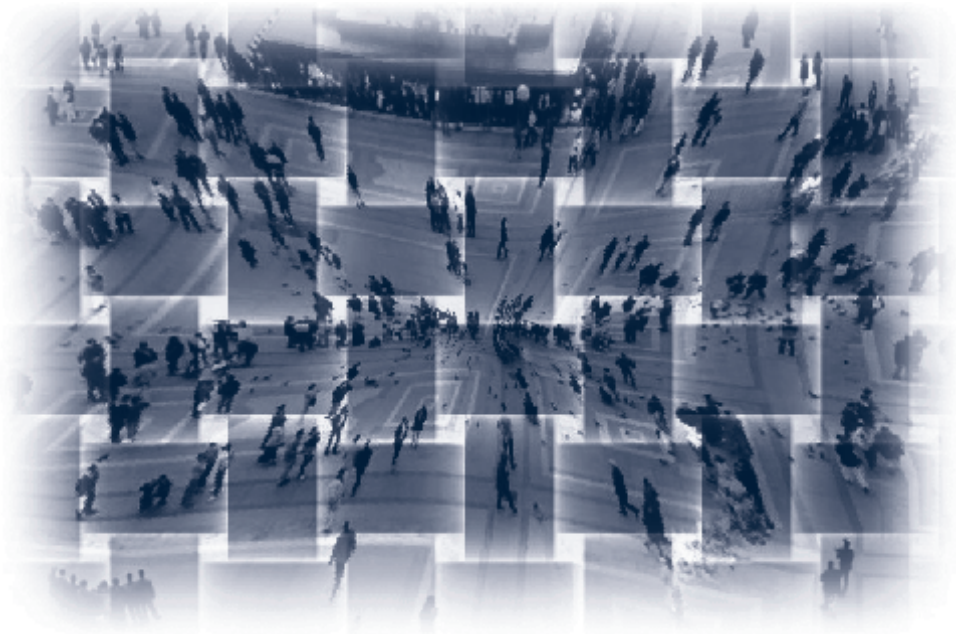




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Academic papers grounded in empirical research or focused on the social realities of Central and Eastern Europe are particularly welcomed.

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ORGANIZING STATE INTERVENTION IN AN AUTHORITARIAN STATE: FROM FASCIST IMPORT SUBSTITUTION TO FRENCH DEVELOPMENTALISM IN POSTWAR SPAIN

CORNEL BAN¹

ABSTRACT. The economics of the authoritarian regime of Francisco Franco in Spain are often narrowed to a bespoke form of fascism. This paper suggests that this regime's rather inchoate economic regimes were in fact a series of experiments that blended varieties of statism and liberalism. Thus, a form of import-substitution industrialization colored by Italian fascist features (1939-1959) lasted fifteen years longer in Spain than in the country of importation. In contrast, a local version of French developmentalism (1964-1975) was largely in sync with what was being tried in France at the time. However, this French developmentalist template imbued with fiscal Keynesianism was layered with liberal economic projects, particularly in the monetary policy arena. But while fascist import substitution (the so called "autarky") collapsed mostly due to its internal problems, Spain's translation of French developmentalism was associated with economic growth and was only extensively damaged by the crisis of the global capitalist core ushered by the 1973 oil shock. Critically, while in the symbolic terrain of Spanish politics the liberal economic projects that accompanied the local translation of French developmentalism were always associated with reformist and even "dissident" elite circles, the stigma of developmentalism's association with the core elites of authoritarianism removed developmentalism as a source of alternatives to the liberal economic reforms ushered by Spain's transition to liberal democracy in the late 1970s and early 1980s.

Keywords: Keynesianism, developmentalism, fascism, Spain, indicative planning

Introduction

A classical case of semi-peripheral development that joined the capitalist core during the 1990s, Spain is a challenging case for many scholars. Perhaps the most interesting episode is that of Spain's engagement with economic modernization under the fascist and developmentalist periods of the Francoist dictatorship

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(1939-1975). Indeed, until the Nazi military disaster became apparent in 1943, the Spanish political order instituted by the nationalist victory in the Civil War was a single-party State with powerful totalitarian tendencies of fascist inspiration. After 1943, Francoism reacted to the Nazi military decline and slowly morphed into a bureaucratic-authoritarian state with a rubber Parliament and a strong executive remarkable for its limited pluralism. The economic order instituted by the regime was at first shaped by a local translation of interventions inspired by Italian fascist import substitution industrialization, an economic regime that in Spain survived the defeat of Nazism/fascism and extended well into its terminal crisis at the end of the 1950s. Then, until its demise in 1975, the Francoist regime adopted France's brand of developmentalism ("indicative planning") while applying select Ordoliberal ideas imported from Germany.

What structured authoritarian Spain's experiments with extensive state intervention and what powered their collapse? This article addresses these questions by historicizing the roots of these experiments. To this end, it bridges between strands of scholarship published in disciplines that are usually not made to speak to each other in the study of the Franco regime: political economy, history of economic ideas and economic history.

The main argument resulting from the analysis is that authoritarian Spain's translation of the economic institutions and policies associated with Fascism and then French indicative planning in the context of a predominantly agrarian economy faced hard external limits and domestic constraints that exposed the resulting economic regimes to varying degrees of instability. Overall, while the fascist economic experiment ended in abject failure, the developmentalist one was more successful in macroeconomic (albeit less so in social) terms and laid the foundations of Spain's current industrial development. Its extensive dismantlement was caused by simultaneous political collapse and the 1973 crisis of the global capitalist core. In turn, the end of developmentalism ushered in forms of embedded neoliberalism whose suspicion of the positive role of the state in the economy was magnified by the association of developmentalism with authoritarianism in the eyes of the democrats who got to rule Spain since the death of Franco in 1975. As recent research showed (Ban 2016), this put important limits on how post-authoritarian economic reforms were discussed in Spain during the 1980s and 1990s, with arguments in favor of (neo-)developmentalism being made with greater difficulty than in countries that did not experience authoritarianism. Indeed, like in post-communist Europe, developmentalism remained tainted by authoritarianism for decades after the demise of the authoritarian order.

In terms of organization, the article starts with a background section of Spain's experience with 19th and early 20th century capitalism, dwells on the early economic experiments of the Franco regime and then focuses on its crisis, reforms and eventual collapse.

Liberalism, mercantilism and capitalism in Spain

Spain's experience with the rise of 19th century capitalism was born from military trauma and the crisis of its outdated institutions. Indeed, most of the Spain's economic decline began in the early 19th century and coincided with the destruction of Spain's budding industries by invading French armies (1808-1814). The decline was compounded by the cutting of cheap gold inflows from Latin America as a result of successful independence movements there (1810-1826). In addition to these geopolitical shocks, Spain's economy continued to be weighed down by an ineffective banking sector and an administration unable to push the tax reforms that had enabled many European states to launch industrial development in the second half of the 19th century. The crisis was magnified by internal problems. Large expanses of land were inefficiently exploited in the mortmain regime, and the guild system paralyzed industrial initiatives. The negative role of these structural economic factors was further magnified by the endurance of an ossified semi-feudal social structure well into the late 19th century. As a result of these factors, Spain went from being a middle economic power to an underdeveloped state in less than a century.

The death of the conservative king Ferdinand VII in 1833 ushered in liberal socio-economic reforms. Powered by the ideas of French, British and German liberalism, the state elites of mid-19th century Spain abolished the guilds, liberalized the legal regime of agricultural land, and introduced civil and commercial legislation. These measures laid the foundations for Spain's gradual transformation from a semi-feudal agricultural economy with weakly integrated local markets, into a capitalist one with a national market. Yet this budding capitalist economy was deprived of domestic private or public capital and had a weak internal demand. To address these constraints, Spanish policy elites turned to foreign capital to finance capitalist development (Vives et al 1969; Harrison 1978).

The sluggish growth of local industries opened up fierce debates about the role of the state in the economy. As a result, Spanish economic policy oscillated between mercantilist (1833-1849) and laissez-faire (1841-1869) periods. During the 1870s, the mercantilists began to definitively unseat classic liberals by institutionalizing their ideas in a broad protectionist coalition that encompassed conservative capital and socialist industrial labor².

By the late 1880s, the institutions, policies and ideas of mercantilism definitively triumphed and shaped Spain's road to capitalist development (Galvez Munoz 2001; Fuentes Quintana 2001; Jarregui and Ruiz-Jimenez 2005). Consequently, Spain went off the gold standard and, during the first quarter of

² The protectionist capital included the mill-owners of Barcelona, steel-owners in Bilbao and mine-owners in Asturias.

the 20th century, it became the most closed and interventionist economy of the capitalist world (Fuentes Quintana 1986). “Infant” industries (particularly the Catalan ones) were protected via import quotas and high tariff walls (the stiff Tariff Act of 1906 was in force until 1960!). Spain’s industrial distressed goods were guaranteed to be purchased by government agencies. After 1917, the state set up special banks to provide industrial expansion with generous loans. This neo-mercantilist paradigm survived several political regime types: constitutional monarchy (1874-1923), dictatorship (1923-1930) and liberal republic (1930-1939) (Harrison 1978; Balaguer and Cantavella-Jorda 2004; de la Escosura 2005; Junquito 2006). Yet neo-mercantilism did not breed autarchy, because Spanish governments’ economic modernization plans depended heavily on foreign industrial investment (Tortilla 2000)³.

Modest growth and deep recessions in 1908 and 1911 increased the gap between Spain and Northern Europe. Rather than grow under Spain’s expensive protectionist walls, industrialization slowed down in this country, just as it was booming in other parts of Europe. Foreign investors responded to Spain’s low levels of private internal demand by concentrating their capital in export mining and subsidized public services (railways, utilities), often by importing equipment and manpower from abroad.

To a considerable extent, the failure of industrialization in Spain was due to the fact that industrialists faced difficult structural constraints: a neo-mercantile state unable to expand the fiscal base to provide cheap credit for industrial development, and a deflationary monetary policy that kept interest rates above international levels to attract scarce foreign capital⁴. Moreover, the government targeted its scarce resources away from industrial credit and towards land disentanglement programs (Tortella 1969; 2000). All this opened the field to contestation by radical challengers to the macro structures of Spain’s economy.

From military developmentalism to Franco

The exploration of radical economic alternatives began when Spain’s wobbly parliamentary regime was terminated by a *coup d’etat* in 1923. Until the Second Republic was proclaimed in 1930, Spain experienced its first attempt at import substitution industrialization under the dictatorship of general Miguel Primo de Rivera. This (weak) military regime (*dictablanda*) adopted an expansionary

³ For overviews of the modern economic history of Spain see Harrison (1978: 54-58), Jimenez (1987) and Carr (1982).

⁴ Spain proved that monetary stability could be maintained without the gold standard. During the heyday of the Gold Standard, Spain preserved the stability of its finances with inconvertible paper money by running low budget deficits, keeping interest rates above international levels and managing high trade surpluses. The only exception was the Spanish-American War of 1999.

monetary policy, launched a debt-financed unprecedented expansion of public works, and generously funded “industrial champions.” Boosted by the global boom of the 1920s, industrial growth averaged 5.5 percent a year, industrial production boomed and Spain developed modern highway, irrigations and electric grid systems. Industry become more diversified during this period as well, with automobiles and aircraft construction cutting new economic niches for Spanish industry (Velarde 1973; Carreras 1984; Maluquer 1987; Harrison 1985).

By staying off the gold standard, Spain avoided the worst excesses of the Great Depression. After 1932, its exports did face collapsing external demand, but Spain had been less export-dependent than other semi-peripheral European states so it suffered less. Owing to an increase in public expenditure, consumption was stabilized after 1933. What is more, very few Spanish banks failed, and the run on the peseta that took place in the middle of the Credit Anstalt crisis was weak and short-lived (Bernanke 1995; Martin-Acena 1992; Temin 1993; Tortella and Palafox 1984). Spain’s avoided financial crisis, because the military regime did deficit spending development by borrowing from local banks. Thus, the central bank could act effectively as a lavish lender of last resort by turning debt into cash.

However, Spain’s political crisis was greater than its economic challenges. By adopting an ambitious political, social and cultural agenda, the left-leaning governments of the Second Republic (1931-1935) faced massive and militarized resistance. The Spanish civil war broke out in 1936⁵ throwing a mosaic of social forces into a violent vortex and wreaked havoc with the Spanish economy at a time when other capitalist states were experiencing economic recovery from the Great Depression. The conflict dramatically reconfigured the politics and the economy of Spain, pitting the “two Spains” – created by more than a century of liberal reforms, labor conflicts and neo-feudal reaction – against each other. On the Republican side was a motley assortment of proletarians (industrial and agricultural workers), secular bourgeoisie (entrepreneurs, professionals, intelligentsia), and regionalists (natives of the Basque country and Catalonia of all socio-economic stripes). Against this coalition fought a variegated assortment of actors (‘the nationalists’) who mobilized against the Republic along such fault lines as class (large bank, manufacturing and agricultural interests, high-ranking civil servants, rentiers), ideology (the social-revolutionary fascists of the Falange, conservative intellectuals, monarchists) and religion (the Church, practicing Catholics of all classes) (Beevor 1982; 2006; Graham 2002; Preston 1978; Gunther 1984; Payne 1961).

During the war, the economy dropped by 6 percent a year on average (Carreras 1984). By its end in 1939 Spain’s GDP was at half its 1929 level. Entire

⁵ The conflict began in July 1936, following the attack on the mainland by the joint forces of the Navarre army corps and of the colonial army of Spanish Morocco.

industries had been reduced to rubble, the Spanish gold reserves ended up in the Soviet Union, and the country's infrastructure of communications and transport was severely disrupted (Beavor 2005). Agricultural production reached its 1929 levels only in 1950 (Carreras 1984). Since most of the tens of thousands of Spain's Republican emigrés were young, active and skilled, the country saw a dramatic shortage in talent. To make matters worse, the outbreak of World War II disrupted Spain's traditional trade relations, while Nazi Germany showed little interest in propping up the economy of its ideological ally (Harrison 1995).

The Nationalists won the conflict in 1939 and instituted an authoritarian political regime headed by the military leader of the military *putch* of 1936, General Francisco Franco Bahamonde. The new regime put an end to Spain's experience with competitive democratic institutions, multiple parties and interest groups for the next four decades. At the same time, as the regime launched ambitious state-led industrialization plans that experienced intriguing hybridizations over time.

The Francoist political system

At the top of the political system in Spain during this period system was Franco himself (Chief of State or *Caudillo*) and his close circle of trusted friends and relatives. The rest of the system was highly centralized and completely dominated by the executive power. The *Caudillo* and his inner circle held the right to appoint the members of the Council of Ministers, the Spanish executive branch. The custom was to appoint ministers known for their moderate views inside each faction of the governing social coalition, with no single faction being allowed to amass a disproportionate amount of power. The Chief of State also appointed the head of the Parliament (*Cortes*), whose legislative powers were strictly symbolic. Franco's closest advisors were Nicolas Franco, his brother, and Ramon Serrano Suner, his brother-in-law.

This institutional matrix was as much a legacy of Fracoism as it was a reaction to it. The extreme level of power concentration at the cabinet level in the ministry of finance and the flows of academic economists in economic policy bureaucracies were both features of the Franco years that survived transition to democracy. To a considerable extent this was due to Spain's murky break with the Francoist past and to the transition governments' shortage of prominent economists with professional dossiers untainted by the institutions of Fracoism. By contrast, centralism and intramural authoritarianism were powered as much by electoral strategy as by the perception of factionalism as a cause of the Republican quagmire and of the subsequent fascist victory in the civil war. By 1982, these institutional factors converged to weaken the case for a non-neoliberal alternative after 1982.

Until the German military disaster became apparent in 1944, the political order instituted by the nationalist victory in the civil war was a single-party state with powerful totalitarian tendencies of fascist inspiration (Linz 1964; 1978; 2000; Linz and Jerez Mir 2003; Payne 1987; Tusell 1988; Mir 2009)⁶. But after this date, Francoism was an authoritarian state with a nominal legislative power⁷ and a powerful and centralized executive⁸, yet one marked by “limited pluralism,” the absence of ideocratic tendencies, a general disinclination to public political mobilization, and a leadership marked by predictable limitations (Linz 1964; 1978; 2001). Other scholars also remarked on its classism and the fact that its political representation outside the Franquist coalition was mostly pro-forma (Gunther 1980).

Although the new regime did not have a homogenous ideology, Franco and his clique had a set of strong beliefs. They all rejected class conflict and income redistribution, and emphasized national unity guaranteed by an authoritarian state. This led them to reject competitive politics embodied in political parties and independent interest groups as a form of undermining national unity. (Anderson 1970). Since universal suffrage was regarded as threatening to national unity and to conservative Catholic doctrine, the legitimacy of this system rested on its claims to be a guarantor of Spain’s Catholic civilization, on the historical position of Franco as savior of Spain’s unity (“original acquisition” of authority) and the citizens’ representation in a system of “organic democracy” composed of the Family, the Municipality and the Syndicate (Gunther 1980: 36).

In theory, the system denied class conflict, organizing labor and capital interests in vertical rather than horizontal “syndicates” that were grouped by

⁶ The single-party in question was *Falange Española Tradicionalista y de las Juntas de Ofensiva Nacional-Sindicalista* (FET-JONS).

⁷ The *Cortes* was not a real legislature. Its members were not elected directly by the citizens. Instead, its membership was constituted by appointees of the corporatist “syndicates,” local government bodies, universities, the Supreme Court and various cultural institutions. After 1967, in a minor concession, the law allowed for the direct election of a number of “Family” representatives by the vote of 16 million Spaniards who were either “heads of households” or married women. Even so, the Council of Ministers answered only to the Chief of State, and not to the *Cortes*. The *Cortes* had no decision-making authority of its own, and its approval of laws could only be exercised “without prejudicing the powers of the Chief of State”. The evisceration of the legislative capability of the *Cortes* was ensured by two constitutional norms: the prohibition of factions inside the *Cortes* (which eliminated the possibility of coalitional politics necessary for a minimal debate) and the right of the Chief of State and the Council of Ministers to control the daily agenda of the *Cortes* (Gunther 1980).

⁸ In practice, as long as it had Franco’s backing, the Council of Ministers would adopt decisions without consulting the *Cortes*, which was expected to rubber-stamp the results.

sector (rather than by class interests). All laborers, management and capital owners in a specific sector or profession were compulsorily grouped in a single “syndicate” supervised by the state as the guarantor of national interests (Gunther 1980). The result was the formation of 26 vertical syndicates for separate economic branches (Anderson 1970: 67). Beginning with 1951, shop stewards were elected directly by workers and were protected by threats of arrest with workers’ strikes. This allowed the election of myriad leftists in this position during beginning with the late 1960s as well as the establishment of informal (and illegal) communist and socialist horizontal labor organizations.

It was only through these vertical forms of organizations that private claims could be legally expressed. After 1958, labor and capital won a bit more autonomy within the syndicates and were able to do collective bargaining between “social sections” (labor) and “economic sections” (capital), thus ending a period when the Ministry of Labor would set the wages for the whole economy (Anderson 1970: 68)⁹. However, the sections remained controlled by central syndical headquarters (whose members were appointed by Franco himself), while the lower levels were controlled by Falange militants.

In this institutional environment, there were no autonomous labor and business organizations, strikes were illegal, and independent unions were banned¹⁰. In compensation, workers received job security, unemployment compensation, pensions, sickness benefits, paid vacations and training. By contrast, business got a much better deal in exchange for losing the right to independent organization. Large corporations, especially banks, could access the higher echelons of decision-making directly, via appointments to economic policy positions, and indirectly, though audiences to the Council of Ministers and Franco’s inner circle itself (Payne 1987; Gunther 1980; Holman 1993).

From Autarky to Constrained Liberalization: Capitalist Development in Franco’s Spain

Import Substitution Industrialization (1939-1959)

During early Francoism (1939-1959) Spain pursued an import substitution industrialization strategy led by the state, reliant on the forced suppression of labor cost increases and self-limited by a weak fiscal base (Anderson 1970; Donges 1971; de Escosura 1994; Fuentes-Quintana 2001).

⁹ The Falange held a great deal of influence in the syndicates, and between 1940 and 1958, it controlled the Ministry of Labor, the institution that dictated the wages and working conditions for the entire country.

¹⁰ As late as 1974, the attempt to set up independent labor unions was punishable by prison terms of up to 20 years.

As suggested earlier in the article, import substitution industrialization was hardly a completely new policy paradigm in Spain. Some policies had precedents in the previous dictatorship (1923-1930), when Primo de Rivera's military regime sought to achieve economic self-sufficiency in a more forceful state-led industrialization (e.g. the establishment of "strategic industries") and corporatization of the business sector. The *dirigiste* bent of these measures had deeper roots than the military tradition. During the 19th century Spain had emulated the French administrative and bureaucratic system while developing a higher education for state managers molded on the French *grandes écoles* that produced an interventionist bureaucratic ethos with regard to economic policy (Anderson 1970: 56).

But unlike the relatively modest government interventions of the neo-mercantile era, under Franco the Spanish government committed much greater resources to direct public investment. Generous fiscal incentives, low interest rates, protection against foreign competition, and expropriations required for plant expansion ensured a business climate favorable to domestic firms. Inward-looking, the new paradigm demanded that the exchange rate regime foster domestic production, rather than exports. Overall, it was a local translation of Italian fascism in economic terms. As a result, the Spanish government set seven groups of exchange rates for imports and five rates for exports until 1957. To the same end, the regime kept marginal income taxes low, and as a result of state-controlled corporatism and labor repression, industrialists were constantly reassured that wages would remain low (Tortella 1994: 363; Poveda 1975). In effect, strikes were illegal and, until 1958, wages were set by government decree, although fringe benefits were extensive. This was not a Spanish idiosyncrasy either. The Dutch used this policy until the 1960s and the same mechanism was in place in France until the 1950s. Yet while in the Netherlands and France wage controls were regarded as temporary measures to ensure full economic recovery from wartime devastation, in Spain they were permanent. Moreover, like in the case of East Asian authoritarian developmentalism, Spanish labor repression and the "syndical" industrial organization guaranteed low labor costs (Anderson 1970).

The central tool of the new industrialization policy was the establishment of a public holding company in 1941 (the Institute of National Industry/*Instituto Nacional de Industria* or INI) molded onto the Italian fascist template. The basic function of INI was to launch new industrial branches where private firms were loath to act, and to challenge private monopolies with the establishment of new firms. The importance of INI in the economy or direct price supports for agriculture should not be overstated as a sign of "autarchy", however. Outside

of Germany, Belgium and Scandinavia state-led industrialization was common in the postwar years. Moreover, in relative terms, at the height of the industrialization drive in 1960, public industrial investment in Spain, a country with a declared import substitution development paradigm, was, at 15 percent of total industrial development, much smaller than in countries with a liberal model like Austria (47%), the UK (32%) or France (31%) (Anderson 1970: 40).

Until 1957, the INI was financed directly with grants from the national government¹¹ and targeted its industrialization efforts at a long list of industrial branches deemed strategic by the state¹². While managed industrial credit kept the costs of capital low for targeted industries, the state boosted domestic demand through massive railway infrastructure and the irrigation systems (Anderson 1970).

Monetary policy during this period was expansive. The government increased the budget deficit to pay for its industrialization, money supply was steadily increased, and the inflation rate averaged 13.7 percent between 1939 and 1959 (Lakauskas 1978). Yet expansionary monetary policy was not carried out, as in Western Europe, through the corresponding increase of state revenue. While Italy's state budget was 21 percent of GDP and Britain's was 33 percent, the figure in Spain was frozen at 14 percent as a result of a self-imposed cap on the expansion of state budgets relative to GDP (Comin 1996). This created major problems, as the costs of the expected expansion were concentrated in high budget deficits and foreign currency loans, transforming this developmental model into a ticking time bomb. This weak fiscal state came to haunt the regime.

Basically, the industrial expansion expected by the regime did not happen. Between 1946 and 1950, industrial production grew by 10 percent, relative to increases of 70 to 100 percent in other Mediterranean countries (Italy, Greece, Yugoslavia) (Carreras 1984). And even as production grew after 1950, productivity figures remained very low, and Spanish exports began to decrease just as the economy began to grow after 1950 (Gonzales 1979: 47-48; Velarde Fuertes 1973: 484). As a result of weak industrial competitiveness, Spain's exports remained dominated by citrus, wine and olive oil, which brought only modest export revenues. The small domestic market and the limited access to foreign markets meant that the industry had narrow limits of expansion and was starved of new technological innovations. Chronic shortages in fuel, energy and raw materials weighed down productivity and consumption (Carr and Fusi 1979: 52).

Most importantly, since industrialization depended on expensive technology imports, any major drop in Spain's agricultural exports raised the

¹¹ Between 1941 and 1954, INI owned 12 firms, held a dominant share in 27 and a minority share in 12 (Anderson 1970: 39).

¹² The list included steel, aluminum, hydropower, shipbuilding, fertilizers, air transport, telephone communications and autos.

specter of bankruptcy against the background of a generally underperforming economy. This happened in 1956, when Spain's citrus crop of 1956 dropped to half of its 1955 level, leading to a catastrophic balance of payment problem that brought in external intervention from the Washington institutions. With a total of 40 million dollars left in the state's foreign currency accounts, this underfunded ISI model came to the brink of bankruptcy (Lieberman 1995: 47). The situation was complicated further by student riots, miners' strikes, and an emerging clerical opposition. This led to a cabinet reshuffle in 1957 that put an end to ISI and inaugurated a period of economic liberalization.

Limited Liberalization (1959-1964)

In 1957 the Spanish cabinet saw a shift in the center of power from ISI towards economic liberalism. The key new figures were conservative *Opus Dei* technocrats known for professionalism and commitment to the regime. The new holder of the Commerce portfolio was Alberto Ullastres, a young economist known for his joint research projects with German liberal economist Friedrich von Stackelberg. The head of the influential Office for Economic Coordination and Programming was Laureano Lopez Rodo, a conservative Catholic administrative law professor, who adapted some of Keynes' ideas to the Spanish context, and who was the protégé of Admiral Luis Carrero Blanco, Franco's right hand man.

The new government devalued the peseta and began to run the printing press to pay for ongoing expenses. A dramatic decrease in purchase power led to more social unrest in Asturian mines and Basque foundries, "forcing" the regime to kidnap and court-martial the strike organizers. In 1958, minister Rodo used growing social unrest to convince the *Caudillo* that more economic liberalization would stabilize public finances and reduce the incidence of social unrest, by both making the average Spanish wealthier and avoiding the tax hikes that Franco's backers disliked (Fuentes Quintana 1991). The drafting of the reform policy package known as the Stabilization Plan involved Spain's young generation of neo-Keynesian, developmentalist and ordoliberal academic economists and technocrats, as well as the direct advice of an IMF delegation stationed in Madrid for a few months.

After seven months of preparation and drafting, Spain unveiled its Stabilization Plan on June 30, 1959. The plan's objectives were threefold: to take the necessary fiscal and monetary measures required to restrict demand, and to contain inflation. The deflationary measures quickly arrested the growth in inflation and balancing the budget deficit. The plan enabled Spain to avert a possible suspension of payments to foreign creditors holding Spanish currency.

Gold and foreign exchange reserves went from almost zero to over 1 billion. In a year, Spain's balance payments ran a surplus of half a million dollars. The devaluation of the peseta led to a significant increase in Spanish exports and quadrupled tourism receipts, with the number of tourists nearly doubling from 3 million in 1958, to almost 6 million in 1961¹³. Other aspects of the reform were more interventionist. The "mixed banking" of the ISI era was terminated, commercial and investment banking were separated, and the central bank was nationalized.

Another pillar of reform concerned trade and foreign capital flows. For the first time since 1920, Spain allowed for some liberalization of trade. The entry costs of foreign investment were reduced, as the licensing of foreign capital participation in the capitalization of Spanish firms was lifted, on the condition that such participation did not exceed half of the total capital. The government lifted restrictions on the repatriation of earnings from foreign investment and the principal involved. The elimination of many restrictions on exports led to imbalances in Spain's external position, and by 1961 Spain had the same current account deficit as in 1957. Yet with the receipts from tourism added to exports, Spain ran a surplus in 1961.

Although it was dramatic by Spanish standards, trade liberalization remained modest. A 1962 federal US Federal Reserve reports maintained that Spain still had the most protectionist trade regime in OECD in 1961¹⁴. Thus, the government maintained barriers to entry on "strategic" industrial sectors and limited trade liberalization with those countries that allowed the convertibility of Spain's net earnings, which had originated in commercial exchange with them (Lieberman: 52). Also, imports were liberalized only for goods judged not to harm domestic development¹⁵. To shield Spain's banks from international competition, foreign banks were not allowed to enter the country. This ban remained in force until 1978¹⁶.

In late 1959 and throughout the 1960s, domestic demand and output fell in tandem. The resultant economic slump and reduced wages led approximately 500,000 Spanish workers to emigrate in search of better job opportunities in

¹³ Spanish exports grew from 498 million in 1958 to 759 million in 1961. For more detailed data see Report on Spain of the Board of Governors of the US Federal Reserve, November 29, 1962 (on file with the author).

¹⁴ Report on Spain of the Board of Governors of the US Federal Reserve, November 29, 1962.

¹⁵ The decree-law no. 10 of 1959 maintained the requirement of individual import licenses on non-liberalized imports and capped their aggregate value.

¹⁶ The Spanish financial system was non-competitive internationally and poorly diversified. Spanish banks were small, highly regulated and had extremely weak deposit bases, loan portfolios and economies of scope (Acena 2009: 43-46).

other West European countries. As the export sector failed to act as an engine of growth, the government loosened credit conditions and allowed for salary increases to restart aggregate internal demand. Fortunately for the government, the ensuing contraction of internal demand was compensated by a doubling of migrant remittances (over 100 million in 1961), U.S. economic aid (100 million annually between 1959 and 1961), and the growth of U.S. expenditures on military installations in Spain. Foreign aid took the form of US\$75 million in drawing rights from the IMF, US\$100 million in OEEC credits, US\$70 million in commercial credits from the Chase Manhattan Bank and the First National City Bank, US\$30 million from the Export-Import Bank of the United States, and funds from United States aid programs. Total foreign backing amounted to US\$420 million (Gonzales 1978; Fuentes Quintana 1990).

After a year-long stagnation in 1960, the economy began to expand. The liberalization of imports and FDI facilitated the modernization of Spain's outdated industrial base by increasing imports of capital goods and technology transfers. The effects of the liberalization measures were compounded by more effective protocol for the creation of new industries. During the 1960s, these developments enabled Spain's transformation into an industrial country and led to its first boom in industrial exports.

Luckily for the government, the external environment was favorable. The European Community absorbed Spain's exports and excess labor. Spanish net migration to Europe and the total dollar value of remittances quadrupled between 1960 and 1961. The state's involvement in tourism promotion and a booming and more socially egalitarian Europe combined to nearly quadruple earnings from tourism between 1961 and 1964 (Gonzales 1979: 286). Boosting domestic demand, the money spent in Spain by the average tourist more than doubled between 1958 and 1964, and the total number of foreign visitors grew from 3.2 million in 1957 to 14 million in 1964 (Gonzales 1979: 286). The boom in migrant remittances and earnings from compensated for expanding commodity trade deficits.

French indicative planning a l'espagnole (1964-1975)

The liberal orientation of the Stabilization plan was not hegemonic, however. During the postwar period, French indicative planners argued that one of the functions of government should be the early identification of oversupply, bottlenecks and shortages so that state investment could be used on time and in concert with investors to preempt the occurrence of market disequilibria (Ban 2016). In most of the developing world, similar attempts to challenge the

neoclassical synthesis with a heavier dose of Keynesianism led to development economics (Hirschman 1984: 17-24). These ideas resonated in Spain, where a form of French developmentalism emerged from the work of a group of scholars close to Franco's inner circle¹⁷. The most prominent Spanish indicative planner was Laureano Lopez Rodo, an *Opus Dei* technocrat, professor of administrative law and protégé of admiral Carrero Blanco, Franco's right-hand man (Anderson 1970: 103-118; Gunther 1980). Between 1962 and 1973, as head of the Spanish Planning Commission (*Comisaria del Plan de Desarrollo*), Rodo and his team of technocrats crafted and managed Spain's French-inspired "development plans" layered with a strong dose of postwar modernization theory from the World Bank at a time when the World Bank was not yet an institution structured by neoclassical orthodoxy.

Triggered by a 1962 IBRD (the leading financial arm of the World Bank group) report revised by Opus Dei minister Lopez Rodo and inspired by French indicative planning, Spain adopted several development plans between 1963 and 1973. Although the 1962 IBRD report urged the government to make the Spanish economy more market friendly by deregulating the economy, it nevertheless did not suggest a "neoliberal" course. Rather, IBRD asked the government to increase the size of the public budget relative to GDP and to "make markets" by taking a more coordinated approach to industrial development (IBRD 1963). This did not mean a return to ISI industrial policy either. While basically all industrial firms had been considered of national interest after 1939, now only select sectors and subsectors judged by technocrats to have a pull effect on the rest of the economy were to receive government support (Lieberman 1995).

The plans were managed by a new "superministry" called the Planning Commission (*Comisaria del Plan*), and their main objective was to "raise rapidly the productivity of Spanish firms in order to obtain an outward displacement of the economy's production possibility frontier" (Lieberman 1995:73). To achieve this, the plans established partnerships (*accion concertada*) between government planners and the CEOs of selected industrial sectors. Also the Finance Ministry had to negotiate budget policy with the *Comisaria del Plan* (Gunther 1980: 71-78; 216-221).

Like French "quasi contracts", *accion concertada* tended to replace free-market economic competition with a combination of discretion and political

¹⁷ Rodo's main works on economic policy included *Administración Pública y las transformaciones socio-económicas*, Madrid, 1963 and *Política y Desarrollo*, Madrid, Aguilar, 1970. See also his *Memorias. El principio del fin*, Plaza & Janés/Cambio 16, Barcelona, 1992. Among the advocates of this approach in academic economics were Fabian Estape, Agostin Cotorruelo and Javier Irastorza (Fernandez Diaz 1983: 818).

competition (Gonzales 1979: 321). Essentially, the CEOs pledged to attain certain production and productivity levels within periods that ranged from 4 to 8 years, in exchange for direct monetary subsidies, low-interest government credits, import duty exemptions, and tax cuts. Industrial coordination was accompanied by state guarantees for the stabilization of the domestic financial sector that financed this development. When in trouble, the Bank of Spain orchestrated discreet bailouts, takeovers and mergers (Pons 2001). Market-making interventionism consolidated Spanish banks; their deposits, loans and profit, measured by the coefficient of variation, were higher in 1962-74 than in 1940-62 (Acena et al 2009: 45).

In the more interventionist spin put on the Keynesian intellectual legacy by French planners, they saw a way to salvage the state-led development project from the attacks of Spanish liberals and neoclassical synthesizers¹⁸. Instead, the then dominant conservative reading of neo-Keynesianism was frontally attacked by a team of economists and administrative law professors who, though marginalized by the Spanish economics elite, had a great deal of political backing. This team translated French ideas about indicative planning for Spanish consumption and gave Spain a replica of French development plans for about a decade (Perez 1997: 73; Tamames 1989).

The Spanish indicative plan was market-friendly, promoting increased competition among firms and raised external competitiveness of Spain's industry, a feat to be achieved by providing the coordinated information necessary to better guide the choices of firms in a mixed economy. This technocratic ideology was subordinated to a wider economic nationalist one, in which the stigma of economic backwardness legitimized an enduring emphasis on economic modernization through the state's rationalization of market relations. Also, like the neoclassical synthesizers, Spanish planners were "pro-business" and saw the state as facilitator of a more competitive private sector. Moreover, both saw industrialization as the only means to break Spain's underdevelopment. Yet the ideas with which the indicative planning school diagnosed the economic crisis of Spanish ISI drew precisely on those insights of Keynes' *General Theory* that had been challenged by the advocates of the Spanish neoclassical synthesis. The planners had little consideration for monetary policy, or for the endorsed discretionary state-directed credit allocation as the prerequisite for a "take-off" in comprehensive industrialization (Anderson 1970: 164-167; Gonzales 1980; Fernandez Diaz 1981; Perez 1997: 70-75).

¹⁸ Yet despite some initial overtures in this direction in mainstream economics reviews like *Revista de Economia Politica* and *De Economia*, this did not lead to a robust Spanish tradition of development economics (Almenar 2001: 496).

Spanish developmentalist planners were strongly Keynesian. As argued by Sophia Perez (1998), the planners adopted the strong orthodox Keynesian thesis that monetary policy may not affect the endurance of liquidity traps (i.e. the internal demand for money is horizontal, so that further injections of money into the economy will not lower interest rates. This ran counter to the Spanish neoclassical synthesizers' qualification of Keynesian economics with the so-called Pigou effect thesis which claimed positive effects for monetary policy in an economy caught in the liquidity trap. To this end, the planners attacked the ideas of neoclassical synthesizers by showing that their orthodox 1959 Stabilization Plan led the economy into a liquidity trap responsible for severe disinvestment in the private sector (Anderson 1970: 103-117; Perez 1997: 68-73). Consequently, the planners advocated bold state stimulation of internal demand and showed only moderate concern for the inflationary costs of this strategy, a position Rodo defended even as the development plans were losing steam in France in the early 1970s.

Easy industrial credit entailed more state intervention than the neoclassical synthesis allowed for and came at the cost of inflation rates that hovered around twice the OECD average during the 1960s (Alesina 1987). But, the need for monetary stabilization was mitigated by the adoption of another French planning idea: selective credit would maximize productivity growth. As Sophia Perez pointed out, "the idea that monetary expansion could be used as a forcing mechanism on the rate of growth required that such monetary expansion be channeled into those types of productive investments that would maximize productivity growth over the medium term and minimize the damage of domestic inflation to the economy's competitiveness" (Perez 1997: 72). In practice, the state would manage these credit flows by using a set of consistent numerical projections of the economic future without specific incentives for their fulfilment (as was the case in Soviet-style central planning). This idea was buttressed by the phenomenal growth rates of France after 1945 despite high inflation rates.

One of the ideas of Spanish indicative planning that survived the neoliberal revolution was that of "industrial champions." Like their French counterparts, Spanish indicative planners struggled to embed liberalised trade principles in nationalist interventionist ideas, without lapsing either into the socializing and autarkic economic agenda of radical left projects, or into the low-inflation export-led growth strategy embraced by postwar Germany. The state was expected to facilitate export competitiveness by increasing the level of industrial specialization in the private sector and by focusing public assistance on a few firms of "international dimensions" (Perez 1997: 70-72; Cohen 1977; Hall 1997; Loriaux 1991).

The emphasis on state assistance to large firms was based on the French planning idea that the absorption of technological and managerial progress linked to higher productivity could not be done in small and medium enterprises. This view ran counter to of American neo-classical theorists' tendency to assert the superiority of small firms due to their supposed greater flexibility. In this causal narrative, the state was to serve as "crutch and prod in the transformation of industry away from an insular world in which small-scale production and intercompany connections slowed change toward an international market place in which a more modern industry composed of hierarchically-managed giant corporations could compete with its counterparts" (Zysman 1983: 168-69).

The policy influence of the planners was greater than that of any other school of thought during the 1960s, and their grip on policy institutions between 1964 and 1974 coincided with a growth rate of around 6% a year. Neoclassical synthesizers like E.F. Quintana pointed out that the development plans slowed down growth by showing that the growth rate between 1959 and 1964 was greater than during the period of development plans (1964-1975) (Quintana 1993: 28-29).

The main problems of indicative planning as a heterodox reading of Keynesianism were that it had a faint footprint from Spain's leading economic departments and research institutes and its support in the state depended on patronage. Once its patron, admiral Carrero Blanco, was assassinated in 1974 by ETA hit men, indicative planning disappeared almost instantly as a coherent school of thought. Yet, some of the planners' ideas survived the demise of Keynesianism and were subsequently used to establish the neoliberal project itself.

Still, during the indicative planning years, Spain had the highest economic growth in OECD. Industrial output grew in double digits per annum, and industrial employment saw unprecedented increases, turning Spain into an urban industrial country. By 1973, Spain was Europe's fifth industrial economy. Most Spaniards saw significant increases in purchase power and standards of living. Yet the political and economic costs of the three Spanish development plans were high. Economically, it drained the budgets of a country whose leadership vetoed tax increases. During the first year of the first indicative plan alone, budget expenditures increased by 20 percent (Lieberman 1995: 81). Macroeconomic imbalances posed another challenge. Industrial modernization was powered by a growth in technology imports, which was greater than the country's capacity to export. Thus, after 1965, Spain began to run external deficits on current account and inflation levels rose by almost 2 percentage points above the OECD average¹⁹. Even before the oil shock hit in the fall of 1973, Spain was already running double digit inflation (14%).

¹⁹ OECD calculated that to cover its 1966 current account deficit, Spain needed to increase exports three times faster than imports (OECD 1969: 6).

The End of Francoist Developmentalism

The terminal crisis of the capitalist order shaped by Bretton Woods' embedded liberalism had immediate repercussions in Spain. As markets bet aggressively against an overvalued dollar in 1969, they saw incentives in investing in the undervalued currencies of countries with strong growth and low debt like Spain.

As a result of these system-level changes, Spain saw a boost in credit, inflationary pressures and a deteriorating balance-of-payments sheet. Between 1971 and 1973, Spain's hard currency reserves grew by 500 percent, encouraging more speculation on the peseta (Andreu et al 2006: 282). Declaring that the economy was "overheated," the ministry of finance intervened to "cool" the upward cycle by increasing the discount rate to the high levels used by France during the late 60s and early 70s. But while Spain's balance of payment markers (with the exception of the current account) saw important surpluses, the high interest rates attracted foreign portfolio investments. In turn, these facilitated a spectacular inflation growth from 1.6 in 1970 to 8.3 in 1971. Before the first oil shock hit, Spain's inflation was at 14 percent, almost double the average of the previous fifteen years (7.8 percent)²⁰. But, like in postwar France, Spain's high inflation was accompanied by high growth rates (almost 8 percent in 1973), full employment and high savings simultaneously, a virtuous cycle that cemented the stability of the Francoist economic regime reorganized by French developmentalism²¹.

What broke this virtuous cycle was a global price shock. OPEC's decision to drastically increase the price of oil in October 1973 cost Spain 3 percent of GDP²². This put its external deficit in the red for the years to come and increased inflationary pressures even further. But while other countries tried to cope with the resulting fall in demand by using countercyclical policies at the cost of a further deterioration in inflation and deficit figures, the Spanish government allowed the central bank to tighten monetary policy. In effect, the central bank adopted official targets for money stock growth using inflation targets above Germany's conservative levels. Fiscal policy made things worse by merely

²⁰ Although the decision of the US to go off gold and devalue the dollar created incentives for even tougher market speculation on the peseta, the authorities decided to defend the currency by maintaining the peseta-dollar peg, thus resisting the worldwide trend towards the managed float regime.

²¹ In 1973 Spain had a real growth rate of 8 percent, unemployment at 2 percent and a record 6 billion dollars in its hard currency reserves.

²² At 67 percent of the total energy consumption, Spain's oil dependence was higher than the OECD average.

simulating a stimulus. While the US counter-cyclical package in 1975 mobilized 11% of budget expenditures in 1975, in Spain this figure for 1974 was a paltry 0.2 %. Even more suggestively, in 1975, a particularly tough year for levels of demand, the public budget was executed with a surplus of 3.4 percent, more than twice the adjustment Greece was asked to do by the Troika in 2011-2-14. This happened despite the fact that Spain had the highest savings and credit ratings in the Mediterranean (Tovias 1984: 162-154). Yet the costs of the attempts made by the central bank and by the ministry of finance to pass the costs of adjustment to the population could not survive the meltdown of authoritarianism that took place two years after the shockwaves of the OPEC price hike hit Spain, OECD's worst oil-guzzler (IEA 1981)²³.

Unfortunately for the government, the external environment deteriorated as well. Falling demand in European Economic Community after the 1973 oil shock led to falling exports, tax receipts from agricultural exports, tourism and migrant remittances, a shift from surplus to deficit in the current account, worsening inflation, and balance of payment problems. Puzzlingly, during the next year, the government shifted to a more explicit deflationary policy, with a balanced budget and interest rate increases topping the list. By the end of the year, inflation was cut from 21% in 1974 to 12%, just two points above the OECD average. But the stabilization of prices further depressed production levels, which led to deteriorating public finances, and especially to serious balance of payment problems. Most importantly, however, the government took an even more authoritarian system to keep labor down. As demand in Western Europe decreased and given the lack of a counter-cyclical macroeconomic policy in Madrid, Spanish industry saw a massive collapse in orders. In turn, this caused a further slowdown of growth, from 6 percent in the early 1970s to 1.1 percent in 1975 in an external environment marked by a collapse of Spain's external economic emergency engines: immigrant remittances and tourism.

The combination between the economic effects of the 1973 oil shock, the death of Franco in 1975, and the ensuing collapse of authoritarianism made this development model entirely unsustainable. The writing was on the wall for the regime in socio-economic terms. Indeed, Franco's political successors embraced liberal democracy, dismantled developmentalist institutions and during the 1980s their Socialist adversaries ruled over one of Europe's first embedded neoliberal experiments.

²³ In 1973, Spanish imports of oil accounted for almost 70 percent of energy consumption. As late as 1978, the import of oil represented 28 percent of total Spanish imports.

Conclusions

The intellectual and institutional legacy of Franco's Spain did wither away completely. The high degree of centralization of economic policy institutions was reproduced by the Socialist government and contributed to the smooth diffusion of the ideas of the central bank throughout the government. The developmentalist idea that the government was responsible for increasing the country's external competitiveness by investing in industrial champions lived on as well. Rather than represent a complete break with the past, the Spanish transition looked more and more like a historical palimpsest (Ban 2016).

To understand this legacy we need to understand the metamorphoses of the economic regimes that structured economic and political life during the Francoist dictatorship. This article suggests that rather than narrow Francoism to some historical form of fascism, we may be better off conceptualizing it as a series of experiments in which (predominantly) statist and some market-oriented projects coexisted in tension with each other. While a form of fascist import-substitution industrialization lasted twenty years longer in Spain relative to Italy as the dominant project, the shorter French developmentalist interregnum (1964-1975) was associated with a more successful form of economic modernization while sharing the policy stage more with liberal economic projects, particularly in the monetary policy arena. Indeed, while fascist import substitution (the so called "autarky") collapsed mostly due to its internal problems, Spain's translation of French developmentalism was extensively damaged by the crisis of the global capitalist core ushered by the 1973 oil shock.

One should not read into this finding an opportunity for the tempting counterfactual that a compromise between the liberal democracy that came after 1977 and developmentalism *a l'espagnole* would have given Spain the superior form of neo-developmentalism that one saw in Korea after the end of dictatorship. The reasons for this are relatively straightforward: all over Europe developmental experiments (including the French one) experienced extensive decline in the 1970s under the hammer of the manifold crises of the capitalist system and of the Keynesian ideas that underpinned the Bretton Woods system. Some would be tempted to speculate on what would have happened if the viable parts of developmentalism would have been salvaged in the transition to democracy, as in Korea, with arguably better results (Ban 2018). Yet post-authoritarian Korea's success at marrying political liberalism and developmentalism during the 1990s was based on external political enablers particular to this critical US ally. Democratic Spain would perhaps been better off with a democratic form of neo-developmentalism but for a country habituated with looking across the Pyrenees for inspiration and legitimation this scenario was perhaps not entirely realistic in political terms.

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FLEXIBLE WORKING PRACTICES IN THE ICT INDUSTRY IN ACHIEVING WORK-LIFE BALANCE

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ABSTRACT. Flexible labour practices became increasingly institutionalized and professionalized (Aroles, Mitev and de Vaujany, 2019). However, mechanisms and motivations behind these practices have remained often unexplored. This paper discusses the flexible labour practices among ICT professionals with regard to their spatial and temporal dimensions, with the aim to identify the key-factors that improve work-life balance and overall well-being. The qualitative research is based on in-depth face-to-face interviews with ICT knowledge workers, using Grounded Theory in generating new theoretical approaches that connect flexible labour practices with work-life balance. The study reveals, on the one hand, that particular and adapted flexible arrangements contributes to the reconciliation of the working life with the personal life; on the other hand, had led to the rise of knowledge workers with power and influence over their own intellectual capital, with a richness in personal choices.

Keywords: ICT, teleworking, spatial and temporal flexibility, flexible work practices, Cluj-Napoca.

Introduction²

In the midst of the global pandemic of Covid-19 and the dawn of the Europe 2020 Strategy (EC, 2010), this paper proposes a retrospection on labour flexibility practices in ICT two years before the pandemic turned telecommuting mainstream in this sector. The evolution of labour flexibility should be seen also in relation to the flexicurity targets of the EU for 2020. The research approaches a second rank East-European city (as defined by Petrovici in his work, *Personal Development and the Flexible Contracts: Depoliticized Class struggles between Highly Skilled Workers and Manual Workers in Cluj, 2014*), Cluj-Napoca's ICT industry, revealing a complex picture of how flexible working arrangements

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influence the reconciliation of working life with personal life. The process of retrospection creates a framework for the Europe 2030 Strategy (EC, 2019), which outlines the continuous relevance of the Information and Communication Technology, digitalization, flexible labour practices and lifelong learning practices in achieving sustainability on both social and economic levels.

An important stream of current research on flexible working practices is focused on identifying the directions of new forms of spatiality, that highly institutionalizes teleworking (Aroles, Mitev and de Vaujany, 2019; Messenger and Gschwind, 2016), and the digital nomadism trend (McElroy, 2020; Aroles, Mitev and de Vaujany, 2019), as well as determining the ICT tools and processes through which off-site work can be performed (Neirotti, Raguseo and Gastaldi, 2019). The thread behind this logic is the unprecedented relevance of the ICT sector on the current labour market, its large share in the overall demand for labour and its role in revolutionizing work. Cummings et al. (2017) argues that the knowledge society reflects techno-scientific-economic discourses in the EU Agenda 2030 and in the Sustainable Development Goals of the United Nations (UN, 2015), which encompasses the discourses of the ICT, intellectual capital, science, economic development, and network society. Three main characteristics of this discourse had been identified: ICT shapes the socioeconomic development, scientific knowledge prevails, and knowledge generates economic growth (Cummings et al., 2017).

The present paper brings a contribution to the ongoing research in this field by identifying the key-factors of knowledge workers' flexible labour arrangements that improve work-life balance and their overall well-being. As the empirical research shows, this is achieved through particular, personalized flexible working practices, that are aligned with the benefits offered by the ICT companies to their employees. Reconciling professional and personal life has deep effects on work, nonwork, and stress-associated aspects (Sirgy and Lee, 2018). The European Union encourages its member states to create and implement work-life balance policies, as well as to negotiate organizational programs, such as flexible work arrangements, parental leave systems, career breaks, social support, child-care facilities, elderly care in fostering work-life balance (EC, 2018; Sirgy and Lee, 2018; Hoessle, 2016).

The qualitative research is based on in-depth face-to-face interviews with ICT professionals, using Grounded Theory in generating new theoretical approaches that connect flexible labour practices with work-life balance. The location of field research was chosen based on Romania's relevance in the transnational ICT industry, as well as the privileged position of the ICT sector on the national agenda of pro service sector growth by simultaneously widening the highly skilled talent pool and stimulating heavy investments in

the ICT sector (Petrovici, 2019; Ban, 2016; Văduvă and Negoaie, 2016). The ICT industry turned into one of the main driving forces behind the economy of Romania, in terms of GDP share (5.4%) (INSSE, 2018) and it was among the first industries to take off in Romania after the 2009 financial crisis, generating an explosion in the number of jobs related to increased foreign direct investments.

Among Romania's economic poles, Cluj-Napoca is arguably one of the most suitable research grounds for ICT-related studies. The city, also known as "the Silicon Valley of Eastern Europe," incorporates almost a tenth of its and its metropolitan area's labour force (having 22.600 ICT employees out of the total of 203.900 employees) (CISD, 2020). The City Hall (City Hall paper, 2015) promotes a strong support toward the development of the local competitive ICT labour market and the attraction of foreign investments, developing Cluj-Napoca into an important East European hub for outsourcing and offshoring (Petrovici, 2019).

With the eruption of the Covid-19 pandemic, the lockdown triggered businesses to reinvent themselves, as well as to renew working practices. While the ICT industry seems to be less affected by the pandemic, remaining fairly stable, sustained by the already existing remote work practices, its role is to point towards and shape new working practices, with tailor-made spatial and temporal arrangements for other affected industries. As the study of Donnelly and Proctor-Thomson (2015) conclude, the reinvention of the working practices in the aftermath of natural disasters is a subsequent process, which is created by necessity.

Theoretical perspectives

With the spread of multinational companies, the production crossing national boundaries and with the consolidation of 24/7 cities (Glucksmann, 2005; Gereffi, 2005), as well as with the rapid development of ICT tools (Messenger and Gschwind, 2016, Kingma, 2016), the necessity of flexible workforce increased significantly, requiring availability and attendance at any time, regardless of space. ICT not only uses flexible labour arrangements, but it is the core cause of developing telework and flexible work schedules. Information and communication technology increasingly contributed to reorganizing professions, enabling work activities to be performed from anywhere and at any time (Aroles, Mitev and de Vaujany, 2019; Boell et al., 2013). While the term "telework" is perceived outdated in the context of new ICTs based on cloud technologies, new definitions of telework had been formulated (Messenger and Gschwind, 2016). Still, till today the definition assigned by the European Commission (2002) describes in the most general way this term:

Telework is a form of organizing and/or performing work, using information technology, in the context of an employment contract/relationship, where work, which could also be performed at the employer's premises, is carried out away from those premises on a regular basis (EC, 2002, p. 3).

Based on latest research, three distinct forms of spatial flexibility practices can be outlined. The first, on company's premises there are hot-desking, touch-down, drop-in desks, replacing traditional fixed desks and offices (Aroles, Mitev and de Vaujany, 2019), as well as supplemented with leisure areas for relaxation (gaming room, lounge). The second form is right on the opposite side, teleworking, which means detaching offices from company's premises, allowing knowledge workers to work from anywhere. Messenger and Gschwind (2016) distinguishes three types of telework: home office, mobile office, and virtual office. Home office represents the initial transition from the traditional workplace-tied offices to home-based workplaces, still being stationary and location-tied. Mobile offices denote the advancement of technologies, which enable through mobile equipment work to be undertaken from anywhere, even in trains or cafés. Virtual offices represent the last generation of ICT development, which is strongly related to the storage of information and technology in the cloud. This enables the users to access information from a light-weighted device, as are the smartphones, without the need to carry around storages of information in laptops or external hardware (Messenger and Gschwind, 2016).

Due to these technological advancements in the recent years, the third form of spatial flexibility arose among knowledge workers, a phenomenon called "digital nomadism" (McElroy, 2020). It is the privilege of professionals to choose where to live, thanks to work performed remotely. As the trend is becoming more popular, it is "becoming increasingly institutionalized and professionalized [...] it is an extension of capitalist logics, rather than an alternative to them" (Aroles, Granter and de Vaujany, 2020). The narrative of the spatial flexibility points toward the beneficiaries, who are the highly skilled professionals in the high-status occupations in the advanced service sector, the elite workforce (Vilhelmson and Thulin, 2016; Kingma, 2016).

Neirotti, Raguseo and Gastaldi (2019) points out that off-site work is possible due to job disaggregation by three processes embedded in information and communication technologies: job codification, standardization and modularization. Codifiability refers to the process where knowledge is captured in ICT tools through written instructions and can be used by workers in performing their job. Standardization is achieved through the development of common frameworks,

this is especially the case of the ICT tools that store information, standardizing in this way business processes. Modularization refers to the process where projects are break down into tasks, which are performed by different members of a team, at the end integrating the work of all members into a whole (Neirotti, Raguseo and Gastaldi, 2019). In this sense, ICT tools are essential and instrumental in organizing work among remote workers, as well as making processes more efficient. However, some studies show the negative effects of teleworking, mainly affecting employee performance and overall team performance (van der Lippe and Lippényi, 2019).

As a greater attention toward remote work is granted in recent studies, temporal flexibility is considered to accompany spatial flexibility. It refers to non-standard working hours (daily 9-17, 40 hours a week), which can be varied upon agreement between employer and employee (Donnelly and Proctor-Thomson, 2015) and include practices as flexi-time, part-time, overtime, shift work, weekend work or seasonal work (Wilton, 2011).

As flexible labour arrangements gain space, simultaneously they prone workers to exploitation, in the absence of in-place social security measures. Studies show that simultaneously with the introduction of flexible practices in the labour market, Romania's legislation had a decline in protecting workers, meanwhile exposing their rights to violations by employers (Maganaris and Grigorescu, 2014). Though legal framework exists to meet the minimum requirements of the European labour market, these frameworks are subject to the interpretation and application of employers and decision-makers (Grigorescu and Niculescu, 2019).

Nevertheless, labour flexibility practices allow knowledge workers to reconcile personal life with professional life, as well as increasing work autonomy and job satisfaction (Neirotti, Raguseo and Gastaldi, 2019; Boell et al., 2013). The European Commission (2017, 2010) foresees labour flexibility arrangements (part-time, flexible working schedules and telework) to conform child-care, elderly care or other personal needs. Temporal and spatial flexibility practices enhance well-being and fulfils professionals in being able to accommodate personal responsibilities with work commitments (Sirgy and Lee, 2018). A new, integrative definition of the work-life balance concept is the section of two dimensions: "role engagement in work and nonwork life and minimal conflict between work and nonwork roles" (Sirgy and Lee, 2018, p. 232). The research of Collins, Hislop and Cartwright (2016) shows that "permanent teleworking allowed workers to distance themselves from negative or non-essential work relationships whilst developing positive ones, predominantly with other teleworkers", which reinforce the theory that flexible working practices promotes well-being, job satisfaction, and work-life balance. Though, the ICT industry is

considered to be a “family-friendly” sector, which comprises flexible work schedules with home-based telecommuting practices (EC, 2018 Coyle, 2005), in reality the flexible practices blur the boundaries between personal and professional spheres (Eurofound 2020; Aroles, Mitev and de Vaujany, 2019; Glucksmann, 2005) by long working hours and the urgency of keeping up with the new knowledge and technologies appeared on the ever changing, high tech industry (EC, 2018).

Eurofound’s (2020) e-survey, *Living, working and COVID-19*, highlights the effects of the global pandemic on working practices, finding that over three-quarters of EU employees would like to continue working from home, even just occasionally. However, due to the side effects of mixing working life with the private sphere, they highly recommend governments to introduce initiatives of “right to disconnect” to prevent workers from physical and emotional burnout and exhaustion (Eurofound, 2020). Telecommuting became critical due to the pandemic in Romania as well, the Labour Code (articles 108, 109, 110) regulating telework since 2018. Knowledge workers are able to work and attend team meetings from home, without limitations. Their working time is flexible as well, to cope with demands of clients (which are many times from different time zones), colleagues and projects, simultaneously balancing their personal life.

The following sections describes the methodological approaches and the results of the qualitative study regarding flexible labour arrangements. As the introduction already foresaw, the aim of the research was to explore those spatial and temporal working practices, that support and promote the reconciliation of professionals’ working life with their private life. The logic behind this approach is to emphasize the mechanisms that animate workers’ decision when choosing an employer or a job.

Methodology

The qualitative research was conducted in 2018 in two phases, first in spring and the second in autumn. The study is built upon semi-structured face-to-face interviews, which allowed an in-depth immersion of the details and events. The interview guide is structured into seven main themes, incorporating education, career trajectory, temporal and spatial flexibility at the actual workplace, internal hierarchy versus relation to colleagues and to superiors, financial aspects of labour security, lifelong learning practices and future perspectives of the subjects on their career. The subject of flexible working practices is discussed from the perspective of reconciling professional life with personal life.

The research ground was chosen considering the high relevance of Cluj-Napoca in the Romanian ICT industry. In the past decades Cluj-Napoca became a genuine cradle of knowledge, innovation, creativity, culture and education, becoming one of the most attractive tech-hub for investments in Romania, following Bucharest. Being a second rank city, it became a major player in the service industry within the Central and East European urban hierarchy (Petrovici, 2014; Gál, 2014).

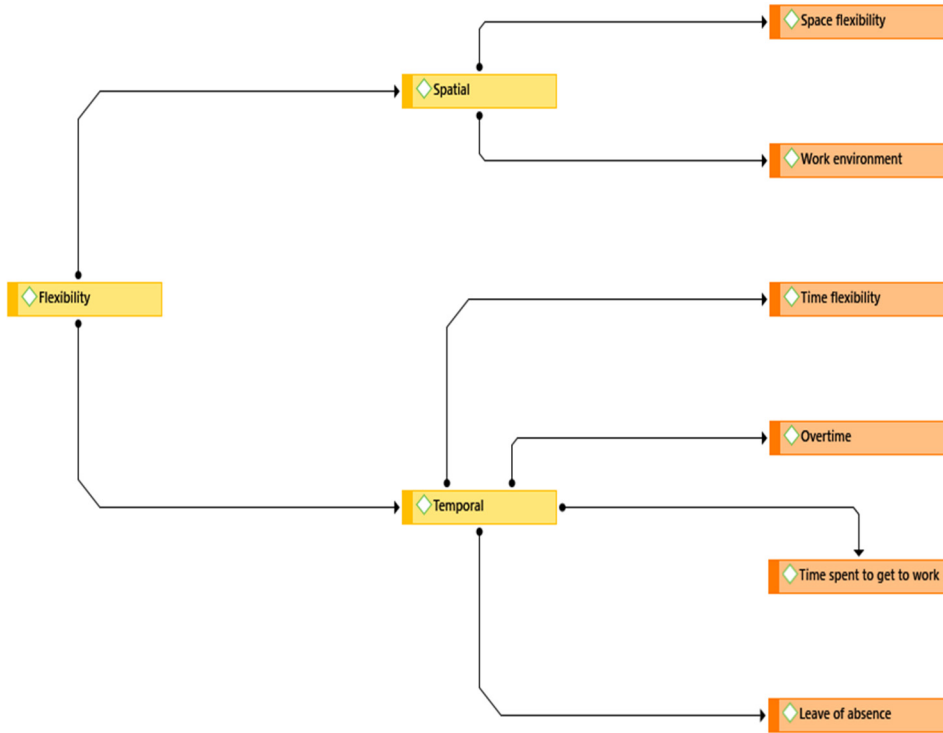
The sampling of the subjects was designed to cover a wide range of factors that occur in an economic unit. Subjects from all four company classes (micro-, small-, medium- and large companies) were selected, having diverse positions in company (developers, testers, customer support experts, team leaders, scrum masters, project managers and product owners), disposing of seniority levels from juniors to consultants, ages ranging from twenties to forties. The sampling was focused on ICT professionals; complementary roles in ICT companies, such as HR professionals, management roles were neglected, as these categories would undermine the uniformity of the ICT professional’s category.

A total of 35 subjects were interviewed, most of them having tertiary education in the technical field. Subjects’ ages varied from 23 to 42, with 20 interviewees being male and 15 females, to cover diverse experiences. Below table show the distribution of the interviewees.

Table 1. The distribution of interviewees

Role	Gender		Age			Education	
	M	F	<26	26 - 34	>34	Tech	Non-Tech
Dev Ops Engineer	11	8	4	11	4	19	0
QA and Support	4	3	1	4	2	2	5
Management and Coordination	5	4	0	8	1	8	1
Total	20	15	5	23	7	29	6

Source: Author’s dataset

Figure 1. Semantic linkages between the concepts

Source: Author's own illustration in Atlas.ti

The data analysis is based on the Grounded theory approach (Glaser and Strauss, 1967), in generating new ideas, concepts and theoretical frameworks through the systematic comparison of empirical data and their continuous abstracting and theorizing (Alvesson and Sköldbberg, 2000). The main purpose of the emergent and grounded methods is to discover patterns and variations in the researched social phenomenon (Corbin and Strauss, 1990).

The face-to-face interviews were recorded, then transcribed and processed in the Atlas.ti (version 8) qualitative research software tool (Friese, 2019), following closely the methodological canons of the Grounded theory approach (Corbin and Strauss, 1990). The collected data were processed through open coding, where the transcribed interviews were conceptualized and abstracted line by line. The obtained codes and concepts were constantly compared against each other, generating core categories, after which the process of selective coding took place, by aggregating data in-depth and building semantic

linkages between codes, concepts and code categories (Corbin and Strauss, 1990). The concepts were organized around the central theoretical concept of flexible working practices and their effects on ICT professionals' work-life balance, which induced new theoretical perspectives on the researched area.

Above network encompasses all the relevant relationships and interconnectedness among the concepts and categories identified during the qualitative analysis.

Spatial and temporal flexibility

Flexible working practices are highly important when discussing the reconciliation of knowledge workers' working life with their personal life. These dimensions of flexibility became mandatory requirements in retaining ICT professionals, as well as becoming competitive for talents among ICT companies. The boundaries of workplace and home became blurred, stretching the limits of flexibility and stability, setting norms of individuals in a service society. While spatial-temporal flexibility is a necessity for modern labour in enhancing competitiveness on the global capital market, it is also an individual option in balancing personal life. The following analysis presents a wide range of flexibility practices among ICT professionals.

Spatial flexibility

Home-based telecommuting practices range on a wide scale, from high spatial flexibility in micro firms to limited ones in large enterprises. While small organizations handle a lower number of projects, clients and employees, disposing of high plasticity when organizing labour, large companies rely on strict processes to successfully handle the massive number of projects, teams and workload. Therefore, creating transparency is their number one goal, by comprising teams at workplaces.

The schedule is extremely flexible. Practically, they ask us to be here 2 or 3 days a week, so you can work home office or from another one in the rest of the days. You can work from home or from other place, whether is from Bucharest or Germany headquarters. For the first few months, I didn't benefit of it, as I did not need it; I only needed it last month due to some emergencies in my family, when I had to use it. When you need it, you just use it, but we don't exploit it. So, there is a maximum flexibility, the people are very open-minded: practically, you don't have your own office because they are shared, so you can settle your laptop at any available office and start working (C, 38, m, Software Engineer at a multinational company).

To supplement the perhaps limited possibilities of remote working, large companies display of sophisticated office environments, with comfortable desks and chairs, gaming rooms, relaxing rooms and coffee corners. Many of these facilities aren't available at small sized firms' offices, due to financial impediments. Equipped workplaces facilitate teamwork, committing members toward projects and employers, also having an indirect impact on productivity, professional fulfilment and even personnel retention. In this context work-life balance lies between the habits, the ordinary and the regularly.

The space is new, with a modern design, in best conditions. We have a room with table tennis, table football, and air soft (air hockey). We also have a relaxation room with books, games, and board games. You can go to any of these whenever you feel like it and have time. If you don't have a meeting or something else to do, an urgent task or something that waits for your reply, then you can go there. I don't use much of these advantages. We can also benefit from massage at the office. You can book a 15 minutes session. We have a room with showers, towels, and a laundry machine. If you come to work by bike or on foot, or if you play some game and you're sweaty, then you can take a shower and change your clothes. You can keep exchanging clothes at the office, since it's big enough for your personal things. We have a terrace where you can enjoy fresh air, also underground parking, that is not sufficient for everybody, but there are around 80 parking lots; that means they are only for the half of those who drive to work. Being underground is very convenient: you don't have any problems in finding a parking place or having your car frozen in winter as well as being at an optimum temperature on summer days, the sun doesn't shine directly on it, so it's more than ok. Regarding the positioning [of the office company], it's very convenient being very close to the transport means and to downtown. If you have some errands to do - at the bank or somewhere else - you get half an hour, no matter when and what time (S, 35, m, Software Engineer at a multinational company).

There is a discrepancy between ICT company employees and self-employed knowledge workers as the latter benefiting of higher spatial flexibility. Many freelancers are lacking an actual office space, setting up working stations at home or other locations they might go for vacation or for business trips. While this practice is attractive from the personal life's perspective, it could also endanger labour productivity, enhancing procrastination. Therefore, loose working habits jeopardize work-life balance, interfering with personal spaces and time slots. Delimited spaces and timeframes allocated to labour are yet the best solutions in enhancing labour productivity and for clear personal timeboxes.

At home, cafés, beaches, we even have colleagues who enjoy travelling to other countries weekly or monthly. They apply for a rent on applications like Airbnb, because it's affordable and you can both work from another city and go to the beach [...]. Regarding myself, I felt I wasn't very productive [working from home] and that I didn't take my work seriously; at least after the vacation, I started to postpone my tasks. If I was up by 10, I wasn't in the mood to start, I was lying on the couch until 12, maybe I wanted to eat, or I was watching TV. I knew I hadn't had meetings until 5 PM, so I postponed it more until it got late, and I was tired, so I didn't work 8 hours per day; actually, I didn't even work 5 hours/day [...]. Many times, I felt guilty for not doing my tasks and that's why I was neither relaxed, nor working. So, many times I let my work on the weekend. [...] [The fact that now I'm renting an office] helps me because I want to feel that I'm at the office and I intend to get there at 9 even if I don't have to, but due to the fact that you get out of the house and you walk a little bit in the fresh air, you see people in the street, you don't feel isolated, staying inside; it's very good to get out of the house and to come to the office. Of course, it's very comfy working from home, and not losing your time on the way; you wake up whenever you want, you can do this several months, but then you have to get out of your house to see people, to socialize and to feel the world around you differently (A, 26, m, Chief Software Architect at a multinational company).

Freelancers and micro firms often lack the financial possibilities to detain their own offices, therefore, the concept of co-working spaces arose to satisfy these needs. In Cluj-Napoca a number of co-working spaces exist, where for a monthly fee, knowledge workers can rent out an office desk with all the infrastructure needed (high speed internet, meeting rooms, kitchen, restrooms and relaxing spaces). These hosting hubs act like real business accelerators, comprising professionals from all service and ICT industries, creating a space to exchange ideas and knowledge.

Cluj Hub is a sort of synonym for freedom, but it also means responsibility to take your life in your own hands and to take care of yourself, because you're not paid unless you work. So, practically, you're paid as you work. As I've noticed, here – at Cluj Hub – all the people share the same idea, most of them having Start Ups or being freelancers or contractors. All of them have taken their lives into their own hands and they are working for themselves. What I really like in here is that the working zone is separated from the one of relaxation and recreation. That's why, when you enter the working area, all of us have the same working mindset, so you just feel like producing a lot. When you want to get out of that place, you have another one for chatting, you can use all the coffees you get, or

the terrace or what the girls have prepared for brunches, or other things that are included in the price; all of these give you that feeling of freedom. So, this is what Cluj Hub offers (N, 31, m, Scrum Master and Software Developer at a Central-East European company).

As a distinct aspect to discuss, when talking about offices, are the type of premises utilized – open spaces or office rooms. The attitudes of knowledge workers toward space distribution differ, in accordance with preferences. Some of the interviewees were against closed office rooms, which in their opinion feeds separation, isolation and lacks any stimulus, human interaction. The others expressed the contrary, open spaces allowing little or no intimacy, background noises disturbing all the time, exposing professionals to constant interruptions during work processes.

We work in an open commercial space. I hate the open spaces. I don't think we're made to work in an open space, but I understand their purpose. I bought some headphones, and they help me, but I still don't like the open spaces. The rest of it is all right, the chairs are ergonomic, and everything is OK, but that's it; there's a constant problem with the noise in an open space (C, 28, m, Team Lead at a local company).

To sum up, home based telecommuting is a great tool in organizing professional life in accordance with home life, but only when using with moderation. At the extreme of working only from home, may harm productivity and could emphasize the feelings of isolation. However, it is undeniable its relevance in allowing professionals to cope on both ends of their life. Therefore, while high spatial flexibility endangers labour productivity, a total lack of remote arrangements harms intellectual work. Balanced approach toward telecommuting practices enhances benefits on both sides (employers and employees), making the most out of a contractual relationship in offering and receiving.

Temporal flexibility

Flexibility in working hours is a common practice in the ICT industry, as being a benefit negotiated with employers in order to fit professional and personal life demands of knowledge workers. Though the standard working schedule is usually between 9 a.m. and 6 p.m., with an hour lunch break, it is rarely the case for ICT professionals in Cluj-Napoca to strictly follow these conventions. As explained by the interviewees, the focus is on the quality of the labour output, not on the working hours. The internal company policies allow flexibility when goals are met, with fewer hours than estimated. Employers

acknowledge that increasing work-life balance with flexible working arrangements increases labour productivity.

It's very flexible, we know; you also know about the IT level competition in Cluj, which means that the employer has to offer something extra in order to keep up with the rest of the companies. We have 4 to 5 days home office monthly, which is by default, so we don't have to justify. Working from your home by e-mail, the schedule is super flexible. Our entrance system is based on using the card, so they can check you upon your entrance time; as for the exit, you don't use the card anymore, so they don't know how long you work. You can stay as long as you like if you do your job without being a jerk – arriving at 11 and leaving at 4 PM. That's it. The so-called "core time" is between 11 and 3 PM, when they expect to be there and available (G, 35, m, Development Associate Software Engineer at a national company).

Complementary services of software development, like system security, customer support and others, are closer to a fixed schedule, with lower flexibility. While the standard working hours are not at negotiation, employees benefit of flexibility arrangements when needed, to respond to their family obligations. Knowledge workers of auxiliary industries to the ICT are aware of the differences in flexible labour arrangements between them and professionals working in the core industry of software development.

The beginning of the program should be at 8:30, but now, after some negotiations, it was settled from 9 to 17:30, with a one-hour lunch break, but it's pretty flexible. For instance, if I need to be somewhere, to go out for one hour, to go downtown to fix a problem, I can do it. I can talk, I can go, they'll say: "Go ahead, sure!", so the schedule is not so tight, so you feel constrained to do this or that, it's a system of internal monitoring that we are working with, but it's used especially by the firms that we are managing, for which we are doing the billing support, like time sheets. We don't have direct tracking. The time sheets are done manually, you write down what time you arrive, when you go, when you can recuperate those hours. So, I say it's pretty decent. I'd like it to be looser, meaning to be able to work from home, I'd love that very much (L, 37, m, System Administrator at a local company).

Offshoring businesses that opened offices in Cluj, demand client related flexibility from employees – this is mostly the case of customer support call centers. Often this means that working hours slide to the afternoon, to match, for example, a client from the U.S. Many times, non-standard working schedules

fit personal needs, especially in the cases of families where child-care needs always a spouse being available. Even in other cases can be a great fit in big cities' life, though client reliant flexibility arrangements offer limited real flexibility to employees.

I work Monday to Friday from 15.30 hours to 12 midnight in order to be in sync with the USA. There is also the possibility to work from 12.30 hours to 21.00 hours, or from 10.00 hours to 18.30. For the time being, as I handle many aspects related to the team, I can also afford to start work half an hour later and leave the office half an hour after work. We have a so-called compensatory timing system, whereby we can skip work up to three hours in a week but recuperate those hours in any other day of the same week. And nobody was ever three hours late (A, 30, m, Software Developer in Customer Support at a multinational company).

Temporal and spatial flexibility came to a full circle with the entering of millennials on the labour market, placing work-life balance and subjective well-being as first priorities. Their arrival marked the beginning of a new dimension of working life, with accents on individual's needs and aspirations. Their demands reflect rather individualistic attitudes toward labour organization and promote ideologies of self-accomplishment and fulfilment.

Nowadays, especially with the youngsters who are free-spirited, it's more difficult to introduce a fixed program from 8 to 17, because you can do the same thing if you're not constrained by certain meetings, you can work from 8 to 17 or 9 to 18 or 10 to 19 (F, 31, m, Team Lead in Software Testing at a multinational company originated from Romania).

To meet the new requirements, employers offer not only flexible working schedules, but also preferential working contracts, such as part-time with 4 or 6 working hours per day, project-based contracts, freelancing, etc. Even in the case of full-time contracts, core hours are agreed between employer and worker to ensure smooth working procedures. Usually, the core hours give a time frame when all the members of a team can be reached for discussions, meetings, pair programming and developing. This core timeframe consists of a few hours in the middle of the day, such as 10 a.m. – 3 p.m., or 11 a.m. – 4 p.m., around which one can organize the rest of the working hours as please, being able to work earlier or later. Many professionals imply that working early in the morning or late in the evening boost their productivity, as those are the hours when usually offices are emptier, colleagues aren't around, and creativity arises in silence and stillness.

For the respective client, certain hours are recommended, not necessarily mandatory. They are called core hours. There are in fact 6 hours during the day when all of the team members can be contacted. They are practically at the office; they can be reached. Afterwards, outside the 6 hours, we as contractors work as registered sole traders, so we can work from 160 to 200, so nothing is off limits. We choose our own schedule, but it's preferable that during these 6 hours when everybody needs you, to interact a lot, to be present and to be able to interact. Besides this, there is no fixed program necessarily, but for maximum productivity, I have chosen to maintain somehow the working hours from my previous job, to start at 8 or 9, give or take, and leave at 16-17, so practically around 8 hours. I'd like to work more, up to 200 hours, as I said, but this is not my purpose and financial wise I'm being paid quite okay for the 8 hours, so I don't long to work extra hours (N, 31, m, Software Developer and Scrum Master at a Central-East European company).

Differences among temporal flexibility practices are due to the size of companies, as well as the labour contracts professionals agreed upon. Usually, self-employed or employees of start-ups enjoy higher flexibility in the working schedule, as their counterparts in large enterprises. It is due to the way labour is organized inside micro-organizations, where many times workload fluctuates, dependent on new projects and ideas.

We're flexible, the company as well. The more flexible they are, the more productive is the employee. I'm the proof - the first test: I switched from a very restrictive working policy - with clocking and very strict presence rules (if I was 5 minutes late, I had to send an e-mail on my way to work: "I'm 5 minutes late and I'll compensate after the program) - to an extremely flexible one: I come and leave work when I want. Of course, I have to be very responsible since I have scheduled client meetings. Switching to this new schedule, I worked practically; I produced much more than a regular person within 8 working hours, sometimes forgetting to go home as I didn't mind my arrival time. I think that this clocking scheme, to arrive at a fixed time, engages 5% of your brain, which means that you don't have place for doing something creative or productive at your job. When I released 5% of my brain, without concerning about the time, I became a lot more productive. I don't bother counting my working hours, I feel somehow when it's time to go home, but usually I work a little bit more than the 8 hours standard. It happens to work a little bit less, for example, if I have a busy day with personal appointments (before or after), it's possible to work less that day, but somehow it's my box, it's fine, because we all know that all that matters is to provide as much as possible, to supply as much quality; I

mean to keep a client contact as good as possible and to offer him something valuable, whether it's information or consulting, whether you have to support them on the phone while they're working on something; so this is the most important thing for us at the end (P, 27, f, Project Manager at a local company).

Flexible working arrangements are based upon mutual trust between employer and employee. To benefit from the wide range of flexible settlements, employees commit to deliver quality work, value to customers, reliability, and accountability. The trust is a key element in this equation, without it no flexible labour arrangements are possible. The trust between parties is achieved through transparent labour organization, clear expectations on both sides, measurable tasks and outputs.

The schedule is flexible, and the employee is given freedom, meaning they are not constrained to do their hours as long as – and I emphasize as long as – they mind their own business and do their job well (C, 37, m, Software Developer at a multinational company).

Along the subject of temporal flexibility came up the topic of overtime. Interviewees reported that there are two types of overtime, one being benevolent and the other being at the employer's request. Those at request are usually well paid, followed by benefits like free meal on those days, bonuses, paid off days. Though, overtime is not encouraged by employers, from time-to-time pressures appear from clients in delivering the software. In those cases, benevolent overtime can arise, to prove loyalty on employees' side.

Voluntary means that the employee wishes to work overtime. Nobody pressures them. However, this doesn't mean that there can't be any pressure from the client, indirectly. But this differs from one project to another. I didn't work overtime this year, but it's true that I had some pretty tight deadlines at the end of last year. We had to implement something that was imposed by the law on a company that was active on the capital market of investment, so if the deadline said something had to happen on the 1st of January, we had to make sure that it would happen. No overtime was solicited officially, but I felt the need to help in implementing this (R, 32, f, Technical Lead at a multinational company).

On the flip of the coin, overtime practiced on the long run has a negative impact on work-life balance. One being always attainable and available would set wrong expectations that ultimately would impair personal life and would become unsustainable. The effects on health are an issue too, professional

exhaustion leads to burn out, further weakening the performance. Exemption from burnout must be professionals' number one aim, as their intellectual capital is their most precious asset.

The idea is that if you work more or less time, you set wrong expectations. And I believe that it doesn't matter whether you work at the office or at home, you must offer the same results, but should you work more, it will never end. I've worked overtime for a long time to prove myself, but such things are not appreciated, and I've set wrong expectations, so I learned that it's not ok to work overtime, because then they'll say: "Last week you delivered 10 tasks, so what's the problem this week?" and no one, in any case, will tell you: "Bravo!". And this is why I believe there must be the same balance between the hours when you work and the amount of work that you put in. This is the period of time when you work and when it is done, that's it. If I take longer to perform a task – this happens – it doesn't mean that I must work overtime to finish it. I made this mistake and I learned that it's not okay to do this. Unfortunately, this is not appreciated anywhere, it doesn't have to do only with IT, it's the same situation probably in any field (N, 29, f, Software Engineer at a local company).

Overall, the temporal flexibility practices differ from one company to another, heavily influenced by the company size; micro firms and start-ups being capable of adapting high schedule flexibility, compared to large enterprises, where fixed projects request constant labour hours from staff. Further on, flexibility is highly dependent on whether the business area is the software development or complementary services, like customer support or system administration, which offer less flexibility to their staff, compared to the software businesses. Concomitant, the level of temporal flexibility is related to work-life balance enhancement.

Considering the recent developments caused by the Covid-19 pandemic on the labour market, in November 2020 I re-asked three of the subjects regarding the new working arrangements they are practicing in this situation. Firstly, two of them working as freelancers encountered job loss, due to the company's response to instable economic climate during the pandemic. Finding a new job took more time than usual (around 3-4 months), due to the slowing down of HR activities (mainly new hiring were put on hold). After contracting a new freelance job, they continued to work from a co-working space (ClujHub), although they remarked the number of professionals in these spaces has shrink and didn't recover, not even six months after re-opening the co-working space. The third subject has retained his working place at a trans-national company, these entities being less affected by the crisis, and explained happily the admitted advantages of remote working by his employer:

Finally, the employer realized that we can be productive working from home as well. That is great for me, because before the pandemic we weren't really allowed to work outside our office building (S, 35, m, Software Engineer at multinational).

Nevertheless, crises or the current ongoing pandemic force labour market in adapting and shaping new working practices, that ultimately benefits both employers and employees. Mostly, reinvention of labour practices occurs after long, premeditated processes, dictated by top industries, while as in 2020 all the markets and businesses were forced by the Covid-19 pandemic to adapt their working processes to the latest trends and technologies.

Discussion

Present research shed light on the versatile nature of flexible labour practices in bettering ICT professionals' personal life, motivating them in their day-to-day work, as well as increasing loyalty towards employers. Though the aspects that institutionalizes these practices (Aroles, Mitev and de Vaujany, 2019; Neirrotti, Raguseo and Gastaldi, 2019; McElroy, 2020; Messenger and Gschwind, 2016) are highly relevant, per se they neglect to provide deep understanding over the mechanisms behind personal choices of knowledge workers, what motivates them in choosing particular working arrangements. While a radical disembodied neoliberal policy regime (Petrovici, 2019; Ban, 2016) occurred in Romania, particular and personalized flexibility practices emerged simultaneously in consolidating the fusion between employers' and employees' interests. This reflects a tendency of dispersal of the power over labour force, materialized in labour flexibility practices and policies, leaving more responsibilities on the workers, but as well more empowerment over personal decisions in the fields of professional and personal life.

The findings on work-life balance are aligned with the literature; home-based telecommuting and temporal flexibility practices are at high regards among knowledge workers in organizing professional life in accordance with home life, allowing to cope on both ends (Eurofound, 2020; Sirgy and Lee, 2018; EC, 2017; 2010; 2002). On the other side, unbalanced labour flexibility practices create dissonance on the personal life level. Repeated switches and overlapping between personal and professional spaces, availability of 24/7 harm mental capacity and subjective well-being (Eurofound 2020; Aroles, Mitev and de Vaujany, 2019; Boell et al., 2013; Glucksmann, 2005).

Lastly, while the Covid-19 pandemic accelerated the transfer from office work to home-work, it is also clear that teleworking is a natural outcome of the

fast-paced technological development, which would eventually become the global standard in the labour market. Also, lessons learnt from previous crises (financial or natural) help facing the new crisis created by the pandemic (Donnelly and Proctor-Thomson, 2015). These lessons help shaping firstly the ICT industry, which already is in a leading position regarding flexible labour practices, but by defining new working processes are showing directions to be followed on the labour market for other industries as well. As Hodder (2020, p. 1) points out, “issues of control, surveillance and resistance have been central to work on the impact of technology on work and employment and these themes have been identified as central to the experience of work in the current crisis”.

The aim of the present paper was to overtake a comprehensive research on the studied subject, creating opportunities for future research, even with the risk of being limited. Its major limitation is that although the interviewees represent a diversified sampling for the ICT industry of Cluj county, the interviewed sample is not representative for the national or international level, therefore general conclusions upon the ICT industry’s working practices cannot be drawn based on this research. Another constrain is represented by the one-sided perspective of a single researcher upon a subject, which cannot ensure a total objectivity.

Future research on this topic should consider completing the knowledge on flexible labour practices from the angle of companies’ management and human resources (HR) layers. Practices enabled on the top of the hierarchies reflects corporate agendas in overcoming difficulties imposed by a harsh and competitive capital market. Organizational ethnography would further deepen understanding over the specific dynamics that reign in ICT companies, by mapping organizational culture and agile frameworks. Labour flexibility arrangements are highly dictated by corporate lobby, both on the level of policy making and on the level of internal effort in retaining highly qualified personnel.

Conclusions

Flexibility practices provide solutions for a wide range of needs in the ICT industry. While in the beginning of the rise of labour flexibility in the Romanian ICT sector, a unilateral adaptation of it advantaged mostly the employers, lately certain flexibility practices are benefiting employees too. On the micro social level of professionals’, blending labour flexibility practices with success enhance work-life balance. The conducted research outlines the benefits and the obstacles in practicing flexibility working arrangements, framing two main ideas.

Firstly, spatial flexibility is organized on three levels: on employers' premises, home-based and in-between, third, hybrid workplaces (Kingma, 2016). The level of flexibility practiced determines one's ability to cope with responsibilities on the two pillars of life – professional and personal, while also enhancing benefits on both sides of a contractual relationship – employer and employee. Secondly, temporal flexibility is carried out based on the role a knowledge worker has within a company (support, development, management) and based on the timeframes need to be available for the customer. Customer support roles will less benefit of flexi-times, while it will be imperious to comply with customers' working schedule.

Overall, flexibility practices are highly influenced by the company size; micro firms and start-ups being capable of adapting high flexibility practices, compared to large enterprises, where accountability at the workplace in certain timeframes are requested. Also, labour productivity and creativity are enhanced when reconciling work life with personal life is successful. Liberalization of the market entailed not only the easiness of capital movement, but the rise of knowledge workers with power and influence over their own intellectual capital, with a richness in personal choices.

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THE CREATIVITY TURN IN EUROPEAN CULTURAL POLICIES. STRUCTURAL CHANGES IN THE SECTOR

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ABSTRACT. This paper aims to analyse the conditions that enable a double political-economic instrumentation of culture through European Union programmes, and their consequences for the cultural sector. The first European programmes focused on the symbolic value of culture which was perceived as an essential element for strengthening the European identity, and thus as a crucial tool in the project of building the European identity, which is part of a political integration programme. In the context of the development of the creative economy, which overlapped the 2008 economic crisis and a growing influence of the market ideology, a few years later, the European Union launched the Creative Europe programme, thus setting up a new development framework for the cultural sector. For culture, the economic and political arguments in the Creative Europe programme outline a future inherently connected to its contribution to these fields, leaving behind the symbolic and social value of culture characterised by non-lucrative purposes. The programme lays out a direction in which culture is monetized as competitive advantage and bets on the contribution of the cultural and creative industries to become a competitor on the global creative economy. The new framework offered by Creative Europe transforms the approach to culture, placing it in a landscape of global competition, in the company of creative industries, favouring the integration of culture by the latter, not the other way around, thus entailing structural changes in the cultural sector.

Keywords: culture, non-profit, cultural industries, entrepreneurship, EU cultural policies.

By way of introduction

Ever since its establishment, the economic component of the European Union's policies has been a marker along its existence, and the *common market*, established with the creation of the European Economic Community (EEC), was

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set up to ensure prosperity for the European citizens. Its Eastward expansion after the fall of the Iron Curtain gave rise to new needs related to the integration of post-communist countries, as the diversity of Europeans needed a unifying factor, which was culture. Beyond this, culture was seen as a special mark for Europe, bearing a symbolic, universal value, which is why the European Union has made strategic investments, starting 1996, in the development of its European dimension. Before 1996, the EU did have cultural actions, such as “European Cities of Culture”, the European sculpture competition, or actions to improve young people’s access to museums and cultural events, but not programmes to subsidize culture.

Although there was no document entitled European cultural strategy, the funding programmes made available to the sector by the European Union functioned as a strategy allowing us to understand its vision on the development of culture and its role for the present and the future of the European space. Besides, certain documents, such as the European agendas for culture, have inspired the subsequent programmes. Because they are specific documents, in order for readers to have direct access to them, I chose to quote them in the footnotes when they first appear.

The launch of the first European programme dedicated to culture, Kaleidoscope, was marked by the need to consolidate the European identity and citizenship, so this programme is considered to have contributed to “increasing mutual knowledge and respect and to promoting the idea of citizenship of the European Union”.² The symbolic value of culture was used to strengthen the European identity, thus being a crucial instrument in building the European identity, which was part of a political integration programme. To these will be added programs that will emphasize the social and economic dimension of cultural activities. Concepts such as cultural diversity and intercultural dialogue were at the heart of the cultural programs of the European Union.

The cultural field is not regulated at a European level, as decision-making forums considered the diverse range of cultures on the European territory required a national approach through the competent ministries of the 27 member states. However, the European Union's vision of culture, promoted through programs dedicated to this sector, comes to influence national policies and have a direct impact on the sector in most countries. In the current article I wanted to analyze, starting from a broader context, how this influence is articulated and

² Decision No 719/96/EC of the European Parliament And Of The Council of 29 March 1996: <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:31996D0719&qid=1603369954448&from=EN>, page 7, accessed 22.10.2020.

what its effects are on the cultural scene and actors. Between 2008-2020 I was myself involved as a cultural worker in the realization of three European projects, the respective period corresponding to two different programs dedicated to culture. What struck me was a visible change in the objectives of European programs, including at the discursive level, showing a conceptual mutation that favours the economic dimension of art and culture. The relevance of documents setting out the principles for the operation of European funding programs exceeds the fact that their understanding facilitates access to non-reimbursable funds and contributes to the development of the organizations and institutions that access them. Although these are apparently a kind of guidelines for the sector, they actually create a rather restrictive format for future projects carried out at European level and show a neoliberal economic vision applied to the cultural field. In order to receive European funding, cultural actors must be in line with the priorities of the cultural programs, the latter being aligned with strategic priorities of the European Union since 2007.

A number of relevant transformations are taking place through the implementation of the Creative Europe (2014-2020) program which creates a favourable framework for bringing culture together with the creative industries, with creativity expanding its agency to the lucrative area as an active element in the development of the creative economy. This vision has existed in Europe since the late '90 with the UK's cultural policies linked to the narrative of the economic recovery proposed by Tony Blair. Over time, they came to penetrate European programs that valued art and culture mainly for their social binding dimension and their intrinsic value, with the economic dimension becoming a priority. Amid global changes (digitization, the 2008 economic crisis, the globalization of the economy, the development of the creative economy etc.), supporting *culture* seems to have become a key element of the new political-economic agenda. Against the background of the effects of the Great Recession that began in 2008, European cultural policies are gradually opening up until they adopt the paradigm of creativity. The European Union saw the emergence of creative and cultural industries as a new contributor to its own economy, giving it a competitive advantage on the global economic market. In these new circumstances, culture is seen as a key element for the development of creativity and creativity is seen as a necessary ingredient for innovation which will determine economic growth. European *cultural policies* are starting to take an increasingly close shape of *creativity policies*, which are key elements of the new European neoliberal narration for smart growth of the economy. This is a turning point for the cultural sector, with the objectives of the projects on which it would obtain European funds being subsumed to the EU's objectives of

increasing its economic competitiveness vis-à-vis the major powers of the global economy, the US and China.

The changes in European cultural policies through the adoption of the creative paradigm are articulated by taking on a vision, language and models borrowed from the business area, that are beginning to have a major influence on the cultural sector in terms of the perception over the role of culture and the actors creating it. They directly affect its ethos, which is largely non-profit-making and operates in its own market, regulated by the direct involvement and support of national states. The above turning point is to try to turn art and culture into a profit-making industry, connected to a global market, whose aim is intrinsically linked to the contribution to GDP and employment growth, the contribution to the development of society being at most secondary. Although art and culture are included in the "conversation" about the creative industries, one can notice that, even on a European level, they receive less attention and support than the lucrative creative fields. Facing these structural changes already present on European territory, the article aims to call for scholars, practitioners and stakeholders to rethink cultural policies based on the concept of culture as a public good for citizens and not on culture as a "special commodity" for customers and consumers.

In order to understand the evolution of European policies, I consulted the documents by which it was decided to establish funding programs (such as decisions and regulations of the European Parliament and the European Council), as well as the presentation of these programs on the website of the Executive Agency for Education, Audiovisual and Culture. These were complemented by documents that contributed to shaping programs such as the European agendas for culture in 2007 and 2018, informal strategic documents developed following consultation with the cultural sector.

From symbolic to political

In the 1996 Decision of the European Parliament and the Council establishing the first programme dedicated to culture, Kaleidoscope, the two institutions substantiated their decision, among others, on the following:

in reality, the most tangible and influential aspect of Europe as a whole is not merely its geographical, political, economic and social features but also its culture; whereas the perception of Europe in the world is largely determined by the position and strength of its cultural values; (Decision No 719/96/EC)

Thus, funding programmes dedicated to the cultural sector were created, as well as two European institutions to monitor their unfolding: the Directorate-General for Education and Culture and the Education, Audiovisual and Culture Executive Agency.³

There have been several European cultural programs over time but I have selected the most relevant for this research. The first three programmes under analysis – Kaleidoscope, Culture 2000, Culture 2007-2013 –, overlapped for quite a long time in terms of visions and objectives or at least showed a common source of understanding of the value of culture, placing an accent on the Europeans' symbolic and community binder dimension. The definition of culture reveals its role as basis for the new European citizenship, as culture always – in the discourse of the studied documents – played a coagulative role for European society around the universal values it has created: freedom of expression, human dignity, democracy, human rights, etc. Its placing alongside universal values, as well as the Europeans' cultural contribution over time is one of the reasons why they regard themselves as standing in an area of cultural supremacy as compared to others, an area of social prestige. Maintaining this supremacy required funding and the way these were used had to meet certain evident needs of the EU, such as bringing added European value through the Kaleidoscope programme, integrating the new members in the case of the Culture 2000 programme, or integrating and promoting European citizenship, contributing to social economic development in that of the Culture 2007-2013 programme.

Besides meeting these needs of the financer, there were numerous objectives related to the development of the cultural sector, which aimed to create new artistic forms, improving professional skills (Kaleidoscope), promoting the mobility of artists and their works, multi-annual cultural cooperation, audience development, exploiting European heritage, raising awareness on sustainable development (Culture 2000 and Culture 2007-2013). Therefore, the first three programmes seem to have resulted from negotiations between the needs of the cultural sector and those of the European Union, both sides would be coming out as winners in the deal. The cultural actors could reach a new level of professionalization and development in their European culture, and the EU tapped into a useful instrument promoting European values and identity, via European cultural projects.

³ The Directorate-General for Education and Culture is responsible for drawing up and implementing the European Commission's cultural policies. The Education, Audiovisual and Culture Executive Agency implements the European programmes, by organizing project calls, evaluating the submitted projects through international evaluators, maintains contact with beneficiaries, monitors, etc.

The amounts of money that the EU contributed as non-reimbursable funds during the three above-mentioned programmes varied between 25% and 50% or 60% of the total value of a project. Unlike other non-reimbursable European funds, in which the Union's financial contribution is much higher, even reaching even up to 98%, in the case of cultural funds, one can notice that these were prominently accessible to financially stable entities. The accessed funds contributed to the consolidation of those cultural actors that could afford to cover the co-financing from their own funds or from other sources – up to 75% in the case of the first programme or 50-40% in the case of the others. Moreover, having a cash flow was a *sine qua non* condition for beneficiaries to be able to access these funds. Even nowadays, the last instalment of a European project funding is paid at least six months after the final evaluation of the project, which implies the provision of a consistent cash deposit by the project leader and partners.

Changes in discourse, changes in the sector

In the documents I analysed (the above-mentioned documents), the contribution of culture to social development was always presented alongside its economic consequences, whether these being translated into jobs in the cultural field or in the income drawn by cultural events, or the subsequent presence, the presence of creative industries. Beginning with the Culture 2007-2013 programme, one can notice an explicit connection to the EU development strategy, entitled the *Lisbon Strategy*, and the very formulation of the programme. This connection to the strategies of the European Union was not present in the previous programmes, as references to these were not included in the programmes' founding documents (Szakáts, 2014). Through the Lisbon Strategy, adopted in 2000, the EU aimed to become one of the most advanced knowledge-based societies by 2010, thus justifying the need for funds supporting the cultural industries. The Decision establishing the programme Culture 2007-2013 explicitly mentions that it is open to the participation of cultural industries, particularly small cultural enterprises, *on condition that they are acting in a non-profit-making cultural capacity*.⁴ Besides, the same Decision stipulates that the specific nature of the cultural sector in Europe should be taken into account, by considering "the practices and the developments in the cultural sector" (Decision

⁴ Decision no. 1855/2006/CE of the European Parliament and of the Council of 12 December 2006, <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=LEGISSUM%3A129016>, accessed on 23.10.2020.

no. 1855/2006/CE: 3). As I see it, the above-mentioned statement refers to the non-profit character of cultural projects, as this represents the specific nature of the cultural sector. In general, the Culture 2007-2013 programme has been designed around supporting cultural diversity and intercultural dialogue, as this is a good rhetoric for European citizenship.

Besides the Lisbon Strategy, the Culture 2007-2013 programme is also correlated with elements of the “European agenda for culture in a globalizing world, 2007”.⁵ This is a reference document for European cultural policies. The Agenda sets out three priorities, of which one takes further the argument of cultural diversity and intercultural dialogue. Two new priorities are introduced: “stimulating creativity for growth and jobs” and “culture as a vital element” in the international relations of the EU. The second priority aims at “strengthening the organisational capacities of the cultural sector, by focusing on entrepreneurship and the training of the cultural sector in terms of management competences” (European Agenda, 2007), but this is not included in the Decision on the programme. The absence of this could be a sign of a negotiation and a non-harmonized vision among the opinions of the political actors and a part of the cultural sector. The same document plays an essential role in promoting “culture as a catalyst for creativity”, as several initiatives were thus established by instituting the *European Year of Creativity and Innovation* (2009). This programme led to the institutionalization of the connection between culture and certain economic objectives (Littoz-Monnet, 2015: 13). At the same time, it contributed to the capitalization of the results of numerous studies and investigations on the impact of culture in relation to creativity, entrepreneurship in cultural industries, local and regional development.

What's more, in 2010, an year marked by economic crisis, the paper entitled *Green Paper - Unlocking the potential of cultural and creative industries* was published, advocating for culture and creativity from the standpoint of their contribution to the Gross Domestic Product, to economic innovation, and secondly, to social innovation. The arguments in these document place culture in the service of consolidating the new economy, i.e. the creative economy. The artistic and cultural diversity of this territory becomes an element of added value, so needed by the EU, as a *player* of global economy. More than that, to paraphrase President José Manuel Barroso, the document shows that, in order for European economy to remain competitive in the global context of digitization, it needs to invest in factors that are favourable to “creativity and innovation in a new entrepreneurial culture” (Green Paper, 2010: 2). This document is clearly

⁵ *European agenda for culture in a globalising world*, <https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=LEGISSUM:l29019&from=EN>, accessed on 28.10.2020.

correlated with “Europe 2020 – A Strategy for Smart, Sustainable and Inclusive Growth” or, in short, the “Europe 2020 Strategy”, and alongside other studies, they make up the foundation of the new programme, Creative Europe.

Many professionals in culture have noticed that culture was being driven towards a distinct field, endangering its production, value, and the way the audience relates to it. Although Yudhishtir Raj Isar understands the intersection between arts and culture and the digital mediation developed by creative industries as a step towards the evolution of the cultural sector, he mentions that this meeting gives rise to a process in which “the aesthetic has been commodified while the commodity has been aestheticized”. For example, production modes which used to be specific for culture, such as graphic arts or storytelling, have become a means of production claimed by the advertising industry. In this case, culture becomes a support element for selling products. The field of culture is penetrated by the landmark of the “cultural industries”, which Isar calls “culture as business”, and confuse the sector characterised as non-profit and non-industrial with the for profit ethos. One of the landmarks he mentions is the validation of cultural production through its potential economic gains. Isar notices that the field of culture using this as an argument to convince the European Union to support more funds for cultural and creative industries only gives a neoliberal vision to the production and broadcasting of artistic and cultural works.

In the consultations organized by the European Commission's Directorate-General for Education and Culture in 2007, representatives of one of the platforms involved, *Access to Culture Platform*, expressed their concern regarding the fact that the European Agenda for Culture lacked a dimension of community binder. Moreover, they showed their discontent about the fact that “the cultural industries are too closely connected with the interests of intermediaries that transmit cultural content, rather than the interests of artists” (Littoz-Monnet, 2015: 16). Another opponent of the culture commercialization process is Dragan Klaić, who, in his book *Mobility of imagination*, states:

Cultural industry depends on a steady input of creativity from many artists, and on the creativity of software developers and designers for product formation, as well as of many marketing and advertising experts who create needs, new modes of usage, habits, fashions, styles, fads and hype. Many of these diligent and creative individuals are driven by their own desire to innovate, to create something original or stunning. However, the central goal of corporate endeavour is maximization of profit.

On the other hand, various studies support the tendency to bridge the gaps between the cultural sector and the creative industries and their respective production modes, such as the one conducted by A. J. Wiesand and M. Söndermann (2005) who plead for the semantic fusion of the two:

In other words, for this paper it does not really matter whether we speak of a 'culture sector' or a 'creative sector', as long as all private, public and informal activities related to culture in the larger sense are understood to be part of it.

A more optimistic vision on the association between the two fields comes from cultural economist David Throsby. He proposes using the interest of political decision-makers for the economic value of the cultural industries as a "Trojan horse" to make the voice of culture heard (Throsby, 2010: 10). In order to establish a dialogue with decision-makers, the cultural sector started using their language with a view to determining the economic value of what had previously been considered as having a cultural value in itself, a symbolic value, or a social value. We will later see the negotiating leverage of using the words and language of economic value, that determine the winners and the losers of this process.

In the above-mentioned *Green Paper*, the cultural field, defined by professionals as cultural sector, is used as a synonym for the cultural and creative industries, which, at least for a part of the "sector", means an act of appropriation, as the two work in clearly different ways. The cultural sector is the sector in which cultural institutions function, whether public or private, the latter mostly organized as NGOs and aiming to offer public services: facilitate the public's access to culture, strengthen communities, represent marginal voices, show critical artistic contents, encourage artistic research and experiments, etc., and their activities are non-profit. The creative industries are represented by profit-making small and medium enterprises, regardless of the services they offer (public or private, free of charge or for a fee). *The overlap of the words sector and industry causes at least confusion as we try to get used to the existence of another pair of terms, culture and creativity (s.n.).* We may speak of the health sector, but not about the health industry. Of course, we may refer to the pharmaceutical industry, which is a different element, a partner of the health sector. There are certain nuances and differences that must be understood and taken into account, for otherwise the topic of the discussion changes. But this analysis is exactly about this change. Therefore, I do not think it was by chance that the two fields, culture and creative industries, were placed together. Their

fusion was performed pragmatically, as culture is used as a resource to imprint a competitive advantage to creative industries. The balance of power between the cultural sector and the creative industries clearly tips towards the industries that represent an emerging economic market, while the cultural sector depends on private funds, and most especially on public funds, which are proportionally fewer and fewer. The creative industries act on a global scale, as they may have *clients* anywhere in the world, whereas the cultural sector mostly has a local *audience*, and accesses a national, regional, European, international audience supported by mobility funds, so mostly via public support. An evident question thus arises: why does the European Union choose to support this association that leaves at a disadvantage the very field which conferred it a symbolic value at a global level?

The professionals in the field of culture who handle the project vision and management, cultural policies, etc., were referred to as cultural operators in the first three programmes mentioned. This seems like a neutral term compared to the one later employed in Creative Europe programme, which led to critical interpretation. An argument is that the term *cultural operator* derives from tourism (tour-operator) and supports an instrumental dimension over culture (Oancă, 2017). Within the sector, there are different visions on this self-definition: from *cultural operators*, to *cultural actors*, and *cultural producers/workers*, the latter closely connected to valuing their work alongside other occupations represented by workers who perform both manual and non-manual labour. It is worth mentioning that this phrase is preferred by the left-leaning cultural environment, while whereas the most frequently used name is cultural operators. The expression *cultural actors* is perhaps the most neutral from an ideological point of view; as I see it, it emerged through negotiation between cultural operators and workers. With the multiplication of studies on cultural and creative industries and the introduction into the sector of SME (small and medium enterprises) -type entities, the road is being paved to a new kind of professional, as the previous model “must” be *updated* according to the survival needs in the creative economy:

Among them, enterprises consisting of one to two people represent the overwhelming majority of the companies in the sector and encompass this new type of ‘entrepreneurial individuals’ or ‘entrepreneurial cultural workers’, who no longer fit into previously typical patterns of full time professions. (Green Paper, 2010: 13)

A new association has thus emerged – entrepreneur-worker in the field of culture, which resulted in a lack of clarity, as some cultural actors no longer knew what their professional identity was. I am referring to the confusion around the discursive promotion of a new seducing identity which, once embraced and calibrated to hard work and innovation, promises at least two things: 1) being part of the creative class, the urban driver for development; and 2) the survival of the cultural entrepreneur, a contributor to economic growth.

The association of “entrepreneurial individuals” and “enterprising cultural workers” is interesting. Being a person with initiative and a dynamic spirit is a *sine qua non* condition to working in the cultural field, which is continuously changing. Being curious and being proactive are two basic features of these people. *However, this does not necessarily overlap being an entrepreneur (s.n.).* An entrepreneur also has the above-mentioned qualities (as well as others), but is used to promote the business they manage. According to the presentation of the Business Academy professional training programmes, “Entrepreneurs focus on starting and organizing a company’s business with a view to creating a new market and generating profit.” Merging the two terms limits the action of cultural workers to a framework marked by the need for these actions to result in economic benefits and “suggests that the very capacity to act, to do things only materialized in and through economy” (Mateescu, 2020).

The presentation of Creative Europe mentions a new professional profile, called in English “*cultural and creative players*”. In the Anglo-Saxon world, the above-mentioned phrase is used in the sense of decision-makers and this marks a new dimension that indirectly includes a bit of the privilege of taking part in decision-making, the dynamic character of the entrepreneur, the playful character and ability of creativity. One can thus notice that a new world must be established not only through new programmes, but also through new meanings and words, such as *creativity/creative*, with impressive lexical success (Bruell, 2013: 22). Past organizational models and the philosophy of their existence and action are less and less interesting to the European Union, which is ready to sacrifice an entire “sector” for a new “industry” with very few natural ties with the sector originally considered.

The Creative Europe spirit

The establishment of the Creative Europe programme must be considered in the economic and social context of the moment when it was designed. It was set out in a period when the effects of the 2008 economic crisis were still present. Europe needed a new beginning for an economy that felt the effects of

digitization in an already globalized world. It needed its citizens' trust to ensure a peaceful social life, in the context of the discontent caused by the loss of jobs or the precariousness of existing jobs (caused by massive salary cuts), both in the public, and the private domains. This new start called for a new narrative of prosperity for Europeans, keeping them united, making them (for instance, in the case of the Greeks impoverished by the loans so hard to reimburse) feel that they still had something in common (in our example, with the Germans who granted them those loans). Against the background of the 2008 economic crisis, nationalism gained momentum and extreme right parties gained ground, as the crisis affected ordinary citizens, whose income dropped considerably. Made vulnerable by the crisis, the European citizen became sensitive to various nationalistic and populist discourses and, why not, to that of the European Union, from which they had great expectations. In this context, the UE put forward a relaunch plan based on a narrative aimed at bringing optimism and trust that we would overcome a difficult period and be able to once more talk about economic growth. The politicians opted for a narrative connected to emerging industries, i.e. the creative one, which was presented as the industry of the future, that promised long-term economic growth. Thus, the creative economy paradigm emerged as a potential solution for the future of the European society, and EU programmes had to meet the needs for its development in as many policy areas as possible.

Although, for the first three cultural programmes, the European Commission's Directorate-General for Education and Culture had "an agenda that supported market-correcting mechanisms and subsidies to the cultural sector" (Litzo-Monnet, 2015: 4), one can notice the assumption of a different direction, much closer to the objectives related to the competitiveness of European economy. Culture, a field of creativity by excellence, was also included in this area marked by the footprint of creative economy, and this is how the 2014-2020 Creative Europe took shape. It came as a response to the EU major objectives set out in the "Europe 2020 Strategy", which aimed at turning the European Union into a "smart, sustainable and inclusive economy delivering high levels of employment, productivity and social cohesion."

The focus seems to be exclusively on the objective of economic growth by creating jobs, *thus obtaining a paradigm shift that highlights the sector's economic activity* (s.n.). Economic value seems to be the main justification of the EU's cultural policy, as it moved away from the rhetoric characteristic of the cultural field (Litzo-Monnet, 2015: 4). The justification seems purely economic, but it was also profoundly political: beyond economic growth, jobs create

stability, and stability is essential for the European political project. The EU promised a better life through the new jobs, by stimulating *start-ups*, etc., by supporting innovation. *Innovation* is a key concept in the new policies, which create optimism as they imply a higher quality of life, thus allowing for a projection of a favourable future.

Creative Europe is a supporting programme for the adaptation of the cultural and creative sectors to the digital age. Yet, it has not been set up without a context favouring a change of rhetoric around culture, and this context emerged over the years, and was supported, through studies and research, through the creation of *a new discourse applicable to culture in conjunction with creativity*. A paper that directly contributed to the strengthening of the creativity paradigm was “The Economy of Culture in Europe”, conducted in 2006 by the consultancy agency KEA European Affairs. One of the arguments of this study has to do with the need to consolidate the economic role of culture and creativity in order to achieve higher leverage in relation to European decision-makers. The study was conducted in close connection to the Lisbon Strategy, offering the necessary rhetoric to *shift the paradigm from an interest in building the European community to an interest in culture as a source of competitiveness* (KEA, 2006). Certain arguments in the paper have been picked up over the years in various documents of the European Commission, which contributed to the gradual acceleration of associating the cultural sector and the creative industries, despite the actors in the two fields having different interests. The rather vague presentation made by the Directorate-General for Education and Culture of the new joint framework for culture and creativity as sectors that have an important contribution to economic development made it possible for the two sectors to “mobilize their interests” (Littoz-Monnet, 2015: 6). The mobilization aimed to gain more influence together in what regards future funding programmes, obtaining a legislation defending their copyright interests, etc.

The common definition of the “cultural and creative sectors”⁶ blurs a major difference between the two, namely the (creative industries’) orientation towards the market, on the one hand, and the (cultural sector’s) non-profit character, on the other. The interpretation of the Regulation establishing the Programme – hereinafter referred to as the Regulation – shows that the European Union sees the digital environment as profoundly competitive. In this context,

⁶ Regulation (EU) No 1295/2013 of the European Parliament and of the Council of 11 December 2013 establishing the Creative Europe programme (2014 to 2020) and repealing Decisions no 1718/2006/EC, no 1855/2006/EC and no 1041/2009/EC, article 2, item 1, <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32013R1295&qid=1603370220582&from=EN>, accessed on 28.10.2020.

it mentions the need to change the approach to production and dissemination of creation due to the fact that nowadays it can be accessed globally. Even two presidents of the European Commission made statements regarding the importance of culture and creativity. If president José Manuel Barroso stated that: “Without culture, Europe and its citizens would lack the inspiration, creativity and spirit of innovation they need for their joint project”, President Jean-Claude Juncker went even further. Studies in the field of creative industries have shown their capacity to create new jobs through SMEs, as they (in a broad sense) become a priority in ensuring economic growth in the European space: “SMEs are the backbone of our economies, creating 85% of new jobs in Europe”. Paragraph 7 of the Regulation brings together the two presidents’ above-mentioned ideas: “... cultural and creative sectors are a source of innovative ideas that can be turned into products and services that create growth and jobs and help address societal changes”.

Analysing the quote, I notice that it emphasizes the utilitarian/instrumentalist discourse over culture, highlighted through the phrase “a source of ideas” that can create economic growth and jobs. Only subsequently does it mention the capacity of culture to generate and contribute to societal changes, thus revealing a lower share of the social dimension of arts and culture in a context of economic crisis. In order for this new mantra of *culture/creativity - innovation - jobs - economic growth* to become reality, the EU advances a set of measures and sub-programmes capable of changing the cultural sector over time. According to Littoz-Monnet, the terms *culture-creativity-innovation* are mentioned and used as if one generated the next: “... in a rather artificially articulated triadic relationship between 1) culture as a source of creativity, 2) creativity as a necessary factor for technological innovation, and 3) technological innovation as conducive to growth and competitiveness (2015: 8).”

The concept of competitiveness (mentioned seven times) is used also in conjunction with artistic excellence as well, motivating the need to support and promote artists, creators, etc. Strengthening the competitiveness of the cultural and creative sectors is mentioned as one of the two objectives of the Creative Europe programme, as it aims to “*promote smart, sustainable and inclusive growth*” (Regulation (EU) No 1295/2013). I would like to mention that here “inclusive” refers to inclusion in employment, but omitting the social connotation in previous programmes (it aimed to the inclusion of vulnerable groups). The negotiations carried out by the Directorate-General for Education and Culture with the cultural sector on the one hand, and on the other hand, with political decision-makers, on the Creative Europe programme, managed – by merging culture and creative

industries – to obtain a much bigger budget for this programme and to grant much better visibility to culture. For example, the programme Culture 2007-2014 had a budget of EUR 400 000 000. The programme Creative Europe, including the programme Media, was given a budget of EUR 1 462 724 000. The price paid was that the negotiations were borne in the decision-makers' economic terms, not in their own terms (Littoz-Monnet, 2015: 16), *which subsequently brought other consequences for the cultural sector.*

As we have noticed, in order for this change of direction to be accepted by the cultural sector, it was justified by numerous studies and European programme monitoring reports. For instance, the Media programme, dedicated to cinematographic production, or studies favouring the entrepreneurial dimension in cultural and creative industries, provide information on the challenges faced by the two fields. The Regulation mentions six types of common challenges, such as: changes caused by the globalization of communication means, the development of the digital environment, market fragmentation in the context of linguistic diversity, low access to funding, red tape in accessing funding, shortage of comparable data (I suppose, in relation to other fields that bring a contribution to the GDP).

I also believe the above-mentioned argument might be refuted, for example by comparing the challenges faced by the cultural sector with those of the educational sector. Nowadays, we can all see the challenges faced by the educational system in relation to the digitization of teaching and the intermediation of the relationships between teachers/pupils/students in the digital space. Also, access to information in a global world changes studying modes, teaching methods, etc. Low access to funding: at least in Romania, the budget for education is very much below where it should be to face these challenges. Additional funds are granted following international competitions that come with stronger and stronger competitors. The red tape behind European or Norwegian projects for research is also notorious. *If we can claim that the argument of market fragmentation does not fit the educational field, why would we accept it as valid for the cultural field? Why would it be necessary for the latter to be connected to a market?* If a part of the goods and products of the cultural sector bear a symbolic and social dimension related to establishing communities and relations, creating new meanings, as well as local and universal values, should they not benefit from a different treatment protecting them from being instrumentalized as economic goods with European added value? The Regulation refers to the 2005 UNESCO Convention (adopted by the EU in 2007), which pleads for a balanced vision on the value of culture: “underlines that cultural activities, goods and services have both an economic and a cultural nature, because they

convey identities, values and meanings, and must not, therefore, be treated as solely having commercial value.”

The Regulation is nevertheless clearly favourable to the development of a commercial value of culture through the subsequently mentioned objectives. Why have the European Council and European Parliament, endorsers of this Regulation, not placed culture on the same line as education, but chose to draw – sometimes unnatural – connections with a field that is in the end fundamentally different? As stated above, an essential difference between the two fields is the purpose of the entities creating cultural products or creative products: non-profit versus profit-making. This means that the motivations of cultural actors are different from the motivations of the entrepreneurs in the creative industries: the first unfold non-profit activities, as any financial profit is reinvested in a future project. On the other hand, the entrepreneurs aim for profit, as this is the factor that ensures the existence of an SME or a *start-up* in the global market economy. This difference in vision is based on a different ethos in the two fields, thus creating a relevant gap, in my vision. Moreover, another important difference is the fact that the cultural sector works specifically with a local audience, not excluding an international audience, while the creative industries address consumers that may be anywhere in the world. The cultural sector serves an *audience*, the creative sector serves *clients*. Cultural entities produce events that aim at educating and empowering, developing the audience, etc. The financial results are not as important, for this field is mostly subsidized by the state, which assumes any possible risks, for the benefit of democratic access of audiences to acts of culture. The creative industries create products that are normally related to entertainment (games, apps, multimedia products), accessible free of charge or for a fee, which are tightly connected to the idea of financial success. The cultural field develops a civic dimension, connected to the idea of common good and public service, while the creative industries develop a domestic/private-use dimension.

From my point of view, the different practices mentioned above keep the two fields in separate policy areas and I plead for treating them separately in terms of public policies for funding. I support the collaboration between the two sectors and I am aware of the transformations they bring upon in society, as well as of their common potential to instil change (see digital platforms for the dissemination of culture), understand the co-dependence between each one’s particularities in terms of accessibility and agreeability to the virtual public, and appreciate the importance of experiment as practice mode for both fields. However, I call for a relation of partnership between the two, not one

based on a framework subordinating the cultural field. The connection between the two should not be based on a contractual relation to the detriment of culture, offering “the glitter of aesthetics, the patina of authenticity, the energy of artistic creativity...” (O’Connor, 2020) and, in exchange, adopting the specific profit-oriented management practices. Surely, there are other interesting practices in the creative industries to be borrowed by other sectors, but Creative Europe focuses on this fundamental aspect related to their capacity to generate income in order to achieve future sustainability. Instead of emphasizing on the dual nature of culture, the European Union chooses to favour the economic dimension, which gives rise to counter reactions, such as the reflex defence reaction of the symbolic value itself, disconnected from other dimensions, without considering the context of global societal transformations (Bruell, 2013: 47). Still, from the standpoint of large-scale dissemination and production, the cultural content depends on the use of new technologies, especially in the context of the Covid-19 pandemic. In order to remain relevant and accessible for the audience, but especially to gain a new audience, the cultural sector must renegotiate, on its own terms, the relation to the field of creative industries.

I think it is problematic to associate these fields without taking into account their particularities, to blur nuances in a context marked by competitive and entrepreneurial change, allowing for the large-scale commercialization of cultural initiatives. In this context, in the absence of survival tools per se, we could speak about the disappearance of the non-profit cultural sector in time, as it is brought to its knees – willy-nilly – by the strongly marketized industries of immediate entertainment, first and foremost based on technological evolutions and the ephemeral condition of commercial goods. Levelling the sector in the direction of cultural entrepreneurship can bear serious consequences, going as far as suppressing it altogether. The programme’s objectives and priorities indicate that Creative Europe is throwing the non-profit cultural sector into the lion’s den, next to competing SMEs, stimulated by the capacity to generate profit. By directing it to assume competences from entrepreneurship, the European Union is promising the cultural sector that it will survive in the new competitive existence framework. Nevertheless, survival and adaptation are outlined in the framework created by this programme that is setting out a transformation of the sector by being assimilated by the creative industries, as an extension of the latter, in the best of cases the cultural sector being able to develop a hybrid mode of existence. The Regulation stipulates that the implementation of the programme must take into account the intrinsic value of culture and the importance of not-for-profit entities, but considering that 69% of the budget is allocated to SMEs, and only 31% of the programme is dedicated to non-profit

cultural projects, we get quite a clear picture of which of the two sectors is preferred by the financier.

If the first programmes created opportunities for the cultural field to develop, at the same time serving the political purpose of developing the European citizenship, Creative Europe downright guides cultural actors in a direction defined by terms such as competitiveness, market, economic benefits, job growth (all of these connected to the Europe 2020 Strategy). For the first time, motivated by the context of globalization, the European Union proactively draws a cultural policy whose objectives include offering a development framework aimed at professionals in culture acquiring new competences. One of the priorities of the Creative Europe programme implies adapting the cultural sector's management models to *business models*. The phrase "business models" was not used by chance and I notice that cultural *management* – a word that refers to the sector's administrative practices – is not at all mentioned in the (original English version of the) Regulation. A new order is put in place, i.e. the orientation towards the creation of "cultural businesses" allowing for a sustainable development of the "sectors". *However, acquiring business-related competences equals changing the ethos of the cultural sector.* By internalizing a new mode of existence, cultural actors prepare to launch their products on the competitive market, and are not anymore driven by aims to produce changes in society. This discourse emphasized the economic value of culture was, at the time when this funding programme was being prepared, the framework of the cultural media in the United States of America, the United Kingdom of Great Britain, and Australia. Thus, some of its effects, such as the acceleration of instrumentalization or the influences on the *standard business and marketing discourse* in the cultural field, were known (O'Connor, 2020). The Regulation thus justified the European cultural policies' change of direction, in the context of the impact of the digital age on the other two fields:

in order to adapt to the context of the digital shift and globalisation, the cultural and creative sectors need to develop new skills and require greater access to finance to upgrade equipment, develop new production and distribution methods and adapt their business models. (Regulation (EU) No 1295/2013)

Creative Europe imprints and accompanies cultural actors as they turn into cultural entrepreneurs. This insistence on creating new business and administrative models announces a possible premature end to a cultural management model based on multiple state subsidies, especially for the NGO

environment. State subventions have made possible, by virtue of understanding culture and art as a common good, types of artistic projects and actions whose results cannot be quantified through the numerical indicators preferred by European authorities. They have created relationships, connections, knowledge that cannot be financially monetized. Therefore, a series of legitimate questions arise: the things that cannot be monetized are no longer relevant in the framework set out by Creative Europe? What is the European Union trying to convey to the non-profit sector through Creative Europe? That in order to stay relevant in the future, it should become *profit-making*? Separating culture from the creative industries is not a solution as this will not make for a positive repositioning of culture in the eyes of decision-makers (O'Connor, 2020). From the standpoint of economic statistics, the contribution of the creative industries is much higher than the cultural sector's contribution to the GDP, which is why O'Connor proposes shifting attention to another type of impact: "... its real 'impact' is located not in these metrics but in the value added to other sectors, mostly urban real estate, hospitality and retail economies" (2020).

Although the previous programmes mention the need to develop the audience, in paragraph 11 of the Regulation the word *consumer* is used instead of audience, showing a language slip that betrays the spirit of the programme which is making room for a new model of relationship with artistic creation and its receivers. *Creative Europe supports an industry that creates products for consumers*. The focus on citizens – present in previous European programmes – has shifted to consumers. Although the main objective of the Creative Europe programme retains part of the previous rhetoric of cultural diversity and intercultural dialogue, they are placed in a framework marked by the narrative of economic growth through creativity and innovation. In the justification of the programme, the Regulation stipulates: "promote cultural diversity and intercultural dialogue, culture as a catalyst for creativity in the framework for growth and jobs and culture as a vital element in the Union's international relations" (Regulation (EU) No 1295/2013).

The role as catalyst in a broader process (in economic circumstances) can, on the one hand, offer a chance to acknowledge the contribution of culture to the well-being of society, including at an economic level. However, enclosing it into a discourse mainly based on its economic or political benefits puts it on a secondary place, as the accent falls on creativity. Bruell goes even further, stating that "... culture is clearly framed as not existing apart from the orientation towards markets, and requirements for growth" (Bruell, 2013: 22). The terms *cultural diversity* and *intercultural dialogue* seem linked to previous

programmes, symbolic reminiscences redefined in the context of economic competitiveness.

The European Union has set out a programme through which it has institutionalized a new era for the cultural environment. Besides the instrumental political-economic dimension it assigns to this sector which, in the meantime, at discourse level, has become an “industry”, Creative Europe develops a third component in the programme, entitled the *cross-sectoral strand*, through the “Cultural and Creative Sectors Guarantee Facility”. This is a financial instrument similar to a loan fund for SMEs and cultural organizations, which attracts financial partners in order to take on some risks of experiment and innovation. The financial sector becomes a partner in the implementation of the programme, as the main guarantor of this component of the programme is the European Investment Fund. The purpose of this instrument is presented under paragraph 22 of the Regulation: “A self-standing financial instrument, the Cultural and Creative Sectors Guarantee Facility should enable the cultural and creative sectors at large to grow, and in particular should provide sufficient leverage for new actions and opportunities.”

The Guarantee Facility is included in the programme, so it can be used for projects that can generate profit, as later on they will have to reimburse the contracted loan. This results in inequality for non-profit projects, which would need a treasury flow, but cannot access this fund, because it was designed without a harmonization between the logic of subventions and that of investments (Bruell, 2013: 45). Including the Facility in the programme as a component in itself, with a relevant share of 13% of the programme budget, once again shows the European Union’s interest to adopt certain business models from the economic field. Introducing the loan as a current practice also contributes to changing the management mode in the cultural field. Loans may include investments “in tangible or intangible assets, business transfers, working capital (such as interim finance, gap finance, cash flow, credit lines)” (Regulation (EU) No 1295/2013). This shows how a completely new type of language for the cultural sector and the introduction of new instruments gain more and more importance in European cultural policies, as they mainly serve market-oriented entities.

On the other hand, the cultural field’s familiarity with a *guarantor* other than the state (the European Union, in this case) leads to the idea of the state that no longer supports the cultural and creative industries, associating new operators instead, such as financial ones, to their development. This may translate into a transfer of responsibility from the state to private financial operators (Konopka, 2015: 15). The proximity of the financial world to the

cultural field will reshape it, may imprint more financial pressure, create new dependencies and may contribute to changing the role and the essence of culture. Financial success aimed at covering loans may become a target in itself, demoting the objective related to the quality of the cultural act. In the absence of a regulation regarding the relationships between the financial world and the cultural sector, any change in the latter is possible, including its financialization. The presence of this Guarantee Facility marks a step towards the commercialization of the cultural and creative environment, altering the logic of granting funds and imposing the criterion of financial profitability instead of cultural value (Konopka, 2015: 15).

Conclusions

Having analysed the European Union's programmes dedicated to culture, my observation is that we are witnessing an act of abandonment the non-profit cultural sector into to the uncertainties of globalized economies, without providing any safety net. To avoid this, the EU is dedicating a component of the Creative Europe programme that comes with objectives related to the sector's reform, giving it six years to adapt to new work models. Should the non-profit sector be able to adhere to business thinking and organization pattern and turn its existence into an entrepreneurial mode, the financial loans would, to a certain extent, be its safety net. The majority of the projects in the non-profit cultural field include activities that replace or complete public services, *thus having a public service profile*. Why should a public service become a profit-making one? How will it be possible for the audience/citizen to remain at the core of this services if the cultural actors are pressured to make profit from their activity? The programme looks like a "regulation and selection instrument" endowing the European Union with the authority to decide on the art and culture that deserves to be supported (Bruell, 2013: 48).

By including the word "creative" in the name of the programme and allocating a bigger share of the financial support to the creative industries, the European Union shows its preference for the creative, rather than the cultural dimension. The concept of creativity extends from a characteristic of the artistic and cultural activity to a way of bringing added value to non-manual labour (the creative industries), and to becoming a way of life that offers cities a new head start through the presence of creatives (the creative class), which contributes to (creative) economic growth. These terms "were and are in this process essential propaganda tools" for a real problem that is treated through the emergence of a successful narrative (Raunig via Bruell, 2013: 39).

Oli Mould says that by redefining creativity to create a new narrative of global economic growth, neoliberal policies have actually ensured their own growth (2018). The cultural policy of the European Union responds to a globalized world, at a time when we are moving towards a new industrial age, *Industry 4*, by aligning to the cultural policies of the competitors who have already turned it into “an arm of economic policy” (Throsby, 2010: 5). Creative Europe⁷ legitimizes turning cultural capital into economic capital and culture into commodity, in an attempt to make it present and accessible at global level. Behind this programme presented using terms that mimic ideological neutrality lies, in fact, a political-economic brand of the creativity narrative which reveals that it pertains to neoliberalism, turning the cultural sector into a new no man's market.

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⁷ The new programme Creative Europe (2021-2027) is following in general the principles of the first Creative Europe's grant scheme. It aims to “promote cultural and linguistic diversity, heritage and competitiveness, and will allow cultural and creative organisations and professionals to co-create and cooperate across borders and to reach wider audiences, tackling current societal questions and supporting emerging artists.” More on: <https://www.creativeeuropeuk.eu/creative-europe-2021-2027>, accessed on 15.05.2021.

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MAX WEBER'S WAY FROM SOCIAL ECONOMICS TO SOCIOLOGY

ZOLTÁN OSZKÁR SZÁNTÓ¹

ABSTRACT. One of the most outstanding intellectual achievements in the history of classical thought in social sciences which have remained influential up until today are undoubtedly associated with the name of Max Weber. Through a detailed text analysis and a conceptual mapping of the logic of the argumentation, this paper sets out to offer a profound insight into the classical German sociologist's approach to science, both "early" (about 1903/4) and "late" (post-1913), in terms of some fundamental matters of epistemology and methodology. The first part of this paper investigates *social economics* in terms of its theoretical and methodological foundations and applicability, while the second part looks at *interpretive sociology* from the same perspectives, with an emphasis on the differences between the two approaches. We argue that Weber's dualist methodological attitude became explicit and dominant in his later writings. In addition, as he brought in focus the theory of social action, he not only became an explicit proponent of methodological individualism, but he also revisited and specified the logic and role of "causal explanation" and "interpretation". Interpretive sociology no longer seeks a causal explanation for individual historical events by applying nomological knowledge, but instead commits itself to finding "causally adequate" explanation for the course and consequences of different types of social actions. Interpretation, in turn, no longer means an analysis of effects concerning the cultural significance of individual historical events in a special sense, but an interpretive understanding of various types of social actions, rational or "irrational", directly or in a motivation-like manner. The paper concludes with a summary designed to highlight key legacies of Weber's oeuvre that have remained valid and valuable for any analytical and empirical research in sociology.

Keywords: Max Weber, social economics, interpretive sociology, causal explanation, interpretive understanding

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Introduction²

One of the most outstanding intellectual achievements in the history of classical thought in social sciences which have remained influential up until today is undoubtedly associated with the name of Max Weber. Through a detailed text analysis and conceptual mapping of the logic of the argumentation, this paper sets out to offer a profound insight into the classical German sociologist's approach to science, both "early" (about 1903/4) and "late" (post-1913), in terms of some fundamental matters of epistemology and methodology. Weber first applied his early approach to science called *Sozialökonomik* (social economics) in his 1904/5 book entitled *The Protestant Ethic and the Spirit of Capitalism*, and spelt out the methodological foundation of his approach in his 1904 paper called *The 'objectivity' of knowledge in social science and social policy*. His later approach to science known as *Verstehende Soziologie* (interpretive sociology) was summarised in his posthumous magnum opus entitled *Economy and Society: An Outline of Interpretive Sociology*, first published in 1921/22. The conceptual and methodological foundations are well-known to be laid down in Volume 1 (*Conceptual Exposition*), especially Chapter 1 (*Basic Sociological Terms*)³. The first part of this paper I investigate *social economics* in terms of its epistemological objective, theoretical and methodological foundations, and applicability, while the second part I look at *interpretive sociology* from the same perspectives, with an emphasis on the differences between the two approaches. The paper concludes with a summary designed to highlight key-legacies of Weber's oeuvre that have remained valid and valuable for any analytical and empirical research in modern sociology.

² This paper is dedicated to the memory of our respected lecturer and dear colleague, the late László Bertalan (1941–2001), who introduced generations of Hungarian sociologists to the profound study of the social sciences in terms of theory and methodology in a series of lectures that offered us an unforgettable intellectual adventure. His unparalleled knowledge and problem sensitivity and his exceptional abilities to analyse and explain went hand in hand with his profound humbleness to science and modesty. The manuscripts of his lectures on work by the classical authors of sociology as produced by his students (e.g. László Bertalan: *Lectures on Max Weber (s.a.)*) have remained points of reference for our research projects and publications in the subject, including this paper. In putting forward my arguments, I relied on these lectures as key sources.

³ The first partial exposition of the later approach was published in 1913 (Weber (1913(1981))), but since it is anything but definitive in more than one way, it is ignored in this paper.

The principles of social economics⁴

To start my argumentation, here is a quote from Weber on the nature of the logic of social economic reasoning⁵ as follows:

To the extent that our science traces back and causally imputes *economic* cultural phenomena to individual – economic or non-economic – causes, it seeks 'historical' knowledge. To the extent that it traces [the course of] *one* specific element of cultural phenomena – the economic one – as culturally significant or important through the most diverse cultural contexts, it seeks to *interpret* history from a specific point of view. (Weber 1904(2012): 110)

From this passage it clearly follows that, according to Weber, social economics has two autonomous but closely related cognitive objectives. Specifically, a professional of this discipline seeks to achieve (1) a *causal explanation* of individual historical phenomena and (2) an *interpretation of their cultural significance*. In other words, the representatives of social economics perform the tasks of traditional historians and of special interpretation of history at the same time. For Weber social economics is a combination of historical studies and historical interpretation. This duality recurs throughout his arguments, as reflected by the following two quotes:

... we now designate the scientific investigation of the *general cultural significance and importance of the social-economic structure of human communities*, and of their historical forms of organization (Weber 1904(2012): 110)

We want to understand *the distinctive character* of the reality of the life in which we are placed and which surrounds us – on the one hand: the interrelation and the cultural *significance and importance* of its individual elements as they manifest themselves today; and, on the other: the reasons why the [se elements] historically developed as they did and not otherwise. (Weber 1904(2012): 114)

⁴ This analysis relies on the paper '*Objectivity*' in *Social Science* (Weber 1904(2012): 100-138). In his book on Weber's ideas about economic sociology, Richard Swedberg (1998) revisits the description of the relationship between social economics and economic sociology in detail and dedicates an entire article to social economics in *The Max Weber Dictionary* (cf. Swedberg-Agevall (2016: 316-7)).

⁵ According to Weber, the *object* of knowledge in social economics, viewed as a cultural science, covers phenomena whose cultural significance derives from their economic aspects. These include (1) "economic" ... processes and institutions, (2) "economically relevant" phenomena, and (3) economically *conditioned* phenomena. (Weber 1904(2012): 109).

The most concise exposition reads as follows:

... the *aim* of social-economic inquiry as we understand it – that is to say: knowledge of *reality* with respect to its cultural *significance* and its causal interconnectedness ... (Weber 1904(2012): 115)

Let b indicate an individual historical event for which social economics seeks to find a causal explanation. We want to become familiar with this phenomenon, say the emergence of the spirit of capitalism, from some subjective—typically extra-scientific—perspective of value and we work hard to find its root cause, specifically protestant ethics⁶, which we shall indicate with the letter a for the sake of simplicity:

Figure 1. Simple causal link



Source: Authors' illustration.

In terms of causal explanations used in historical cognition, Weber follows the classical route, arguing for the use of the established scientific explanation, now also called the *covering law model*⁷, which is based on familiarity with and the application of regularities (laws) and is exempt from subjective criteria:

... if the causal knowledge of the historian consists in the *imputation* of concrete effects to concrete causes, then it is simply not *possible* [for him] to perform a *valid* [causal] imputation of some individual effect without making use of “nomological” knowledge – knowledge of the regularities of causal relationships. (Weber 1904(2012):118)

⁶ According to Weber’s well-known fundamental hypothesis, the spirit of capitalism as “... an ethically coloured maxim for the conduct of life” (Weber 1904/05(2005): 17) derives from protestant ethics: “One of the fundamental elements of the spirit of modern capitalism, and not only of that but of all modern culture: rational conduct on the basis of the idea of the calling, was born—that is what this discussion has sought to demonstrate—from the spirit of Christian asceticism” (Weber 1904/05(2005): 122-23).

⁷ The Covering Law Model was proposed by Carl Gustav Hempel (Hempel 1965), making a distinction between two basic instances of scientific explanation: deductive-nomological and inductive-probabilistic (cf. von Wright (1971).) From the perspective of analytical sociology, Peter Hedström reformulated the former in terms of the implication “If all A are B” and “x is A”, then “x is B”, and the latter in terms of the implication “If most A are B” and “x is A” (p), then “x is likely to be B” (with probability p)” (Hedström 2005: 14-5). However, Hedström also pointed out, quoting Georg Henrik von Wright in agreement, that the inductive-probabilistic model, strictly speaking, does not explain what happened but rather “... it justifies certain expectations and predictions” (von Wright 1971: 14).

Indeed, he goes as far as suggesting that there is hardly any relevant logical difference between causal explanations for natural and social phenomena:

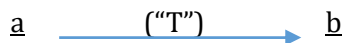
... the knowledge [that we are seeking] is of course purely *causal*, in exactly the same sense as knowledge of significant individual natural occurrences that have a qualitative character. (Weber 1904(2012): 120)

At the same time, he introduces a major restriction for the “laws” that are involved in causal explanations as used in social economics. Specifically, he believed these links should be viewed more as “rule-like” rather than strictly “law-like”. In other words, the nature of these patterns is not deterministic but rather probabilistic:

... we are here always – and this also, without exception, holds for all so-called “economic laws” – dealing not with “laws” in the narrower and precise sense employed by the natural sciences, but with *adequate* causal connections expressed in the form of regularities ... (Weber 1904(2012): 118)

For these considerations, we can continue our schematic figure in the following way, where the letter “T” as a symbol of regularities appears between inverted commas to express the above restriction. Specifically, the answer to the question *What is the cause of b? (Why b?)* is that the cause of b, by virtue of the regular link “T”, is a (It is b because it is a, as it is “T”). To stay with Weber’s example, the cause of the emergence of the spirit of capitalism (b) should be identified in Protestantism (a), where the regularity ensuring the link between cause and effect (“law”) appears in the long process of education⁸ (“T”):

Figure 2. Explanation of a simple causal link



Source: Author’s illustration.

Once you have managed to identify the cause of b, the next stage in social economic cognition is to assess the cultural significance of b which, in turn, is the responsibility of historical interpretation. Such assessment requires the scholar to find appropriate answers to the scientific question *What effects*

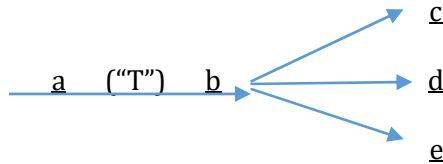
⁸ In Weber’s words, “... such an attitude ... can only be the product of a long and arduous process of education.” (Weber 1904/05(2005): 25)

did *b* have on certain historical phenomena that are regarded as culturally significant (*c, d, e, ...*)⁹? To continue with Weber's example: How did the spirit of capitalism affect the emergence and operation of classical modern capitalism in the West (*c*)¹⁰? However, attributing cultural significance to historical phenomena is only a matter of value criteria:

The relation of reality to value ideas which lend it significance, and the selection and ordering, according to their cultural *significance*, of the parts of reality coloured by this [value relation] form an approach that is completely heterogeneous and disparate from [that of] analysing reality with a view to finding *laws*, and ordering it in general concepts. No necessary logical relations exist between those two kinds of intellectual ordering of reality. (Weber 1904(2012): 117)

In the light of this, our schematic figure will now look like this:

Figure 3. Explanation of a simple causal link and its interpretations



Source: Author's illustration.

Another key difference between the inquiries of historical studies and historical interpretation is that a given historical phenomenon only admits one empirically adequate causal explanation, whereas the question about the cultural significance ("historical effects") of such phenomenon can be answered in multiple ways. This is because the same historical phenomenon can have more than one equivalent interpretation:

... it is possible (or rather: it must be regarded as certain) that more than one utopia of this kind – in fact, surely a great many – can be drawn up

⁹ In this sense, it is fair to view historical interpretation as a special historical impact study.

¹⁰ To quote Weber, "The origin of this type of life also extends in certain roots, like so many aspects of the spirit of capitalism, back into the Middle Ages. But it was in the ethic of ascetic Protestantism that it first found a consistent ethical foundation. Its significance for the development of capitalism is obvious." (Weber 1904/05(2005): 115). He goes on to claim, "... the full economic effect of those great religious movements ... lay above all in their ascetic educative influence ..." (Weber 1904/05(2005): 119).

in any given case. *None* of these utopias will resemble any other, and, even more definitely, *none* of them will be observable in empirical reality as an actually prevailing ordering of social conditions; but *each* of them will claim to represent the “idea” of capitalist culture, and *each* of them *can* advance this claim, insofar as each of them in fact [contains] certain features of our culture that are *significant* in their *distinctive character* and that have been selected from reality and combined into a consistent ideal image. (Weber 1904(2012): 125)

The reason for this difference is, on the one hand, that each historical phenomenon may affect many other phenomena and in multiple ways. On the other hand, each historical causal explanation is offered for an event which concluded in the past. The factors belonging to the boundary conditions of the phenomenon under review (i.e. a) no longer admit new factors, only such, at best, that have been unknown so far. In this case, however, we must produce a new explanation and reject the old one. By contrast, a historical interpretation may take into consideration another set of events as the given phenomenon may affect events regarded as culturally significant that will only unfold in the future.

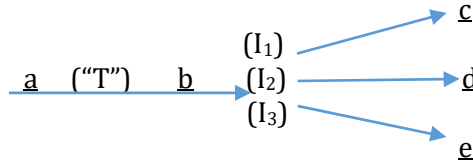
According to Weber, any interpretation of historical phenomena should use ideal types as a methodological means:

... any careful examination of the conceptual elements of historical accounts will show that, as soon as the historian attempts to go beyond merely registering the existence of concrete relationships, and to determine the *cultural significance* of an individual event, however simple – to “characterize” it – he works, and *has to work*, with concepts that can only be defined strictly and unambiguously in ideal types. (Weber 1904(2012): 126)

From a methodological perspective, then, the causal explanation for historical phenomena is based on regular correlations (“laws”), whereas the exploration (“interpretation”) of their cultural significance relies on ideal types.

To summarise the preceding sections, once we have found b worthy of cognition from some value criterion, we explore a as its root cause. The method we use for that is the causal explanation based on “laws” (“T”). We can only produce a single adequate causal explanation. This is followed by the interpretation of the cultural significance of the given phenomenon: by using ideal types (I₁, I₂, I₃) we look at the ways in which it affected other historical events regarded as culturally significant (c, d, e). We can produce multiple adequate historical interpretations. This completes our schematic figure which summarises the logic of social economic cognition:

Figure 4. Ideal types and interpretations of a simple causal link



Source: Author’s illustration.

Weber defines the concepts of “laws” and “ideal types” and their epistemological functions according to the criteria of social economics as follows:

Knowledge of what is general is never of value to us in the cultural sciences for its own sake. (Weber 1904(2012): 119)

For all these purposes, the availability of clear concepts and the knowledge of those (hypothetical) “laws” would obviously be of great value as a heuristic instrument – but *only* as such; indeed, it would be quite indispensable for that purpose. (Weber 1904(2012): 116)

These considerations clearly show that, according to Weber’s early approach, neither laws nor ideal types have an autonomous “cognitive” content, and that they are only used as means of social economic cognition¹¹. In this sense, Weber clearly supported epistemological instrumentalism in this period. As part of his argumentation, he repeatedly calls all trends aimed at formulating laws with an autonomous cognitive content “naturalism” in a special sense and seriously challenges them¹², thereby implicitly rejecting this epistemological point of view.

From this starting point Weber arrives at the idea of interpretive sociology, which brings about a change in his approach to science in multiple essential ways, as readily seen by a detailed analysis of his approach developed after 1913.

¹¹ To reflect this in our schematic figure, we put the capital letters that stand for both laws and ideal types between brackets.

¹² Weber repeatedly talks about naturalistic dogma and naturalistic prejudice, cf. “...the naturalistic prejudice, according to which the aim of the social sciences must be to reduce reality to “laws” ...” (Weber 1904(2012): 131)

The methodology of interpretive sociology

The definition of sociology, well-known from the first sentence of *Economy and Society*, already suggests that Weber revised his views in multiple essential ways:

Sociology ... is a science concerning itself with the interpretive understanding of social action and thereby with a causal explanation of its course and consequences. (Weber 1921/22(1978): 4)

On the one hand, this no longer discusses the interpretation of the cultural significance of historical phenomena. On the other hand, the description of the autonomous epistemological objective of sociology assigns a key role to the concept of "social action" and the method of "interpretive understanding". Thereby the scope of sociology becomes extremely wide as opposed to social economics and even more general to include all sorts of social action, looking at more than the three types of historical phenomena which derive their cultural significance from their economic aspects. Another sign that the concept of social action comes to the centre of attention is that it is intimately linked to both interpretive understanding and causal explanation. Weber justifies this primarily with the peculiarity of sociological cognition:

In the case of social collectivities ... we are in a position to go beyond merely demonstrating functional relationships and uniformities. We can accomplish something which is never attainable in the natural sciences, namely the subjective understanding of the action of the component individuals. The natural sciences on the other hand cannot do this, being limited to the formulation of causal uniformities in objects and events and the explanation of individual facts by applying them. ... This additional achievement of explanation by interpretive understanding, as distinguished from external observation, is of course attained only at a price—the more hypothetical and fragmentary character of its results. Nevertheless, subjective understanding is the specific characteristic of sociological knowledge. (Weber 1921/22(1978): 15)

The distinct subjects of natural sciences and social sciences result in an essential difference between their respective concepts, theories, and methods. The former are primarily capable of observation and causal explanation, whereas the latter are also capable of interpretive understanding beyond observation and causal explanation. In other words, Weber's interpretive sociology is already an instance of explicit support for the anti-naturalism of scientific theory and

methodological dualism, with an emphasis on the thematic and methodological differences between the two branches of science¹³. Such differences, in turn, can primarily be identified in the conceptual definition of action, social action, and social relations, and in the use of the special methods of interpretive understanding.

Weber’s well-known theory of social action and typology (Weber 1921/22(1978): 1§ (II)) comprises the three basic concepts mentioned above. An action is a—usually observable—behaviour to which the agent/agents attach(es) a subjective meaning. Where an agent acts with reference to others in terms of the subjective meaning of his or her action and conforms to (an)other person’s/persons’ behaviour, he or she performs a social action. Two (or more) agents have a social relationship if they adjust their actions to each other. A social relationship is, then, a symmetric social action. The following table summarises the pure types (“ideal types”) of (social) action in terms of motives¹⁴:

Table 1. Ideal types of social action in Max Weber’s theory

	The action has its meaning in the success beyond the action (“expected gain”)	The action has its meaning in itself
The action is CONSCIOUS (purposeful, consistent)	(1) Purely instrumentally rational	(2) Purely value-rational
The action is SPONTANEOUS (non-purposeful, non-consistent)	(4.1) Purely traditional 1	(3) Purely affective-emotional (4.2) Purely traditional 2

Source: Author’s synthesis.

¹³ This fundamental difference is sometimes discussed in the literature of the philosophy of science as the duality of positivism and hermeneutics, cf. von Wright (1971, Chapter 1). By way of reference and without any claim to comprehensiveness, of the classical authors of sociology Auguste Comte and Émile Durkheim supported the naturalism of scientific theory with an inclination to positivism while Karl Marx did so relying on essentialism.

¹⁴ To my mind, Weber used the terms *ideal type* and *pure type* interchangeably. The definition of the logic of ideal types in *Economy and Society* is essentially the same as that previously proposed in *Objectivity*. By contrast, there is an essential deviation from previous ideas in terms of the role ideal types have in cognition and of the stress shift to (instrumentally and value) rational ideal types. For more on the function of Weber’s ideal types in sociological research cf. Swedberg (2017).

The literature sometimes mentions the ideal type of purely instrumentally rational action as a precedent of the theory of rational choice and game theory¹⁵ as it only lays the emphasis on the inquiry into actions aimed at profit maximisation and cost minimisation in the modern sense of both terms. By contrast, the ideal type of purely value-rational action allows for the conceptualisation of forms of behaviour that a) follow assumed norms, b) obey legitimate orders and c) support assumed issues. Purely affective-emotional actions have their subjective meanings in themselves and the main motives are a variety of spontaneous sentiments. Finally, the essential difference between the two subtypes of purely traditional actions is that, in the former case, previously instrumentally rational actions while, in the latter case, previously value-rational actions become routine activities¹⁶.

Nevertheless, the ideal types of actions are conceptual constructs that are used to achieve goals in sociological research, primarily designed to categorise and order empirical actions. Indeed, they can enter into multiple combinations in the observed actions. In other words, it may be important to identify "mixed" types when we are looking at actions that are, for instance, partly instrumentally rational and partly value-rational, or partly affective-emotional and partly value-rational (Weber 1921/22(1978): 25-6). Examples of the former include considerations of utility, i.e. actions that conform to norms or orders motivated by promised rewards and punishments while examples of the latter include emotions that are consciously cherished and kept alive (e.g. romantic love). In the case of the conscious maintenance and preservation of traditions, there is a mixture of value-rational and traditional actions (4.2).

Weber (1921/22(1978): 4-11) looks at four different types of interpretive understanding, as presented in Table 1. On the one hand, he makes a distinction, by virtue of the evidence of understanding, between (A.1) rational and (A.2) emotionally empathic ("irrational") understanding. On the other hand, he makes a distinction between (B.1) direct (observational) and (B.2) explanatory (motivation-like) understanding. In rational understanding, we essentially perform an "intellectual" reconstruction of the types and parameters of the

¹⁵ Cf. the view of Peter Abell (2000: 223): "Rational choice or action theory may be understood as one possible interpretation of Weber's program." Cf. Norkus 2000. Also note that Peter Hedström looks at Weber as a precursor of analytical sociology (Hedström 2005: 6) and that Mark Granovetter starts his argumentation in his book which synthesises the basic principles of modern economic sociology with Weber's definition of economic action (Granovetter 2017: 1-2, 20).

¹⁶ Weber describes this difference in the duality of *usage* and *custom* (Weber 1921/22(1978): 29-31). An example of the latter is any behaviour that conforms to the norms of Protestant ethics where its religious foundation already sinks into oblivion whereas an example of the former can be the elements of car driving that become routine over time.

agent(s) and action with logical or mathematical means, i.e. as in a model. Weber primarily uses A.1 to analyse instrumentally and value-rational actions. By contrast, in the case of emotionally empathic understanding, the person seeking an understanding experiences his or her own state of mind or that of others (emotions, passions, etc.), even more than once. Weber finds A.2 most suitable for the examination of affective-emotional actions.

Weber puts rational understanding in the foreground from a methodological perspective but does not propose its exclusive use in any way. Also, he rejects rationalism in social ontological and normative terms. In other words, he does not think that instrumentally rational actions are predominant in social life or that the spread of instrumentally rational actions is desirable in any sense:

It is a tremendous misunderstanding to think that an “individualistic” *method* should involve what is in any conceivable sense an individualistic system of *values*. It is as important to avoid this error as the related one which confuses the unavoidable tendency of sociological concepts to assume a rationalistic character with a belief in the predominance of rational motives, or even a positive valuation of rationalism. (Weber 1921/22 (1978): 18)

The direct (observational) understanding of a given action (B.1) means the exploration of its subjectively intended meaning whereas its explanatory understanding (B.2) means the exploration of its motive. In essence, the former seeks an adequate response to the question *What is X doing?* whereas the latter does so with *Why is X doing Y?*, where X stands for the agent and Y stands for X’s intended meaningful behaviour, i.e. action. Using the two foregoing criteria at the same time, the following table offers a simple reproduction of Weber’s original examples (Weber 1921/22(1978): 8-9):

Table 2. Types of rational and irrational understanding of social action in Max Weber’s theories

	A.1	A.2
B.1	direct rational understanding of ideas and actions (e.g. $2 \times 2 = 4$, ill. felling, closing a door, hunting)	direct “irrational” understanding of emotions and passions (e.g. burst of anger)
B.2	(e.g. $2 \times 2 = 4$ in the context of a commercial calculation, scientific proof, technical calculation, or felling to earn a wage or satisfy one’s own needs, as a hobby, or using arms upon an order to defeat the enemy)	motivation-like “irrational” understanding of emotions and passions (e.g. felling to vent anger, or using arms for vengeance, jealousy or anger caused by vanity or hurt pride)

Source: Author’s synthesis.

Now how does Weber relate interpretive understanding and causal explanation? Firstly, he clarifies what explanation means in general for a sociologist:

... for a science which is concerned with the subjective meaning of action, explanation requires a grasp of the complex of meaning in which an actual course of understandable action thus interpreted belongs. (Weber 1921/22(1978): 9)

Afterwards, he looks at interpretive understanding as a peculiar causal hypothesis:

Every interpretation attempts to attain clarity and certainty, but no matter how clear an interpretation as such appears to be from the point of view of meaning, it cannot on this account claim to be the causally valid interpretation. On this level it must remain only a peculiarly plausible hypothesis. (Weber 1921/22(1978): 9)

Finally, he views motive as the "cause" of action to arrive at a definition of the specific form of causal explanation:

A motive is a complex of subjective meaning which seems to the actor himself or to the observer an adequate ground for the conduct in question. The interpretation of a coherent course of conduct is "subjectively adequate" (or 'adequate on the level of meaning'), insofar as, according to our habitual modes of thought and feeling, its component parts taken in their mutual relation are recognized to constitute a "typical" complex of meaning. (...) The interpretation of a sequence of events will on the other hand be called *causally* adequate insofar as, according to established generalizations from experience, there is a probability that it will always actually occur in the same way. (...) Thus causal explanation depends on being able to determine that there is a probability, which in the rare ideal case can be numerically stated, but is always in some sense calculable, that a given observable event (overt or subjective) will be followed or accompanied by another event. (Weber 1921/22(1978): 10-11)

In sum, this combination of understanding and explanation enables us to look at the course and consequences of social action in their entirety and to end up identifying "causally adequate" and probabilistically regular empirical relations¹⁷, thereby achieving a fundamental goal of sociological cognition. By this, Weber clearly breaks away from his previous approach to science and adopts epistemological realism: both the regularities and the ideal types of

¹⁷ Richard Swedberg (2006: 133) reconstructs the methodology of Weber's interpretive sociology in the context of economic sociology and offers a detailed analysis of four interrelated components: "(1) interpretive understanding (2) of social action (3) to causally explain (4) its course and consequences".

social actions have autonomous cognitive contents. It is in the description of the fundamental difference between sociological and historical cognition where he spells out most markedly that

(...) sociology seeks to formulate type concepts and generalized uniformities of empirical process. This distinguishes it from history, which is oriented to the causal analysis and explanation of individual actions, structures, and personalities possessing cultural significance. (Weber 1921-22(1978): 19)

Here the concept of ideal type is no longer revisited merely as a methodological means of historical interpretation but it is also discussed as a substantive result of sociological cognition¹⁸. This is so even if ideal types continue to be abstract, albeit clear and accurate, conceptual constructs designed to order and categorise real phenomena, while performing an important heuristic function:

The more sharply and precisely the ideal type has been constructed, thus the more abstract and unrealistic in this sense it is, the better it is able to perform its functions in formulating terminology, classifications, and hypotheses. (Weber 1921/22 (1978): 21)

Bringing the idea of social action in focus has another important consequence for sociological cognition: sociological research must give an explicit response to the relationships between the micro and the macro levels of analysis. In other words, there is a need to identify the potential links between individual attributes displayed by individuals and collective attributes displayed by social collectives (e.g. communities, associations, organisations, institutions, classes, status groups, etc.). In responding to this question, Weber clearly adopts methodological individualism as he believes that sociologists should look at the relationships between individual attributes, and between individual attributes and collective attributes¹⁹. Let \underline{p} be the motive (“cause”) of social action \underline{q} , and \underline{r}_1 , \underline{r}_2 and \underline{r}_3 the consequences of \underline{q} :

¹⁸ Richard Swedberg (2017) gives a detailed presentation of the potential application of ideal types in sociological research.

¹⁹ The well-known macro-micro-macro scheme of methodological individualism developed by James Coleman (1986, 1990), illustrated by the arguments put forward in Weber’s *Protestant Ethics*, includes not only the above named two relations but also macro-micro mechanisms. Peter Hedström and Richard Swedberg (1998: 21-3) call macro-micro mechanisms situational, micro-micro mechanisms action-formation, and micro-macro mechanisms transformational mechanisms. For a comprehensive analysis of methodological individualism cf. Udenh (2001). The representatives of analytical sociology improved the above scheme by making a distinction between causal type macro-micro and micro-micro relations, and supervenience type micro-macro relations. They view the former as diachronic and “cause-to-an-effect” and the latter as synchronic and “parts-to-a-whole” relations (Hedström-Bearman 2009: 9-13).

Figure 5. The micro and macro levels of analysis in Max Weber's theory



Source: Author's illustration.

The interpretive understanding of a social action needs to look at the micro level relations between the motive and the social action, whereas a causal explanation of the intended and unintended effects of the social action needs to look at the micro-macro relations between the consequences and the social action²⁰.

Finally, it should be pointed out that Weber overtly rejects the psychologically motivated version of methodological individualism and instead, in full harmony with his later approach to social theory and methodology, he commits himself to a version inspired by action theory. In other words, he rejects psychological reductionism and finds that the reductionism to action theory is a scientifically fruitful approach for sociology instead:

[It] (...) demonstrates how erroneous it is to regard any kind of psychology as the ultimate foundation of the sociological interpretation of action.
(Weber 1921-22 (1978): 19)

Conclusion

In this paper, I argued that Max Weber's approach to the nature of cognition in social sciences went through important changes from his early views to his later writings, in many ways. My intention was to shed some light on the differences between social economics and interpretive sociology from various perspectives, making an effort to offer the most thorough and detailed reconstruction of the message of the original texts.

In doing so, I have shown that in Weber's later work epistemological realism replaced epistemological instrumentalism, and his dualist methodological

²⁰ As has been mentioned in the context of rationalism, it should be emphasised again that Weber's methodological individualism should not be confused with individualism in ontological and normative terms (cf. the quote on page 10.) As another brief aside, among classical sociologists, Auguste Comte, Karl Marx and Émile Durkheim clearly represented various types of methodological collectivism. They believed that the task of sociology is, roughly speaking, to find out (1) how collective attributes affect each other, and (2) how collective attributes determine individual attributes.

attitude became explicit and dominant in these later writings. In addition, as he brought in focus the theory of social action, he not only became an explicit proponent of methodological individualism, but also revisited and specified the logic and role of “causal explanation” and “interpretation”. Interpretive sociology no longer seeks a causal explanation for individual historical events by applying nomological knowledge but commits itself to finding a “causally adequate” explanation for the course and consequences of different types of social actions. Interpretation, in turn, no longer means an analysis of effects concerning the cultural significance of individual historical events in a special sense but an interpretive understanding of various types of social actions, rationally or “irrationally”, directly or indirectly, tracing also the subjective motivational frames of intentionality associated with actions. A summary of such major differences is offered in Table 3.

Table 3. Social economics versus interpretive sociology in Max Weber’s theory

	Social economics (Weber’s early approach)	Interpretive sociology (Weber’s later approach)
Epistemological position	instrumentalism, implicit/weak anti-naturalism	realism, explicit/strong anti-naturalism
Methodological position	implicit/weak dualism	explicit/strong dualism
Relationship between the levels of analysis	implicit/weak methodological individualism	explicit/strong methodological individualism
Causal explanation	+ (explanandum: individual historical events)	+ (explanandum: course and consequences of social ac)
Interpretation	+ (scope: individual historical events)	-
Interpretive understanding	-	+ (types: rational-empathic, direct-explanatory)

Source: Author’s synthesis.

In conclusion, we briefly point out that Weber's later approach is in harmony in many ways with the four general characteristics of analytical sociology as proposed by Peter Hedström (2005: 1-6): explanation – dissection and abstraction – precision and clarity – action. Weber's interpretive sociology represents the traditions of classical social sciences which seek to offer a scientific explanation. Even the interpretive understanding of social action appears as a special form of explanation. The consistent use of ideal types in sociological reasoning is one of the most comprehensive and still influential classical experiments of the method of abstraction, and a precursor of the spread of model like inquiries in modern social sciences. It is also fair to say that the definitions, explications and classifications spelt out in Volume 1 of *Economy and Society* are so accurate, univocal and clear, not to mention the comprehensive nature of sociological categorisation, that they can only be emulated by the trends of the latest analytical and mathematical sociology. On the other hand, bringing the idea of social action in focus consciously and thereby promoting methodological individualism has had a great impact on important trends of modern social sciences and thus has greatly contributed to the development of sociological research up until today.

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Critical Reviews

Editorial Note:

This section provides reviews and critical reflections upon recent evolutions in social research, with focus on changing societies and current dilemmas.

BOOK REVIEW

***Socialist Heritage. The Politics of Past and Place in Bucharest*,
by Emanuela Grama, Bloomington: Indiana University Press,
2019, 247 pages**

DANA DOMȘODI¹

Emanuela Grama's book, *Socialist Heritage. The Politics of Past and Place in Bucharest* (Bloomington: Indiana University Press 2019, p. 247) represents an outstanding contribution in the field of anthropology of heritage, retracing the transformation of Lipscani street and the central district of Bucharest, the Old Town, from a socially and ethnically culturally diverse place in the early 20th century, into a benchmark of nationalist rewriting of local history during socialism, finally morphing again, beginning with the 2000s, into the historic center of an European capital. The backbone of the book is represented by a solid archival and ethnographic research into the changing meanings of the Old Town revealing the fundamentally dual nature of heritage“ as a double form of marking” (Grama 2019:29) in which the illusionary search for (historical) essence morphed into a strategy of distinction that led to marginalisation and exclusion.

Socialist Heritage. The Politics of Past and Place in Bucharest is fundamentally a book about the political intricacies of the (un)making of the historic centre of Bucharest and the socialist state's attempt to create its own heritage, followed by a remaking of the same centre as an epitome of multiculturalist history which served the purpose of legitimising Bucharest's status claims regarding its “Europeaness” and a place at the table of European capitals in the recent decades. The book relies on an extensive archival and ethnographic research, grounded in field work, extensive interviews with relevant social and political actors, but also a *tour de force* through the literature about social politics, heritage, social geography and political history, aimed at showing how the heritage (un)making functions as a form of governance, the creation of a “distinct aesthetic representation of historical narrative” (Grama, 2019), critically recounting the politicisation and stratification of (spatial) social belonging and exclusion.

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The evolution of the sociopolitical battles over the historic centre of Bucharest is analysed by Emanuela Grama by looking at the developments taking place there between 1945 and 2010. In the beginning of this period, the creation of socialist Romania was indissoluble from the production of a national history and historical centres were conceived as having an important role in this process of spatial politics, while after the fall of the communist regime, post communist local elites instrumentalized themselves urban environment with the purpose of securing political and economic power. The study of the political past of the historic centre of Bucharest shows how heritage is implicitly political, both as a strategy of political empowerment, but also as a hegemonic idiom of exclusion, culminating with a *fin de siècle* heritage reification process marred by the marginalisation and exclusion of various group from the political spotlight, while political and private actors wrestled over the appropriation of centred space filled with multifocal possibilities of legitimation for private ventures and political projects of Europeanization, the other facet of heroicized and mythologised historical past. However, as state and political regimes fought for the construction of a heritage that suited their interests, so did the residents of the centre, who fought back articulating “an active antiheritage stand” - fighting for recognition as real citizens, bearers of social rights and entitled to political visibility.

As Emanuela Grama describes the history of the Old Centre it becomes clear that it represented very different things in different historical epochs. In the beginning, Lipskani was a pivotal part of a centre constituted around princely power, then became the heart of a dynamic, vivacious and multinational economic life in the nineteenth century. During socialism the historic centre of Bucharest became a central peon in the Romanian communist strategy of strengthening nationalist ideology (a process discussed in detail in the first part of the book) and ethnic levelling of the historic centre. Finally, in the last decades, transformed into a postcommunist battle ground for legitimacy of various elite groups, being simultaneously a fantastic argument for city officials in the discourse about Europeanization, a treacherous painted veil behind which local elites played the game of the enclosure of the commons and privatisation of the public space. The strong critical theoretical and ethnographical framework employed in the book delivers a subtle and successful ethnography of the state itself as it materialises as space planning and space politics.

The book also discusses the issue of the property regime(s) and property forms starting from heritage and as an exercise into the complexities of understanding heritage as the property of property - heritage as a central element of a property regime - Grama researches the shift from a centralised heritage regime to a decentralised and multifocal model in which individuals,

groups and the state clash forces over the political stakes and goals of heritage labelling. This point is further emphasised as the book constitutes a compelling argument in favour of theory about the dual nature of the social(ist) heritage as a double form of marking.

Regarding the organisation of the book, the first chapter focuses on the debates around the issue of making a socialist capital in the fifties. The second and the third chapter investigate the disputes that followed the discovery of the ruins of the Old Court, and the battle that ensued between the archeologists and the architects over the political and historical value of the site. Finally, starting with chapter 4, the postcommunist strategies for (affective) devaluation of property come to the fore as embedded in power strategies aimed against marginal groups and dwellers of the historic centre, a transformation that culminates in the still ongoing retreat of the state from the social space as heritage is captured by the process of privatisation. Finally, the conclusion of the book further develops and synthesises the theory about the dual nature of heritage.

Emanuela Grama brings together heterogeneous sources, from areas of study both neighbouring and distant to heritage studies, thus enriching both the scope and breath of her investigation, but also the entire field of heritage studies, while analysing the concept of heritage from multiple ends and points of view of the social spaces and relations of power. She also brings to the table the illuminating perspective of the residents themselves, many of them marginalised and vulnerable, forced to deal with the effects of structural and factual disregard of the State and power regimes towards a place that was so central to their own historical and ideological process of constitution. Grama's monograph is a gripping and intensive lesson on the fluidity and plasticity of heritage, the multiple uses of the past in shaping urban spaces, the intricacies of (un)making heritage and the political stakes that bound and throw local communities against the state, the state against its history and political time against spatial politics.

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Grama, E. (2019), *Socialist Heritage. The Politics of Past and Place in Bucharest*, Bloomington: Indiana University Press, 2019, 247 pages

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