(s) are kept at bay through the common focal point. At the business school all students are resolute about a new endeavour – to become Western style business people – and as far as this particular project is concerned all students benefit equally from the school's provision. A relatively harmonious atmosphere within the institution is also facilitated by the students' tendency to downplay or *undercommunicate* (Eriksen, 1993) cultural traits. Instead they are inclined to emphasise their new “bicultural” status that is based on shared transnational cultural capital.

At REA, as elsewhere in elite schools (Bourdieu, 1996; Marceau, 1989), students establish binding ties and sentiments over the period of their attendance. These are initially facilitated (through the structural aspects already outlined and) through group work, which requires constant interaction and cooperation of the students. As equal participants in the transformative project of the business school students soon come to realise that they have more in common with one another than they do with many people outside of the school context. Indeed the students themselves frequently remark that they become “less nationalistic” during their time at REA.

Students utilise the multitude of new contacts that REA offers both casually and strategically. The logic and practices of networking appear similar to those prevalent under socialism (Ledeneva, 1998; Wedel, 1986, 1992). However students utilise such patterns for novel purposes, i.e. strategies are adapted to fit new opportunities and constraints. Together students are involved in the appropriation of ideas and goods from abroad, they collaborate to deal with specific school requirements and find

ways and means to further individual and collective careers. Especially in terms of the last aspect, graduates' connections within the multi-ethnic network are bound to become ever more important. In the long run existing sources of support (such as students' parents) are unlikely to share in the prospects of business school alumni. As they continue their ascent to the upper echelons of corporate boardrooms it is to be expected that REA friends and peers will rely on one another more and more.

I argued that it is vital to their like-mindedness that *all* students share an understanding not only of the actual REA ethos and training, but also of the difficulties of having to bridge the gap between a particular local context and their increasing privilege that is based on transnational capital and future prospects. Unlike the vast majority of the Baltic states' population these young people are experiencing major transnational endorsements, career take off at an incredible speed and handsome pay packages whilst they are still in their early twenties. I suggested that peers at REA are likely to remain fellow travellers. The group of REA alumni is likely to represent a vital source of support in future.

In my analysis REA functions for its students as a special kind of *home*, as a primary reference point and as an all-important facilitator. Prior to their studies few students had any tangible connections with major transnational corporations. It is only through REA that students are being equipped with a highly efficacious credential that grants access to such employers almost automatically. Over the period of their attendance at REA I suggested that students do become complicit with the means and objectives of the neo-colonial endeavour that perceives of the Baltic states primarily as yet another emerging market. For even if students do not appear to pay too much attention in their classes, after graduation the vast majority of the graduates all work for transnational companies in leading positions. They become functionaries of global capitalism, for they are what Marcus describes as "fully inside and complicit with powerful institutional engines of change." (Marcus, 2000, p.2).

I proposed that whilst students attend REA the immediacy of the local context and its constraints and circumstances (to some extent) recede into the background. Since the school does not take on a mediating role towards the local context, it is left to the students to sort out their allegiances and loyalties. During their training, in most cases, the students simply avoid any potential confrontation and opt for each other's company instead. Meanwhile students also become imbued with the theories of neoclassical economics and invested in the perspective of *transnational managerialism* (Marceau, 1989; Eyal *et al.*, 1998). This, in turn, binds graduates closer to their corporate employers.

As far as the lives of these young Baltic students are concerned the Latvian (or Estonian, or Lithuanian) state is almost nowhere to be seen. For many Russian-speaking students it appears briefly as a relentless enforcer of citizenship criteria during the naturalisation process and for male students to remind them of their citizens' duty in terms of military service, which in any case is being successfully sidestepped. Thus, it appears that for these students the state becomes increasingly irrelevant to their lives and future prospects. Pertinent to this situation is Hannerz' observation: "There are now various kinds of people for whom the nation works less well as a source of cultural resonance. So the big question (a bit provocatively) would be, what can your nation do for you what a good credit card cannot do?" (Hannerz, 1996, p.88).

## The production of ambition

When fieldwork for this thesis began (in 1996) the third intake of REA students was just about to join the school. The first intake of students had graduated only a couple of days earlier and the outcome of an REA education was far from certain. The business school had chosen a set of young and opportunist middle class teenagers to become “an elite” on the basis of modern economics training. But how does REA foster ambitions that are different to students’ initial hopes for upward mobility and success? How does the elite status of the graduates come about?

In the thesis I argued that during students’ attendance at the business school various factors coincided and facilitated a gear-change for the students’ prospects. REA introduced a highly significant transnational dimension into students’ lives and it provided them with the ticket to join that world, i.e. the powerful credential of an internationally recognised business school. During the course of their studies, students were socialised into a variety of transnational contexts, e.g. through REA’s foreign faculty, through the extraordinary building that resembles corporate space, through company visits and company presentations, with the help of the trappings of modernity, language training and through the all-important grooming agenda. Through their collective efforts in terms of style choices and consumption the student’s perfect a transformation that further ensures their success within the world of transnational corporations.

Shore suggests “... in order to constitute itself as an elite in the first place an elite group must develop its own particularistic set of interests, norms and practices to differentiate itself from the masses. It must achieve ‘distinction’...”. (Shore, 2000, p.3). He insists that any study of elites must consider the cultural resources they mobilise. Transnational cultural capital is of paramount importance to understanding the position of the REA students. In my analysis it emerges as thee major cultural resource that students draw on in terms of upward mobility *and* in terms of

identification. It is transnational cultural capital that distinguishes them from their more ordinary peers. It is derived from their attendance of the business school, but comes about not solely on the basis of the REA programme itself. Rather the REA credential is supplemented by the efforts of the students themselves, especially in terms of their interaction as it pertains to the pursuit of image and style and the ability to network.

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## Where are the graduates now?

As noted in chapters 2 and 7, rather than setting up their own businesses and bringing about change within the local context, REA graduates are currently making sure that the operations of transnational corporations in the Baltic states run smoothly. It emerged that REA's main function is to select and reward the brightest and youngest students and to channel them into the arena of transnational corporations. Rather than facilitating (or ensuring) the students' participation in and interaction with the local economy and struggling companies it quite literally deprives the local context of their involvement. The thesis clearly demonstrated that REA is successful in making its students highly desirable among transnational companies active in the Baltic states. The product is neatly matched to its niche and annually graduates are snapped up without much ado.

A few years after their graduation REA graduates continue to be successful within the corporate realm. Their lifestyles keep changing and each time they are ahead of the trend, for they have become mediators in terms of new fashions and new products on the national level. After graduation their incomes were initially spent on leisure equipment. Then they began to travel abroad more often without having to rely on professional training courses for such opportunities. Flat shares with fellow alumni became popular for a while and ensured informal means of staying connected and in the loop. Increasingly these days the graduates are getting married, start families and are becoming homeowners. With this new area of activity graduates are becoming experts in current trends in interior design, they are increasingly involved in cooking more exotic dishes and they have begun to attend dinner parties. The vast majority of former students have undergone these shifts and trends together. Thus consumption turns out to be central not only for elite production, but for elite cohesion too. This aspect has hitherto been unexplored within anthropological studies of elites and clearly deserves further attention.

Meanwhile there are a few people who are not all that happy with how things have turned out. REA diploma in hand the graduates had been so full of hope and expectations. It took a while but eventually, for most of the former students 'the bubble burst' and the hype subsided. The vast majority of former students had to work incredibly hard to get used to real-live circumstances and working conditions in the Baltic states; they had to adjust from the pampered world of REA to corporate reality. Eventually they settled in. But for the moment it appears as if many former REA students are either bored or intermittently discontent with their lot. The few who appear to have found satisfaction in their post-REA professional lives are those who have managed to achieve some sort of independence in their decision-making; but few have. Then there are those (three or four) who have started their own companies. Alas, every knowing observer and former peer admits that it is unlikely that these recent start-ups were down to their business school training. With an admiring smirk on their face they all tend to agree that: "...actually, he's always been like that, even before ...[REA]".

Despite their steady career progression some graduates find their circumstances rather meaningless. New religious movements are popular. Some seek solace and / or diversion in trips to India and China. Many graduates go abroad for temporary work assignments and further studies (increasingly also doctorates). This does not necessarily guarantee happiness either. And, of course, by now they all realise that career progression elsewhere means that it will be harder to get back to the Baltic states afterwards; these young explorers end up hopelessly overqualified.

With the collapse of the Soviet Union, REA appeared like a mirage. Generously funded and managed by Sweden it seemed designed to make dreams come true (even dreams that the students never knew they had). If only one could get in, everything seemed possible! This thesis has been written about the lucky few who did. Immediately after the graduation in 1998 (when fieldwork ended) everyone involved was incredibly hopeful: the future seemed so bright! At least for these privileged

young people the transition appeared to have facilitated an enormous and positive shift. Through their attendance at the Swedish business school their lives had changed dramatically: upon their graduation they were full of infinite ambitions, sensing transnational mobility and anticipating endless career opportunities.

One graduate achieved the ultimate distinction: after a few years work experience locally and a Masters degree in Stockholm he was hired by Goldman Sachs, the investment bank. A major ambition – produced by REA – was realised. After a year in London he became dissatisfied and found his work personally unchallenging. He left and returned to Latvia, not quite sure what to do next. His story of ambition, success and ultimately disappointment appears indicative of REA students' fate. It seems that perhaps, capitalism is no more fulfilling than socialism. What then, does the transition mean?

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## ***APPENDIX: Historical Background (until 1940)***

This section offers brief historical background material about the Baltic region and in particular Latvia.<sup>202</sup> Historical background from 1940 onwards can be found in chapter 1.

### **Conquest**

Little is known about pre-conquest times in the Baltic area, other than that there were several separate and relatively egalitarian tribes that practised nature religions and who were involved primarily in agriculture (since 2000 BC). These groups were also involved in slave raiding and traded widely in amber and fur with the Roman Empire and German tribes, most frequently through Russian and Viking intermediaries (Hiden & Salmon, 1994, p.10). A brutal struggle continued throughout the 13<sup>th</sup> century and ended in conquest. The area came under the rule of the Teutonic order:

... native resistance based on rudimentary political organization proved sporadic and disunited. Within a century, the conquest of what would subsequently become Latvia and Estonia was completed. Their peoples were absorbed into the social and cultural structures of the world of Western Christendom of the High Middle Ages before they could develop a native political system. The invaders colonized, baptized and gradually enserfed the indigenous population, reducing their identity to an ethnic character, politically dormant until the age of modern nationalism. (Misiunas & Taagepera, 1993. p.2).

Until WWI, despite periods of Swedish, Polish-Lithuanian and Russian rule, Baltic German landowners maintained local dominance over the native peasantry. Swedish rule over the Northern Baltic territory during the 17<sup>th</sup> century is still regarded relatively warmly, for German overlords were slowly whittled down during that period and peasants' rights were, for the first time, being considered (Misiunas & Taagepera, 1993). The Treaty of Nystad in 1721 settled the Great Northern War and confirmed Russian possession of the area. As part of the Tsarist Empire the Baltic

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<sup>202</sup> Plakans' rendition of Latvian history is based primarily on Latvian sources. It provides an excellent and balanced overview (1995). Kirby provides a solid review of the wider historical issues concerning the Northern European region (1990, 1995). Skultans offers a very short account of Latvian history from an anthropological perspective in the appendix of her book on Latvian deportation narratives (1998b, p.158-79).

provinces retained far-reaching autonomy. The Baltic German landlords continued their local reign and loyally served the Russian Tsars (Henriksson, 1983).

## Reformation

In the Baltic region, formal education has traditionally been linked to its historical integration into the 'West'. A high degree of literacy in the Baltic provinces was associated with previous periods of colonisation, Christianisation and ultimately reformation.<sup>203</sup> Thaden & Haltzel suggest that the reformation in the Baltic provinces (1517-1521) provided a cultural cut-off point from Russia and its orthodox tradition, as well as from Catholic Polish Lithuania (1981). For the Latvians, Lithuanians and Estonians-to-be, "... the greatest gift of Reformation was their own language, in written form. (...) With this came opportunities for native Balts to improve themselves through education. The price, however, was almost always Germanisation." (Lieven, 1995, p.46).

## 18<sup>th</sup> century

In the 18<sup>th</sup> century and under the influence of enlightenment ideas, individual Baltic German landowners increased peasant rights and slowly moved towards agrarian reform. German pastors fostered the study of the native languages and wrote the first Latvian grammar and German-Latvian dictionary in the latter half of the 18<sup>th</sup> century. According to Kirby, "those who sought to raise up the peasantry had to face a number of difficulties, not least the peasants' own lack of self-esteem. The legacy of servitude had left a deep mark, which was not easily erased." (Kirby, 1995, p.70). The Baltic German clergy also contributed to the study of folksongs and folklore and they may have done so, partly inspired by Herder who briefly lived in Riga.<sup>204</sup> In 1848 tenancies were granted to the Latvian and Estonian peasants against payment of

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<sup>203</sup> A concentrated education effort by the clergy after the reformation is, elsewhere in Europe, associated with the spirit in Christianity, i.e. to prevent conversion and re-conversion between Catholicism and Protestantism. In the case of the Baltic it is much more likely that it was, at least partly, a measure to ward off orthodoxy.

<sup>204</sup> "The increased attention paid to the peasantry, by poets and politicians alike was significant. Previous generations had regarded the peasants as little more than a slovenly, uncouth boor fitted only for the company of animals, who he much resembled. Such attitudes persisted, but were gradually being edged out by a new respect and even admiration for the sturdy countryman." (Kirby, 1990, p.73).

rent. However, the concern for the low cultural level of the common Latvian and Estonian people “by no means implied that reformers wished to overthrow the existing social order, or create a new political programme. What they were seeking, by and large, was a society in which all could realise their potential to the best of their ability and within the limits set by God, nature and the social order.” (Kirby, 1995, p.71).

## 19th century

The all-Russian census of 1887 showed literacy levels in the Baltic provinces of over ninety percent, whereas elsewhere in the Russian empire literacy levels were approximately 30 per cent (Hiden & Salmon, 1994, p.18). Until the middle of the 19<sup>th</sup> century class and ethnic distinctions coincided in the area (Henriksson, 1983). The rural nobility, the clergy, upper and middle urban classes were almost exclusively Baltic German, whilst the peasantry and urban lower classes were Latvian or Estonian.

...social advancement had been possible in individual cases ever since the Reformation, and there had been a number of Estonian and Latvian clerics as early as the sixteenth century. But there was never any question of an indigenous elite, since those who secured advancement were almost invariably assimilated into the German upper class. Not that the Germans consciously sought to promote this process of ‘germanisation’! It simply happened and was regarded by all concerned as part of the natural order. (Rauch, 1995, p.7).

The relationship between these groups was structured primarily through the contrast of ‘high culture’ (Baltic German elite) and ‘low culture’ (native peasantry). The notion of a ‘Latvian identity’ developed essentially as anti-German and concurrently as a lesser version of that ‘German-ness’.

In the 1850s Latvian speakers at Dorpat University increasingly described themselves as ‘Latvian’ (Plakans, 1974, p.456).

The linguistic reawakening among the Estonians and Latvians heightened national consciousness and made them increasingly unwilling to accept German tutelage or adopt German culture as a means of social advancement.” (Hiden & Salmon, 1994, p.18)

White argues that: “As well as providing the basis for the Latvian and Estonian literary languages, the Germans also supplied the intellectual underpinnings of the Baltic national movements” (White, 1994, p.15).

## National awakening

The first Latvian national song festival in 1873 functioned as an important marker of Latvian national awakening. The festival integrated the diverse elements of an evolving national consciousness, i.e. the previously ‘unaware’ and ‘unaffected’ peasants joined in with the various factions of townspeople. It defined the ‘body’ that is still regarded as the core of Latvian-ness today. Folkloristic patterns and handicrafts became ‘applied art’. Fairy tales and proverbs were performed and songs and costumes were proudly paraded. A spill over of the peasant heritage into literature and visual arts continued throughout the coming decades. The ‘profound localism’, the rich regional variation and particular experience were eventually united and translated into a more distinct entity.

German requirements for any recognition of nationhood implicated audible traditions and a pertinent history. “The political importance of folklore should not be underrated for Estonians and Latvians. (...), they had no historic states to look back to for inspiration. (...) they substituted a past peopled with mythological heroes.” (Hiden & Salmon, 1994, p.17). By 1888 the Latvian national epic appeared: “Lacplēsis” (the bear slayer) had been adapted from folksongs.

## 20th century

The late 19<sup>th</sup> century was a period of cultural emancipation and assertion of something distinctly Latvian. This must be considered in the context of population increase, urbanisation and industrialisation.<sup>205</sup> In the Baltic provinces the climate was

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<sup>205</sup> It was only after the “agrarian reform had been completed that the people of the Baltic territories were able to concern themselves with their spiritual and intellectual emancipation.” (Rauch, 1995, p.6).

one of an oscillating struggle between the ruling Russian Tsar and the locally governing Baltic German elite.

“Under the stimulus of industrialisation there was a massive movement of population into towns. Here there developed a new Latvian and Estonian bourgeoisie and proletariat which ultimately challenged the political supremacy of the Baltic Germans.” (Hiden & Salmon, 1994, p.17).

Whilst the native peasants were preparing and experimenting with becoming ‘Latvians’, the Tsar feared possibly imminent Germanisation of the Baltic provinces. In order to unify the Russian Empire and to ward off the perceived threat of German unification (Germany had been united in 1848), language became a key battleground.<sup>206</sup> Russian was made compulsory as a language of instruction in schools and later at university. The Tsarist Russification policy led to further politicisation of the ethnic issue (Thaden & Haltzel, 1981).

“The Russian government’s education policy up to 1905 brought it into collision with the new Baltic nationalist intelligentsias, who viewed education in the Baltic languages as the single most important factor in the strengthening of their nations and national identity (...). Indeed, the Baltic national movements prior to 1914 were more cultural than they were political, or rather, since the task was actually to create nations where none had existed, politics and culture were indistinguishable.” (Lieven, 1995, p.51)

By the early 20<sup>th</sup> century the new Baltic nationalisms (although not directly threatening the Tsarist regime) were perceived to be more ‘dangerous’ than the historically dominant Baltic German lobby.

“During the revolutionary period in 1905 the Baltic peasants “rose with savagery against their German masters; 184 manor houses were burned and 82 Baltic German landowners and clerics were killed. At a stroke it had become all too evident that the Baltic Germans were wholly dependent on the power and military might of the Russian state. Indeed, German landowners cooperated actively in the brutal repression meted out to the peasantry between 1905 and 1908.” (Hiden & Salmon, 1994, p.21).

Support for revolutionary ideas remained strong within Latvia, especially among workers in the North East. Meanwhile Estonian and Latvian social mobility also continued. Grosberg states that the unusually strong Latvian ‘cultural determination’

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<sup>206</sup> “... in the 1860s, the first steps were taken towards the ‘russification’ of the Baltic provinces. But this new policy, which was designed to promote the use of the Russian language within the provinces and to bring in their administrative and educational services into line with the rest of the Empire, was introduced very gradually (...) Meanwhile, due to the initial effect of this policy, the nationalist movements of the Estonian and Lettish people became much more radical...” (Rauch, 1995, p.8).

resulted in the proportionately higher number of academics compared to other European countries in 1913 (1930, p.8). The relations between Baltic German elite and Russian rulers continued to deteriorate.

“The simultaneous collapse of the Russian and German empires during the First World War allowed the three Baltic peoples to seize a rare opportunity of creating their own nation-states.” (Misiunas & Taagepera, 1993, p.8). The Baltic Germans hoped for a German conquest, but the working class movement in Latvia (which was the most industrialised part of the Russian Empire) was immediately affected by the revolution. The loyalties of workers and soldiers (the Latvian rifle regiment was formed in 1915 by the Tsar) were split between a crystallising national movement and the Bolsheviks:

In 1917 (...) the nationalist leaders were aiming autonomy within a democratic Russian Federation, if only because they regarded such a link as their only protection against conquest by the Germans; they declared full independence only after Russia itself had collapsed into the hands of the Bolsheviks. (Lieven, 1995, p.55)

## Independence (1918-1940)

All three Baltic states became independent for the first time in 1918 and liberal democratic constitutions were established. Large-scale land reforms took place in all three Baltic states in 1920. In Estonia and Latvia, Baltic German landlords were expropriated and the land was redistributed to landless indigenous peasants. The motivations for agrarian reforms were both idealistic and nationalistic: to limit the power and influence of the foreign upper class (the Baltic German elite); to limit the influence of socialist ideas (where, at that time, collectivisation was taking place); and to create a social order with a more equitable basis (Rauch, 1995, p.87-91). Politically then, there was a strong willingness to establish and safeguard the entitlements of the eponymous peoples. However, according to Rauch, the land reform appears to have led to the allocation of plots that were too small to be economically viable given the soil (i.e. less than 20 hectares). During the interwar



period, 66% of the Latvian population was engaged in agriculture (Lieven, 1995, p.62).<sup>207</sup>

The Baltic countries initially adopted constitutions that safeguarded and protected the rights of minorities. According to Salaniece & Kuznetsovs, "The 1919 citizenship law did not divide the inhabitants of Latvia according to nationality." (Salaniece & Kuznetsovs, 1999, p.239). However, from the mid-1920s onwards several extreme parties were being outlawed (both on the left and the right). Latvian politics became increasingly dominated by nationalism.<sup>208</sup> The difficulties of early Latvian statehood developed into extreme political polarisation. A state of emergency was declared and eventually, in 1934 there was a move towards stability under a 'dictatorship of consensus'.

Hope summarises the positive features of the independence period in the Baltic states thus: "continuing enthusiasm for untested egalitarian and humanitarian constitutional arrangements, the rapid extension of efficient national education systems, social welfare provision, economic advance." (Hope, 1994, p.53). However two Latvian historians, Salaniece & Kuznetsovs, are more careful in their assessment of the situation of ethnic minorities during the inter-war independence period:

... after the 1934 coup a new nationalist policy of "Latvia for the Latvians" was introduced and many of the gains of the democratic period were systematically destroyed. The crude six year campaign of "Latvianisation" and the serious violations of minority rights it entailed including blatant discrimination on the grounds of language in schools and economic life, did much to destroy the loyalty of the Russian population to the authoritarian Ulmanis dictatorship, thus preparing the way for the Latvian tragedy of 1940. (Salaniece & Kuznetsovs, 1999, p.252).

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<sup>207</sup> In Lithuania 79% of the population were farmers and in Estonia, 58% were involved in farming (Lieven, 1995, p.62).

<sup>208</sup> "In the summer of 1934, under the authoritarian regime of Ulmanis, a new Law on Popular Education was passed which had a rather different approach to the national minorities. Although they retained the right to have their own schools, the various school unity within the Ministry of Education were dissolved, which in practice meant an end to school autonomy for the national minorities. The core of nationality policy became "Latvianisation", priority conditions for Latvian national culture and an attempt to assimilate those with no clearly developed national consciousness." (Salaniece & Kuznetsovs, 1999, p. 245).