CONTENTS

Adrienne Csizmady – József Hegedüs – Diána Vonnák: A Housing Regime Unchanged: The Rise and Fall of Foreign-Currency Loans in Hungary 3

Daiva Skuciene – Romas Lazutka: Social Investment in the Baltic States: Benefits against Poverty and Distribution of Social Risks over the Life Course 35

Giorgos Gouzoulis – Collin Constantine: Class Conflict, Fiscal Policy and Wage-Led Demand: A Model of Kalecki's Political Business Cycle 51

Réka Tamássy: A Comparison of Pride Parade's Media Representation in Hungary and Ireland 71

FORUM

Anthony Oberschall: Contours of an Israeli-Palestinian Peace Settlement 95

Andrew Ryder: Transforming Brexit Britain 103

Péter Sasvári – András Nemeslaki: The Cruelty of Data about Scientific Publication Performance: An Assessment of the Visibility of Hungarian Social Science by Analyzing Hungary´s Main Repository 125

Zsolt Szijártó: New Challenges for Urban Ethnic Community Research: Digitalization and Collaboration 147

Júlia Faludi: The Paradigm of the Creative Class in Regional and Urban Development Revisites. An Overview 167

REVIEW

Éva Perpék – Gábor Szászvai-Papp: 14th Conference of the European Sociological Association – with Personal Insights 189

Cibele de Souza: Making Sense of Corruption 195

Seden Eren: Cultural Problems of Turkey 201

EDITORIAL

Contents of other journals from the region 207

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A HOUSING REGIME UNCHANGED: THE RISE AND FALL OF FOREIGN-CURRENCY LOANS IN HUNGARY

Adrienne Csizmady, József Hegedüs and Diána Vonnák [1]

ABSTRACT *This paper analyzes the expansion and crisis of the foreign-currency (FX) loan market and responding mortgage-rescue programs in Hungary. We assess changes in the housing regime and illustrate the process through analyzing interactions between individual and institutional (state, financial institution, and municipality) strategies. We argue that the current, malformed housing regime has not changed significantly and remains vulnerable to similar events. This particular case offers insight into regional tendencies, while also explaining the reasons behind the escalation of the crisis in Hungary. We claim that the coping strategies and broader behavior of participants reinforced the disproportionate elements of the housing regime. Since 2015, housing policies have again relied on economic stabilization, now subsidized by the EU, that incentivize market solutions for private home ownership and disregard the experiences of past decades.*

KEYWORDS: *coping strategy, FX loans, mortgage, housing regime, Hungary*

INTRODUCTION

Analyzes of Eastern European housing policies agree that the political-economic transition of 1989-90 radically transformed the housing regime in the region. The mass privatization of public housing and the development of

1 Research for this paper was carried out in cooperation with the Centre for Social Sciences, Hungarian Academy of Sciences, and the Metropolitan Research Institute within the research project 'Families in Mortgage Crisis' (grant no. NKFIH - K109333). Corresponding author: József Hegedüs, scientific director of MRI; e-mail: hegedus@mri.hu. We would like to thank Júlia Király and Éva Várhegyi for their comments.

housing finance institutions to support home ownership were key elements of the transition (e.g Roy 2008). Changing tenure has been modelled through typologies, most notably by Kemeny (1995), but such attempts stop at description and fail to address the different components (state, family, market) and ideologies that underpin certain models. Moreover, the characteristics of the emerging post-transition housing regime(s) remain under debate (e.g. Tsenkova, 2009, Hegedüs and Tosics, 1996, Hegedüs et al., 1996, Pichler-Milanovic, 2001, Lowe, 2003). In this paper, agreeing with Stephens (et al. 2015), we argue that it is crucial to embed typologies of housing systems into their ideological and socio-political context. In doing so, we follow Clapham's (2002, 2005) approach that argues that changes in housing regimes result from the interaction between policy measures and individual housing pathways, and offer an analysis of the Hungarian housing system throughout the 2008 economic crisis.

It is especially important to elucidate the socio-political context in analyzes of post-socialist housing systems, as they are products of a significant transition and volatile institutional histories. Moments of risk and crisis can expose their vulnerability and result in heavily politicized public debates about the distribution of responsibilities. The situation in Hungary was an especially strong example of this, its mortgage market having been among the hardest hit of all countries in and after 2008.

The housing system faced to two basic challenges in Hungary, and in the region overall. First, low-income households were forced into the lower end of the housing market, often into marginalized substandard housing, due to privatization. Second, as the former state housing subsidy and finance system disappeared, access to housing for middle-income groups was increasingly based on family support because of the lack of an affordable housing finance system. By 2000, after recovery from the transitional recession, many post-socialist countries made attempts to respond to these challenges. The pitfalls of the post-socialist housing regime were understood, aspirations existed to amend them. This involved a push to develop a market housing finance system, and plans to expand the social housing sector. However, political and economic interests related to the former were always more pronounced, often leaving the latter lower on the agenda. While the countries in the region experienced similar challenges, the timing and range of institutional solutions differed substantially (Hegedüs and Struyk, 2005, Aidukaite, 2014, Hegedüs et al. 2011, Dübel et al. 2006, Mandic and Cirman, 2012).

In Hungary, mortgage lending enjoyed political and fiscal support from the government, and the share of mortgages compared to the GDP rapidly grew between 2000 and 2004. After 2004, subsidized mortgages were replaced by foreign currency loans; the speed with which this market expanded in Hungary

was comparable only to the situation in the Baltic States (Barel et al. 2009). The financial crisis of 2008 hit the Hungarian economy, and the household payment burden associated with foreign currency (FX) loans increased substantially, which caused political and social conflict. The Hungarian government introduced a series of different measures to "rescue" borrowers. This paper traces the process that led to the emergence of housing finance based on FX loan products, and provides an assessment of governmental programs that sought to alleviate the crisis and the reactions to these across the housing system. We argue that by 2015, when the economy recovered, the housing regime faced the same challenges as it did 15 years earlier. In spite of the institutional differences among the transitional countries, the basic challenges were still not addressed.

Having reconstructed the processes leading to the FX loan boom, we look at the ways households reacted to the emerging borrowing opportunities and how they coped with the hardship of the increasing payment burdens caused by the financial crisis. The research is based on qualitative interviews and was designed to reveal the varieties of household strategy both at the time loans were taken out and the time of the crisis. Through life course interviews we illustrate how the failure of the housing finance system forced households to accept compromised housing choices and family help, and to move into the informal economy, giving up dreams of home ownership. Although the material presented here is not meant to support generalization, it allows us to demonstrate the importance of the interplay of household behavior, and the policy of housing institutions. This contribution helps to demonstrate the need to move beyond institutional approaches. Highlighting the varieties of coping strategies and the choices of the most vulnerable segment of society adds nuance to understanding the crisis, now using hindsight, and taking the eventual outcomes of mitigation programs into consideration.

The paper is based on mixed-methods research. We offer a synthesis and reinterpretation of pre-existing data about mortgage development in Hungary, supplemented with expert interviews with key decision makers. When addressing household responses and the public discourse around the FX loan crisis, we rely on media analysis as well as 30 structured, in-depth interviews with FX debtors, and an additional nine further cases from parallel research projects. The sample is intentionally non-representative, its function being to elucidate the variety of household strategies and the interplay between policy measures and household behavior (Small, 2009).[2]

First, we explain the way we conceptualize housing regimes, offering a Stylized summary of the main features of post-socialist housing systems.

2 For the list of the interviews, see the Appendix.

Afterwards, we describe the development of the mortgage market after 2000, and interpret the conflicts that emerged in connection to the financial crises. The final part of the paper focuses on the varieties of individual housing strategies, and the interaction between rescues programs and individual coping strategies. The second and the third part together offer a concise overview of the FX crisis in Hungary through which we hope to corroborate our methodological claim; i.e. the benefits of adopting an integrative approach when modelling housing systems in general.

1. INTERPRETING HOUSING REGIMES: STRUCTURE AND INTERACTIONS

1.1. The sub-market matrix as an analytical tool for modelling challenges

The political and economic transformation of 1989-90 brought about substantial changes in housing systems in Eastern Europe. There are three main approaches to understanding housing systems. Literature on housing in the 1980s was defined by the housing provision approach that focused on the embeddedness of housing (e.g. Ball and Harloe 1992). Here, housing forms represent modes of production and distribution, a view based on structuralist assumptions, hence they are socio-politically determined. Institutional economics remained a dominant approach as well (Matznetter, 2002, Matznetter and Mundt, 2012, Malpass, 2008, Lunquist, 1990, Fitzpatrick and Stephens, 2014); this places significantly less emphasis on the socio-political context, or causal links between these and institutions. Finally, Kemeny's tenure typology (1995; Kemeny et al. 2005) and followers focused on the structure of the rental sector in a given country and introduced a division between universal and residual sections. In Kemeny's model, socio-economic structures and mainstream ideologies are reflected in the housing system.

We find institutionalist approaches to be insufficient for addressing the broader context and consequences of housing regimes. In order to move beyond this, our approach builds on recent work by Hegedüs (2018) that departs from a combination of the tenure and provision approach, developing a typology of housing provision based on a sub-market matrix. Our argument is in line with that of Barlow and Duncan (1988) who criticized the one-sidedness of the tenure approach and instead combined ownership form with the form of production in their typology. Arguing that these are insufficient for addressing the social consequences of respective housing regimes, we suggest following

Polanyi's argument about the role market, redistribution and reciprocity play as integrative mechanisms of social and institutional systems (Polanyi 1944). Our approach hence conceptualizes the provision dimension of housing systems through these, with an additional category of exclusion, to better theorize the limits of integration. In terms of the forms of tenure, we have followed the mainstream approach.

Table 1. *Framework for the comparative analysis of housing regimes, with international examples*

		Tenure forms		
Integrative mechanism		Social rental housing	Private rental housing	Owner-occupied housing
	State/social integration	"A": Council housing, rental cooperatives,	"B": Social rental housing agency, significant housing subsidy models	"C": Singapore model, Land Trust, Spanish/Portuguese subsidized private ownership
	Market integration	"D": Social landlords enter the market (Netherlands)	"E": Typical private rentals (istitutional or individual landlords)	"F": Typical private ownership
	Reciprocative (family and friends)	"G": Sub-tenants move into social rental housing based on favor	"H": Favor-based rentals, special financial agreements	"I": Housing provided as a favor (e.g. between relatives)
	Exclusion, homelessness	"J": Homeless services	"K": Illegally occupied housing	"L" Sub-standard housing

Source: authors' compilation

The housing regime is an interpretation of a housing system according to the logic of the sub-market matrix, where differences between regimes emerge as the result of the structure of the matrix and the connected legal and fiscal regulations, as well as widely shared political ideas related to housing. Housing regimes are inseparable from their surrounding contexts: economic development, the structure of the labor market, welfare regimes, and the redistribution of wealth. The sub-market matrix and the definition of housing regimes together allow for a more comprehensive understanding of the social consequences of housing systems. For example, state intervention could be efficient through 'B'

or ‘C types of provision which both use non-public ownership models to achieve public goals.

Transition was conceptualized as the approximation of the housing regimes of former socialist countries to regimes found in Western European countries (Kemeny and Lowe 1998). To illustrate the trajectory of post-socialist housing systems, we use a simplified figure (Figure 1), wherein sub-market matrices are characterized by a solid home-owner sector and a large social and private rental stock. These could loosely be called Western European housing systems, with the caveat that housing systems are very different within that region too, due to divergent historical and political ideological trajectories. As such, this model represents an ideal type rather than the existing reality.[3]

In contrast to this, Figure 2 indicates the weak points of the post-socialist housing system. The most significant difference is the virtual lack of a social housing sector; i.e., regulated forms of housing integrated by the state that offer a safe and satisfactory option for the lower-income social strata. Market solutions for housing acquisition by the middle class that can operate without significant state subsidies are also lacking because of the underdevelopment of the housing mortgage system.

As in other countries in the region, two major shifts took place in Hungary after 1990. On the one hand, the proportion of state-owned housing stock fell from 21% to 3% between 1990 and 2001 (Székely, 2011). The stock that remained in state ownership was usually of worse quality. On the other hand, state subsidies and the housing finance model were diminished. The above-outlined issues (i.e. the lack of social housing programs and affordable housing finance) represented the most important challenges at the beginning of the new millennium. Some programs aimed at increasing the social sector and the market-based finance system at the cost of the owner-occupied-reciprocal type (type ‘J’ in Table 1). The high share of type ‘J’ provisions meant the predominance of cash-based transactions and reliance on the family, a situation which is described in the new literature as a ‘familial housing finance system’ (e.g. Bohle 2018; Stephens et al. 2015).

3 Several attempts have been made to conceptualize individual differences in Western European housing systems. Kemeny’s approach, which distinguishes between residual and integrated rental models based on the relationship between social and market rental (Kemeny 1995, Kemeny et al. 2005), and Haffner’s analysis of rental systems according to the legal, financial, distributional “gap” between them (Haffner et al. 2009), are powerful explanatory tools.

Figure 1. Stylized sub-market matrix in home ownership-based housing system (Western Europe)

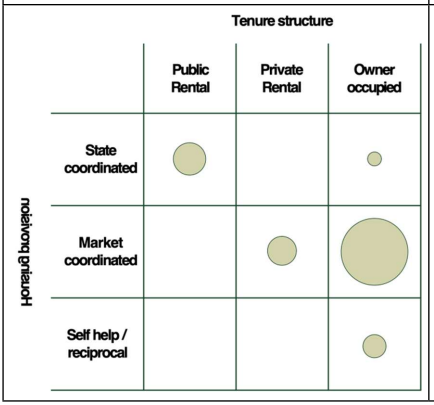
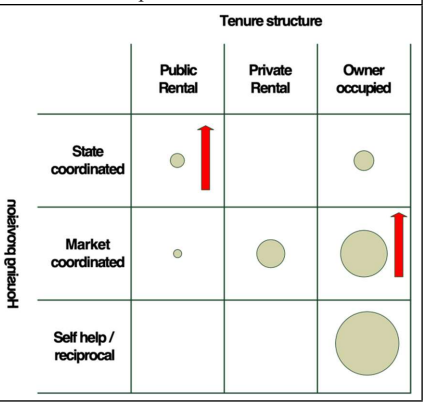


Figure 2. Stylized post-socialist sub-market matrix indicating the direction of proposed change according to housing policy implemented in 2000



Source: authors' compilation

By the time the economy was consolidated in Hungary in around 2000, these challenges were obvious to policy-makers, yet their political currency was far from equal. Political and budgetary support for social housing programs remained insufficient, while the portfolio-related decisions of the home-owning upper-middle class remained decisive. The risks associated with private rental remained high thanks to bad regulation, which curtailed growth. As elsewhere in the region, housing was not fully financialized in Hungary; still, housing finance programs retained their importance everywhere, albeit with diverse institutional solutions and mortgage lending volume (Hegedüs and Struyk, 2005, Stephens et al. 2015).

1.2. Institutional and household strategies

The behavior of households and institutions in the housing market can constitutes the dynamic element of the housing regime in the matrix we use. We second Clapham in stating that "the impact of policies can only be gauged through an understanding of the complex interplay between organizational policies and their implementation and the way that applicants for housing react in the light of their perception and attitude" (2002: 57). Housing regimes change when households and institutions react to economic, political and financial circumstances, shaped by prevailing norms and ideologies. Their decisions bring about changes in the sub-market matrix, and in housing solutions, as

represented in the cells in Table 1. It is therefore important to assess the key elements in institutional and individual housing-related decision making. Household pathways highlight the importance of alternatives: decision-making mechanisms and motivations vary widely (Lin 2012).

Strategies related to career, pension, savings, and consumption patterns are intimately linked to housing decisions, thanks to the role housing plays as an asset in households' portfolio and in welfare systems (e.g. Ronald, 2008; Ronald and Elsinga, 2011). As crisis in any domain of life has repercussions for the rest, such correlations should be factored in when modelling housing strategies and housing systems. Familiaism is especially important in housing regimes when access to loans is curtailed. Such support is not predictable and reliable, and it often comes with risks of its own – it should form an integral part of our understanding of post-socialist housing regimes.

Like that of households, the behavior of institutions – be they government organizations, banks, or real estate agencies – is shaped by the fiscal, institutional and policy context they operate in. The mission of institutions might be at cross purposes with their political and financial targets. For instance, a key mission of local governments is supporting low-income residents with social housing options, yet financial constraints and electoral strategies often push the former to rid themselves of difficult tenants. NGOs committed to social initiatives also have to juggle their priorities, while institutional survival and the need to pay employees fairly might strain their budgets at the expense of core mission (Le Grand, 2003).

Finally, households and institutions operate in an unpredictable environment. With the advent of global capitalism and rapid urbanization, economic hazards and crises have become intrinsic to economic development; contemporary European societies are risk societies (Beck 1992, Giddens 1999). Economic recession, unpredictability, and the transformation of the role of the state in Eastern Europe resulted in an increase in the importance of informality; this concerns economic activities as much as labor arrangements, and includes strong reliance on family and friends (Pavlovskaya 2004, Ries 1997). These complexities have to be accounted for when drawing up a full picture of housing regimes.

2. MORTGAGE BOOM AND ECONOMIC CRISIS

2.1. The development of the mortgage market between 2000 and 2015

As noted above, policy makers and decision makers understood the contradictions and weaknesses of the post-socialist housing regime in Hungary. No official housing strategy was laid out by the government, but inside sources indicate the following were present; suggestions for an increase in social housing sector, the construction of new stock for rent, and supporting the construction and purchase of privately owned homes with mortgages (see Növekedéskutató Intézet 1999, GM 2000, Otthon Európában 2003). Similar trends characterized housing policies across the region. In Hungary, three stages can be identified in housing politics between 2000 and 2015.

Stage 1: Subsidized loans (2000-2004)

The first Fidesz government (1998-2002) launched two programs after 2000: one was designed to increase the social housing stock; the other targeted the mortgage market. These were clearly designed to compensate for the above-described discrepancies, although the strategy was never set out in a policy document. Governmental and institutional interest groups substantially diverted this agenda: the key conflict took place between banks and the construction lobby, with the triumph of the former (Hegedüs 2006). The council housing program did not amount to a breakthrough in social housing, but it still demonstrated that local governments were capable partners in social housing issues if given appropriate fiscal means. However, throughout its four years of operation, this program increased the number of social housing units by less than the number of units that left the sector in the years of "trickled" privatization between 1998 and 2004 (Hegedüs 2011: 120). Moreover, the financial burden of social housing was placed on local governments themselves, which made it virtually impossible to foster long-term interest in supporting social housing programs on their side[4].

Government politicians saw mortgage subsidies as the cornerstone of their re-election strategies and promoted them to significantly broaden support. (Várhegyi 2002). Mortgage subsidies became so successful that the amount that

4 It is worth noting that other countries in the region ran into similar problems. The most successful program was developed in Slovakia, where loan regulations prescribed for owners of social housing financially feasible rent payments (Hojsik, 2013).

was lent grew more than seven-fold between 2000 and 2003, which turned out to be unsustainable from a fiscal point of view. The newly elected Socialist-Free Democrat coalition maintained subsidies for the next two years. The proportion of the value of mortgages in relation to GDP grew from 1.1% to 10% between 2000 and 2004 while construction boomed and prices rose, but not to the extent that led to a price bubble (Table 2).

Table 2. *The housing market: key indicators, 2000-2015 (Source: KSH, FHB price index, MNB)*

	Number of transac-tions (new and used)	Number of housing units in use	Number of con-struction permits	FHB price index deflated according to year 2000=100	Mortgages (billion HUF)	Proportion of FX loans in the loan market	Proportion of value of mortgages to GDP
2000	183 950	21 583	44 709	100	192	1%	1,4%
2004	171 678	43 913	57 459	135	2 106	1%	10,0%
2008	154 097	36 075	43 862	125	6 507	63%	23,9%
2012	87 957	10 560	10 600	88	5 752	68%	20,0%
2015	134 101	7 612	12 515	99	4 691	64%	13,7%

Source: authors' compilation

Stage 2: The expansion of the FX loan market (2005-2008)

The Socialist-Free Democrat coalition that came to power in 2002 gradually decreased loan subsidies, bringing about the perceived threat that the housing loan market would collapse. Foreign currency loans, first introduced under the preceding right-wing government, seemed to offer a cheap alternative, and thereby a way out. The National Bank held HUF interest rates high because of the budgetary deficit and the ability to finance state debt. The difference between the interest rates for HUF loans and FX loans, coupled with less institutional support for HUF loans, meant that FX loans offered cheaper instalments for clients. The most popular of these were home equity loans backed by real estate, wherein the target of the loans was not restricted. Literature from the time reveals that experts were aware of the risk posed by fluctuating interest rates, but estimated this to be low (Dömötör 2011, Schepp 2008). FX loans quickly came to dominate the mortgage market: their share reached 63% of housing-

related mortgages by 2008. Many factors played a part in this boom: wages increased, instilling optimism in many; competition between banks led to a growing network of advisers and agents. During the same period, the social rental program was cut due to fiscal pressure. The rent support program that replaced it failed, as it did not consider owners' expectations appropriately (Hegedüs 2006: 95-96). Plans to support entrepreneurial construction programs for rented housing also came to a halt, since the risk of managing units in the insufficiently regulated private rental market was higher than the expected benefits.

Stage 3: Economic crisis and the responding programs (2009-2015)

The economic crisis reached Hungary in autumn 2008. Roughly one million households were under growing financial pressure mainly due to FX loans, turning mortgages into one of the most controversial, hotly discussed topics between 2008 and 2015. Housing politics was dominated by the issue of the foreign currency credit crunch and debates about the measures needed to alleviate it. Until 2010, programs that were introduced involved the customary tools of crisis management. After 2010, however, the new government introduced radically new and unorthodox measures, made possible domestically by the two-thirds electoral majority that propelled them into power. Internationally, it was crisis and the consequent pressure over the EU that allowed unorthodox measures to go unsanctioned.

Inconsistent policies of the time suggest a lack of comprehensive planning; several suggestions were proposed to mitigate the social cost of the crisis and to stabilize the economy. After 2010, radical steps were made in the welfare system: unemployment programs were replaced by a controversial public work program (Szőke 2015), while housing maintenance and debt management support was cut. Social programs and the responsibility for allocating resources for them were pushed down to the level of local government.

2.2. The political economy of the mortgage crisis

Economic growth between 2004 and 2008 meant that all sides (the government, banks, households, the construction and development sector, agents, etc.) benefitted from the expanding mortgage market, even when the risks and profits were distributed in a starkly uneven fashion. General growth made these inequalities palatable politically: there was no sharp conflict. The

unequal distribution of costs and risks was a result of the institutional landscape and power structures, and was made visible only with the deepening crisis.

All actors involved agreed that the affordability of FX loans made them attractive, and that the fluctuating exchange rate posed only a moderate risk. Banks secured their position with unilateral contracts, allowing them to increase interest rates, and by real estate collateral; debtors could repay unless their circumstances changed radically; the state did not have to step in with subsidies, and financial regulatory bodies did not have to intervene beyond declaring textbook risks.[5] These actors pieced together a shared understanding about housing finance and the interpretation of the housing finance system, its risks, functions, and responsibilities that formed the basis and context of actors' strategies.

Information asymmetry posed a crucial problem. Debtors often lacked the oversight necessary to make realistic risk assessments; this made them vulnerable. This was not merely a question of financial literacy, but also of insufficiently transparent contracts and the controversial strategies of agents and financial advisers. In relation to the banks, the problem of moral hazard may be raised; namely, the expectation of the former that in the case of systemic crisis the state would need to support debtors anyway thus some of the risks associated with liberalized lending regulations would be pushed onto the state. This led to transparency on paper only; both information asymmetry and the banks' calculation of moral hazard occurred in power structures that exposed the most vulnerable segment to disproportionate risk.

The 2008 crisis hit Hungary especially hard thanks to macroeconomic imbalances, irresponsible fiscal policy, and growth in the level of consumption that was based on mortgage lending rather than economic fundamentals. Due to fluctuating exchange rates, debtors' instalments grew to an extent that many could not pay (Dancsik et al. 2015). Unemployment increased, and wages decreased. The government cut welfare spending, including housing support, while the banks' strategy of increasing interest rates and service costs further accentuated social problems. The shared understanding broke up, replaced by competing strategies of allocating responsibility and blame. Without consensus, the crisis was maintained by competing groups that pushed for their own respective interests; this inflated the costs of solving it. Neither economists not lawyers were undivided.

5 The National Bank strengthened the currency using high-interest-rate-based policies. Director Járai publicly equated a strong currency with a strong economy. In the euphoria that followed EU accession, it would have been unfeasible to argue against euro bank loans anyway (Várhegyi 2010).

Each group was heterogeneous, but overall we could say that the cost of the credit crunch could have been distributed between the state (i.e. tax-payers), bank shareholders, bank client, and debtors.[6] As consensus was lacking about the responsible parties, cost allocation became a political game. Expert's views can be classified into three main positions:

1. Debtors are responsible: there is no need to 'rescue' debtors as they should have understood the risks inherent in the contracts they signed. Debtors subscribed to the risk of fluctuating exchange rates, the benefits of which they enjoyed when HUF rates were high, hence it is unreasonable to take over their costs.
2. Responsibility should be shared: The cost of FX lending is distributed across all participants, so social and financial costs should be distributed fairly.
3. Debtors are not responsible: FX lending was irresponsible in the first place, and abused consumers with non-transparent contracts and insufficient information. Debtors should be compensated and costs taken over by banks and the state.

The first position was articulated most clearly by Csillag and Mihályi (2011), who did not see the need for rescue programs. The former argued that competent economic policies would strengthen HUF rates again, and this would eliminate the need for intervention. Besides, these events would help to shake up a stagnating housing market. Social considerations also played a part in their reasoning: they thought that the bulk of FX debtors came from the middle class; targeting more vulnerable debtors would thus be difficult. Many analyzes supported this assessment; for example, Gáspár and Varga (2011) underestimated the number of households involved and postulated rapid improvements within one or two years. Even the evaluation reports of the National Bank of the time thought the crisis was manageable, and many in the social sector were hesitant to advocate for rescue programs.

The second position was shared by many analyzes that tried to juggle responsibilities among various players. The 2010 parliamentary committee that was tasked with an evaluation wrote a balanced analysis that collected the arguments according to which responsibilities could be determined (OGY 2012). The preceding and following discussions did not result in an expert consensus, but contributed to a fuller understanding of the contributory factors. Surányi (2010, 2015) emphasized the role of bad fiscal policy as well as the National

6 Many different technical solutions may be formulated within this gross simplification but this would require a closer evaluation of each program, which is beyond the scope of the paper.

Bank; however, he expected steps to be taken that would have gone beyond the legal and theoretical mandate of the National Bank, as others pointed out (Pete 2010, Obláth 2010). Discussions mostly centred around the role of past governments (Fidesz 1998-2002, Socialist Party-Free Democrats 2002-10), the National Bank, individual banks, and debtors. Disagreements remained prominent, but the basic proposition that costs should be shared among all actors who were involved was common.

The third position gained real prominence upon statements made by prominent economist, banking professional and green party politician Péter Róna (2013), who declared FX loans to be "faulty products." Responsibility was to be shared by banks and insufficient state regulation. Róna's interpretation relied on a specific definition of loans that denied the risks inherent to lending, that hinge on macroeconomic circumstances. The 'faulty product' concept was more of a political ideological tool, a vehicle of party politics than a sound economic concept. Róna's views were picked up by the media and anti-bank movements (Szabó 2018).[7]

Rescue-related problems were due to certain elements of the above interpretation. Bajnai's government, formed after the resignation of PM Gyurcsány in 2009, subscribed to the first position. The incoming Fidesz government relied on various versions of the second, but more in its actual policies than its public communication, while social movements organized themselves around the third position.

3. HOUSING STRATEGIES AND THE HOUSING REGIME

3.1. Individual housing loan strategies during the expansion of the loan market

Economists thought that the decade-long recession in the 1990s had led to impatience among consumers, and this accounted for the huge demand for housing loans in the early 2000s (Tóth and Árvai 2001). Affordable loans not only contributed to housing demand, but opened the way for investment and consumption strategies too. Consumer credit that was used to facilitate the purchase of goods without depleting savings, and home-equity loan made such decisions even easier. Unexpected medical costs were often paid for with such loans (INT 35). Such strategies put households in a financially untenable condition.

7 Róna's policy proposals were a lot less radical than his statements in public discussions and the media.

Housing property is not only a form of consumer goods, but also a means of saving and accumulation, the significance of which grows with age (Ando and Modigliani 1957). Theorists of asset-based welfare stress the importance of housing properties in accumulating savings (Doling and Ronald 2010). Low interest rates can be avoided by purchasing real estate, and the accumulated resources may be used in old age or for assisting children with home acquisition. With an appropriate personal contribution, it was therefore common to borrow for the purpose of accumulation and lease the housing units; with a 20-30% down-payment, rent payments could cover instalments.

Private entrepreneurs often took out loans to make investments using real estate collateral. This affected the broader housing situation of the household, especially when the economic crisis and worsening currency rates started to have an impact on the labor market. In the worst case, failed investments led to the loss of homes, and with that, housing security issues.

The spread of free-use FX loans attracted many lower income households who sought to compensate for household deficits with loans. FX loans were often used to pay for more expensive, preexisting loans; in these cases, they should be seen as means of short-term debt settlement. Many HUF loans were turned into FX loans, which simply postponed the moment of bankruptcy in many cases without addressing the structural deficit.

The motivations behind the credit boom were amplified by the contradictions of the economic regime and the welfare system, as these increased the risks households needed to take. For lower-income households especially, the fact that the criteria of creditworthiness changed meant an unprecedented chance for home ownership, which was often the only satisfactory solution. Three alternatives existed for such households:

- Private rental, which left individuals vulnerable due to under-regulation and the black market (Hegedüs et al., 2014).
- Substandard and/or peripheral housing choices, such as converted holiday houses, property in depressed areas, etc.
- Intergenerational cohabitation, non-market solutions like living in flats owned by friends or family.

Table 3. *Motivation for and key factors behind the credit boom*

Motivation	Key factors	Interview number
Housing consumption	Private rental and intergenerational cohabitation were considered increasingly unacceptable solutions. Private home ownership was seen as superior compared to the alternatives and cheaper in the long run.	I1, I2, I3, I26, I5, I6, I13, I16, I18, I19, I20, I21, I24
Consumption	Economic recession in the 1990s and decreasing wages contributed to general consumer frustration: demand for cars and goods had increased by the time "cheap loans" arrived.	I10, I11, I15, I16, I17, I28
Saving	The pension system was considered insufficient and unreliable, thus investing in real estate was seen as a safer way of accumulation for the middle class.	I2, I3, I0, I15, I6, I20, I24, I25, I30
Investment	Labor market restructuring brought an increase in the number of small entrepreneurs, often motivated by the desire to evade tax. In the case of real small enterprises, shortages of capital were compensated for using loans backed by real estate collateral.	I3, I11, I30, I31, I36, I37
Debt settlement	Loans borrowed for debt settlement indicate failures of the welfare system. These were normally related to unsustainable problems at the household level.	I10, I15,

Source: authors' compilation

It is no wonder then, that after years of renting and existing in conflict-ridden cohabitation (I22) or crowded flats many people virtually escaped into home ownership (I32). Social expectations provided a further push as renting is usually seen as a temporary, inferior solution that precedes appropriate solutions; i.e. home ownership. Renting was considered a waste of money (I16, I22), as rental payments were comparable to monthly instalments (see also Hegedüs and Teller 2007, Hegedüs and Szemző 2015). Jointly, the housing regime and these expectations pushed many households with an insufficient protective network and financial assets, etc. towards borrowing (I5, I19).

As creditworthiness was judged in an increasingly lenient fashion, local governments and construction permits were easily obtained, and credit agencies lacked proper regulation, irregularities came to characterize FX loan lending. One important example of systemic exploitation occurred in relation to a scheme in the Avas estate, Miskolc,[8] while we recorded another comparable example from a regional industrial capital in Western Hungary, where a Roma family with eight children signed a mortgage contract for 7.8 million HUF,

8 http://magyarnarancs.hu/kismagyarorszag/vissza-a-gettoba-miskolc-kisopri-a-feszekrakokat-90100

although they lacked savings and had never met either representatives of the city council, or the bank (I32). To sum up, from the beginning of the 2000s, due to the accentuation of competition between banks and deflated interest rates, wider and wider social strata had access to loans. This offered the possibility of home ownership to households for whom this had not earlier been possible. We argue that many entered the widening housing loan market for whom the risks were too high.

In the first years of the credit boom, most debtors came from higher income households (Bethlendi 2009). Those in the top 20% according to income were five times more likely to take out loans, and in amounts almost 20% more than the average (Hegedüs 2006: 85). After 2004, the social composition of debtors changed, with growth in the proportion of people who would not have been creditworthy for HUF loans, or only for much smaller amounts. Data from 2011 show that 8.1% of those with housing-related mortgages could be classified into the lowest-earning 10%, and 14.1% into the top 10% (KSH 2011). With free-use mortgages, the situation was almost the opposite: 18.2% of borrowers came from the lowest earning strata, and 7.9% from the highest 10% (ibid.).

Lower income households chose home ownership in circumstances when, in a well-functioning housing regime, social housing or housing cooperatives would have been more appropriate choices for them. Their decisions were corroborated by the virtual absence of real alternatives in the social or private rental sector. In the final sections of the paper, we focus on the strategies of this most vulnerable stratum, relying on qualitative evidence.

3.2. Dynamics of rescue programs[9]

The effects of the 2008 crisis permeated the mortgage system only slowly. Late payments became more common: between December 2008 and December 2009, the proportion of contracts associated with overdue payments of more than 90 days rose from 3.5% to 7.5% (MNB 2010). In Latvia, the proportion exceeded 10% by 2009 (Erbenobva et al., 2011).

The Socialist/Free Democrat Gyurcsány government did not address this situation with mitigation programs; political willingness and financial resources were both lacking. The government subscribed to the first approach, pushing responsibility exclusively onto "irresponsible" debtors. Households started to realize the magnitude of the problem as instalments skyrocketed thanks to the fluctuation in interest rates as well as increases in the interest rates that

9 This part of the paper is based on Csizmady and Hegedüs, 2016.

banks introduced to factor in increasing risks. Banks utilized the leeway that unilateral contracts afforded them, expecting state intervention in case of mass bankruptcy.

In 2010, when the right-wing Orbán government came to power with a supermajority, engineering a confrontation with banks fit the former's unorthodox goals of social transformation (Várhegyi 2018). This confrontation allowed them to intervene in the bank sector – and to push for a share of more than 50% for so-called domestically owned banks. The government accepted the second interpretation (see earlier) which left them with ample room to fine-tune economic policies in service of political goals. In public communication they often adopted the positions of the radical opposition (i.e. the third interpretation), but in their programs they followed a different strategy.

Housing politics were dominated by the management and mitigation of social conflicts caused by the credit crunch. The key framework was laid out in a 2011 action plan.[10] Although the government pulled rank in negotiations, it took the reactions of the market into consideration. However, the aims of many programs reached beyond housing issues (for example, intervening in positions of power among banks,[11] the consolidation of the finances of the middle class, pacification of the poorest stratum, and the neutralization of political movements).

One of the most controversial, unorthodox programs was the early repayment program (Table 4). This allowed borrowers to repay in a single instalment at a better exchange rate between September 2011 and February 2012 (PSZÁF 2012). Early repayment targeted more affluent debtors, creating huge losses for banks while disregarding issues of fair redistribution and social justice, and reducing the potential of political mobilization. Eighteen percent of debtors used this opportunity (ca. 170 thousand contracts). This created 300 billion HUF of losses, or 1.7 million HUF per debtor. The government weighed in to incentivize early repayment: savings banks were ordered to offer loans, the tax office did not examine the origins of repayments, state organizations and companies were encouraged to lend to their employees, banks were threatened with repercussions if they sabotaged the process.

The least controversial, most successful program was offered by the National Asset Management Ltd. The social housing enterprise was supported by an

10 In decree LXXV (2011) key elements of the rescue programs were present, such as the regulation of forced sales, an exchange rate cap, and conversion to HUF. However, repeated amendments of the law indicate uncertainty and a lack of long-term planning.

11 It is beyond the scope of this paper to discuss the compromise created between banks and the government, but it is likely that the government exploited existing conflicts between banks and played a role in weakening OTP, the largest bank, while supporting FHB and savings banks, as was revealed during the conflicts that followed the introduction of the early repayment policy.

alliance of banks. Through NAM, the state bought mortgages, turning collateral housing units into rental constructions and allowing former owners to stay on as tenants, paying a fixed, heavily reduced rent. Thirty-six thousand units were included in the program, seven times the amount expected in the initial plan. Eligibility criteria and conditions changed repeatedly as the program grew. It is difficult to estimate the overall cost of the program, but it is thought to have been around 150 billion HUF, or 4.2 million per household.

Those whose status was in-between that of the most vulnerable and the affluent were unable to take advantage of the early repayment program or the NAM as they lacked savings for the former and did not fit the strict criteria of the latter. By 2018, the number and proportion of defaulters had decreased, but the reason for this was the outsourcing of cases to winding-up institutions.

Table 4. *Governmental and non-governmental programs aimed at supporting FX loan debtors*

<table>
<tr><th rowspan="3">Social strata</th><th colspan="3">Government programs</th><th rowspan="2">Banks</th><th rowspan="2">Social movements, alternative programs</th></tr>
<tr><th colspan="2">Aimed at a specific group</th><th rowspan="2">Aimed at the whole of society</th></tr>
<tr><th>successful</th><th>failed</th></tr>
<tr><td>Upper class</td><td>Early repayment (2011)</td><td rowspan="2">National Bank civil bank (2012)</td><td rowspan="3">Compensation of debtors (2014) Conversion to HUF loans (2015)</td><td rowspan="2">Restructuring (continuous)</td><td rowspan="3">Court cases, protests, NGO interventions (continuous)</td></tr>
<tr><td>Middle class</td><td>Exchange rate cap (2012)</td></tr>
<tr><td>Working class</td><td>National Asset Management Ltd. (2012), moratorium on evictions (2009-14)</td><td>Ócsa (2014), Personal bankruptcy (2015)</td><td>Involving credit managers (after 2015)</td></tr>
</table>

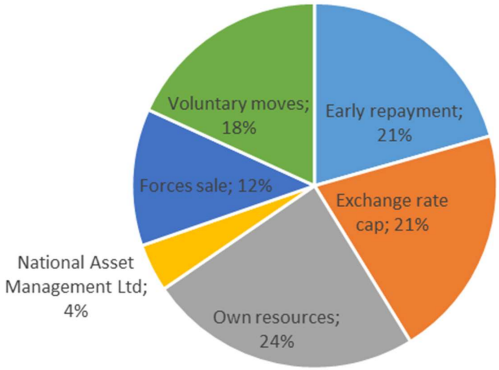
Source: authors' compilation

Besides the above-described two programs, several other government interventions were introduced. The cost of capping the exchange rate was paid by banks; this was less successful than early repayment, even though it benefited banks too. A moratorium on evictions was introduced, then maximum eviction quotas and obligatory currency conversion; laws concerning personal bankruptcy were in the making for years, only to represent a solution in less

than 1000 cases. These programs were subject to heated policy debates and most changed repeatedly, partly due to adjustments, partly thanks to changes in the strategies of the actors involved.

The proportion of households with housing loans grew from 7.5% in 2000 to 15% in 2007 (Medgyesi 2008); 19% of households had mortgages in 2010 (KSH 2011). It is difficult to assess the number of households involved in different programs, but we estimate[12] that 60% of those with mortgages (i.e. 850 thousand households) adapted without significant loss. Around 40% of them lost out, many through forced sales (see Figure 3).

Figure 3. *Proportion of households participating in various programs (estimation)*



Source: authors' estimation

Debtors' plight was a central theme of public discourse between 2010-2016. Thanks to the often changing programs and an uncertain policy landscape, many households hesitated to take steps; it was far from obvious when it was best to opt for a program when new solutions were being introduced and delays could result in more advantageous solutions. Many kept waiting for better alternatives. Uncertainty was fostered by social movements that ignited hopes that eventually prove false; their moderate social base was insufficient, and their claims that lacked legal or economic feasibility. Lawsuits were started in this combustible atmosphere; the government lacked direct influence over these, despite its supermajority. Mass lawsuits could have led to the government losing

12 This estimation is based on the information published about early repayment programs, the National Asset Management program, the exchange rate debts program, and estimates of forced sales.

its discourse-setting position, hence they needed to take steps. The solution was a contested decree issued by the Curia according to which unilateral changes in interest rates and the use of different exchange rates was indeed deemed unfair and invalidated contracts. This took the wind out of the sails of social movements. Serious change was brought about by the conversion of FX loans to HUF loans, even though leading experts in the National Bank thought this solution problematic.[13]

Banks survived these years in a weakened political position, although by increasing service fees they could compensate for some of their losses. With restructured loans and the sale of pending claims they could rid themselves of political responsibility and prepare for a new period as creditors.

3.3. Household responses to the credit crunch

The difficulties households ran into paying their instalments after the beginning of the 2008 crisis were usually a result of one or more of the following factors: s worsening labor market position (I11, I12, I13, I14, I16, I19, I22), or individual-level issues like unexpected healthcare costs (I10, I22) or deteriorating family relationships, divorce, etc. (I21). Controversial and hesitant government reactions worsened their plight, as even households that sought to make rational calculations could not keep up with the changing landscape of options (I6, I13). Elsewhere, in countries with comparable FX loan problems, swift action helped households adapt (Bohle, 2014, Erbenova et al. 2011). Households often delayed decisions (I5, I19), hoping for better programs, not willing to let go of their homes, or not acknowledging the severity of problems soon enough (I14). Delays or not, hastily made decisions sometimes resulted in such imbalances that households went bankrupt (I7, I12, I15, I16).

Hence, not only strategies per se but timing was also crucial in successfully managing the crisis. Households needed to move beyond the myth that private home ownership was the only viable, safe option (I11, I16). Successful adaptation hinged on quickly making new assessments and identifying rescue programs that offered affordable solutions. Many families acknowledged their own fault in not assessing risks well initially (I13), but later shifted to blaming banks and the government (I8) (Szabó 2018).

For many, interventions suggested they would be “rescued” and many felt entitled to external help. To a large extent, these false hopes contributed to

13 Cf. Balás and Nagy 2010, and statements made by National Bank director György Matolcsy and Mihály Varga from the Ministry of National Development in 2012.

households getting stuck in crises, as they did not realize early enough that without taking steps they might end up in a significantly worse housing position than they started with (I5, I11); often, they did not accept the reality of over-indebtedness and its implications for their social status and ended up stuck in homes not appropriate for their family or career situation (I13, I16). The promise of upward mobility many bought into with foreign-currency loans often led to socio-economic disintegration eventually.

While the impact of decreasing wages and growing monthly instalments was obvious, families could exercise various kinds of influence. The literature on welfare systems usually considers the role of family and friends as unequivocally positive (Ferrera 1996); families are thought to temper inequalities and increase the resilience of households. However, close ties often increase risks during crises, the consequences of which are borne by the broader family: taking out mortgages using family members' homes as collateral and informal lending practices often worsen households' positions, rather than helping (I10, I22, I32).

Individual stories illustrate housing strategies, including stories about taking mortgages and running into difficulty with repayments. Responses to events can be clustered, and these amount to typical strategies. In the qualitative part of our research we focused on those households for whom private home ownership would have been unimaginable without a mortgage and/or those who did not have the savings required to pay for a larger or a better located home. Higher consumption levels were made possible by loans for these people, but it was exactly the latter whose position in the labor market or in terms of family networks was usually less stable (I4, I14, I16).

Many were single-earner households in which incomes were often only partly declared or unstable; the former were more susceptible to crises as a loss of employment, health problems, etc. could dramatically destabilize their strategies. Since they often struggled financially, many of these earners took up work abroad, usually illegally, to be able to pay for the increase in instalments. This financial and emotional pressure often contributed to the dissolution of families. Extended families sometimes tempered these tendencies by offering temporary shelter, or chipping in with repayments, risking their own financial stability. Equally often, they were not able to help, or even added to problems by informal borrowing, etc.

Reactions to growing instalments and the deepening crisis may be grouped into six main categories:

1. Adaptation for the purpose of maintaining a mortgage: return to the parental home, renting out property (I18)

   A significant way out of trouble was intergenerational cohabitation, allowing the renting out of the real estate in question in order to cover

growing instalments. Those families chose this strategy that were not able to keep up with payments but still wanted to hold onto property, and who normally came from more or less stable backgrounds they could rely on. Early repayment was not an option for them. This strategy was usually sustainable, if not ideal.

2. Adaptation for the purpose of maintaining a mortgage: working abroad, emigration (I21,I31)
   Those with a relatively stable position on the Hungarian labor market could cope with monthly payments, but many were not able to keep up with growing instalments. The higher wages earned abroad allowed them to obtain the resources needed to service their contracts. With this strategy, many families were able to consolidate their housing situation, or even improve it, though often at the cost of compromised living standards abroad, at least temporarily.
3. Adaptation for the purpose of maintaining a mortgage: sacrificing savings, pensions, etc. in order to keep the home as collateral (I7,I8,I9,I10,I12,I17,I 22,I28,I29)
   Many chose to hold onto homes acquired with much difficulty, undertaking sacrifices by cutting their consumption drastically, relying on informal loans, or using insurance or pension funds for repayments. Money from inheritance and selling valuables such as cars could support these strategies. Housing mobility was potentially severely compromised by this strategy, often for decades, and life quality was compromised. It was more common for younger people to avoid this strategy as they often saw more potential for regaining assets in the future.
4. Default: loss of collateral, renting, or compromised housing alternatives (I5,I14,I15, I19,I26, I33)
   This strategy was premised upon the loss of the collateral home, which was most often the family home itself, but occasionally it involved other family members' homes, especially those of parents and siblings. This endangered the stability of the extended family, while parental help was insufficient in many such cases, pushing these families to rent or use the remainder of their assets (usually after a forced sale) to move into a home of worse quality and/or location.
5. Default: loss of collateral, return to the parental home (I4,I16,30)
   When the loss of a collateral-based home did not come with the erosion of family ties, parents often guaranteed housing stability through intergenerational arrangements, compromising their own comfort. Debtors often returned at a various stages of the life-cycle, with children, resulting in crowded housing conditions.

6. National Asset Management Ltd.: opting for social housing programs (I32,I39)
   NAM allowed debtors to stay in their property, giving them the right to purchase it back within five years. Only a small fraction of individuals were able to do so, even though rising real estate prices after 2015 indicated the economic benefits of this strategy. Flats in Ócsa that were managed by NAM were given to families who had already lost their homes and who had been forced to rent. 10-15% of tenants accumulated debt, not having paid the low rents. These families were made part of a comprehensive social mentoring program managed by the social services of the Calvinist Church or the Charity Service of the Order of Malta. For many families in these programs, borrowing was a desperate and unrealistic step, thus the stable conditions offered by NAM were a considerable improvement.

The above-described alternatives meant that uncertain housing situation returns and suboptimal housing conditions remained the only option for many. These marginal positions are exactly what so many families tried to break out from through obtaining mortgages in the first place.

4. CONCLUSIONS

Housing policy that responded to the shortcomings characteristic of post-socialist housing regimes in Hungary aimed to strengthen both the social and the private rental sector. In addition, there was an attempt to develop an affordable market housing system around the turn of the millennium. Both the expansion of the mortgage market, and especially the rapid spread of FX loan lending, reinforced the already dominant aspect of the housing regime: i.e. market-integrated private home ownership.

The 2008 crisis fundamentally changed this. FX loans generated losses and the cost of this needed to be distributed. Both creditors and debtors had a vested interest in avoiding responsibility. State intervention came in the form of several programs that attempted to alleviate social and economic costs, offering a moment to rethink the housing system as a whole, and foster change. However, the responses and adaptive strategies of institutions, interest groups as well as households yet again reinforced the problematic elements of the housing regime, perpetuating the key issues that preceded the economic crisis in 2008. By the time the housing market recovered in 2015, private home ownership was again reinforced as the cornerstone of housing policy, heavily relying on a better

fiscal background supported by EU subsidies and economic consolidation. The largest social housing program is now being dissolved, with no real prospect of substantial changes in public housing. This return to the former model misses the chance to correct the housing regime by building on the experiences of the past 15 years, thereby risking a comparable crisis in the future.

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APPENDIX: LIST OF STRUCTURED INTERVIEWS

Key	Type	Family	Private rental	Suboptimal circumstances	State support	FX loan
interview_1	7	couple+5 children	yes	yes	yes	no
interview_2	7	couple+3 children	yes	yes	yes	no
interview_3	7	couple+3 children	yes	yes	yes	yes
interview_4	2,3	couple+4 children	no	yes	no	yes
interview_5	2	couple+4 children	yes	yes	yes	yes
interview_6	7	couple+3 children	no	no	yes	yes
interview_7	4	couple+3 children	yes	yes	no	yes
interview_8	4	pensioner couple	no	yes	no	yes
interview_9	4	couple + 2 children	yes	no	no	yes
interview_10	4	couple	no	yes	no	yes
interview_11	7	single	no	yes	no	yes
interview_12	4	couple + grandchild	no	yes	no	yes
interview_13	7	single	no	yes	no	yes
interview_14	2	single	no	yes	yes	no
interview_15	2	single	yes	no	no	yes
interview_16	2,3	couple + 2 children	no	no	no	yes
interview_17	4	couple + child	no	yes	no	yes
interview_18	1	couple + child	yes	yes	no	yes
interview_19	2	couple + child	no	yes	no	yes
interview_20	7	couple + child	yes	yes	no	yes
interview_21	5	single	yes	yes	no	yes
interview_22	4	couple	no	yes	no	yes
interview_23	7	single	no	no	yes	no
interview_24	7	couple	yes	no	no	yes
interview_25	7	couple + children	yes	yes	no	yes
interview_26	2	couple	yes	yes	no	yes
interview_27	7	divorced + child	no	yes	yes	no
interview_28	4	couple + 3 children	no	yes	yes	yes
interview_29	4	divorced + 2 children	no	no	no	yes
interview_30	8	divorced + single	no	no	no	yes
interview_31	5	couple + 4 children	yes	n.a.	n.a.	yes
interview_32	6	Couple + 8 children	no	yes	yes	
interview_33	2	divorced + 3 children	no	no	no	yes
interview_34	6	Divorced + child	no	no	no	yes
interview_35	8	Couple + child	no	no	no	yes

Types:
1. Return to parents, rent own flat.
2. Loss of home, new rented home or residual housing.
3. Loss of home, living with family/parents.
4. Keeping home through substantial sacrifices, pooling resources.
5. Work abroad.
6. Social housing – National Asset Management Ltd.
7. No crisis, or was able to buy a new home with family support.
8. Under execution

SOCIAL INVESTMENT IN THE BALTIC STATES: BENEFITS AGAINST POVERTY AND THE DISTRIBUTION OF SOCIAL RISKS OVER THE LIFE COURSE

Daiva Skuciene, Romas Lazutka[1]

ABSTRACT *Prevention against social risks through investment in human capital serves as the main focus of social investment. The social investment perspective suggests that social protection benefits should ensure adequate income maintenance over the life course. The goal of the current study is twofold: to analyze the role of social benefits that protect against poverty and to examine the distribution of social risks over the life course with a focus on social investment in the Baltic States, drawing on microdata from EU-SILC 2015. In addition, the study uses Eurostat data to explore spending on social protection and investment in human capital, classified as "Old" and "New" risks, during 2005-2014. The findings of the study suggest that low spending on social welfare in the Baltic States cannot adequately guarantee income for the population at risk, or reduce dependency on welfare state benefits.*

KEYWORDS: *social risks, social benefits, at-risk-of-poverty rate, social investment, Baltic States*

INTRODUCTION

In 2013, the European Commission introduced a Social Investment Package which posits that the main focus of the social investment policy should be the prevention of social risks via combinations of benefits and services. This policy shift relates to a question addressed by many researchers. The relevant academic

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literature explores the concept of social investment and its combination with active and passive welfare, patterns of spending on diverse types of welfare, and the relationship between the social investment paradigm and income inequality and poverty. This paper contributes to what is currently known about the capacity of compensatory welfare to protect against poverty by analyzing data from the Baltic States and explores the distribution of social risks over the life course with a focus on social investment. We hope that these findings will contribute to the comparative literature on welfare states. The three Baltic States have a similar history, hence feature similar stages of welfare state development. It must be noted that the welfare states of the Baltics used to be classified as distinct post-socialist welfare state regimes (Aidukaitė, 2009).

Therefore, the goal of our study is twofold: to analyze the impact of social benefits on poverty reduction and to examine the distribution of social risks over the life course with a focus on social investment in the Baltic States. To implement the goal, the following objectives were set: first, to look at the literature on social investment and its relationship with compensatory welfare over the life course; second, to analyze the impact of social benefits on poverty reduction over the life course; third, to explore the distribution of social risk events over the life course; and fourth, to analyze spending on social welfare over previous periods as *ex-post* investment in the Baltic States.

LITERATURE REVIEW

The social investment paradigm focuses on enhancing human capital in order to prevent future dependency on the welfare state and foster further participation in the labor market (Esping-Andersen, 2002; Bonoli, 2006; 2013; Hemerijck, 2017). According to Cooke and Gazso (2009), the main idea of social investment is to promote the shift from passive social protection to active welfare programs. Activation refers to any policy that enhances the capabilities of citizens, as proposed by Esping-Andersen (2002). Esping-Andersen (2002) contends that activation encourages one to seek a job more actively, and activation begins in early childhood. Thus, early childhood learning is of primary importance (see Jenson and Saint-Martin, 2005; Jenson, 2010; Bonoli, 2013; Hemerijck, 2017). However, social investment requires learning to increase human capital at all life stages (Jenson, 2010; Bonoli, 2013; Hemerijck, 2017). Jenson and Saint-Martin (2005) state that investments generate dividends in the future, whereas consumption occurs in the present. Furthermore, Hemerijck (2017) defines social investment as serving "stock," "flow," and "buffer" functions.

The "stock" function of social investment strengthens people's skills and capacities. The "flow" function helps to bridge critical life course transitions, from schooling to first job, etc., while income protection serves as a "buffer" function of social investment; the "buffer" helps to compensate and mitigate social inequity at the micro level and provides the necessary financial security for people to develop their human capital. The same ideas were expressed by Nolan (2013), Pintelon et al. (2013), Kvist (2014), and Kuitto (2016). According to the former, although recently there has been a lot of focus on the development of human capital over the life course, analyses of social investment should include welfare programs which support consumption. In the words of Esping-Andersen (2002), adequate income maintenance is the first precondition for preventive or remedial strategies. And, according to Nolan (2013), investment cannot be understood without current consumption because investment primarily relates to the health of the future labor force. Farrington and Slater (2006) say that cash transfers not only have a consumption effect, but also an effect on demand for food, investment in health, and education. Indeed, social investment as a new welfare policy should combine greater labor market participation and adequate social protection (Pintelon et al., 2013). Kuitto (2016) notes that compensation and social investment policies should be complementary. Traditionally, social welfare has been based on the principles of investment and inclusion (Alcock, 2016), and the outcomes of implementation of such principles, as well as the generosity of social benefits, can be explained using socioeconomic, political, and institutional theories (Brown and Best, 2017). According to these theories, the generosity of welfare state benefits depends on economic conditions and levels of poverty and unemployment (Brown and Best, 2017), while political theories attribute greater generosity of social benefits to increases in the power concentration of left-wing political parties and unions (Brown and Best, 2017). Institutional theory states that legislation defines the policy and structure or design of policies that influence output (Finlayson, 2007). Thus, institutions are arrangements of rules, and members of institutions behave in response to those basic components of institutional structures (Guy Peters, 2000). Importantly, transfers reflect institutional designs, but they are also shaped by a number of other factors (Jacques and Noël, 2018).

As a result of the multidimensional nature of policy inputs and the complex nature of policy outcomes, social investment is beset by problems with measurement. Since the main task of social investment is to enhance capabilities and the future prospects of human life, it remains unclear what constitutes its major achievements (Dheret and Fransen, 2017; Burgoon, 2017). Begg (2017) states that investment implies spending intended to generate a future return. Kazepov and Ranci (2017) argue that social investment is a supply-side strategy

and should be related to labor market demand. If such a relationship is weak, social investment will be ineffective. Vandenbroucke (2017) contends that social investment does not readily translate into any operational concept that is applicable in empirical research. Thus, it is better to look at social investment as a policy that acknowledges a number of empirical difficulties, uncertainties and disagreements.

De Deken (2017) distinguishes three kinds of indicators of social investment output. The first kind focuses on changes in the employment performance of a country and is measured as the labor force participation rate. The second indicator, a set of output variables, measures social investment in terms of the reduction of poverty and inequality. The third includes variables that allow us to measure the effectiveness of social investment policies consisting of benefit caseloads. Social investment and traditional welfare rest on the life course perspective. Esping-Andersen (2002) places the focus on investment in children as the main condition for a good life. Childhood poverty is associated with a lower level of education and skills, and later in the life course translates into the low productivity of workers, and unemployment. Thus, the first precondition for the abolishment of childhood poverty is adequate income, while the second one is good access to pre-school and day care that helps develop proper cognitive abilities (Esping-Andersen, 2002). According to Kvist (2014), the generational perspective of social investment means that the welfare state smoothes out resources over the life course. Individuals who invest in other people also invest in themselves because they distribute resources at different points in time over the life course (Kvist, 2014). Moreover, educational attainment is a cumulative process of skill formation that unfolds over the life course (Di Stasio and Solga, 2017), and social policy has to respond to the different needs and circumstances of different age groups, primarily of children and older people (Alcock, 2016; Klammer, 2004).

Fitzpatrick (2004) stresses the importance of life course policies which reduce poverty strategically by constructing institutional support that helps bridge sensitive periods. Bambra et al. (2010) note that the life course perspective highlights the importance of critical periods and can illuminate the role of public policies or the impact of social policy on the accumulation of disadvantage across the life course (see also Levecque, 2011). Last, Taylor-Gooby (2011) notes the importance of social security coverage over the life course and the benefits of redistribution, from better to worse, by the welfare state.

DATA AND METHOD

In the current study, we focus on the role of social benefits on poverty reduction in order to evaluate the "buffer" function of compensatory welfare over the life course (see Hemerijck, 2017). We drew on the literature on social investment and the idea that compensatory welfare remains an important part (as a social right) of the new policy which emphasizes investment in human capital.

Second, we explored the distribution of social risks over the life course. In this case, we followed the notion of De Deken (2017, as cited in Hemerijck, 2017), who states that "benefit caseload" serves as one possible outcome of social investment.

Third, we used the analysis of spending on welfare as an input variable (De Deken, 2017, as cited in Hemerijck, 2017) for an explanation of the outcome variables of compensatory measures of poverty reduction and the distribution of social risks over the life course. We followed evidence of positive outcomes from interventions in various domains of social investment (education, ALMP, etc.) (see Esping-Andersen, 2002; Bonoli, 2013; Dheret and Fransen, 2017). In addition, we relied on the assumption that the distribution of social risks is related to *ex-post* social investment. This notwithstanding, the relationship between investment and the distribution of social risks is not clear because other factors can create risks.

Microdata from the EU-SILC 2015 were used for the evaluation of the role of social benefits on poverty reduction and the distribution of social risks over the life course (the data were obtained under an agreement between Vilnius University and the Eurostat Office).

The concept of life course was operationalized as spanning the age groups of 0-2 years, 3-6 years, 7-17 years, 18-24 years, 25-35 years, 36-45 years, 46-55 years, 56-65 years, 66-75 years and 76-100 years. The period of childhood was divided into age groups of less than ten years because our assumption was that social benefits during this period of life are unequally distributed and cannot ensure sustainable welfare for children.

Our analysis of social benefits for poverty reduction covered the whole life course, which is in line with the sequential approach. We started with the income package from market income and calculated the at-risk-of-poverty rate; then we added every type of social benefit to the income package, after which the at-risk-of-poverty rates and their reductions were calculated. This allowed us to establish the extent of poverty reduction for each benefit over the life course separately, and all benefits in total, as well as the at-risk-of-poverty rates after social benefits.

The distribution of social risks over the life course was calculated as a part of the social benefits received by the total number of persons in each group

over the life course. Finally, we evaluated spending on welfare in the Baltic States. For that purpose we used Vandenbroucke and Vleminckx's (2011) framework of classification in order to differentiate compensatory ("Old") and social investment ("New") welfare. New risks include child care, education, parental leave, ALMP, elderly care, and healthcare, whereas Old risks include all spending on social protection benefits by type. Data on spending on New and Old social risks were evaluated in terms of GDP shares and based on the Eurostat data for 2005-2014. The data for each Baltic State were compared with EU27-level data in order to thoroughly analyze the trends and levels of spending according to each category.

The role of social benefits in poverty reduction in the Baltic States

The redistribution of resources and poverty reduction lie at the centre of compensatory welfare. Social investment recognizes poverty reduction as its main aim too, only this is achieved with the help of other tools: investment in education and skills over the life course that promote participation in the labor market. Thus, traditional welfare should ensure an adequate minimal income because cognitive inequalities are strongly correlated with poverty and income inequalities (Esping-Andersen, 2002). On the other hand, adequate income allows for the improvement of skills for the return to the labor market during other risky events over the life course and ensures "flows" (Hemerijck, 2017).

Data in Table 1 show that social benefits have the largest impact on poverty reduction at the beginning and end of the life course. However, while child or family benefits have a higher impact on poverty reduction at the first stage of life (0-2 years), later on (starting from age 3 and up to age 18) the impact of such benefits decreases by half. The reason for this is that parental leave benefit, which is relatively generous in the Baltic States, is attached solely to the former life stage (0-2 years).

The generous and relatively long parental leave in the Baltic States can be evaluated both positively and negatively from the social investment perspective. Negatively, because the interruption of the careers of mothers is quite long, and from the point of view of activation policy, it is too generous – more optimal would be a 12-month parental leave (Bonoli, 2013). However, the current design of parental leave is favorable from the children's perspective: the mother can invest all her time into early care and the human capital of her baby when she/he is too young to participate in institutional education. Overall, the generosity of the benefit ensures income adequacy for children. Yet, despite the generous

parental leave, the at-risk-of-poverty rate remains high in Lithuania after social benefits: it affects about one-third of children aged 0-2 years (see Table 1). This may be related to insufficient coverage of social insurance and parents not being entitled to parental leave (see Table 2). If we look at the childhood period of up to 18 years, the poverty rate indicators after social benefits in all the Baltic States are high, especially in Lithuania (see Table 1). The main social policy means that, for that life stage, child benefit is awarded, though means-tested benefits could be available for families and unemployment benefits for parents in cases of social risk. In 2015, the rules for providing child benefit differed in the Baltic States: Lithuania had a means-tested child benefit, while in Estonia and Latvia it was universal. Despite that difference, we did not observe any notable differences in the impact of that benefit on poverty reduction for individuals of up to age 18 in all the Baltic States (see Table 1). The main source of difference in poverty rates after social benefits during childhood in all the Baltic States is due to the at-risk-of-poverty rate of market income (see Table 1). This requires further analysis of the distribution equality of wages and other market incomes. The poverty rate after social benefits during childhood was highest in Lithuania compared with the other two Baltic States.

The life stage of transition to the labor market, family creation, and further studies (18-24 years) is also associated with about one-fifth of the population at risk of poverty after social benefits (see Table 1). A similar rate of poverty after social benefits was observed continuously in all the working-age brackets of the Baltic populations. Starting from 56-65 years, the old-age pension starts playing a major role in poverty reduction (see Table 1). A part of the population in the 56-65 age group is retired. Despite the greater reduction of poverty due to old-age pensions, more than one-fifth of the population remains at risk of poverty. This could be related to unemployment before the retirement age, or the insufficiency of old-age pensions. An extremely high at-risk-of-poverty rate was observed for the oldest population group (76-100 years) because this group mostly relies on old-age pensions and has no other source of income. The at-risk-of-poverty rate in relation to market income had nearly reached 90% for the oldest population in the Baltics (see Table 1).

The indicators of poverty are even worse if we look at individual groups by their status. In 2015, an extremely high at-risk-of-poverty rate was observed among the unemployed in the Baltic States: 54.8% in EE, 54.9% in LV, and 62.3% in LT. The at-risk-of-poverty rate of the disabled was 24.7% in EE, 31% in LV and 29.1% in LT. Finally, the same indicator for retirees was 42% in EE, 32.9% in LV, and 35.6% in LT (source: Eurostat).

These findings suggest that the population in the Baltic States that experiences social risks over the life course does not have an adequate income guarantee,

which is a main prerequisite for social investment. Even in childhood about one-fifth of the population are at risk of poverty. This means that this part of the population is likely to move through the life course with cumulative disadvantages up to retirement, and this will be associated with higher unemployment costs, probably poorer health, and greater demand for long-term care after retirement.

Table 1. *At-risk-of-poverty rate reduction after different types of social benefits in the Baltic States, 2015 (%)*

Age group	State	Poverty after income from market	Old-age	Unemployment	Survivor's	Sickness	Disability	Children/family	Soc. Exclusion	Poverty reduction after benefits	Poverty after benefits
0-2	LT	47.9	-0.1	-0.4	-0.4	-0.1	-1	-16.1	-1.1	-19.2	28.7
	LV	30.4	-2.7	-1	0	-0.3	-0.8	-10.1	0	-14.8	15.6
	EE	31.6	-1.8	-0.6	0	-0.9	-0.5	-12.4	0	-16.1	15.5
3-6	LT	29.5	-0.8	-0.1	-1.1	-0.5	-2.5	-4.1	-0.3	-9.5	20
	LV	28	-1.4	-0.9	-0.2	-1.4	-0.8	-4.5	0	-9.3	18.7
	EE	29.8	-1.3	-1.4	0	-0.2	-0.9	-5.2	0	-9	20.8
7-17	LT	40.6	-2.2	-0.4	-0.8	-0.8	-1	-2.9	-1.1	-9.1	31.5
	LV	33	-3.7	-0.7	-0.4	-1	-0.6	-3.8	-0.1	-10.4	22.6
	EE	27.8	-2.4	-0.8	-0.3	-0.4	-2.1	-4.2	0	-10.3	17.5
18-24	LT	32.1	-3	-0.6	-1.6	-1.2	-1.7	-2.1	-0.2	-10.4	21.6
	LV	30.4	-4.9	-0.9	-0.2	-0.4	-1	-2	-0.1	-9.6	20.8
	EE	26.3	-2.5	-1	-0.4	-0.2	-2.3	-2	-0.6	-9	17.4
25-35	LT	28.4	-2	-0.2	-0.5	-0.8	-2.4	-4.4	-0.7	-10.9	17.5
	LV	19.2	-3.2	-0.3	-0.1	-0.6	-0.9	-2.5	0	-7.7	11.5
	EE	22.4	-1.8	-0.7	0	-0.4	-2	-3.2	0	-8.2	14.2
36-45	LT	28.1	-2.7	-0.2	-0.1	-0.5	-2.2	-1.3	-0.2	-7.4	20.8
	LV	27.1	-5.9	-1.2	-0.2	-0.5	-0.9	-2	-0.3	-10.9	16.2
	EE	24	-2.9	-0.9	-0.2	-0.1	-2.4	-2.4	0	-8.9	15.1
46-55	LT	25.4	-2.4	-0.2	-0.6	-0.9	-3.2	-0.6	-0.2	-8.2	17.2
	LV	28.2	-6.3	-0.7	-0.1	-0.6	-2.2	-0.5	0	-10.5	17.7
	EE	22.9	-2.5	-0.8	-0.1	-0.1	-3.8	-0.5	0	-7.8	15.1
56-65	LT	43.8	-13.2	-1.2	-0.6	-0.3	-5.5	-0.6	-0.4	-21.7	22.2
	LV	41.9	-18.3	-0.6	-0.4	-0.7	-2.1	-0.3	-0.1	-22.6	19.2
	EE	41.7	-13.5	-0.9	0	-0.3	-5.4	-0.5	0	-20.7	21.1
66-75	LT	82.5	-52.6	-0.1	-3.9	-0.4	-2	-0.7	-0.2	-59.9	22.6
	LV	41.9	-18.3	-0.6	-0.4	-0.7	-2.1	-0.3	-0.1	-22.6	19.2
	EE	41.7	-13.5	-0.9	0	-0.3	-5.4	-0.5	0	-20.7	21.1
76-100	LT	88.4	-53.5	0	-5.7	-0.2	-1	-0.3	-0.3	-61.1	27.3
	LV	83.6	-48.1	-0.1	-0.2	-0.3	-0.9	-0.2	-0.9	-50.8	32.8
	EE	87.2	-52	0	-0.1	0	-2.7	-0.1	-0.2	-55.2	32.1

Note: Calculations performed by the author.

Distribution of social risks over the life course

The preventive function of social investment requires a return to low level dependency upon the welfare state. The number of recipients of social benefits in the Baltic States in 2015 provides a cross-sectional view of dependency over the life course in the Baltic States and returns from *ex-post* investment.

Table 2. *Recipients of social benefits over the life course (%), 2015*

Benefits	State	0-2	3-6	7-17	18-24	25-35	36-45	46-55	56-65	66-75	76+
Family and children	LT	89	57	32							
	LV	93	96	95							
	EE	96	98	98							
Sickness	LT				9	23	20	17	15	3	
	LV			0,1	5	15	15	14	13	6	6
	EE				11	20	18	17	15	3	
Unemployment	LT				3	11	6	5	6		
	LV				6	9	8	8	6		
	EE				6	7	7	6	6		
Social exclusion	LT	35	27	34	26	21	18	16	12	5	4
	LV	9	12	14	12	6	9	8	8	10	16
	EE	1	1	1	9	0,8	2	3	1	0,6	0,5
Survivor's	LT			1	7	2	3	2	7	28	51
	LV			0,1	3	0,9	1	1	1	0,2	0,2
	EE			1	4						
Disability	LT			2	6	6	9	12	19	0,5	
	LV				3	3,6	5,8	11	11		
	EE			0,8	5	6	7,6	19	22		
Old age	LT							0,3	34	99	100
	LV							1,8	42	100	100
	EE							1,5	40	99	100

Note: Calculations performed by the author.

The majority of beneficiaries receive social benefits at the beginning of life (0-2 years). The number of recipients of family/child benefits decreased in the age group 3-6 compared to the previous age group (in Lithuania the figure was 24%, in Latvia 32%, and in Estonia 36%) (see Table 2). The smallest increase in the number of family/child beneficiaries was found in Lithuania because in this country child benefits are means tested. The number of recipients of family/child benefit in the age group 7-17 may be associated with the universal nature of this benefit in Latvia and Estonia, while in Lithuania it is means tested. Also, the insufficient income of families in the Baltic States may be the reason why the number of social exclusion beneficiaries increased almost threefold in the Baltic States in the age group 7-17 and decreased in the age group 18-24 in Lithuania and Latvia, but increased in Estonia (see Table 2).

At the beginning of the working career, the number of recipients of unemployment benefits in the age group 25-35 increased by 4.7 times in Lithuania, 3.4 times in Latvia, and 2.4 times in Estonia compared with the previous age group. The greater proportion of unemployed among younger employees in Lithuania compared with the other two Baltic States could be due to social investment *ex post* and the incompatibility of supply and demand between the system of education and the labor market, etc.

The number of sickness benefit recipients in the same age group increased 3.5 times in Lithuania, 6 times in Latvia, and 3.7 times in Estonia (see Table 2). The number of sickness benefit recipients in this 25-35 age group may be associated with the nursing of sick children.

The 36-45 age group saw a slight increase in the number of survivor's benefit recipients (see Table 2), and the number of disability benefit recipients in this age group increased by 3% in Lithuania and by about 1% in Latvia and Estonia.

A sharp increase in the number of disability benefit recipients is seen in the age group 46-55 in all the Baltic States: the number of disability benefit recipients increased by 55% in Lithuania, 99% in Latvia, and 2.2 times in Estonia compared with the former age group (see Table 2). From the social investment perspective, this may be due to *ex-post* insufficient investment in health care. It is important to note that creating a healthy labor force is the main objective of current economics and ageing societies, permitting less dependency on the welfare state.

In the age group 56-65, continued growth in the number of disability benefit recipients was observed in Lithuania and Estonia (a 28% increase in Lithuania and a 16% increase in Estonia, see Table 2). This age group 56-65 includes some recipients of old-age pensions because the retirement age in the Baltic States is currently less than 65 years. The legal retirement age is gradually increasing in all the Baltic States, and will reach 65 years in 2025-2026.

Mention must be made of the fact that, in Estonia, the number of recipients of unemployment benefits in the age group 56-65 slightly increased compared to in the former age group (see Table 2). The age group 66-75 predominantly consists of regular old-age-pension beneficiaries.

Expenditure of the Baltic welfare states

From the social investment perspective, expenditure on health should ensure a healthy labor force. Expenditure on health in the Baltic States was almost half of that of the EU (see Table 3). In 2005-2014, Estonia spent the most on health care among all the Baltic States, and Latvia the least. The highest number of recipients of disability benefits could be found in the age group 56-65 in Estonia and Lithuania and in the age group 46-55 in Latvia. A sharp increase in disability in middle working age may be associated with insufficient investment into health care in the past. Importantly, an institutional analysis of health care could reveal the preventive health care interventions in the Baltic States that are needed to avoid greater disability later in working life.

Expenditure on parental leave in all the Baltic States was higher than the EU27 average (see Table 3). Spending on parental leave was lowest in Lithuania and highest in Estonia. However, during the last nine years, the other two kinds of spending on child care ("New 3") and education ("New 5") were lower in all the Baltic States than in the EU27. This could be interpreted negatively from the social investment perspective, but only in the cases of Lithuania and Latvia, since in 2015 Estonian students fared better in their studies than the OECD average (source: PISA data).

Expenditure on ALMP was lower in all the Baltic States compared with the EU27 average, too (see Table 3). The number of unemployment beneficiaries in 2015 was quite high in all the Baltic States (see Table 2), albeit this was a period of intensive economic growth. Low social insurance protection against unemployment and weak investment in activation are two possible reasons for the massive emigration from Lithuania and Latvia.

The amount of spending on retirement protection, both "Old 2" and "New 2," very clearly illustrates why the risk of poverty for retirees in the Baltic States is so high (see Table 3). Spending on old-age pensions is almost half that of the EU27 average, while spending on elderly care differs only insignificantly. It must be noted that Lithuania has a special allowance for elderly care, thus expenditure is not so much less than the EU average.

Table 3. *Expenditure on "Old" and "New" social risks as % of GDP and comparisons with EU27 (- lower, + higher)*

Lithuania	**2005**	**2007**	**2009**	**2011**	**2013**	**2014**
"Old 1" Healthcare	-3.3	-2.7	-2.6	-3.4	-3.9	-4
"Old 2" Retirement pensions	-5.4	-4.6	-3.4	-5.2	-5.8	-6
"Old 3" Other social transfers	-3.3	-2.8	-0.8	-1.6	-2.5	-2.9
"New 1" Parental leave	0.1	0.3	1.3	0.8	0.3	0.3
"New 2" Elderly care	-0.2	-0.2	0.2	0	-0.2	-0.2
"New 3" Child care	-0.08	-0.15	-0.12	-0.16	-0.21	-0.3
"New 4" ALMP	-0.37	-0.23	-0.31	-0.28	-0.24	-0.26
"New 5" Primary and secondary education	-0.05	-0.26	0.14	-0.43	-0.65	-0.87
Latvia	**2005**	**2007**	**2009**	**2011**	**2013**	**2014**
"Old 1" Healthcare	-3.9	-3.7	-4	-4.5	-4.6	-4.6
"Old 2" Retirement pensions	-5.7	-6.3	-4.5	-4.1	-5	-5.3
"Old 3" Other social transfers	-3.5	-3.6	-2.3	-3.2	-3.4	-3.2
"New 1" Parental leave	0.3	0.3	0.7	0.1	0.2	0.4
"New 2" Elderly care	-0.3	-0.4	-0.3	-0.4	-0.4	-0.4
"New 3" Child care	-0.03	0.02	0.11	-0.05	0.01	0.16
"New 4" ALMP	-0.37	-0.35	-0.24	-0.13	-0.24	-0.29
"New 5" Primary and secondary education	0.28	0.07	0.23	-0.31	-0.23	-0.09
Estonia	**2005**	**2007**	**2009**	**2011**	**2013**	**2014**
"Old 1" Healthcare	-3.3	-3	-2.7	-3.6	-3.9	-3.7
"Old 2" Retirement pensions	-5.9	-5.8	-4.4	-5.5	-6.1	-6.1
"Old 3" Other social transfers	-3.3	-3.3	-1.7	-2.3	-2.5	-2.6
"New 1" Parental leave	0.5	0.5	1.2	1	0.8	0.8
"New 2" Elderly care	-0.3	-0.4	-0.4	-0.4	-0.4	-0.4
"New 3" Child care	-0.38	-0.42	-0.45	-0.53	-0.56	0.12
"New 4" ALMP	-0.47	-0.43	-0.38	-0.32	-0.3	-0.34
"New 5" Primary and secondary education	0.24	-0.04	0.57	0	-0.23	-0.38

Note: Calculations performed by the author.

CONCLUSIONS AND DISCUSSION

The social investment perspective focuses on the prevention of social risks through investment in people's skills and abilities. Investment should ensure participation in the labor market and society. On the other hand, social investment calls for adequate and sustainable social protection and the integration of benefits and services.

Low spending on social welfare in the Baltic States cannot adequately guarantee income or financial security for the population at risk, i.e., for those

in-between jobs (Hemerijck, 2017), and fails to promote a "flow" to more prosperous economic sectors or better life chances for children living in poverty, or lessen dependency on welfare state benefits.

The greatest reduction of poverty using social benefits was observed during inactive periods of the life course: childhood, and retirement. Having received social benefits as a main means of poverty reduction (Esping-Andersen, 2002), about one-fifth of children continue to live in poverty until their adult years in the Baltic States. The inadequacy of income maintenance in the Baltic States is accompanied with lower-than-EU-average expenditure on education and health. This may be associated with an increase in the unemployment rate of individuals of younger working age. The fluctuation in poverty rates after social benefits for up to one-fifth of the population in the Baltic States may be due to less *ex-post* social investment in education, or inadequate investment in ALMP, while the significant increase in disability at a later stage of working age may be due to insufficient *ex-post* investment in health.

The findings about the impact of old-age pensions on poverty reduction among retirees in the Baltic States oppose the explanation of retirement suggested by Myles (2002, as cited in Esping- Andersen, 2002). Myles (2002) defined retirement as an extended period of labor-force exit driven by wealth which makes work unnecessary. Old-age pensions in the three Baltic States fail to sufficiently ensure a smooth transition from the labor market and intergenerational equity, since more than one-third of retirees live in poverty. The lower funding for long-term care and health than the EU average suggests that life after retirement in these three countries is plagued by high dependency on welfare state services.

The current trend of spending on social welfare may be associated with the *ex-ante* level of social risks over life course, not with less dependency on welfare state benefits.

The link between social investment and the increase in number of recipients of social benefits is but one of many pertinent questions to address. The current study does not evaluate how the observed trends are influenced by the socioeconomic context, the demands of the labor market, public finance capacities, individual factors, features of education, health care, the active labor market, and elderly care or personal choices. Further research into trends in social investment could include these factors to explore their link with the distribution of recipients of social benefits over the life course.

We arbitrarily attributed parental leave benefits to compensatory welfare at the beginning of life (0-2 years), drawing on the assumption that these benefits serve as investments into the physical development of children and human capital. If parental leave benefits were attributed to parents, the scope of compensatory welfare would be different.

Future studies might explore the institutional design of each sector in order to observe its impact on different outcomes of social investment in education, health, ALMP, etc.

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CLASS CONFLICT, FISCAL POLICY, AND WAGE-LED DEMAND: A MODEL OF KALECKI'S POLITICAL BUSINESS CYCLE

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ABSTRACT *This paper provides a demand-driven growth model of Kalecki's (1943) political business cycle. It incorporates the three fundamental assumptions that govern Kalecki's model: wage-led demand, the "reserve army of labor" effect, and capitalists' disproportionate power over fiscal policy. In our model, endogenous cycles are the outcome of capitalists' changing preferences over fiscal policy. Decreasing opposition to fiscal expansion by capitalists triggers the boom phase of the cycle, lest demand deficiency lead to a slowdown in accumulation. The downturn of the cycle is induced by capitalists' rising opposition to government spending, lest workers' growing political power at the peak of the cycle undermine their influence. This approach is unlike that taken by Goodwin and neoclassical PBC models, where a profit squeeze and the timing of elections or political ideologies determine cycles.*

KEYWORDS: *political business cycle, class struggle, income distribution*

INTRODUCTION

The role of politics has been largely overlooked in the field of macroeconomic theory during the last decades. Even within the political economy tradition, where class conflict between capitalists and workers is central, little has been said about the capitalist-government nexus and its impact on macroeconomic performance and endogenous crises. This becomes even more evident in the

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macroeconomic modelling literature where political factors are absent. Even the heterodox political economy modelling literature implicitly supports the state-economy dualism perspective, which considers the political system as exogenous to the economy (Bandelj and Sowers 2010). This article contributes to the literature by providing the first formal macroeconomic model of Kalecki's (1943) political business cycle (PBC) to explicitly build on the state-economy embeddedness assumption.

In contrast to neoclassical scholars, political economists do recognize the endogenous nature of crises and business cycles. So far, formal macroeconomic models of endogenous crises have focused solely on economic factors, without introducing explicitly political economy factors. Examples of such models are the Marxian profit squeeze cycle of Goodwin (1967) and the debt crises models that originate in the work of Minsky (Nikolaidi 2017). Kalecki (1943) is the only exception within the literature to argue that macroeconomic instability can also arise endogenously due to political factors, under the following assumptions: capitalists' disproportionate power over fiscal policy, wage-led demand, and the Marxian "reserve army of labor" effect. Capitalists' decreasing opposition to fiscal expansion triggers the boom phase of the cycle, lest demand deficiency lead to a slowdown in accumulation. The downturn of the cycle is induced by capitalists' rising opposition to government spending, lest workers' growing political power at the peak of the cycle undermine their influence. Nevertheless, Kalecki did not provide a formal model of his class-conflict-driven PBC, thus the recent PBC models are built on the interpretations of Nordhaus (1975) and Hibbs (1977). These neoclassical micro-founded models reject Kalecki's core hypotheses, contending that PBCs are driven by exogenous factors, such as election cycles and political parties' partisan preferences (Dubois 2016). This constitutes a major departure from Kalecki (1943). From a political economy perspective these models introduce the role of politics but are clearly based on the state-economy dualism rather than on the state-economy embeddedness perspective. Recently, Blyth and Matthijs (2017) have highlighted the importance of Kalecki's (1943) PBC and recognize its endogenous nature, but they provide neither a precise analysis of its channels nor a formal model. This paper fills this gap in the literature.

Our paper provides a precise description and a simple formal macroeconomic model of our interpretation of Kalecki's original PBC, incorporating capitalists' socio-economic uncertainty and their power over fiscal policy into a wage-led aggregate demand model. Thus, only political factors can endogenously destabilize the system. The cycles occur as capitalists manipulate fiscal policy to preserve the current favorable institutional setting, balancing between economic and political uncertainty. Our contribution is non-trivial since it

offers a political-economy, non-profit-squeeze explanation of the 1970's crisis and the corresponding welfare state retrenchment, and the rise of neoliberalism. Moreover, such a general model is fundamental to understanding the dynamics of contemporary capitalism as it relates to the rise of Super Political Action Committees in the USA, growing recognition of the ability of firms to sue governments, and the increasing importance of money in politics.

The rest of the article is structured as follows. The second section examines the evolution of the PBC literature. The third section interprets Kalecki's (1943) PBC as an endogenous crisis theory in the context of a static demand-driven macroeconomic model. The fourth section discusses the empirical relevance of our model and its implications for the growth model perspective in a comparative political economy. Finally, the fifth section concludes.

POLITICAL BUSINESS CYCLES: FROM KALECKI TO RATIONAL EXPECTATIONS

More than seventy years ago, Kalecki's (1943) seminal article *Political aspects of full employment* became the cornerstone of PBC research.[2] Based on the wage-led demand regime and the "reserve army of labor" hypothesis, Kalecki attempted to descriptively outline a behavioral endogenous business cycle mechanism in which growth is driven by capitalists' ever-changing preferences for government intervention, which in turn influence the political balance of power, and vice versa. A few decades later, Nordhaus (1975) endeavored – for the first time – to formally model a PBC, focusing more on the microeconomic level. More specifically, according to this neoclassical model cycles are generated by individual voters' adaptive preferences about unemployment and inflation, and their relationship with election cycles, given a policy-neutral government. Subsequently, Hibbs (1977) relaxes Nordhaus' restrictive assumption based on the policy neutrality of government by introducing the impact of political parties' ideological preferences on unemployment and inflation. The aim of this section is, first, to clarify the "mechanics" of Kalecki's PBC, and then to highlight its major discrepancies compared to the relevant neoclassical models.

2 Peculiarly enough, the relevant article in The New Palgrave Dictionary of Economics (2008) does not even mention Kalecki, in spite of Nordhaus' (1975) explicit acknowledgement of his contribution.

Political aspects of full employment

The original version of Kalecki's article appeared in *The Political Quarterly* in 1943, while a slightly revised version was included in his *Selected Essays on the Dynamics of the Capitalist Economy* (Kalecki 1971). Compared to his more mature writings (e.g. Kalecki 1954), this work depicts a different viewpoint of Kalecki's macroeconomics analysis following a less formal economistic but more interdisciplinary approach, heavily relying upon class-based, political microfoundations. In particular, his PBC mechanism does offer crucial theoretical insights into the dependency relationship between capitalists and the government, and into the political-uncertainty-macroeconomy-class conflict nexus, building on the general principles of his wage-led demand assumption.

Kalecki begins his analysis by stating that achieving full employment via government spending is technically feasible and also enhances macroeconomic stability, given a wage-led demand regime (Kalecki 1943, p. 324). From a purely economistic perspective, such a scenario benefits both social classes. However, in a real-world, complex socio-economic system, decisions and preferences are not formed solely on the basis of (macro)economic performance. According to Kalecki (*ibid*.), capitalists' stance concerning government intervention depends on several ideological and political aspects, such as: (i) Their idealistic opposition to the direct interference of the government in the labor market; (ii) Their dislike of government spending programs that include public investment and mass consumption subsidies; and (iii) Their fear that permanent full employment will trigger major social and political changes, leaving aside the positive growth effects. To analyze the dynamics of his political business cycle model, Kalecki describes the underlying behavioral norms and their macroeconomic and political implications but without providing a formal model.

Starting from the downward phase of the cycle, employment, wages, and the rate of growth of the economy steadily decrease. At this point, even the most dogmatic capitalists agree that government must intervene to overcome this plateau (Kalecki 1943, p. 328). Their initial demand is that government – supported by their "economic experts" – should stimulate private investment through supply-side policies, which in Kalecki's demand-driven framework fails to sustainably boost growth.[3] Given the failure of the supply-side stimulus, the recession deepens and reaches a stagnation stage, in which even profit realization issues arise. Under these conditions, capitalists realize that a demand boost is needed; therefore, they consent to a rise in public investment to fight

3 Kalecki reasonably argues that, even from a purely supply-side perspective, such a policy program cannot be effective since interest rates or income taxes – by definition – cannot be ever decreasing.

unemployment (Kalecki 1943, p. 329). Kalecki also contends that capitalists, in principle, prefer public investment rather than consumption subsidies, since the latter violate the fundamentalist free-market ideal according to which workers "*...shall earn [their] bread in sweat"*[4] (Kalecki 1943, p. 326). In this regard, two observations can be made: First, government can exercise both supply and demand-side policies, but its ability to choose and implement them depends on *capitalists' preferences*; Second, for pragmatic reasons capitalists' ideological opposition to demand-side intervention falls in periods of secular stagnation.

Following Kalecki's rationale, let us suppose that public investment has a positive impact on employment and real wages due to the diminishing reserve army effect (*ibid*.). Given the wage-led demand hypothesis, the rise in real wages boosts growth and engenders a wage-led sustainable recovery. In a profit-led demand framework, a crisis would occur in the form of a profit squeeze, since a rising wage share depletes firms' internal sources of finance. However, in Kalecki's wage-led demand framework, a profit squeeze crisis cannot occur. Thus the question: what are the endogenous forces that generate cycles in a wage-led regime? Assuming a successful public-driven, wage-led recovery scenario, the economy reaches close to full employment. After a reasonable period of persistently low unemployment conditions, Kalecki (1943, p. 329) maintains that business leaders demand a contraction in government spending, i.e., a return to a *laissez-faire* regime.[5] This policy demand is driven by potential socio-political changes that are linked to lasting low unemployment. The negative demand shock of this public investment contraction directly harms employment, and thereafter, real wages and growth; leading to a recession.

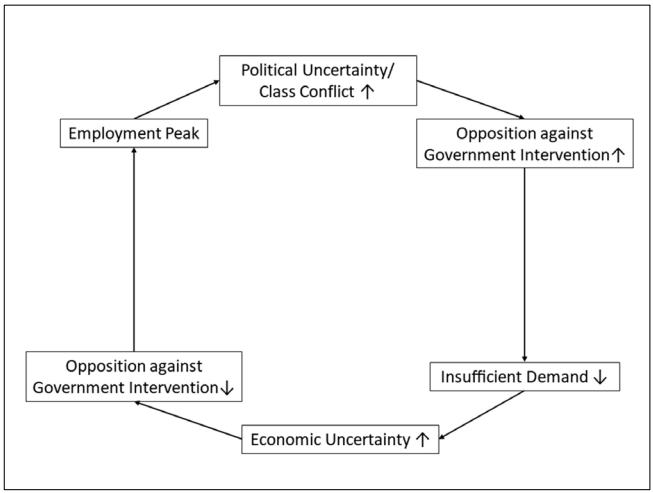
It follows that capitalists' preferences regarding the extent of government intervention can generate cycles in a wage-led demand regime. For example, at the peak of the cycle, the reserve army of labor becomes depleted; job insecurity decreases, and workers' bargaining power peaks. Labor's short-term goal of economic "survival" has been achieved and, collectively, labor hopes to influence government policy. But a downward cycle is induced as the capitalist class undermines labor's solidarity by lobbying for a return to a *laissez-faire* regime. This "*laissez-faire* shock" brings macroeconomic instability and workers shift their focus to short-term economic goals; i.e., the struggle to retain their jobs. In a sense, capitalists' rising socio-political uncertainty leads them to sacrifice

4 In practice, the post-WWII deployment of the welfare state shows that Kalecki's assertion about that particular issue is not entirely correct, inasmuch as even consumption subsidies may be acceptable.

5 Sawyer (1985, p. 140) contends that such a reasonable period is "…much more than the two or three years of the boom part of the business cycle," whilst Streeck (2011) argues that the point at which capitalists react adversely cannot be accurately predicted as it is subject to historical circumstances. A historical example of such a "reasonable period" could be the post-WWII "Golden Age" era.

sales in the short-term (i.e. profitability) to secure the current balance of power in the long-term. By "current balance of power" we mean that capitalists are the only social class that is cohesive enough to effectively advance its policy agenda. As the economy sinks back into recession in the absence of government intervention, the fiscal policy agenda debate arises again, and the cycle repeats itself (see Figure 1).

Figure 1. *Kalecki's Political Business Cycle*



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Neoclassical PBC models

For several decades, Kalecki's contribution and the issue of PBCs in general was overlooked both by neoclassical and heterodox economists. Nordhaus (1975, p. 182) revisited the issue of politically-driven cycles by rejecting Kalecki's assumption of capitalists' disproportional control over government. The economy in this early formal model is constituted of identical voters and opportunistic policymakers/political parties. The objective of voters is to minimize a Phillips-curve-based, unemployment-inflation-trade-off loss function, whilst political parties want to maximize the probability of re-election and are indifferent in terms of economic policy. Policy is conducted based on an expectations-augmented Phillips curve, which indicates that an unanticipated

increase in money supply may boost employment in the short term. Given that framework, Nordhaus argues that, as elections approach, policy makers attempt to decrease unemployment through monetary policy shocks to enhance their chances of re-election. As the election period passes, the government's opportunistic incentive to actively fight unemployment vanishes, and as a result, a slump follows. Later on, Hibbs (1977) modified Nordhaus' model by incorporating more sophisticated political parties, which do have preferences about target unemployment and inflation rates due to their political ideologies. Now, identical voters' loss function is also affected by the policy agenda of each party as well. Accordingly, Hibbs' model exhibits cycles due to the partisan policy preferences of the ruling party. When a left-wing party is in power, its ideology indicates a more expansionary monetary policy approach, while a right-wing government's ideology centers on keeping inflation low.

Both opportunistic (Nordhaus 1975) and partisan (Hibbs 1977) PBC models have been criticized for including "naïve" non-rational voters and for their exclusive focus on monetary policy (Drazen 2001). The rise of rational expectations and information asymmetry approaches within the neoclassical tradition affected the evolution of PBC models too. Alesina (1987) alters Hibbs' partisan model by incorporating rationally adjusted inflation expectations, which implies that the impact of pre-election monetary shocks will be even more short-lived. Moreover, Rogoff and Sibert's (1988) and Rogoff's (1990) influential opportunistic PBC models embody voters with rational expectations, but also incomplete information about fiscal policy's consequences. During the pre-election period, policymakers take advantage of voters' ignorance about the long-run deficit implications of expansionary monetary policy, which eventually leads to cycles in economic activity.

As shown in the previous sub-section, for Kalecki (1943) the PBC is driven endogenously by the feedback among fiscal policy, demand, and capitalists' struggle to preserve their control over government. Evidently, the neoclassical PBC models neglect the role of social class conflict, effective demand, and socio-economic uncertainty by concentrating exclusively on exogenous drivers, such as the timing of elections and voters who minimize purely economistic, non-behavioral loss functions. Still, no formal PBC model exists outside the neoclassical tradition – neither in a growth, nor in a system dynamics modelling context – especially along the lines of Kalecki's assumptions of wage-led demand and the disproportional influence of the ruling class over public policy.

KALECKI'S PBC AS AN ENDOGENOUS CRISIS THEORY

In the past, political economists and social scientists have discussed several aspects of Kalecki's PBC, but none provide a detailed explanation of its endogenous mechanics (see previous section) or a formal model. Feiwel (1974) and Sawyer (1985) narratively discussed the main aspects and implications of Kalecki's arguments, whereas Arestis and Skuse (2003) debated the relevance of his contribution with respect to the current policy agenda and the development of the financial sector. Oddly enough, the discussions of Feiwel (1974), Sawyer (1985), and Arestis and Skuse (2003) involved the exogenous impact of election cycles, among other things, in accordance with Nordhaus (1975). This is unlike Kalecki (1943), who does not mention elections at all. More recently, Streeck (2011), and Blyth and Matthijs (2017) recognize the endogenous nature of Kalecki's PBC, stressing the importance of the bidirectional feedback between politics and the macroeconomy, but these scholars have little to say about the precise endogenous mechanisms at work.[6]

The aim of this section is to provide a simple, intuitive formal model of Kalecki's PBC, building on the neo-Kaleckian wage-led demand framework (Lavoie and Stockhammer 2013). First, we introduce a behavioral government spending function into a static aggregate demand-driven model in order to discuss the macroeconomic implications of politically driven fiscal policy expansions and contractions.[7] Extending such a simple closed-economy model through the inclusion of a Kaleckian behavioral government spending function, we derive the following aggregate demand function:

$$Y = C(Y,WS,Gcs)+I(Y,WS)+G(\rho) \qquad (1)$$

where is output, is consumption, is private investment, is government expenditure, is the wage share, is government expenditure in the form of consumption subsidies, while is the capitalists' degree of opposition to more expansionary fiscal policy. Following the Kaleckian growth literature (Lavoie and Stockhammer 2013), we assume that demand is wage-led. Accordingly, an increase in real wages boosts consumption *(∂C/∂WS>0)* due to workers'

6 Boddy and Crotty (1975) also discuss Kalecki's PBC, recognizing that it is endogenous, and study empirically such short-run cycles in the US economy, but their analysis relies upon the Marxian profit-led framework which contradicts Kalecki's wage-led assumption, as shown earlier.

7 The Kaleckian growth literature largely overlooks fiscal policy, with the exception of Obst et al. (2017) who incorporate the impact of fiscal policy into an open-economy, Bhaduri-Marglin (1990) model, focusing on estimating the cross-country effects of changes in government spending and income distribution, in a panel data context.

higher marginal propensity to consume and simultaneously harms investment through lower profitability *(∂ρ/∂E>0)*. The wage-led hypothesis implies that consumption is more sensitive to functional income distribution shocks than investment *(|∂C/∂WS|>|∂I/∂WS|)*, therefore higher wage shares stimulate economic growth. Apparently, demand level *(Y)* has a positive multiplier effect on both components of private domestic demand, i.e. *∂C,∂I/∂Y>0*.

As argued in Section 2, the driving force of fluctuations in our model is capitalists' ever-changing opposition to government intervention *(ρ)*. Class conflict among industrial capitalists, rentiers, and workers has been at the core of the political economy approach; however, the capitalists-government nexus remains relatively unexplored. Our main contribution is the introduction of a behavioral government spending function in which the parameter negatively affects public spending *(∂G/∂ρ<0)*, as Kalecki (1943) contends. Furthermore, we purposely incorporate only one parameter, depicting Kalecki's view on capitalists' disproportional power over public policy decisions. We do not include any parameter for workers' influence, assuming that at this stage it is negligible. Later on, we argue that this complexity comes into the picture at the peak of the PBC and is the trigger for the change in the stance of capitalists against government intervention.

At this stage, a reasonable question is how the capitalist class derives its power over each government. Kalecki himself stresses that capitalists influence fiscal policy decisions by advocating their interests through their "economic experts." Such a strategy has been identified as an important lobbying tactic, among others, in the corporate politics literature (Hillman and Hitt 1999). McMenamin (2012) suggests that firms may act pragmatically in terms of their politics, rather than in a partisan way, attempting to influence public policy through lobbying, but also through cash donations to the entire political spectrum. The empirical part of this study reports empirical evidence that shows how Australian and Canadian firms tend to act pragmatically, funding ideologically diverse parties. A similar argument has also been presented by Tripathi et al. (2002). These scholars claim that more powerful social groups, like large corporations, prefer to directly promote their agendas by funding different political parties, rather than relying on election cycles. Goerres and Höpner (2014) also confirm empirically the argument that firms are politically pragmatic, providing econometric evidence that shows how automobile firms in Germany chose to distribute their donations to the entire political spectrum between 1984 and 2005. In a more recent paper, Tahoun and Vasvari (2016) report similar empirical findings concerning the political contributions of private financial institutions in the USA. It follows that Kalecki's early argument about capitalists' disproportionate power over public policy finds empirical support, contradicting the fundamental assumptions

of Nordhaus (1975), Hibbs (1977), and the contemporary neoclassical PBC modelling literature, which neglect agents' heterogeneity, power, and politics.

Henceforth, for the purpose of this model, we define a capitalist-dependent government à la Kalecki, as the institution that, in principle, ought to actively pursue macroeconomic stability through fiscal policy,[8] but which is confined by ruling class policy preferences. In contrast to Hibbs, in this model ideological differences among political parties are of minor importance.[9] As a further step, we assume that the composition of total government spending is of the following form:

$$G= Gi+Gcs+c \qquad (2)$$

where G_i is public investment, and is the remaining constant part, which represents the minimum expenditure required for government's basic functions (e.g. ministry staff). Though Kalecki (1943, p. 326) mentions consumption subsidies as a non-acceptable measure of expansionary fiscal policy based on the Golden Age experience (Glyn et al. 1990), we consider that government may use both types of demand-oriented fiscal policy tools. Imposing the classic hypothesis that workers do not save, a rise in consumption subsidies (G_{CS}) leads to an equal increase in total consumption (C); i.e., $\partial C/\partial G_{CS}>0$. To close our model, we must specify the distribution of factor income shares (WS), capitalists' opposition to government intervention (ρ), and the employment rate (E):

$$WS=WS(E) \qquad (3)$$

$$\rho=\rho(E) \qquad (4)$$

$$E=E(Y) \qquad (5)$$

The wage share is a function of the reserve army of labor, depending positively on the employment rate $(\partial WS/\partial E>0)$, as the risk of labor substitution decreases when the employment rate rises. Given the analysis of Kalecki's PBC in Section 2, parameter ρ also depends positively on the employment rate $(\partial\rho/\partial E>0)$ since a persistently high employment rate indicates fiercer socio-political class conflict, i.e., increased political uncertainty for the ruling class.

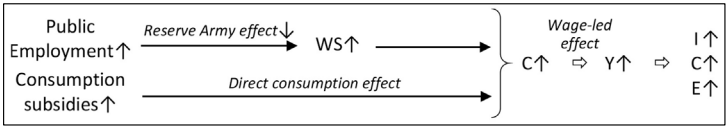
8 For example, the European Union (EC 2000) has explicitly defined full employment as one of its primary macroeconomic goals.

9 Indeed, the recent economic policy debate regarding the Eurozone crisis has shown emphatically how politically restricted governments are, regardless of their ideologies.

Last, the employment rate is assumed to be endogenously determined by the level of output *(∂E/∂Y>0)*.

Along the lines of our interpretation of Kalecki's PBC, we begin our scrutiny from the secular stagnation stage where demand is in "freefall" and government still does not intervene.[10] As demand decreases, the employment rate falls as well, leading to further reductions in real wages due to the reserve army effect. Under a wage-led regime, the fall in the labor share hampers growth through relatively stronger negative consumption effects. In this respect, with the economy in decline – due to our assumption of endogenously-determined employment – the ruling class' opposition to government intervention *(ρ)* gradually diminishes. From a microeconomic perspective, in a wage-led regime constantly shrinking demand deteriorates capitalists' economic prospects and they temporarily abandon their idealistic anti-interventionist logic to achieve their short-term economic goals, i.e., sales. While ρ falls, the government is encouraged/lobbied to exercise more drastic fiscal policy. Accepting Kalecki's (1943, pp. 328-329) argument on the ineffectiveness of purely supply-side policies, we focus exclusively on the effects of demand-side policy tools, i.e. public investment and consumption subsidies. An increase in the former has a direct positive effect on employment,[11] which means that the size of the reserve army decreases, and labor's bargaining power rises. In turn, this process positively affects real wages and boosts consumption expenditure and growth. As argued above, under the assumption that workers do not save, the case for consumption subsidies is straightforward, since they have a direct positive impact on total consumption. This dual positive demand shock also has second-round effects through multiplier effects on consumption and investment that trigger wage-led recovery. Needless to say, the process of macroeconomic stabilization cannot be achieved at once, so government actively sustains aggregate demand, as long as capitalists' resistance remains low.

Figure 2. *Fiscal policy-driven wage-led recovery*



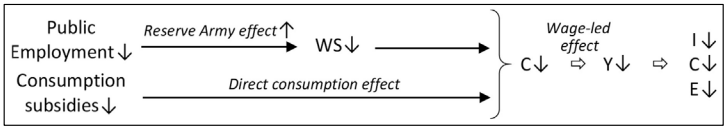
source: authors' compilation

10 This means ; i.e., that government spends nothing more than the minimum required.

11 We presume that these public investment projects hire unemployed workers, rather than compete with private firms to hire their current employees.

As the economy reaches and remains at (near) full capacity, a behavioral change occurs at the microeconomic level: both social classes shift their focus to their long-term political goals. Capitalist opposition to government intervention begins to rise once again inasmuch as workers start gaining class consciousness and attempt to establish their own channel of influence over government. The workers' goal at this stage is to pursue favorable structural reform. In the technical terms of our model, this can be translated into a potential restructuring of the government spending equation, which would include a second behavioral parameter for the working class' power over public policy. As highlighted earlier, since such a political procedure is time-consuming, capitalists re-focus on their long-term political goals in order to avoid this transformation, capitalizing on their preexisting relationship with government. Ergo, steadily rises, as the ruling class becomes "boom tired," inducing simultaneous cutbacks in public investment and consumption subsidies. *Ceteris paribus*, this dual government spending contraction has two direct implications: First, a decrease in employment; Second, the direct shrinkage of total consumption expenditure. The rise in unemployment deteriorates the bargaining position of workers, thus real wages fall. Given our wage-led demand assumption, this shift in functional income distribution towards profits leads to a slowdown in accumulation. Thereafter, investment and consumption expenditure decline further due to the multiplier effects, triggering economic downturn.

Figure 3. *Government-spending-contraction-induced recession*



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This change in capitalists' stance against government intervention is interpreted as their political endeavor to maintain the current institutional setting, i.e., the current balance of power. This has been identified as one of the main objectives of firms' politics (e.g. Hall 1986; Fligstein 2001; Hall and Thelen 2009; Jullien and Smith 2011). The main contribution of this paper is that it assigns the role of the driver of an endogenous PBC to this particular behavioral assumption. Empirically, the idea of a government spending-driven cycle is not irrelevant; for instance, it is consistent with the experience in the USA over the period 1970-2001. According to Sherman (2015, pp. 116-118), public spending induced the business cycle upswings during that era, with

government expenditure peaking before output. This is similar to the Kaleckian political business cycle described above.

COMPARATIVE POLITICAL ECONOMY, ENDOGENOUS CRISES, AND POWER FROM A GROWTH MODEL PERSPECTIVE

Introducing the government sector, following Kalecki (1943), into the neo-Kaleckian demand-driven model has important implications for the growth model perspective in comparative political economy. Baccaro and Pontusson (2016) challenge the relevance of the dominant paradigm in comparative political economy, i.e., the "Varieties of Capitalism" approach (Hall and Soskice 2001), pinpointing that it overlooks the role of income distribution. Instead, they reasonably claim that cross-country discrepancies can be better understood from a growth model perspective; i.e., through the analysis of the relative effects of changes in income distribution on the components of aggregate demand, building on the growth model of Bhaduri and Marglin (1990). However, an important shortcoming is that they do not consider explicitly the role of politics and government spending – as the authors themselves note.[12] Accordingly, Baccaro and Pontusson (2016) do not discuss how income distribution affects class struggle, fiscal policy, and political instability within the growth model approach. We have addressed this issue by explicitly introducing the interaction between class conflict and government intervention into the growth model framework. Our perspective offers important insights about endogenous crises, power, and political instability.

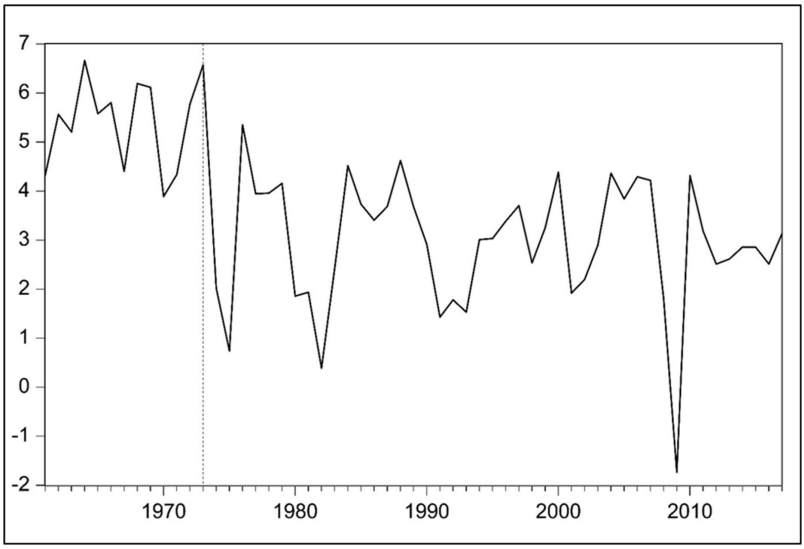
In profit-led demand regimes, where investment is more sensitive than consumption to changes in income distribution, rising social and economic inequality leads to economic efficiency, but through a socially unsustainable growth model. Hence, the prerequisite for economic growth in profit-led economies creates the conditions for a social crisis. Contrariwise, in wage-led demand regimes decreasing social and economic inequality gives rise to an economically stable growth model. However, as outlined in the previous sections, prolonged economic stability and economic equality increase capitalists' political uncertainty, thus from their point of view it is politically unsustainable. This perspective highlights that a social democratic, pro-labor agenda may face opposition in both regimes but for different reasons. In profit-led economies,

12 In a more recent paper, Baccaro and Pontusson (2018) discuss politics but with a focus on partisan politics (Hibbs 1977) rather than following Kalecki's class conflict-based politics.

squeezing wages engenders both economic efficiency and more power for the capitalist class. In wage-led economies, there is a trade-off between economic efficiency and power, depending on the phase of the cycle.

Baccaro and Pontusson (2016) in their empirical discussion argue that the transition from Fordism to neoliberalism was a transformation of demand regimes from wage-led to profit-led (private-investment-driven). However, this argument does not find empirical support. The majority of econometric studies on demand regimes show that demand was wage-led in most economies during the Fordist regime as well as in neoliberalism (e.g. Stockhammer and Stehrer 2011; Onaran and Galanis 2014; Stockhammer et al. 2018). Karabarbounis and Neiman (2014, p. 70) report evidence that the wage share has declined since the mid-1970s; i.e., since the rise of neoliberalism on a global scale.[13] If the neoliberal regime has been profit-led, then the decreasing wage share would have resulted in higher growth. Yet, the global growth rate appears to have followed a declining trend since 1973, as reported in Figure 4.

Figure 4. *Global growth rate (%), 1960-2017*



source: World Bank (https://data.worldbank.org/indicator/ny.gdp.mktp.kd.zg)

13 The authors report that this also holds at the individual country level over the same period, providing evidence for the USA, China, Japan, and Germany (Karabarbounis and Neiman 2014, p. 71).

According to our model and given the empirical results of the demand regimes literature, the 1970's crisis was not a purely economic crisis, but rather a political one. As demand has been wage-led, our thesis is that the 1970's crisis was the outcome of the shift from the pro-labor policies of the Fordist era to the pro-capital policies of neoliberalism. For instance, evidence for such a politically-motivated policy shift during that period in the USA is provided by Akard (1992). Also, Glyn and Sutcliffe (1972, pp. 172-188) report a pro-capital policy shift in the UK in the late 1960s – early 1970s, arguing that it was the capitalist class' response to workers' growing political power during the golden age. In this regard, we argue that neoliberalism can be seen as the downward phase of a Kaleckian PBC, the upward phase of which was the Fordist era.

CONCLUSIONS

During the past four decades, political business cycle models have grown significantly (Dubois 2016), building on the contributions of Nordhaus (1975) and Hibbs (1977), rather than on Kalecki's (1943) original work. Such models do depart from the purely economistic nature of most formal models by including the impact of politics on macroeconomic policy, but they still treat the political system as exogenous. More precisely, the neoclassical PBC models generate cycles because of two exogenous factors: (1) The timing of elections, which encourages government to enhance its prospects of re-election through fiscal expansion, and (2) The ideology of the ruling political party. In contrast, as argued in this paper, *Kalecki perceived PBCs as endogenous cycles driven by the ruling class' varying resistance against government intervention, which in turn depends on the bidirectional feedback between the state of the macroeconomy and the political balance of power between workers and capitalists*. Recently, the endogenous nature of Kalecki's PBC has been acknowledged by political economists from the fields of economic sociology and global political economy (Streeck 2011; Blyth and Matthijs 2017), but, until now, none has scrutinized the precise channels through which this cycle operates or provided a formal model.

The main contributions of this paper are as follows. It provides a precise explanation of how Kalecki's PBC works, demonstrates why it is fundamentally different from the neoclassical PBC models, and formalizes it in the context of a neo-Kaleckian demand-driven growth model. The boom phase of the cycle is triggered by capitalists' decreasing opposition to fiscal expansion as wage stagnation in a wage-led economy leads to a slowdown in accumulation, increasing their economic uncertainty. The downturn of the cycle is induced by

the ruling class' increasing opposition to government spending, which increases workers' political power at the peak of the cycle and, by extension, political uncertainty for the capitalist class. In other words, capitalists become "boom tired" for political rather than economic reasons. The central mechanism is that capitalists have disproportionate power over government policy through lobbying and Super Political Action Committees during all phases of the business cycle. Thus, business cycles emerge because of capitalists' attempts to strike a balance between economic uncertainty – during the downturn phase – and political uncertainty – during the boom-peak phases – through the manipulation of fiscal policy in order to preserve the pro-capital institutional setting.

We argue that future macro models must build on the state-economy embeddedness hypothesis and account for endogenous political factors that can affect macroeconomic performance, and vice versa. Further, possible extensions of our model include the incorporation of central banks' monetary policy rule/s and the relationship between Kalecki's PBC and the rise of populism and the far-right.

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A COMPARISON OF PRIDE PARADE'S MEDIA REPRESENTATION IN HUNGARY AND IRELAND[1]

Réka Tamássy[2]

ABSTRACT *In this study I aim to define and compare lesbian, gay, bisexual, and queer (LGBTQ) media representation in Hungary and Ireland. The analysis was carried out on television reports about the Pride Parade. News reports were analyzed between 2009 and 2016 on two Hungarian (M1 and RTL Klub) and one Irish (Raidió Teilifís* Éireann*) television channel. The bases of the comparison were the differences in political discourse and the level of acceptance of LGBTQ people. To analyze this media portrayal, two methods were used: code-based content analysis, and critical discourse analysis. With the two methods, the media frames in which Pride was represented could be defined. RTÉ turned out to be the most accepting of the media under analysis, while RTL Klub emphasized the support of multinational companies, celebrities, and ambassadors for Pride. From 2014, the latter channel's frame shifted towards sensitization. M1's framing was the least accepting; by 2013 the distant representation had become hostile and explicitly alienating.*

KEYWORDS: *LGBTQ, media, representation, homosexuality, Pride Parade, content analysis, discourse analysis*

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INTRODUCTION[3]

The aim of this study is to define and compare the media representation of lesbian, gay, bisexual, and queer (LGBTQ) minorities in Hungary and Ireland through an analysis of television reports about Pride Parade.[4] News reports were analyzed between 2009 and 2016 on three television channels: M1 (Hungary's primary public channel), RTL Klub (one of the most watched Hungarian commercial channels), and RTÉ (Ireland's first public service channel).

Comparison of the media of the two countries is relevant from three perspectives. First, in 2015 Ireland became the first country in the world to legalize same-sex marriage following a referendum. Second, during the campaign for this referendum all major Irish political parties (including *Fine Gael*, a traditionally Christian democratic party) stood by the principle of marriage equality, while in the Hungarian political discourse it is often still claimed that Hungarian society rejects same-sex marriage for religious reasons.[5] Third, a comparison of the results of the European Values Study and European Social Survey from 1990 to 2014[6] involving different aspects of the acceptance of same-sex couples, sexual minorities (Takács 2015, Kuyper et al. 2013), and religiousness (Coutinho 2016) shows that Irish people were and still are more accepting, while also more religious.

As for the theoretical approach, critical discourse analysis (CDA) was applied. For this, media communication about the LGBTQ minority must be acknowledged as a discourse. Discourse, in this sense, refers to the meaning-making process of the public about the topic of LGBTQ as it is represented, interpreted, and influenced by the media. CDA as a theoretical framework argues that language and communication are part of meaning-making processes: by talking about a

3 The author would like to thank the anonymous reviewers for their helpful and constructive comments that greatly contributed to improving the final version of the paper.

4 The Pride festivals are one of the most well-known LGBTQ events that are reported on by media, organized in both countries every summer. The marches are an important and spectacular (thus most often broadcast) part of the Pride festivals, wherein participants are free to express their sexuality and gender identity in an urban public space. Although they have different names, the Dublin Pride Parade and Budapest Pride March refer to the same kind of events, therefore the terms Pride Parade and Pride March ("Parade" and "March") are used interchangeably.

5 For a Hungarian example, see http://kdnp.hu/news/a-bejegyzett-elettarsi-kapcsolat-tamadas-a-csalad-ellen. Last downloaded: 2019.03.13. Also, see Viktor Orbán's speech in the European Parliament on p.13 in this article.

6 One should note that in EVS surveys the questions mentioned "homosexuals," while in ESS the surveys referred to "gays and lesbians," thus the statistics cannot be projected onto the whole LGBTQ minority but should rather be understood as a close proxy for the acceptance of sexual minorities.

specific topic, one outlines and defines that topic while also defining its actors (Fairclough & Wodak 1997). Thus, media discourse is a social practice and, as such, shapes society while also being shaped by society. The methodological approach included code-based content analysis and CDA.

The analysis outlined the media frames in which Pride, thus sexual minorities, were represented. Although Pride Marches do not represent the whole LGBTQ minority, because of the extensive media focus on the event, and some channels' representation techniques (which do suggest that the March is a representative event for the minority), the media frames that were applied also define LGBTQ representation.

In the following chapters I first introduce the theoretical and methodological background of the analysis, then present my findings using several examples from the data under analysis. In the same chapter I follow the main axis of the analysis: the direct framing of news, sensitization and acceptance as motifs, other important topics in the portrayal of Pride, and finally, the visual representation of the Marches.

THEORETICAL BACKGROUND, DATA AND METHODOLOGY

The main theoretical approach of the research is discourse theory; specifically, critical discourse analysis (CDA). As one of its key elements, CDA as a theoretical approach claims that language cannot be a neutral communication tool as it actively influences the meaning-making processes. Neither is discourse a neutral phenomenon: by communicating about specific topics in a certain way using certain language, discourse shapes our perception of every field. Discourses are also highly affected by the language that is used to participate in them and which thereby shapes them. Because of this, discourses in general are the means and places for defining and creating identities, minorities and meanings. Additionally, discourses are inseparable from the society in which they take place. Society, as the background to the discourse, the agent, space of realization and context, shapes discourse while being shaped by discourse. This means that discourses are connected to (and shape) situations, institutions, and social structures, while also being shaped by them (Fairclough – Wodak 1997).

According to CDA, discourse is a social practice. Assuming that media portrayal in general, and LGBTQ media representation specifically are discourses, they can be considered social practices as well. In this case, the

connection of LGBTQ portrayal (thus LGBTQ media discourse) to society is rather obvious: portraying minorities in vulnerable situations or in exploiting or alienating ways gives society a chance to alienate the group or the phenomenon from the majority, and/or to view it as an exotic, even despicable occurrence (Hammer 2006). Even without speculating on the audiences' interpretation, it can be stated that a minority's media portrayal reflects the group's accepted public portrayal.

As the main material for the analysis Dublin and Budapest Parades were selected as they are events that are inseparable from the LGBTQ minority. The Marches are associated with the minority on two grounds: in the eyes of the public, because of the excessive media representation these events get; and in the eyes of the minority, since during these events sexual and gender identities are not just free to be acted out, but this is encouraged. Marches are organized every year in both countries, creating an opportunity to not only focus on the representation in the present, but also to study any changes in it. Three television channels' main evening news programs were chosen as the corpus: RTÉ One (the main Irish national television channel), M1 (the main Hungarian national television channel), and RTL Klub, Hungary's most watched commercial television channel.[7] The media representation of Pride Marches was studied between 2009[8] and 2016.[9]

Another layer of the defining and meaning-making role of discourse is grounded in the nature of Pride. As the March is one of the few events the media reports on every year in close connection with LGBTQ people, the March's media portrayal becomes the mainstream media outlets' definition of sexual minorities. The news engage in this meaning-making process through the form of representation they choose to apply, thus the definition of LGBTQ emerges from these representation techniques.

In order to conduct an adequate analysis, two methodologies were used: code-based content analysis, and CDA. Code-based content analysis was carried out based on Bernáth and Messing's research on the media portrayal

7 The comparison would have been more complete if it had included Ireland's most watched commercial channel, TV3's news program. This was impossible due to the lack of an online archive.

8 The first news program available from the Irish national television's online archive is from December 2008. Therefore, it was technically impossible to compare media representation of the Pride March before 2009.

9 A structural difference has to be noted: Although RTÉ's Six-One news program would have matched the Hungarian news in terms of length, the nine o'clock version was chosen due to the following reasons: 1. the Dublin Parade itself referred to it as the "main evening news" (Dublinpride.ie, 2018); 2. during the period of analysis, every report on Dublin Parade appeared on the Nine O'Clock News, and none on Six-One.

of Roma people (2012) and asylum seekers (2015). In their research projects, Bernáth and Messing analyzed the aforementioned minorities' representation through a coding scheme that was designed before the reading of the chosen texts on the grounds of presupposed representational topoi. The same methodological approach was used in this research. Five main categories were constructed: the news before and after Pride reports (direct framing); the events and motifs of the report; the interviewees; words and expressions in the narration and interviews; and the visual representation. The news programs as a context, other topics that appeared in the reports, the status of interviewees and their proportions also played a great part in the analysis (Krippendorff 2004, Harwood – Garry 2003).

During the analysis it became clear that code-based methodology cannot cover every angle of the media portrayal. Hence, CDA was applied. CDA as a methodology emphasizes the importance of the context of the chosen data (discourse). Accordingly, the meanings of different representation techniques and communicational acts are analyzed with due consideration of the social context – hidden or suggested meanings, symbols, etc. – of the analyzed text. The methodology was based on Géring's research (2015; 2017). In the latter's research project, she analyzed specific companies' corporate-social-responsibility-related messages on their websites by creating a coding scheme following an in-depth reading of selected parts of the chosen texts. A previous reading helped unfold the most important and recurrent motifs in the texts. Furthermore, with CDA it was possible not only to compare the aspects that appeared in the news under analysis, but also the way certain aspects were presented.

Similarly to Géring's method, in this research the methodology was applied through the creation of a coding scheme after an in-depth reading of approximately half of the chosen news reports. Thus, the scheme's questions were filtered by the reports themselves. Great emphasis was put on critical viewpoints and social context (Scheufele 1999; Wodak – Meyer 2012). The basic questions behind this methodological approach were the following: who were the central figures in the narrative, and were they active or passive; what was the main motif of the report; how did the report portray LGBTQ; were sensitization and acceptance components of the report?

The main representation techniques of the channels were drawn from the results of both analyses. Partial results of the analyses can be found in Table 1 in the appendices. Through these findings conclusion could be drawn about the representation techniques of each channel. In the following chapter, the main angles of representation are presented, completed with examples.

MEDIA REPRESENTATION OF THE PRIDE MARCH

Basic differences could be detected between the Irish and the Hungarian news reports with the help of code-based content analysis. The topic of LGBTQ rights, politicians' and their parties' attitudes towards the March and LGBTQ, and which participants from the March were interviewed are just a few examples of the above-mentioned dissimilarities.

One particularly clear difference can be explained in relation to the circumstances under which the Pride Marches took place in each country: the amount of news reporting on counter-demonstrators and the nature of police action (see Table 1). Even though Hungarian channels had the opportunity to decide how much time and space they would provide to cover this phenomenon, they could not choose not to show it at all since it was an integral part of the Budapest Pride March. From the number of reports that provided information only about counter-demonstrators it was clear that the reason behind the higher number of reports on the Pride March in Hungary was partly the fact that some Hungarian reports focused *only* on police action and the counter-demonstrations. While the number of reports suggests that the event got more coverage from the Hungarian channels, viewers got as much or even less information about the LGBTQ minority and its struggles from the Hungarian media outlets than from the Irish television channel.

This part provides an overview of the analytical process completed with examples, leading to the results. First, I discuss the direct frames of the reports that were examined, arguing that the news before and after each Pride report influenced the interpretation of the March. The second aspect of analysis is the appearance of sensitization and acceptance in the reports. In this phase I examine whether news reports tried to sensitize viewers towards LGBTQ, and, if so, how. Religion and politics make up the third aspect of analysis. Last, the visual representation of the March is discussed, as an inseparable part of the television reports.

Direct framing

The analysis of direct framing examines the effect of reports or headlines aired directly before or after the headline or report on Pride Parade. Positive or negative direct framing can result in positive or negative associations about the presented minority.

The results of direct framing analysis can be found in the appendix.

Direct framing of Pride March on M1

The order of news reflects the importance of each report and news item: the most significant cases are usually first, and the last few reports are considered least important. Based on this fact, negative direct framing (NDF) appeared in 2013 and 2015 when the editors of M1 chose to show viewers small rural festivals with a few hundred guests before portraying the biggest LGBTQ festival in the country with thousands of participants. On the other hand, the segments directly prior to and after the Parade reports could also have influenced viewers' opinions of the event and its participants. Hereinafter can be found an example of this from 2012.

> *[Reporter:] György Gyula Zagyva, representative of the political party Jobbik and some Jobbik sympathizers, came to parliament on Kossuth Square in the afternoon from the New Hungarian Guard Movement's event. They tried to get through the barriers that had meanwhile been raised by the police. (...) They could not get through the barriers, but some gay protesters did, we still do not know how. The police tried to defend them, but a minor fight occurred. Thereafter, the police arrested three young men, as far as we know, from among the counter-demonstrators. Teargas and police dogs were also in use, however, there were no serious atrocities. (...)*
>
> *[Back in the studio, anchor] Thousands of people ran from the bulls this year as well. Held in Pamplona, Spain…*
>
> M1 reporter and anchor. Source: M1 News, 07/07/2012

In this case, viewers were led to associate Pride March with the Pamplona bull run, an event in which bulls (uncontrollable, dangerous animals) run between barriers in the center of a Spanish city. Viewers could identify the bulls with the counter-demonstrators or the Marchers. The Marchers *became* the bulls (the dangerous, uncontrollable animals) that marched between barriers in the city center (~ bulls running between barriers). The barriers in this case acted as protection for the city, not the marchers (~bulls). After escaping the barriers and threatening the lives of bystanders (~bulls by hurting people, LGBTQ by *spreading their lifestyle*), the marchers were hurt (~bulls getting shot if escaping the barriers). On the other hand, viewers may have associated the counter-demonstrators with the bulls (~strong, masculine), on the grounds of their ability to hurt those who were weaker (as bulls gore viewers when they escape the barriers).

Whether the viewer identified the bulls with the counter-demonstrators or the Marchers, the participants were stigmatized, either as something ordinary people need protection from, or as something weak that grown men can hurt.

NDF like this happened twice on M1: in 2012 (the above-mentioned case), and in 2015.

Direct framing on RTÉ

According to the results of the code-based content analysis, there were two occasions when religious topics and the Pride Parade could have appeared in contrast. By analyzing the two cases in their social context, CDA proved that neither of the cases framed the Parade negatively.

As an example, the first case in 2010 presented information about a priest in connection with a child abuse case, followed by a report on a British sexual offender. After the reports, the 2010 Dublin March started with the March's annual slogan "We are family." The channel did not connect LGBTQ people to the sex offender, and neither did they contrast the March with religious ideals. On the contrary, the two reports on sexual harassment became a contrast to portrayals of LGBTQ families. The social context was given through presenting the legal issues LGBTQ individuals face in Ireland, and by presenting the participants (both verbally and visually) as balanced, loving families. This occasion rather involved positive direct framing than negative.

RTL Klub's direct framing

CDA found three occasions of NDF on RTL Klub. Hereinafter is presented the most obvious example.

> *[Anchorman] "An apartment in Kaposvár, where hundreds of kilograms of fecal matter had been accumulated by the deceased owner of the apartment, may reek for months."*
>
> *[Anchorwoman:] "In the meantime, residents are afraid that an infection may spread in the city. However, the Medical Officer Service does not expect this."*
>
> *[Anchorman:] "It is quite incredible that a deceased man collected his feces in bottles and bags for months. Well, I don't know where this story will end."*

[Anchorwoman:] "It must had been a terrible sight when the firefighters entered the apartment."

[Anchorman:]" I do not envy them ... And today was the Budapest Pride parade..."

Conversation between RTL Klub's anchors during presentation of the headlines.
Source: RTL Klub News, 05/07/2014.

On the other two occasions, Budapest Pride was once reported on after a clip about a cow that could open its stall with her tongue, and once was followed by a report on festival goers who could not see the trash they had produced during the festival. In these incidents the Pride March could be associated with either an exotic spectacle (separated from its motives), or with something a priori disgusting and feared to be contagious – the apartment full of feces.

Sensitization and acceptance

Sensitization and acceptance as aspects of discourse were defined by CDA, since both aspects need a deeper understanding and interpretation of context. While both are considered positive representation techniques, there are major differences between them. Sensitization techniques include the presentation of the struggles of LGBTQ people, discrimination, legal battles, everyday victories, and other segments of their lives either as individuals or as a group. Showing these pictures (literally and metaphorically) can make viewers sympathize with the minority. Acceptance, as a representation technique, emphasizes the everydayness and the normality of minorities, highlighting their right to march. Put simply, acceptance is the first step – the idea that LGBTQ individuals have the right to express their sexuality and live in peace –, while sensitization is the next step – active support for the group, the vocalized fight for LGBTQ rights (such as marriage and childbearing). Sensitization as a technique does not try to legitimize the existence of the Pride March or the fight for LGBTQ rights.

Both aspects appeared on all channels; the difference was in quantity and technique. The results may be divided into three groups based on their characteristics: the way the channels' editors and reporters wanted to present the March, the perspective from which a country's society can understand and accept LGBTQ, and the general acceptance of these minorities. Results of the analysis can be found in the appendix.

A comparison of practices related to sensitization and acceptance are presented in the next chapter, starting with M1.

Sensitization and acceptance on M1

In M1's reports, sensitization was not employed in relation to minorities and the March. From most reports viewers got to know about the route of the March, its theme, and/or its cause. Even though the channel shared basic information about the event, the verbal and visual portrayal of this was distant and cynical, thus the reports failed to sensitize viewers towards Hungarian LGBTQ.

> *The slogan of the demonstration organized by the Szivárvány Misszió Alapítvány was Now and Every Day. The organizers wanted to send the message that the celebration of the equality of those who call themselves LGBTQ people cannot be limited to one day, but they need an environment in which they can express their sexual orientation every day.*
>
> M1 reporter. Source: M1 News, 05/07/2014

There are two phrases that should be highlighted in the quote above. First, "those who call themselves LGBTQ." The phrase alienates the viewer from the acronym and LGBTQ too. These words suggest that LGBTQ insist on separating themselves from society with a name, and an abbreviation. Second, "they can express their sexual orientation every day." On the one hand, LGBTQ issues are not only about sexual orientation, but also about gender identity. On the other hand, "sexual orientation" is an official, distant, almost medical phrase which can also alienate viewers from minorities.

The only occasion in which an attempt at acceptance was detectable occurred in a 2009 report on M1.

> *In spite of the inspirational speeches, this year's Gay Pride March's appearance was much more moderate than in previous years. The marchers wore rather more than less clothes, and one could not see men dressed as women.*
>
> M1 reporter. Source: M1 News, 05/09/2009

While pointing out the amount and type of clothes the marchers wore, the reporter implies that the marchers usually do not dress like this, thus he

emphasizes the stereotype that LGBTQ people/marchers don't dress like average people; despite this, he also tries to portray the marchers as "normal people" who wear normal clothes and dress in accordance with their gender and/or sex. While this representation is rather stereotypical, one has to bear in mind that just one year earlier, in 2008, counter-demonstrators broke through the barriers and insulted participants of the march. Trying to calm such tensions by highlighting the normality of the participants can be interpreted as a form of acceptance-focused representation.

Viewers could not directly hear from LGBTQ people and/or participants in M1's reports between 2009-2016. The number of marchers was mentioned in one report in eight years; support from the majority society was not represented at all. Nevertheless, counter-demonstrators not only appeared in the reports almost every year, but in some years there were separate reports on them.

In conclusion, M1 did not sensitize or promote acceptance towards LGBTQ. The channel also failed to reflect Hungarian society's increasingly accepting and open attitude towards the Pride March and LGBTQ.

Acceptance and sensitization on RTÉ

RTÉ's reports did not try to justify the March to viewers through acceptance-focused representation techniques, which should not be shocking in consideration of the statistics: since most Irish citizens accept LGBTQ people, there was no reason to try and justify their right to march. RTÉ in almost all cases covered the March's most important details: how many people were there, where, when, and for what reason they marched. Although there was no explicit justification, in 2011 and 2014 reporters openly compared the March to Saint Patrick's Day, the most important national and religious feast of Ireland.

Sensitization was explicit and LGBTQ-oriented. In the five short news items that covered Pride in 2009, 2011, 2012, 2013, and 2016, sensitization appeared in the form of portraying the everyday problems LGBTQ people face, and covering the topics the March was demonstrating against. Such a portrayal of problems included government plans for civil partnerships and same sex unions (2009), marriage equality (by image, 2011), and highlighting how marches in some part of Europe are banned, or are targeted by extremists (2012). In all three entire reports, reporters interviewed participants, organizers, and openly gay people, therefore viewers got to know the people and personal stories behind the demonstration.

As an example, in 2010 the March's theme was "We are family, too," highlighting the legal battles LGBTQ families have to fight in order to be

recognized as families in the eyes of the law. The report avoided using the phrase "homosexual" but used the word "family," not distinguishing between hetero- and same-sex couples. The chosen words are important on two grounds: first, the word "homosexual" often has negative connotations, referring to sexual minorities (mainly gay men) with a word that has connotations of sickness (Herek 1984, Takács – Szalma 2011). As an example, in many disapproving contexts in Hungary, LGBTQ are referred as "homosexuals" – this also being the praxis of M1. Second, the use of "family" instead can be taken as an act of sensitization, since it shows that the channel undoubtedly accepts same-sex couples as families and does not discriminate on these grounds. The reporter interviewed several participants, including two families with toddlers (in the first report two mothers and their son who cannot have two mothers legally, and later a family in which a mom marched together with her gay son and his little sibling). These two occasions bring the viewer closer to LGBTQ families both in pictures and words. Presenting kids as part of the March is also an act of sensitization that emphasizes the inclusiveness of LGBTQ and the fact that the March has no negative effects on kids (a popular homophobic topos in Hungary).

The 2010 report was exceptional in another way: it was the only report on the Pride March in which an openly trans person was interviewed. Dr. Lydia Foy was the first transgender Grandmarshal of Pride in Ireland. The sensitization in her case did not stop at the simple fact that she was interviewed. Her visual representation was sensitizing since the camera did not scan her from head to toe (i.e. she herself was not the spectacle), but she was shown as a "talking head," an angle from which professionals and officials are usually portrayed.

In summary, RTÉ emphasized sensitization more than acceptance. The reason for this could be that Irish society is already accepting of LGBTQ, therefore there was no need to justify the March to viewers. It is worth noting again that the channel compared the March to the biggest national and religious festival in Ireland. Sensitization appeared in every report during the years under analysis. The aspects of sensitization examined were the words that were used, the interviewing of participants and/or openly gay people, the presentation of personal stories and difficulties, and of toddlers and participants as average people, not as deviants.

Sensitization and acceptance on RTL Klub

RTL Klub went through a remarkable change in portraying the March between 2009 and 2016. From 2009 until 2014-2015, the channel placed great emphasis on acceptance. This practice has slightly changed in the last few years after RTL also started to focus on sensitization

The examples below show that while the channel was focused on promoting acceptance, it also alienated the Pride March from the Hungarian LGBTQ and its present-day struggles.

> *As requested by the organizers, everyone avoided provocative clothes.*
>
> RTL Klub reporter. Source: RTL Klub News, 05/09/2009

> *I am heterosexual, but I want to show that I rebel against condemnation and prejudice.*
>
> Pride participant. Source: RTL Klub News, 06/07/2013

> *It is very likeable that they are moderate, and everyone here is nice, so it is not extreme like elsewhere.*
>
> Elderly interviewee at Pride. Source: RTL Klub News, 05/07/2014

Between 2009 and 2014 RTL Klub tried to picture the Parade as a colorful and spectacular event with *average*, not only gay participants. Reporters did not openly address gay people during these years (only spokespeople, heterosexual marchers, and viewers were interviewed). The channel praised Western countries for accepting the Pride March, showing mayors opening the March, and LGBTQ politicians marching with the crowd. The policies of inclusion and acceptance at big companies like Prezi, Espell, and Microsoft were repeatedly represented as positive examples.

Even on those occasions when reporters tried to connect Pride with LGBTQ, they did not connect it to living Hungarian LGBTQ people. They either let viewers know how Pride was born (the Stonewall Riots) or used alienating words when describing the cause of the March. Connecting Pride to the Stonewall Riots without describing current problems could be misleading to viewers. This approach frames Pride as a form of remembrance only, and does not reflect on the current social, political, and legal side of the March. An example of such alienating expressions can be found below.

> [Reporter] *According to gay people, the prohibition of same-sex marriage is outright discrimination, which excludes hundreds of thousands of people from the group of equal citizens.*
>
> RTL Klub reporter. Source: RTL Klub News, 18/06/2011

The expression "according to gay people" suggests that gay people *think* that the ban is discriminatory towards LGBTQ, while this is not a *thought* but a *fact:* excluding a group of people from a social institution because of their sexual orientation is discrimination by definition, not a matter of opinion.

The channel's sensitizing practice has changed drastically in the last few years. In pictures, viewers were shown toddlers in reports, starting in 2013. Although showing kids was a huge step (kids first appeared on RTÉ in 2010), RTL Klub separated their portrayal of children from families or LGBTQ people. Viewers could see kids, but did not get to know anything about them and did not see their parents; i.e. they were not portrayed as part of a family. From 2015, reporters interviewed well-known LGBTQ participants (e.g. Péter Árvai, the openly gay CEO of Prezi) as well as an openly gay participant who talked about his bad experiences of being publicly out.

These findings show that RTL Klub tended to pay more attention to acceptance than sensitization. The channel tried to justify the March as a cheerful and spectacular event by showing how Western countries, famous people, and well-known brands accept it, and by presenting its historical background. Initial representation problems were quickly followed by a great emphasis on acceptance, and from 2015 sensitization and LGBTQ started to appear on the channel.

Other aspects in the representation of the Pride Parade: politics and religion

Politics and religion were highlighted in the analysis as they are topics along which the two country's media attitudes were compared.

Politics

Viewers of RTÉ could not hear about politicians or political parties during Pride reports. The channel highlighted a politician only once, visually. Dublin's mayor, Naoise Ó Muiri, was easily recognizable in one report, wearing the Great Chain of Office.

In contrast, Hungarian channels paid much attention to politicians and parties' opinions about the event. M1 showed politicians every year, while RTL Klub started to regularly present parties' opinions in 2013. M1 presented the ruling party's opinion twice, RTL Klub once. The analysis highlighted that it was important to M1 to connect the political opposition to the Pride March.

Although M1 presented the ruling parties' opinion in one year only (but twice), Fidesz and KDNP parties were given a chance to share their own statements, in contrast to those of most opposition parties.

As an example, Fidesz's opinion was presented on M1 by the Prime Minister himself. Viktor Orbán's speech was not specifically targeted at the Hungarian Parade; he spoke about the Tavares Report which had criticized the Hungarian Government for stating in the Fundamental Law of Hungary (Hungary's constitution) that only a man and a woman could marry. In the speech, Orbán mentioned religious reasons to support the claim that marriage should be an institution only available to heterosexual couples. The quote below, from Orbán's speech, shows how the channel linked politics and religion to LGBTQ rights.

> [Reporter:] *The European Union's Tavares report also criticizes The Hungarian Fundamental Law. It is said to be ostracizing and against European values to state in the constitution that only a man and a woman can be united in marriage.*
>
> *[Soundbite from Viktor Orbán's speech:] [...] One man, one woman. [...]*
>
> [Reporter:] *On Tuesday, in response to criticism, Viktor Orbán argued in the European Parliament debate that by including the definition of marriage as an act between a man and a woman in the Hungarian Fundamental Law, Hungary is following a four-thousand-year-old tradition.*
>
> [Soundbite from Viktor Orbán's speech:] *Four thousand years of Jewish culture and two thousand years of Christianity. We simply want to maintain this tradition, and I do not understand why any European Parliament representative thinks that our right to preserve this tradition in Hungary can be limited.*
>
> [Reporter:] *The prime minister added that the Hungarian Fundamental Law is not against anyone, does not hurt anyone, but it is clear about the definition of family.*

Viktor Orbán's speech at the European Parliament according to the interpretation of M1. Source: M1 News 06/07/2013

Both channels' reports suggested that opposition parties are further involved in the event, while the ruling parties of Hungary maintained an offhand silence

about it. On the occasions when the ruling parties' opinions were presented, the politicians or parties did not actually voice an opinion about the Parade. KDNP's statement pondered whether politicians attended Pride for votes only, and Viktor Orbán did not even mention the Parade; he made a speech about parts of the Hungarian Fundamental Law that were being criticized. On the other hand, opposition parties either marched at the event, or strongly criticized it (Jobbik, for example).

Even without locating the political parties in the Hungarian political discourse, it is obvious that the Hungarian channels, M1 especially, discussed political views and parties extensively, in opposition to RTÉ.

Religion

In connection with the Pride March, religion did not appear on RTÉ, RTL Klub mentioned it in one report, while M1 tied it to the Pride March and LGBTQ rights inseparably in one report, and mentioned it once again in a semi-judgmental report.

As seen above, M1 choose to present Viktor Orbán's speech in the European Parliament, in which the Prime Minister argued that the Hungarian Fundamental Law forbids the marriage of same-sex couples because of religious heritage. After Orbán's speech in the report, M1 showed footage that presented a debate by politicians from the opposition parties about same-sex couples' right to adopt. During the presentation of the debate, no one questioned marriage rights or mentioned religious topics. Thus, the presentation of the Prime Minister's four-day old speech was nothing less than an attempt to link religion and law to LGBTQ rights.

M1 gave voice to protesters by referring to religion as an argument once more.

> *During the March a demonstration took place in line with Christian values and in defense of families, organized by the "In the name of the family" Facebook group.*
>
> M1 anchor. Source: M1 News, 05/07/2014

Presenting a counter-demonstration itself would not represent a statement of opinion, but presenting the principles contained within it without the news anchor looking down at his paper could be. Normally, an anchor looks down at their notes when presenting the principles of a controversial group or event. Through this motion, the principles thus read are distanced from the anchor and

are therefore not presented as facts, but as information the group chose to share about itself. This time, the anchor did not look down at his paper, suggesting that the group in fact wanted to *protect* families and Christian values *from* Pride Parade. Hence, according to the channel, Pride Parade is a threat to Christian values and families, since society needs to be protected from it.

The only time RTL Klub mentioned religion in relation to the March was in reference to a group called "Christians for Gays" that attended the Parade to support the event.

In conclusion, the only channel that used religion to oppose the Budapest Pride Parade, and therefore LGBTQ, was M1.

The visual representation of Pride and its connection to the narration

The analysis shows that 25 out of 36 reports about Pride contained some kind of visual representation: 8 times on RTÉ and M1, and 9 times on RTL Klub. Thus in 11 cases the reports only involved the news anchor presenting Pride, while no pictures were shown about the event.

Visual representations were divided into three categories. First, occasions in which pictures sent a positive message about Pride (segments that indicated support, acceptance, or sensitization in relation to LGBTQ or the event). Second, visual representations that suggested that LGBTQ/the event is deviant. Last, reports in which the narration changes or has an undeniable effect on the interpretation of the pictures that are displayed. Obviously, visual representations from the third group could also be classified as part of the first or second categories.

Supporting visual representation

A leading theme of the supporting visual representation was familiarizing viewers with LGBTQ people. This was done on all three channels by showing the marchers from the front or the side, from eye-level or higher, thus one could see participants' faces but not an unknown mass. It was rather rare on any channel to show the march from the back: RTÉ and RTL Klub usually did this when doing so was the only way of showing an important detail. From 2014, M1 chose to show more small groups, instead of the mass of Pride marchers. This visual representation technique may have diminished the perceived number of participants since viewers did not see a picture which actually reflected the

amount of marchers on the streets, but rather small groups, implying that only a few people attended the march.

An obvious sign of support through visual representation was showing supporting groups marching at the Pride Parade. RTÉ strengthened its positive messages by presenting the European Gay Police Association (2012), the Garda's band (2014), Irish rugby players (2015), and Irish sports fanatics (2012) as participants of the Dublin Pride March.

Showing same-sex couples in average situations was also one way of making LGBTQ people familiar to viewers. Normal situations in the analysis referred to activities and appearances in which the marchers were portrayed as any other couples (different- or same-sex) from the streets: wearing *average* (not revealing or stereotyped) clothes, holding each other's hands, or kissing each other. An important detail of this representation technique is that even if those who were represented acted up or were dressed in bold clothes, the camera did not track them, nor emphasize (by, for example, zooming in on) their looks, bodies, or movement.

Alienating and deviant visual representation

Negative visual representations could be divided into two groups: alienating and deviant visual representation. Alienating visual representation was defined as camera takes that presented the participants in close up, without showing their faces.

Deviant visual representation, on the other hand, is a visual representation technique in which the editors and cameramen intentionally highlight participants in unusual clothes or costumes and focus on spectacular appearance. The technique's important components are close-ups that usually zoom in on unusual clothes or follow participants through the crowd. With these visual representations, participants could be presented as some kind of exotic, unusual phenomena. The takes may have reminded viewers of documentaries about exotic animals – a probably intentional comparison suggested by the producers of the reports.

Alienating or deviant visual representation appeared on all three channels in different amounts and with different balancing techniques. Both RTÉ and RTL Klub tried to balance out these representations in reports with supporting representations, or through the narration. For example, RTÉ opted for the already mentioned "talking-head" angle on some occasions when showing unusually dressed participants, weakening the stereotyping visual representation.

Picture 1. *Participant in bodypaint shown in "talking head" position. Source: RTÉ Nine News, 27/06/ 2015*

M1's ethics regarding the visual representation of Pride changed around 2013. Before this date reports were mostly objective and did not suggest support nor sensitization, but were not hostile. In 2013, deviant visual representation appeared, and the channel started to show the counter-demonstrators' faces. An example below represents the core change in M1's ethics. The channel chose to show the following frame twice (in a 15-second fragment), in which a man, dressed as an officer or soldier, is taking off his clothes and dancing in his underwear, blindfolded, at the opening party of the Pride Parade. Between the two takes, opposition politicians who attended the opening party were shown to viewers.

Picture 2. *Dancer getting undressed at the opening of Budapest Pride. Source: M1 News, 06/07/2013*

Narration and visual representation

In several cases, visual representation and the reporter's narration had an interpretation-changing effect on each other. They either strengthened each other (non-supportive narration with deviant visual representation) or sent contradictory messages (supportive narration with deviant visual representation).

Outstanding cases of narration and visual representation that framed the Pride Parade in a negative, deviant way occurred only on M1, in 2015 and 2016. A 2016 example of this can be found below.

> *At the event it was stated that it takes great courage for a young person to realize for the first time, at the time of adolescence, that they are attracted to people from the same sex. The message to homophobes was that homosexuality is an innate attribute, and that one can never know when a homophobe will have to face the fact that their child is homosexual.*

M1 News reporter. Source: M1 News, 11/07/2015

Picture 3. *Dancing man at Budapest Pride. Source: M1 News, 11/07/2015*

Picture 4. *Dancing man at Budapest Pride. Source: M1 News, 11/07/2015*

Picture 5. *Man in underwear imitating sexual act at Budapest Pride. Source: M1 News, 11/07/2015*

In this case, the reporter links kids, teenagers, sexuality, and homosexuality in his narration, while showing viewers a participant who is probably under the influence of alcohol and/or drugs. In the first eight seconds, viewers can see a man dancing in a tank top in front of the camera. During the quoted sentence, the picture changes and a man appears in his underwear, marching with the crowd, dancing, and making moves imitating intercourse. The two dancing men may be classified as examples of deviant visual representation, since the first

one is visibly under the influence of some kind of legal or illegal drug while the camera focuses on him, while the other is wearing only his underwear and imitating intercourse while the camera also follows him in the crowd. In the narration, the reporter talks about kids discovering their sexuality, making it impossible to not to connect this fact with the two men (especially the one who is imitating intercourse). Although the narration itself could be interpreted as an encouraging message about youngsters accepting their own sexuality, the pictures give another meaning to the words. In this new meaning, the narration with the pictures implies that kids who accept their own (alternative) sexuality will act like the two men presented as *deviants*. As the reporter mentions that these thoughts came from the organizers, the viewer connects the negative message with the event, thus concludes that Pride Marches encourage kids to behave in a way that the channel presents as deviant.

CONCLUSION

As the result of the analysis, the frames in which LGBTQ people were portrayed can be defined.

In the case of RTÉ, media portrayal was mostly balanced during the years under analysis. The channel portrayed Irish sexual minorities in a sensitizing way. Viewers could hear personal stories and see average LGBTQ people marching for their rights. The Irish channel emphasized the community's fights and LGBTQ rights, and portrayed participants as not just LGBTQ but also non-LGBTQ citizens supporting the movement. Throughout the years, acceptance and the legitimating participation of well-known companies completed the media framing of Dublin Pride. RTÉ had the most accepting and sensitizing reports during the examined years.

RTL Klub's portrayal of LGBTQ was also quite accepting. In the first few years (until 2014-2015), LGBTQ acceptance was not based on its own right, but on participating multinational companies, famous people, and ambassadors, and by framing Western countries' Prides as positive examples. Thus, sensitizing representation was not as frequent as seen on RTÉ. Through the years of analysis this media frame slowly changed: RTL Klub reports started to introduce average LGBTQ participants, putting more emphasis on accepting LGBTQ individuals in their own right.

Pride's media portrayal on M1 changed in the opposite direction in comparison to the other channels. The channel's portrayal of the event was the least accepting and sensitizing. Between 2009-2012, the channel opted for a rather

distant representation, while from 2013 the reports became more hostile, not showing the growing acceptance of LGBTQ people and Pride across Europe, including Hungary. The malevolent media framing represented participants and LGBTQ as deviants who threaten the majority and families. M1 also presented and linked religious and political topics to the march in an extensive way.

APPENDIX

Table 1. *Number of reports on Pride March on each channel compared to appearance of each motif.*

	M1	RTL Klub	RTÉ
Reports on Pride March during the years of analysis	14	14	8
Reports in which police action appears in connection with the Pride March.	10	10	0
Reports in which Pride March counter-demonstrators were interviewed.	2	1	0
Reports in which positive values were connected to Pride March counter-demonstrators (either by the channel, or the longest or the second-longest quoted interviewee)	2	0	0
Reports in which the focus was on the counter-demonstrators instead of the Pride March.	8	3	0
Reports in which the report's focus was balanced between the counter-demonstrators and the Pride March.	1	3	0
Direct framing			
Reports right before or after Pride March focusing on traditional family structure.	1	0	0
Reports right before or after Pride March focusing on mental illnesses or mental problems.	0	0	1
Reports right before or after Pride March focusing on religious topics.	0	0	1
Reports right before or after Pride March focusing on national traditions.	1	0	0
Reports right before or after Pride March, that could lead viewers to negative associations, according to CDA (examples of these given in the main text).	2	3	0
Total number of occurrences of negative direct framing (found and proved through code-based content analysis and CDA).	4	3	0
Acceptance and sensitization			
Reports containing motifs that suggest acceptance (found and proved through code-based content analysis and CDA).	1	6	2
Reports containing motifs that suggest sensitization (found and proved through code-based content analysis and CDA).	0	2	8

Source: Researcher's own results based on code-based content analysis and CDA

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FORUM

CONTOURS OF AN ISRAELI-PALESTINIAN PEACE SETTLEMENT

Anthony Oberschall[1]

ABSTRACT *Israelis and Palestinians have off-loaded the cost of their conflict to outsiders. The massive subsidies for Palestinians should be gradually withdrawn and Israel should pay rent for the settlements and lands it occupies. This rent will fund the Palestinian economy and act as compensation in lieu of the right of return. The Palestinian state will be demilitarized and neutral, and become viable through economic ties to Israel and international aid. Two states will coexist along the 1967 Green Line, and East Jerusalem will be made part of "Jerusalem: one city, two capitals." Peace-making will be backed by the major international stakeholders and the agreement will be legitimized by voters in both countries.*

No one is under any illusions about the obstacles to an Israeli-Palestinian peace agreement. Yet ideas that seem far fetched in time become actionable: for decades no one expected that majority rule in South Africa would be peacefully achieved, and few anticipated that Franco-German cooperation and alliance after two bloody World Wars would give birth to the European Union.

KEYWORDS: *peace settlement, Israel, Palestine, refugees, aid, failed state*

OBSTACLES TO PEACE

Both adversaries profoundly mistrust one another and are internally divided about a "two-state solution." Israelis believe that an independent *Palestinian state will be a weak or failed state,* not able to prevent attacks on Israel, as has been the Gaza experience, and that security will require Israeli re-invasion of the presently Occupied Territories (OT) and military operations, as in Gaza. A peace process might precipitate civil strife among Palestinians, as happened

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in Gaza when Hamas ousted Fatah through violence, and result in a hostile, unstable state controlled by religious and nationalist extremists. The status quo is preferable for many Israelis.

Palestinians believe that an *Israeli government will not be able or willing* to deliver East Jerusalem as their capital or *evacuate* many West Bank (WB) *settlements,* outposts, and illegal Israeli sites because armed settlers and their allies will resist the Israel Defense Forces (IDF), and Israelis will refuse to shoot one another. A Palestine state will thus remain a "Swiss cheese" entity with limited sovereignty, and, like the status quo, not a viable independent state. Palestinian leaders also fear that signing the agreement might trigger civil war among Palestinians and their assassination by militants. The status quo is preferable for many Palestinians.

Neither adversary has had to pay the cost of the conflict. For decades Israelis and Palestinians have outsourced the costs of occupation to the international community and to their allies, who have become enablers of the status quo. Paying the costs of the conflict for the Palestinians means phasing out billions in international subsidies; for the Israelis it means bearing the full cost of the military occupation of the Israeli Occupied Territories under international law, including compensating the Palestinians for the Israeli-occupied West Bank land.

Any peace agreement has to achieve a better and realistic future for both adversaries compared to the status quo*: Israel has to have security, and a Palestinian state has to have a viable economy.* Israel has an interest in having a viable Palestinian as a neighbor instead of a failed state vulnerable to extremists. Two states and two peoples can coexist and prosper throughout the entire Israel/Palestine area in what is potentially an economic "common market," but such cooperation keeps being disrupted by violent conflict and threats to normal life. According to the historian Ilan Pappe, "Palestinians were sucked into the pool of labor needed by the Israeli economy…they provided nearly a quarter of the labor in Israeli industry in the mid 1970s [*A History of Modern Palestine*, p.202]. In the 1980s, before the first intifada, about one-third of the Palestinian work force was employed in Israel. Nowadays, 80,000 work permits have been issued for Palestinians to work in Israel, and thousands more Palestinians work illegally in Israeli settlements. One hundred and twenty thousand Palestinian workers commute to Israel every day [*NYT* 1/5/18]. The Palestinian Prime Minister and the Israeli Finance Minister have recently announced plans to develop three joint industrial free-trade zones in the West Bank [*Jerusalem Post* 2/22/18]. Economic incentives persist for overcoming political barriers. What is now micro-economic cooperation can develop into macro-economic cooperation when peace gets institutionalized.

The peace process will gradually deliver security for Israel and build a viable Palestinian state. In the short run, both Israelis and Palestinians will have to make sacrifices. The Palestinians and Israelis by themselves will not work out a successful peace deal. *Major outside powers, international agencies and stakeholders must help achieve peace* in Palestine, provide resources for the peace transition, refrain from proxy wars by taking sides, and exert pressure against extremists from both sides that are unwilling to compromise.

CONTOURS OF THE PEACE AGREEMENT

The peace process will take place under the sponsorship and with the assistance of stakeholder states, diplomats, international agencies, and groups of experts (military, jurists, scientists, etc.) The Israeli and Palestinian publics need to know what the contours of the outcome will look like and have assurances about the openness, fairness, and enforcement of the process. During the Oslo process, incremental tinkering with boundaries, settlements, and security arrangements did not build confidence and led to breakdown. A shared vision of realistic peaceful coexistence and *recognition of realities* has to overturn the collective myths maintained by the Israelis, the Palestinians, and international stakeholders. Reality 1: *Israel is permanent* and will remain a Jewish state; the *Palestinians are permanent* and will not be a quasi-colony of Israel or pushed out into other Arab states. Reality 2: *Israel is an occupying power* in WB and East Jerusalem. It has to assume the responsibilities of military occupation. Reality 3: Palestinians have the unparalleled *status of having the oldest unsettled refugee population* in UN history and are the largest per-capita recipients of foreign assistance worldwide. The Palestinian state must end such dependency, develop a viable economy, and assume the responsibilities of a normal state. Reality 4. The end of the peace process will involve a peace agreement by **two sovereign states**, Israel and the Palestinian state, endorsed by the international community and legitimized by the majority of voters of both states.

Two states, Israel and a Palestinian state, will be defined along the Green Line boundary (the 1967 armistice line); East Jerusalem will be the capital of the Palestinian state but institutions for Jerusalem will be created to make it "One City, Two Capitals" thereby avoiding an East Berlin/West Berlin-type divided city; the Palestinian state will be neutral and demilitarized (like Switzerland) with joint security arrangements with Israel; Israel will financially compensate the Palestinian state for land it occupies on Palestinian territory and does not vacate; in lieu of a failed state, the new Palestinian state will develop viable institutions, and economic cooperation with Israel will benefit both peoples.

CONCRETE STEPS FOR PEACE

The adversaries must pay the cost of the conflict. Under the *Geneva Conventions*, Israel is an occupying power and "the occupying power does not acquire ownership of immovable public property in occupied territory" and the "transfer of civilian populations by the occupying power into occupied territory" is illegal. Israel has not paid for the settling of Israelis on WB land. Under the Geneva Conventions, an occupying power after the end of hostilities must ensure the provision of food, medical care, public health, and education to occupied people. When Jewish settlers arrived in Palestine, they purchased land: "By the end of the 1930's, 40% of all expenditures of the Jewish Agency was on purchase of land and agricultural colonization" (Pappe, op.cit. pp.94-95); they did not appropriate land without compensation. That changed after 1967. As an expert wrote, "…probably most jurists throughout the world, including many in Israel, regard all the settlements in the West Bank as illegal under international law, specifically article 49 of the Fourth Geneva Convention…" (David Schulman, *NYRB*, 5/22/14).

Israel has outsourced the obligations of an occupying power to the American government, which provides financial, military, and diplomatic support to Israel, and to American Jewish NGOs and donors. The security cost of maintaining the status quo is huge for Israel. For instance, Israel is building a 40-mile concrete and electronic security barrier costing $1 billion deep in the earth at the Gaza border to block tunneling by Hamas and Islamic Jihad (*NYT*, 2/12/18).

The Palestinians have become *the largest per capita recipients of aid* (World Bank 2013, European Commission 2017): WBGS received $495 per capita yearly, double the amount of that received by the next largest group of refugee recipients; in Gaza, 80% rely on humanitarian aid, mostly for food; UNRWA operates one of largest Middle-Eastern school systems for Palestinians involving half a million students, pays 70% of the cost of teaching staff, reaching $750 per annum per student. The Palestinian refugee status and aid programs created by the UN in 1948 and 1967 have morphed into permanent dependency and an aid economy that dwarfs the real Palestinian economy. The international community and outsiders have become the principal enablers of the status quo. The U.S. pays about $650 million a year for all forms of assistance (*Congressional Research Service*, 12/16/16, "U.S. Foreign aid to Palestinians").

The Palestinian Authority is not held to the norms of a modern state that is responsible for employment, social, health and education services. It will not be a normal state until it has a viable economy. "Refugee" status has enabled the outsourcing of these responsibilities to the international community, especially in Gaza. A stopgap measure has become permanent and has not brought peace and good governance for the Palestinians.

Outsourcing is coming to an end because the international community, including the U.S., is wary of being an enabler and because refugees and war migrants from Syrian and other catastrophic wars are making huge demands on international assistance (Alex Joffe and Asaf Romirowsky, "The UN agency that keeps Palestinians from prospering" *WSJ*, 1/10/18). Because thousands of Palestinians' food needs, jobs, and salaries depend on international assistance, this has to be terminated gradually in parallel with the creation of a viable Palestinian economy. International financial and technical assistance (e.g. from the World Bank, EU and Arab states), will be necessary for a considerable time.

Israel will not empty the major settlements in the WB but it will assume the responsibilities of an occupying power and pay rent for settlements and the water they consume because it has an interest in having a viable rather than a failed state for a neighbor. There are about six hundred thousand settlers in blocs adjacent to the 1967 borders, East Jerusalem, and in some 130 settlements scattered throughout the WB. The *Palestinian State can lease land* currently occupied by these Israeli settlers to Israel; this would involve long-term, 50-year leases for settlements and allow for the continuation of Israeli law and authority within them. Leases will also be granted for outposts, military bases, access roads, security barriers, and buffers, and are expected to be phased out after some time. Some settlers will return to Israel voluntarily when the IDF gradually withdraws from the Palestinian state, but some will not. Nevertheless, over time, the "Swiss cheese" aspect of the WB will diminish, without the use of force.

Leasing land would be a cost-effective deal for remaining Israeli settlers in the new Palestinian state and a much needed source of revenue for the Palestinian Authority as international assistance is phased out. There is a precedent: Israel has rented land from Jordan for decades on behalf of the Israeli agricultural/military settlements in the Jordan valley. The assumption of gradual sovereignty by the Palestinian state requires the cessation of settlement expansion and continued loss of Palestinian living space. Concrete benefits accruing to Palestinians from an independent state would include secure property-, residence-, water-, and building rights.

The rents will go to several *Palestinian Funds* to compensate Palestinian refugees who give up their right of return, for government expenditures to cover the phasing out of international donor aid, and for Palestine state-building and economic development.

A controversial principle is compensation for the *right of return,* when physical return is not possible, as it is not in any realistic peace settlement. At the termination of many conflicts, like insurgency in South Africa and the Bosnian civil war, and major regime changes at the end of communism in Eastern Europe,

provisions were made for compensating victims and their families. In South Africa it was part of the Truth and Reconciliation Commission (TRC); in Bosnia it was part of the Dayton peace agreement; in Eastern Europe, in different ways, new democratic regimes restored some property or instituted some compensation schemes. For making a peace settlement acceptable to the Palestinians, there has to be a compensation scheme in lieu of the right of return. Limits have to be put on who is eligible, and what the amounts are; there are precedents from the TRC and from the implementation of Dayton concerning commissions and procedures for doing this. Polls have shown for years that most Palestinians are willing to give up their right of return for financial compensation.

The *funds will be managed under international supervision* or controls to ensure they are not diverted to other uses; this process is similar to the control exercised by international agencies and donor states for funds allocated to the Palestinian Authority, Palestinian NGOs, and International NGOs for the Palestinians.

A Rand study estimated that a Palestinian state will need a capital investment of $33 bn. for the first ten years. The Palestinian Funds will also raise money from other sources like the World Bank, Arab states, and Islamic foundations, the European Union, U.S., and UN agencies. The Funds will pay Israel for electricity, telecommunications, water, port facilities, transportation, technical, and other services provided to the Palestinians (e.g. the technology for irrigation agriculture and water recycling in arid regions that Israel has successfully developed). It is hoped that the economic, labor and financial ties between the two states will gradually grow into permanent cooperative economic institutions, building on labor migration and investments that already exist, perhaps later including other states like Jordan.

East Jerusalem will become the capital of the Palestinian state under "One City, Two Capitals" institutions. The specifics of *Jerusalem governance*, its boundaries, its economy and governance under the two-state peace agreement will have to be worked out. Palestinian sovereignty will ensure that Palestinians will not lose their right to live in the city and will have voting rights to elect representatives who are accountable for taxes and municipal services. The topic requires a separate analysis and essay. Jerusalem functions now as a unified city, and the outcome to be avoided is a divided West Berlin/East Berlin-type city. Several Israelis and Palestinians have been reflecting on such a plan, cf. Daniel Seidmann "Terrestrial Jerusalem" (*YouTube* 2/6/18 Jerusalem: City in Crisis). In addition, there would be an international agreement for access to and administration of *Temple Mount and other Holy Places.* The current arrangements work pretty well and might be continued, but the faith communities will have to be consulted and approve.

There will be *security* arrangements and enforcement, including demilitarization of the Palestinian state, banning offensive weapons, internationally recognized *neutrality status* (precedents Switzerland and Sweden), the decommissioning of weapons held by Hamas and other militant groups under international inspection, the dignified return of fighters to civilian status (as in South Africa, Northern Ireland, and Colombia), the release of prisoners held by Israel, and a declaration by both sides of the cessation of hostilities pending a permanent peace agreement. Fighters would enlist in a "trading violence for jobs or education" program. There will be agreement by all stakeholders to keep offensive military weapons out of the Palestinian state, to secure borders against weapons smuggling, and the commitment of outside states and organizations (Iran, the Saudis, Gulf states, Lebanon, Turkey) to stop support for those who reject the peace agreement. As security grows, there will be a *phased withdrawal of the IDF* and the gradual assumption of responsibility for security by Palestinian police.

The Palestinian state has to become *economically viable;* a gradual process. The two states have been partially *integrated* for decades and will become even more so with peace. The Rand Corporation and other thinktanks and international agencies have given this some thought and come up with some numerical estimations. Solar energy development and water management are obvious targets for joint projects with Israel. With growing security, Palestine labor migration to Israel will increase. The export of Gazan agricultural products (e.g. strawberries and vegetables) and textiles can be reestablished as before 2005; investment in manufacturing for export to Arab states will become attractive. As economic cooperation grows, agreements and practices will be worked out regarding the flow of goods and people, transportation, currency, official languages, religious rights, law courts, education, licenses and degrees, tariffs, identity papers, and coordinated governance, in particular for Jerusalem.

Further side agreements will be made about timetables and conditions for phasing out the occupation and phasing in Palestinian governance.

The Permanent *peace settlement between Israel and the new Palestinian state* will be approved by all stakeholders in an international peace treaty and *legitimized through referenda* by the Israeli and Palestinian populations.

CONCLUSION

These are guiding, preliminary ideas that are meant to start a discussion. The Israeli and Palestinian publics will have to be convinced that a peace agreement is

preferable to the status quo and to alternatives. Scholars can't make that happen; leaders, public intellectuals, the media and international stakeholders can. It worked in South Africa when the leaders of the African and white populations came to share the view that a viable South Africa needed compromises and cooperation by both groups; it worked in Europe when German and French leaders understood that European reconstruction and future peace necessitated Franco-German cooperation. In time, it may also happen for Israelis and Palestinians.

TRANSFORMING BREXIT BRITAIN

Andrew Ryder[1]

ABSTRACT *The article gives an overview of the key cultural and structural factors behind nationalist populism in Britain and the decision to leave the European Union as a result of the referendum staged in 2016 (Brexit). The article seeks to identify socio-economic and cultural changes that might counter nationalist populism in Britain through transformative change centered on a renewed Social Europe, a revived civil society, constitutional reform and critical multiculturalism.*
KEYWORDS: *Brexit, populism, securitization, social Europe, transformative change, critical multiculturalism*

INTRODUCTION

In the 2005 general election, Michael Howard, leader of the Conservative Party, ran a highly populist electoral campaign guided by the lobbyist Lynton Crosby who became notorious for the emotive scapegoating speech acts and tactics that featured in his campaigns. Crosby's style of campaigning gave rise to the term "dog whistle" politics – coded language that appears to mean one thing to the general population, but has an additional, different, or more specific resonance for a targeted subgroup often centered on nativism and reactive forms of national identity. The campaign coordinated by Crosby in 2005 sought to surf the demonization of Gypsies and Travellers and migrants which had been orchestrated over a number of years by the tabloid media like The Sun newspaper which ran a series of anti-Traveller articles entitled "Stamp on the Camps." Conservative leader Howard claimed that Gypsies and Travellers were unfairly benefitting from the Human Rights Act and a "rights culture" which

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privileged a minority above the majority that offended the British sense of "fair play" (Ryder, 2015).

At the time of the Howard/Sun campaign I was working as a policy development expert for Gypsy and Traveller civil society and had direct insight into this political moment. This incident seemed to represent a turning point, showing that a mainstream party in the British political system could play upon national identity and insecurity in a racialized context to mobilize support. This was not to be an isolated aberration; such invective seems to have increased its influence in shaping political discourse in Britain, culminating in Brexit, an event which is very much part of the populist turn.

What is populism? Populism appeals to the masses through speech acts which resonate with the emotions, including the anger of the masses. This can include forms of nativism and xenophobia. Populism is also an appeal to folkloric traditions and a desire to preserve and maintain idealized notions of national identity, which often encompass jingoism and bombast. Populism also encompasses a form of paranoia where exaggeration, suspiciousness, and conspiratorial fantasy are rife. Populism is an outlook which lacks refinement and complexity, considered by some to be crude and simplistic. It voices the most base thoughts and anxieties of the masses, which in previous times might have been easily dismissed as demagoguery or opportunism (Mudde and Kaltwasser, 2017).

Identity has offered a number of communities, particularly those suffering from marginalization and profound change, something of an anchor and sense of certainty in a world that is in a state of flux produced by de-industrialization, globalization, mass communication, and conflict (Woodward, 2000). These identities can be condensed into a rigid and uniform sameness where difference is despised (Young, 1999). Brexit can be viewed as a form of paradigm shift, in which public thought about identity and nationhood is being radically and reactively re-orientated. Brexit is a shaper of identity, a frame used to interpret the past and present.

Change, and the trauma and dislocation this can cause, as well as the positives it heralds (namely modernization and renewal) are challenges that politicians have grappled with for centuries. The British response has often been to blend innovation with tradition and forge a consensus that appeals to a broad section of the electorate. One such example was the development of "One Nation" conservatism in the nineteenth century which stressed the importance of preserving established institutions and traditional values, but, coupled with political democracy and a social and economic program was claimed could benefit all, including the newly enfranchised working class. The Conservative prime minister Benjamin Disraeli, who was one of the first and most influential

proponents of One Nation Toryism, declared in a speech made in Edinburgh in 1867:

> "In a progressive country change is constant, and the question is not whether you should resist change which is inevitable, but whether that change should be carried out in deference to the manners, the customs, the laws, and the traditions of people, or whether it should be carried out in deference to abstract principles and arbitrary doctrines." (cited in Blake, 1970, 363)

There is a third option concerning blending abstract principles with tradition in pursuit of reform; an option that characterizes Disraeli's One Nationism whereby a large section of the working class were enfranchised and important social reforms were introduced in tandem with an orchestrated sense of imperial destiny which bolstered certain elitist notions. Disraeli's comments are of relevance to the present day: accordingly, this article seeks to map out a course by which institutions and traditions can be reinterpreted and revived using abstract principles like social justice and deliberative and participatory democracy. The high point of One Nationism was probably the age of consensus in the post-war period, sometimes referred to as the "Glorious Thirty" (Les Trente Glorieuses) (Fourastié, 1979) when cross-party consensus saw British policy committed to full employment and an active welfare state in a mixed economy managed in accordance with the economic principles of Keynes. One Nationism became a popular leitmotif of the left and right in British politics. Such was the allure of One Nationism that Ed Miliband, when leader of the Labour Party, sought to depict Labour as a One Nation party in contrast to the austerity and "small state" thinking of Cameron's premiership (Cruddas, 2013).

I agree with Foucault's (2008) assertion that the trilateral balance between the state, markets, and civil society has become unbalanced, with the market emerging as dominant. A central part of the argument propounded in this article is that an egalitarian Britain and Europe are prerequisites for democratic renewal and inclusive forms of identity. This article thus makes reference to the need for transformative, deep, and fundamental cultural and structural change but argues that such change can take place through the traditions, institutions and values which are inherent to the British way of life.

Social Justice

For the past decade, Europe has faltered economically, being in the grip of a financial crisis which was triggered by the near economic meltdown caused by the financial crisis in 2008/9. The "Double Movement" (Polanyi, 1944) – the push for social protection against laissez-fair marketization – appears to have been irrevocably undermined. As the Financial Times noted in comments which reveal the global and cultural significance of the Brexit phenomenon, the Brexit victory may be "the moment when the West started to unravel" (Wolf, 2016). Some would argue that this turn of events was the inevitable consequence of the dominance of the Washington Consensus, whereby neoliberalism and marketization have led to an emphasis on deregulation and profitability. Rather than weakening such forms of capitalism, the crisis bolstered it through austerity regimes which cut back on welfare programs, shrinking the state to levels which surpassed the greatest aspirations of Thatcherism. In Britain there was some irony in this development, as David Cameron, the prime minister who presided over these cuts, had portrayed himself as being of the One Nation conservative tradition, in contrast to the more partisan political philosophy of Thatcherism. In a further irony, it was Cameron's inability to face down the radical right in his own party, coupled with a fear of the rise of UKIP, which led to his pledging a referendum in the 2015 election, a pledge which led to his own downfall when the Remain campaign narrowly lost the resulting poll.

Following Cameron's departure, conservatism under Theresa May and then Boris Johnson remained wedded to neoliberal orthodoxies. In fact, their support for forms of hyperglobalism hailed the prospects of a hard Brexit (leaving the EU customs union and negotiating independent trade deals) as leading to a renewal of British success: namely, "Global Britain." Brexit has been heralded as a chance to complete the "Thatcher revolution" (Lawson, 2016). Also, in seeking to deter a soft Brexit by ending freedom of movement, the Conservatives have sought to manipulate anti-migrant sentiment, while in this process nativist rhetoric has entered the political mainstream. A hard Brexit promises not just radical economic freedoms, but, as with Thatcherism, a renewed sense of national identity and pride. Conservative support for Brexit is couched as an effort to protect and uphold British sovereignty. Such is the intensity of the influence of this English nationalism that the Conservatives appear willing to abandon another tenet of One Nationism; namely, a commitment to preserve the Union of the UK. The Conservatives have paid little attention to the protests and concerns of Scottish nationalists about a hard Brexit, thus bolstering calls for a new independence referendum (Hayton, 2018). The Conservative Party has shown a propensity to metamorphose into

something more akin to a populist entity, giving credence to the predictions of Polanyi and Dahrendorf that neoliberalism can potentially transform into forms of fascism and authoritarianism in times of crisis. Such detours and innovations, as reflected by nativist and isolationist sentiments that are pronounced in desires for a hard Brexit, ostensibly might appear to contradict globalization, but the fusion of neoliberalism and nationalist populism seems to be a relatively simple form of political merger, facilitating further downsizing and the dilution of social protections (Fekete, 2016).

From a review of the 2016 referendum result it became evident that there is a strong correlation between wealth and income and support for Brexit, with a large proportion of low-income groups and depressed areas supporting Brexit. Thus, a new social contract should be part of the counter-narrative and response to Brexit. At times, however, leftist thinking has been more in kilter with populist trends, as reflected in notions that Britain's socialist future could be assured outside of the EU (as encapsulated in "Lexit," a leftist version of Brexit, which perceives the EU as an enforcer of neoliberal policies).

In a globalised world, the notion of "socialism in one country" is dangerously outdated. Given the opposition to such changes from economic elites and the potential for flights of capital in retaliation, such change would need to take place in unison within international trading blocs. This was the logic of the EU before it became market driven and embraced ordoliberalism: the founders of the EU project had envisaged forms of economic and social solidarity for safeguarding the European social model (Crouch, 2018). Returning to earlier conceptions of the European project will be integral to persuading Britain to remain or return and bring about a new social contract across Europe.

EU structural and regional funds have not been able to address economic disparities, a failure compounded by the financial restrictions of the Stability and Growth Pact promoted by German Chancellor Angela Merkel to bolster the Eurozone, which, according to critics, accentuated the problems of the financial crisis through austerity policies (Avis, 2014). The ordoliberal austerity imposed upon the Eurozone has also compromised the democratic accountability of the EU, further eroding public trust and support (Farnsworth and Irving, 2018).

The concept of "Social Europe" stresses the value of increasing labor market participation, places much more emphasis on active welfare state measures, introducing supply-side efforts at job creation, creating measures to provide security other than life-time job tenure, and prioritizing efforts to combat social exclusion. Social Europe might offer a panacea for the ills of Europe (Seikel, 2016). DiEM25 is campaigning for a European New Deal, a call echoed by the Confederation of German Trade Unions which has called for a European-style Marshall Plan.

A policy centered on a renewed Social Europe would not be able to revive the Keynesian mixed economy of the post-war era, as expansion during that period was based on rapid growth. Such a model may not be sustainable environmentally because of the level of resources that were and would be devoured to fuel rapid growth. In addition, post-war growth was also based on cheap materials and exploitation of low-wage labor from regions of the periphery, and within the new globalised economic order such terms could not be replicated (Benton, 2018). However, these factors, whilst impeding a return to previous models of welfare and socio-economic consensus, do not mean that transformative change is impossible. In the current economic system, unprecedented wealth is owned by a super elite, which could be redistributed through greater levels of progressive taxation and a global tax on elites, as Piketty (2014) has advocated. New socio-economic models will entail less consumerism given the slower rates of growth that would be possible and the environmental restraints needed to limit future damage. The key point though, is that Britain will need to stay in the EU for any future government to have a chance of being able to deliver transformative change; to attempt to do so isolated and outside of the EU would lead to penalties and punishments being inflicted by the market. In addition, a Britain which opts for a harder Brexit outside of the customs union and which is free to make independent trade deals would be following a policy trajectory which seeks to dismantle social protections in order to achieve maximum profitability and competitivity.

TAKING CONTROL

The political attachment of society to democratic norms, and the values and the procedures of a liberal democratic constitution have been termed Constitutional Patriotism by Habermas (1994); the latter is dependent on rational discussion and debate – principles, some would argue, that were absent in the referendum. In Britain, the Westminster model has held sway (a more centralized form of political governance, as opposed to the continental model whereby forms of proportional representation have a greater tendency to produce a coalition government leading to an emphasis on consensus building and deliberation). In contrast, the Westminster system is more hierarchical and less inclined to compromise. Britain has a restrictive form of representative democracy which compounds voters' sense of alienation from the political process by appearing to act primarily in the interests of elites which appear to be distant and disconnected. The resulting mistrust and alienation from the political establishment meant

that entreaties for Britain to remain within the EU during the referendum were ignored in some quarters: in fact, Brexit was perceived as an assault on the elitism and vested interests of the political class.

Laclau and Mouffe (1985) contend that liberal democracy and anodyne forms of consensus have created an empty and meaningless form of politics in which politicians in the mainstream sound the same and premise their thoughts and actions on an unquestioning adherence to neoliberalism. Basically, the centre and left of politics has shifted to the extent that the *Les Trente Glorieuses* and the vision of the social contract it represents have been profoundly undermined. Nationalism and populism have sought to fill this political vacuum with pledges to upend the status quo (Jones, 2014). Laclau and Mouffe advocate a form of democracy which seeks to move away from the essentialism and determinism of traditional radical left politics of the post-war period and embraces a renewed liberal democracy (radical pluralism) as a means by which transformative politics can be advanced. It can be described as the politics of choice, contrast, and contestation (agonism), in which an adversarial politics of "us" and "them" comes into play (Mouffe, 1999). Such views were shaped by Schmitt's (1976) adversarial view of politics, where the chances of reaching consensus are minimized through a collective nation-building dynamic at the centre of politics. In contrast, radical pluralists have sought to focus on frames centered on economic and social justice rather than nationalism.

Fassin has criticized what he perceives as the leftist populism of Laclau and Mouffe, claiming it is fuelled by resentment, which ultimately, as with nationalist populism, cannot be immune to reaction and scapegoating (Hamburger, 2018). This is evident with a faction like the radical left political organization Momentum that operates within the British Labour Party which is committed to grassroots activism and support for the leadership of Jeremy Corbyn. Left populism has at times resorted to crude binary frames to mobilize mass movements. In this sense it has displayed the classic traits of populism, relying on charismatic leadership and a simplistic rhetoric of resentment which crowds out the possibility for independent thought and deliberation. In the factional struggle within Labour between Momentum and its opponents, party members with diverging views are denounced as "plotters" against the leadership of Corbyn, or Blairites wedded to a neoliberal order: a mindset that threatens to undermine the broad-church traditions of the Labour Party. Laclau reflects the stridency of some on the left by deriding Habermas as a naïve universalist on account of his desire to see a consensus forged by deliberation. However, argumentation and deliberation, although being slower and less decisive than coercion and collective "will," might be a more secure means of developing long-term, stable transformative policy trajectories (Garnham, 2007).

However, Mouffe (2005) does believe that forms of consensus are useful in formulating a common symbolic space centered on the principles of equality and liberty, although there should simultaneously be space for disagreement as to how these principles are applied, with those who do not ascribe to these ideals being excluded from the democratic debate. Rawls (1971) espoused forms of economic consensus about curbing the rapacity of economic elites so that the life chances of the majority are not impinged on. Rawls has been classified as part of the liberal tradition of political philosophy which largely maintained the status quo, but in the wake of four decades of neoliberal hegemony his views could be construed as more egalitarian ones in the present political climate. Indeed, it could be claimed that Rawl's notion of building consensus through an incremental and gradualist progress in the tradition of social democracy could ultimately achieve radical forms of social justice. For some, this was the perceived trajectory of post-war policy in many European states before the advent of neoliberalism, perhaps most successfully achieved in countries like Sweden. In more recent times Habermas has sought to revive notions of consensus based on deliberation within liberal politics, although his writings contain a corresponding commitment to social justice through his call for advocacy to reverse corporate capitalism.

A central question for those interested in progressive politics is whether the radical pluralism of Laclau and Mouffe and the deliberative consensual politics of Rawls and Habermas might be fused. Deliberative politics, it could be argued, has an important advantage over agonism in an age when politics seems to be increasingly characterized by fissure and dissension, as it does not provoke and mobilize the support base of the adversary through polemic and disagreement. Instead, deliberative politics, through dialogue, reinterpretation, and re-orientation, seeks to dilute the views of its adversaries and convert them. The challenge is to achieve such a state of affairs without recourse to the anodyne politics of the neoliberal consensus that Mouffe and Laclau condemn, and which many contend has failed. In the *Les Trente Glorieuses* consensus, deliberation, and social justice formed a gradualist trajectory based on forms of welfare and social protection, enabling society to achieve what some have termed the "good society," but which was interrupted by the Washington Consensus. Constituencies of opinion that mobilized in support of Brexit, especially in the de-industrialized and "left behind" communities, could be persuaded to re-orientate their political aspirations if promised a version of the "good society" that would entail transformative interventionist and redistributive policies with the ability to create work and rebuild communities. This could be part of a counter-narrative to the politics of nativism. In tandem with such interventions, cultural frames would need to be re-orientated through conceptions of identity

and nationhood that do not rest upon the frame of resentment. Mouffe (1999) has sought to transform antagonism into agonism and marginalize the potency of such reactive frames by accepting that compromises can be achieved with the "adversary" in what are described as temporary respites. Hence, there appears to be the potential for forms of deliberation and consensus-building within radical pluralism.

Mouffe and Laclau support grassroots politics, building on the ideas of Gramsci and the frames of new social movements centered on intersectional notions of gender, sexuality, ethnicity, and economic justice. In this sense, their thought chimes with current leftist populist movements in Europe like Podemos, Syriza, and Labour under Corbyn. Even though Laclau and Mouffe support direct forms of democracy, they note that such is the technical complexity of governance that forms of representative government are inevitable. Thus, it might be possible to fuse aspects of direct and deliberative forms of democracy.

Institutional democracy is a concept that might offer a panacea for the challenges facing modern democracies. It welds diverse approaches to decision making through overlapping forms of representative, participatory, and associative forms of decision-making (O'Donnell, 2018). A transformative political agenda could redistribute both resources and power. Such notions translated into action are evident in Brazil where representative democracy co-exists with empowering forms of localized decision making such as peoples' budgets where local assemblies are consulted about the direction of local spending. A key dynamic of Habermas's (2010) political thought is deliberative democracy, where communicative action and new social movements create consensus and mutual understanding, creating the possibility for citizens to reframe their interests and perspectives in light of a joint search for common interests and mutually acceptable solutions. Cultural and economic transformative change as outlined in this article will necessitate persuasion and education through deliberation.

In an effective representative democracy the furtherance of the "greater good" warrants representatives being endowed with what can be described as "representative judgment," reaching a balance between the individual, plural, and common needs and aspirations of a community in total and translating that into fair and rational decisions that uphold core values (Chalmers, 2017). Representative judgment does not yield to what might be the emotive and temporal views of the mass at a given moment. A lawmaker (member of parliament) should be informed by public opinion and provide a rationale for unpopular decisions they make but not slavishly follow the mood of a given moment, especially as emotions might be stirred in forms of hysteria orchestrated by the media and other such actors (Parvin, 2009). The electorate

hold the ultimate power, of course, by being able to vote out any lawmaker who they feel has not adequately respected their sentiments.

Rousseau (1762) asserted that representative democracy constituted a loss of freedom, as opposed to direct democracy that articulated the "will" of the people, thus some on the left have been purists in supporting such notions of democracy aligned closely with decentralized decision making in which localized assemblies play a pivotal role. The political thinker Ralph Miliband (1961) derided the Labour Party for being seduced by the parliamentary tradition and losing its radical edge, but support for representative democracy may not necessarily curtail the possibilities of transformative change. Michael Foot as leader of the Labour Party championed the concept of representative judgment, believing members of parliament should be independent minded and not harnessed to the will of local Labour Party management committees (Pugh, 2010). What could be termed "minipublics" composed of deliberative local assemblies, citizen juries, and deliberative polls could be the antidote to political systems that can be characterized as suffering from elitism and a sense of disconnection between lawmakers and voters. Gordon Brown (2019), a former prime minister, recognized the need for a "root-and-branch" national conversation about the direction of Britain when he called for citizen's assemblies to be established, arguing that these regional public hearings would develop new approaches and re-establish trust that has been lost between MPs and their constituents and help guide and inform decisions made about Brexit, thereby breaking the deadlock that has been reached concerning this issue.

The integrity of the political process could be further enhanced by introducing greater regulation and control over political funding. Sixty-one percent of the funds for the Brexit campaign were provided by five rich individuals. Among these contributors was Arron Banks, a wealthy businessman who spent an estimated 11 million pounds on social media from 2011 to promote a Leave agenda (Shipman, 2016). Banks also heavily financed Nigel Farage and is reported to have financed a house and chauffeur for him since 2016 (money which Farage failed to properly record in the EU parliament's register of interests). Questions have been raised as to how Banks could afford to support Leave to the extent he did given the alleged financial difficulties of his business, and questions have been raised about his links with Russia (Sloan and Campbell, 2017). The National Crime Agency though reported in 2019 that it found no evidence of criminality after investigating a series of claims against the Brexit campaign group Leave.EU and Arron Banks. However, greater regulation of funding and even state financing of political parties may be needed to restore trust and transparency in British politics.

The events of Brexit and how the executive sought to use its powers to

steamroll its interpretation of Brexit through parliament by introducing its Withdrawal Agreement Bill to parliament no less than four times in what was perceived to be an attempt by the administration of Theresa May to wear down and intimidate parliament into supporting the requisite legislation have damaged democracy. The action of the May administration was interpreted by some critics as executive arrogance and bullying that undermined parliamentary conventions, many of which are based on unwritten practice and custom. To ensure that parliamentary tradition is respected in future, a written constitution with strong checks and balances on the power of the executive may be required. The transformation of the House of Lords, with an elected second chamber and proportional representation in the Westminster system coupled with the extension of regional government to the regions of England, would make British politics more consensual and deliberative and similar to continental politics.

The French president Emmanuel Macron has pledged a "rebuilding" of the EU to reverse the breakdown in trust and support that has occurred. According to Macron (2017), this will entail an integrated eurozone with its own financial minister, parliament, and a standalone budget to head off future crises. Critics argue though that Macron's centrist "third way" approach may not be sufficient to meet the challenge of the surge of support for nationalist populism, and such measures may be more of the same hierarchical and technocratic approaches that have already alienated so many in Europe. Some argue for a stronger focus on what has been described as the Social Pillar of the EU, an active and dynamic welfare and growth policy whereby social rights take precedence over the competition rules of the single market in order to create a notion of a "European dream."

THE PUBLIC SPHERE

The public sphere is a social space where different opinions are expressed, problems of general concern are discussed, and collective solutions might be developed. The media is a central dynamic in this sphere. Critics have long raised concerns about the concentration of media power and ownership in the hands of a small privileged elite in Britain, most notably in relation to Rupert Murdoch, owner of The Sun and The Times. The marketization of the media has also created a mass culture where marketing techniques centered on slogans and emotive manipulation have colonized politics: as noted earlier, "dog whistle politics" have become a more apparent feature of British politics in recent decades.

The Brexit referendum was something of a culmination of a long process of securitization. Securitization describes how power elites are able to use speech acts to play upon or construct perceptions of insecurity and fear and thus mobilize and frame thought and action to a priority level; an "emergency politics" which sets aside the normal process of decision making (Stritzel, 2007). Post-truth politics is another aspect of what has become an increasingly unstable public sphere where emotions rather than facts are at a premium, and coupled with distorted and sensationalist media reporting such phenomena have done much to undermine the quality of public debate and discourse. New measures are needed to raise the quality, accuracy, and balance of the media, where greater attention is given to those outside the governing class, especially those at the margins, and greater attention is paid to the ethics of journalism and the public information service role of the media.

Print media is in decline and the influence of social media has steadily grown. The Leave campaign enjoyed a dominant role in social media. On Twitter, sentiment was (on average, for much of the campaign) two-thirds in support of Leave, as opposed to a third for Remain (Llewellyn and Cram, 2016). Arron Banks hired the US pollster and referendum expert Gerry Gunster to acquire quantitative data; this involved sophisticated mining techniques whereby personal data was "scraped" from social media such as Facebook accounts. This data was then used to segment the population through classification, and then micro-targeting of the electorate was undertaken to shape voting behavior. Targeting involved the transmission of sharp messages likely to invoke key feelings and anxieties, and was a prominent feature of the Banks-and-Farage-supported "Leave.EU," one of the two principal leave campaign groups in the referendum. The other group was "Vote Leave," which was a more mainstream Conservative operation that hired Aggregate IQ, a software data firm with connections to Cambridge Analytica, a company partly established by Steve Bannon that was used to assist the Trump election campaign. Aggregate IQ built up a core audience and used a Facebook tool called "Lookalike Audiences": an audience-builder which helped identify similar people (Shipman, 2016). This aspect of the campaign is now at the centre of some controversy as it appears that privacy agreements may have been violated. Concerns have been raised about the almost Orwellian use of social media and messaging to influence voting intentions, especially when emotive and non-factual codes are relied upon.

Thus, another important area in need of reform is social media and its influence on decision-making and the privacy of personal data. Aside from more stringent regulations, the large online monopolies of Google and Facebook should be broken up and made subject to greater scrutiny. The British parliament last

passed substantive legislation on data protection 15 years ago, which Rawnsley (2018) notes is "like trying to govern the airline industry with rules made for hot-air ballooning." The European Union has activated a General Data Protection Regulation that will give users more power to opt out of being tracked online and prevent their data being shared with third parties. It is probable, however, that greater enforcement and regulation is needed.

COMMUNITY MOBILIZATION

Traditionally, civil society has been a bridge and even mediator between government and communities. Under the premiership of David Cameron, promises to bolster and extend the role of civil society in British society were made as part of the "Big Society" agenda. Big Society was a communitarian vision of society that sought to see social capital and volunteerism become an important dynamic in community governance and a key plank in Cameron's efforts to cast himself in the One Nation tradition. In truth, despite the marketing and hype of Big Society, it equaled the "small state" as Cameron's post-financial crisis austerity measures greatly reduced the strength and independence of civil society. Where civil society has survived, it has often found itself tied into service delivery contracts or businesslike operational models. A renewed civil society, coupled with a new sense of constitutional patriotism (see above discussion), is a prerequisite for reinforcing the norms and values that may withstand the reactive populist sentiments of Brexit.

The EU referendum result might have been different if there had been a stronger and more vibrant network of grassroots-orientated civil society groups, particularly in those marginalized communities that voted heavily to leave. An autonomous and well-funded civil society can also help reconnect some of the most marginalized in society. A renewed civil society can facilitate what Freire (1994) envisaged as a catalyst for marginalized groups, supporting them in developing a critical consciousness, and by training and supporting them in participating not just in decision-making but also in economic activity through fostering economic cooperatives and mutualism. Such initiatives might enhance the collective and individual capabilities of communities, forming a subaltern counter sphere (Fraser, 1992). In other words, civil society can constitute a discursive arena where the marginalized can invent and promote counter discourses and formulate oppositional interpretations of their identities, interests, and needs, furthering the politics and policies of redistribution, recognition, and representation.

CRITICAL MULTICULTURALISM

In 2019, a report revealed that Brexit identities were stronger than party identities, with the country almost equally divided as to whether they saw themselves as Remain or Leave, both having become frames which encompassed distinct views and values (UK in a Changing World, 2019). An important question is whether this divide can be overcome. In the referendum there was an important correlation between demographics and the vote to leave the EU. Brexit nationalism thus highlights a series of fissures, with poorer communities, especially in the North and Midlands, being more likely to have voted leave than affluent/metropolitan areas that were more cosmopolitan in their outlook. Again reflecting class, the less educated were more likely to vote leave than the educated, while older voters were more likely to vote leave than younger ones. Large numbers of Conservative supporters with more insular conceptions of English identity were also prominent in the constituency supporting Brexit. Approximately 60 percent of over-fifties voted leave, in contrast to the 70 percent of 18-24-year-olds who opted for remain. Older voters could be described as the "carriers of cultural legacy": socialized, indoctrinated, and habituated in a particular cultural milieu. Perhaps the imprint of British exceptionalism, Empire, and war was most evident among this demographic age group.

These divides represent in some cases deep cultural chasms in which an accepted and deeply held liberal-minded tolerance of minorities and difference, strongly evident in metropolitan and urban areas and once deemed to be dominant and mainstream, are in fact deeply at odds with a counter-narrative of fear and resentment that may be found in de-industrialized and rural areas. Cultural resistance to progressive values can be viewed as a silent counter-revolution (Ignazi, 1992). There is in fact a cleavage between cosmopolitan and nationalist mindsets, a cultural civil war that can only be resolved through a deep and intense national conversation about who the British are, and where they think they are going.

The cultural backlash to more liberal and multicultural developments in British post-war society is in part a byproduct of the conservatism of the British media that has instigated a decades-long crusade against liberal values and diversity. As noted at the start of this article, the Sun newspaper's "Stamp on the Camps" anti-Traveller campaign, and a host of other such campaigns centered on attacks on migrants, the bureaucracy of the EU, and the perceived dangers of Islam can be viewed as a "moral panic." Moral panics and a fear of "folk devils" help normalize mainstream institutions, values and community voices (social guardians) who claim that they represent the majoritarian view based on tradition and/or established behavior and who castigate those (folk devils) who

are deemed to deviate from convention. Successful panics and acts of collective hysteria resonate with deeper historical, cultural, and structural anxieties which can reinforce boundary maintenance in a neurotic form of "us" and "them" (Cohen, 2016).

In response to cultural backlash, there is also a need to nurture inclusive forms of identity and community relations. In the 1960s and 1970s, liberal forms of multiculturalism and integration replaced assimilation, embodying a version of liberal "tolerance" based on the assumption that there was a dominant cultural identity to which incoming ethnic minorities had to adjust, but to whom concessions could be made. Liberal conceptions of multiculturalism could be patronizing and tokenistic. Some minority groups have themselves been critical of multiculturalism, claiming that it caricatures their culture in a simplistic manner which often reduces the presentation of minority cultures to a homogeneous, static, and conflict-free caricature (Sarup, 1991). Critics argue that this version of multiculturalism does not deal with the central cause of racism, such as racist attitudes expressed through teacher hostility and low expectations, bullying, and institutional racism (Bulmer and Solomos, 1999). In addition, liberal forms of multiculturalism have often ignored white culture and failed to celebrate and explore it alongside minority cultures, causing further anger and resentment from white society (Back, 1996). An alternative approach is presented in the form of critical multiculturalism which is intersectional in the sense it is interested in the linkages between race, gender, and class and challenges oppressive behaviors within majority and minority society that might stem from tradition and custom. Such a notion can be described as "two-way integration," where the identities of all ethnic groups, including white majoritarian society in the UK and Europe, undergo processes of change as the overarching national community and sense of identity emerges (Modood, 2012). Such conceptions may be the antidote to the new assimilationism that emerged post 9/11 and the rise of nationalist populism. Critical multiculturalism encourages a form of hyper-pluralism, where innovation and imagination is encouraged but is steered by reason and principle, allowing for meaningful responses to an ever-changing world.

THE MIGRATION DEBATE

With the accession of Central Eastern European States to the EU, migration from the EU to Britain greatly increased. Migration from within the EU rose from 15,000 individuals in 2003 to 180,000 in 2015. Kaufman (2018) identifies

immigration as the principal and most decisive factor for those voting "Leave" in the referendum – 33 percent of those who voted Leave thought it was the best chance for Britain to regain control over immigration and its borders (Salter, 2018). Post-industrial austerity-hit communities have been prominent in expressing resentment about migration, in contrast to the enthusiasm about diversity of the more materially fortunate liberal metropolitan elite (Seidler, 2018). The issue of intra- and wider migration has been increasingly securitized and referred to as the cause of unemployment, the rise of the informal economy, and the crisis of the welfare state. Second, the security factor is linked to the "loss-of-control" narrative associated with the issue of sovereignty, borders, and both internal and external security. The third factor is linked to identity, where migrants are seen as a threat to national identity and demographic equilibrium.

As part of the securitized debate around migration, a key argument from the right of political opinion is that freedom of movement and an "influx" of Central-East-European migrants has led to unemployment, pressure on services, and a loss of English identity in some communities. The reality of the situation though, is that migrants make a positive contribution to the economy, tax revenues, and service delivery in areas like health care (Andor, 2014). English left nationalism accepts some of the central tenets of the Leave trope by asserting that free movement of labor aids the neoliberal economy by depressing wage rates. Others on the left are alarmed at the nativism that such migration prompts, leading to the rise of radical-right parties propelled by a strong anti-immigrant stance, which in some cases is leading to traditional left parties hemorrhaging electoral support (Chakrabortty, 2016). Such sentiments contrast with progressive political sentiments, which advocate robust anti-discrimination policies and measures to counteract the economic manipulation of migrants and wage protection and thus oppose restrictive immigration policies (Global Unions, 2013).

A Social Europe (see discussion above) would raise the socio-economic condition of depressed parts of Central Eastern Europe through redistributive policies and targeting regions and economic sectors suffering from skills shortages as a consequence of intra-migration. Such initiatives could create incentives for workers to stay in their home countries or be replaced through extensive training programs. In migrant-receiving countries where services and the availability of accommodation is under pressure due to migration – often poorer inner-city areas –, it would be of value if the EU and national governments could make available more targeted funds for alleviating such pressures, which are major contributory factors to the undermining of community cohesion. Thus, employment and social standards should be protected not by restrictions but by the enforcement of rights and greater targeted financial support for areas affected by migration.

CONCLUSION

The article has presented the argument that austerity and cuts bolstered support for Brexit and were a reflection of the resentment and anxiety of depressed and left-behind communities. Brexit can also be construed as an attempt to revive and promote forms of white identity imbued with notions of exceptionalism, fuelled by a form of English nationalism which is inward looking and deeply nostalgic. These resentments and outlooks have been stoked and framed by tabloid journalism, giving rise to forms of crude rhetoric and forms of populism which threaten to upend British democracy as we know it. The populist turn has been surfed by a range of nationalist politicians, but has included the Conservative Party recasting itself in the populist mould, evidenced by its support for a hard Brexit, and the fact that at the time of writing Boris Johnson had been elected the new leader of the Conservative Party. Johnson, with his personality and media-focused politics, advocacy of a no-deal or hard Brexit and affinity with Trump, is very much a politician shaped in the populist mould.

As noted in the article, the left of British politics has not been immune to the populist surge, with sections of the left advocating a leftist nationalist vision of a Labour exit from the EU (Lexit). The irony is that addressing the root socio-economic causes of Brexit then remaining in the EU and helping to formulate a Social-Europe response to inequality are essential parts of the counter-response to the forces behind the Brexit phenomenon.

The search for consensus is in itself something very British; a veneration no less of open discussion, reason, and a "one-nation" conception of politics which seeks to bolster the imagined unity of nation by minimizing social inequalities – in other words, the British practice of introducing innovation through existing institutions and practices, or putting "old wine into new bottles." The appreciation of such a stance is evidenced by the fact that around forty Conservative MPs, in response to the growing influence of hard Brexiteers, have formed a political grouping that seeks to protect and uphold the principles of One Nationism and to help steer the country into a softer form of Brexit. Likewise, under Corbyn, Labour sought to portray itself as a champion of consensus by supporting a vision of Brexit that whilst leaving the EU could uphold social protections in an effort to bring the country back together. These efforts to create consensus rest on forms of compromise and caution that fail to address the fundamental causes of Brexit. As suggested in this article, a sustainable form of national unity can only be achieved through transformative change in relation to economic management with enhanced social protection; a notion of identity that is intercultural and inclusive, and, most importantly of all, a rejection of Brexit and the embrace of a stay-and-reform agenda centered on Social Europe.

It will be evident to the reader that this article advocates the democratization of democracy through the reform of existing institutions within a policy framework that advocates a radical shift away from neoliberalism. The radical Left has often been characterized as seeing the EU as a market-driven project for transnational capitalism in which the free movement of capital can be guaranteed. In contrast, the centre Left is deemed to have embraced the market but perceives the EU as a civilizational project shaped by enlightenment ideals which promote tolerance and egalitarianism (Susen, 2017). This article has sought to fuse these approaches by advocating a reformed EU centered on a renewed Social Europe which is robust in promoting and facilitating intervention and redistribution, but in which the pluralist traditions and institutions of EU Member States can be strengthened through greater media regulation and placing limits on patronage and financial influence in the political system. The article also argues that democracy needs to be bolstered through empowering civil society and complementing representative democracy with new forms of participatory and direct decision making. We live in a time of flux, crisis, and contestation: time will tell which vision – namely, populist nationalism or a new Social Europe – emerges triumphant.

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THE CRUELTY OF DATA ABOUT SCIENTIFIC PUBLICATION PERFORMANCE: AN ASSESSMENT OF THE VISIBILITY OF HUNGARIAN SOCIAL SCIENCE BY ANALYZING HUNGARY'S MAIN REPOSITORY

Péter Sasvári[1], *András Nemeslaki*[2]

ABSTRACT *The evaluation of scientific publication performance has become one of the most important and, at the same time, one of the most debated issues in international academic circles. This problem is attenuated by the digital transformation of science; online repositories, indexing systems and online visibility have become key enablers of evidence-based assessments of publication performance. In our paper we examine the scientific publication performance of 2131 members of the public body of the IX. Department of the Hungarian Academy of Sciences As its members represent the diversity of Hungarian social sciences very well, it was possible to make a broader generalization about their achievements regarding their publication performance. We found that one third of this sample has an internationally visible presence in the Repository of Hungarian Scientific Artefact (RHSA) database, which is the central repository that provides data for scientific promotion and assessment. By running a two-step cluster analysis we could identify five typical clusters of scientists based on their publications – each of them focusing on a different outlet such as books, domestic journals, international journals, or a balanced publication strategy that focuses on all the former types. In contrast to previous findings concerning technology acceptance, we found that the younger generation of Ph.Ds often adopt to the use of RHSA less than more senior individuals that have higher academic positions.*

KEYWORDS*: scientometrics, Hungarian Academy of Science, Scopus*
JEL: K00, M00

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INTRODUCTION

Information communication technologies have disrupted and transformed numerous industries, especially since the commercial, mass-scale availability of internet. Manufacturing, communication, entertainment, and commerce are some of the classic examples which have changed in an almost unrecognizable fashion since the wide spread of ubiquitous ICT. Most recently education, healthcare, and public administration have been under the siege of technology-based transformation; accordingly, in our research we highlight what science – more specifically, the industry of scientific publications and the digital transformation challenge – means to scientists in a non-English-speaking Central Eastern European country.

As a result of digitalization, databases, online tools, open-access journals – as illustrated in the case of Hungary – and local repositories make accessible a vast amount of data useful in analysis of actual publication performance. This situation elevates the importance of "evidence-based arguments" compared with "arguments of beliefs" about publication outputs. While Pajić (Pajić 2015) found that Eastern European countries largely base their international scientific production on the national journals covered by the Web of Science (WoS) and Scopus, we found that the performance of Hungarian management and social science followed a different strategy (Table 1).

Table 1 *Hungary's performance in Scimago Journal and Country Rank (www.scimagojr.com) in the period 1996-2017.*

Subject Area	Rank in Eastern Europe (1996-2017)	H index	Contribution in 1996	Contribution in 2017
Business	9/24	47	7.45%	3.79%
Economics	7/24	45	15.94%	4.37%
Social Sciences	6/24	84	10.37%	5.81%
Decision Sciences	4/24	49	11.9%	5.98%

Source: Scimago Journal and Country Rank

What we see in Table 1 is that visibility of Hungarian social science in Scopus has dramatically decreased during the last 10 years or so, and this influences several areas of research, education, and institutional strategy.

We started our research based on the premise that discourses about publication visibility are too often subjective and neglect the examination of data. It happens quite often that individual research narratives, personal experiences, or different forms of scholastic chauvinism determine the perspective of arguments, and a comparison of the information or facts that can be extracted from available

databases is often missing. For this reason, we undertook complex data analysis of several strands, one part of which that has not hitherto been carried out is presented in this study: namely, how the publication performance of the scientific community belonging to the IX. Department of the Hungarian Academy of Sciences (HAS) – the so-called Economics and Law Department (ELD) – can be structured. In essence, we asked the question what groups may be identified among the members of the public body in this department of HAS by analyzing their publication performance as stored in the Repository of Hungarian Scientific Artefacts (RHSA). With this in mind, we hoped to obtain deeper knowledge about the actual data concerning scientific performance, and by doing so, contribute to the evidence-based arguments involved in this debate.

CONCEPTUAL BACKGROUND AND REVIEW OF LITERATURE

There are numerous theories and concepts as to what determines international publication outputs. In the context of Central and Eastern European (CEE) countries, economic development (Vinkler 2008), the post-communist past (Kornai 1992) and being on the periphery of social sciences (Demeter 2018) are most often noted. This last issue has been recurringly presented in the literature as a major challenge for authors as individuals (Schmoch – Schubert 2008), institutions as competing scientific entities (Gumpenberger et al. 2016), and also for regions that have the intention of disseminating or acquiring knowledge in particular fields (Wang – Wang 2017). Stakeholder interest and objectives are also key factors in publication outputs (Shenhav 1986). In the case of social sciences, a lot of emphasis is placed on local relevance because this concept drives access to R&D resources (Bastow et al. 2014). On the other hand, relevant local problems do not often fall within mainstream areas of research discourse (Lauf 2005; Wiedemann – Meyen 2016). This situation results in an imbalanced flow of knowledge dissemination and absorption (Gerke – Evers 2006). We argue that all these issues are attenuated by the impact of information technology innovation – most importantly, the ubiquity of online networks and digitalization (Sasvári et al. 2019).

Digital disruption in the form of readily available repositories, online aggregators, indexing systems, and research platforms has created a major challenge for publication visibility (Nederhof 2006; Teodorescu – Andrei 2011; Bunz 2006). Apart from audited and centrally controlled main academic databases such as Elsevier's SCOPUS, which contains more than 30,000 journal

titles, or Clarivate Analytics WoS, which contains 12,000 academic journals, there are also crowdsourcing and community-controlled visibility tools such as Researchgate, Academia.edu, and other initiatives such as Harzing's Publish or Perish and Google Scholar for increasing publication outreach and visibility (Delgado – Repiso 2013). Needless to say, numerous ethical questions come into play pertaining to academic standards, search bias, scoring algorithms, language preferences, and predatory business models that take advantage of the publication pressure placed on authors and institutions (Astaneh – Masoumi 2018). Irrespective of what kind of resistance there is to accepting new methods of publication dissemination and marketing techniques, one thing is very certain: as the digital ecosystem evolves in science, all stakeholders must assess the situation based on data and evidence from reliable and "accredited" sources (Demeter 2017a).

Countries might choose to use international repositories and indexing sites; they can also build their own local ones that cater to the publication policy and assessment needs of their local communities. Hungary chose the latter method; the idea was to establish a comprehensive database for collecting the scientific output of Hungarian researchers. Hungary's accredited and central publication repository is the Repository of Hungarian Scientific Artefacts (RHSA: www.mtmt.hu). This repository development project was initiated in 2008 by HAS, the Hungarian Accreditation Committee, The Rectors' Conference, the Council of Hungarian Doctoral Schools, and the National Foundation for Scientific Research (Makara – Seres 2013). These five founding organizations agreed that the repository needed to be a credible, auditable, and authentic source of Hungarian research artifacts, including domestic and international journal articles, books, patents, conference proceedings, educational materials, and other such items. Over the years, the RHSA system has been strengthened institutionally by several legislative acts; its maintenance and operations have been delegated to HAS. A dedicated governance body has been established consisting of library and research experts who develop its strategy and regularly report to the president and the general council of HAS (HAS Doctor of Science Requirements – www.mta.hu, 2018). There are links and migration tools to connect RHSA with Elsevier's SCOPUS and Clarivate Analytics' Web of Science repositories as well. Regardless of this integration, RHSA and its governance have practically developed their own evaluation system which has been the source of heated debate amongst Hungarian scientists (Csaba et al. 2014; Braun 2010). It is interesting to juxtapose RHSA-related academic arguments with the theoretical dilemmas of "core and periphery" (Demeter 2017b), indicating that a lack of attention is paid to periphery countries in the social sciences (Demeter 2018), resulting in the so-called Matthew Effect of scientific citations (Bonitz et al. 1997).

Finally, as we have observed, the heat of the debate about which publication outlet is more important or creates more scientific value in a given environment, revolves around the concept of fairness. Fairness in this context means an unbiased judgement of the stature of scientific journals that enables an impartial evaluation of research performance in a particular field of science, as well as a comparison of new results and the added value of individual fields of science to one another (Templeton – Lewis 2015). In Hungary, fairness regarding social sciences is surrounded by suspicion originating from a number of individual researchers and also often from the evaluating institutions. Such resentment often results in institutional and scientific "chauvinism" in an attempt to protect fairness as a social construction of science (Soós – Schubert 2014).

The contribution of our research, based on these concepts, seeks to enhance the discourse on fairness by providing resources for high-level academic arguments concerning the Hungarian situation, and a case study for the international community which generates many general conclusions for periphery countries similar to Hungary. To achieve the first goal, we simply document a systematic exploratory data analysis of RHSA and reveal what the data say about the actual visibility of Hungarian social scientists. To accomplish the second goal, we connect results about the Hungarian case to these reviewed concepts and indicate the transferability of these ideas to other environments.

CASE STUDY BACKGROUND

In terms of academic scientific degrees, Hungary has three levels. The Ph.D. is the first level, basically originating from the classic western-university-based academic traditions – doctoral schools in different disciplines award doctoral degrees based a rigorous assessment process culminating in the defence of a thesis. Historically, at the first level numerous scientists possessed a so-called Candidate of Science degree (C.Sc.) which was awarded by the Hungarian Academy of Sciences based on a Soviet model involving the centralized quality control of research performance. This type of assessment has ceased to exist, but several hundred Hungarian scholars still hold this degree which is legally equivalent to a Ph.D. title.

The second level is also a Soviet-system-based academic degree provide by HAS, called Doctor of Science (D.Sc.) In order to obtain this title, one needs to possess a Ph.D. or C.Sc. degree and has to demonstrate outstanding domestic and international academic performance in terms of publication, scholarship, and scientific leadership (Ph.D. supervision, leading research projects, etc.). Requirement for the D.Sc. vary between different scientific departments in HAS; for instance, in the III. Department

of Mathematics it is mainly international publications that are assessed, in contrast to the II. Department of Philosophy and History where a monograph – basically a thesis – also needs to be submitted. Increasing the number of D.Sc. holders is a pivotal goal for all research-oriented universities in Hungary because doctoral schools can only be headed by the former.

After obtaining a D.Sc. degree, scientists might be elected as members of the Hungarian Academy of Sciences – initially as corresponding members, then regular ones, although the two categories do not differ in scientific rank. Promotion to this third level represents the peak of a research career in professional life. In 2017, members numbered 293. The limit for regular and correspondent HAS members younger than 70 years of age is 200 scholars, while the total number of HAS members is limited to 365.

For the publication performance assessment of the above-described three categories in the Hungarian academic committee, we have chosen a sample registered in the largest public body of HAS. According to Act XL of 1994, the Academy's public tasks include the establishment of scientific departments, which are the basic units of scientific professional autonomy, and other related bodies (scientific committees, regional committees, etc.) as defined in the statutes. Our main reason for doing this is that membership in these public bodies is available to all Hungarian individuals who represent Hungarian scientific life, whether living in Hungary or abroad, who submit a written application for admittance, undertake the duties of being a member of the public body, and declare that they fulfill the requirements of membership as defined by law. During the period of research there was no real screening procedure involved in admission; the sole condition being possession of a Ph.D. or equivalent degree (Tolnai et al. 2009). Membership, accordingly, takes effect by registration.

Public bodies in HAS follow the structure of scientific departments, which are basically sections of the Academy that include representatives of disciplines considered to be related or close to each other by HAS members. These departments are the following, according to HAS Statutes and Regulations: Linguistics and Literary Scholarship, Philosophy and Historical Sciences, Mathematics, Agricultural Science, Medical Sciences, Engineering Sciences, Chemical Sciences, Biological Sciences, Economics and Law, Earth Sciences, and Physical Sciences. In 2017, the total number of living public body members was 15,707 individuals, of whom the largest proportion were registered to the Economics and Law Department, and the least to the Mathematics Department (2,131 and 732, respectively). As far as academic ranking is concerned, ELD has the least HAS members (55) compared to other departments, while the greatest number can be found in the Mathematics Department (81). In contrast, ELD accounts for the greatest number of PhDs: 1,092 from the total of 7,741.

The ELD of HAS was originally established for and by academics working in economics and law. Later, different scientific areas and disciplines were added to this department. Presently, the scientific and doctoral committees of this department grant "Doctor of Sciences" (D.Sc.) degrees in the following disciplines (HAS Doctor of Science Requirements – www.mta.hu, 2018):

– Business and Management Studies (BUS),
– Demographic and Labor Studies (DEM),
– Economics (ECO),
– Legal and Governmental Sciences (LAW),
– Military Science (MIL),
– Political Science (POL),
– Regional Studies (REG),
– Sociology (SOC),
– Statistics and Future Studies Research (FUT),
– World Economics and Development Studies (WED).

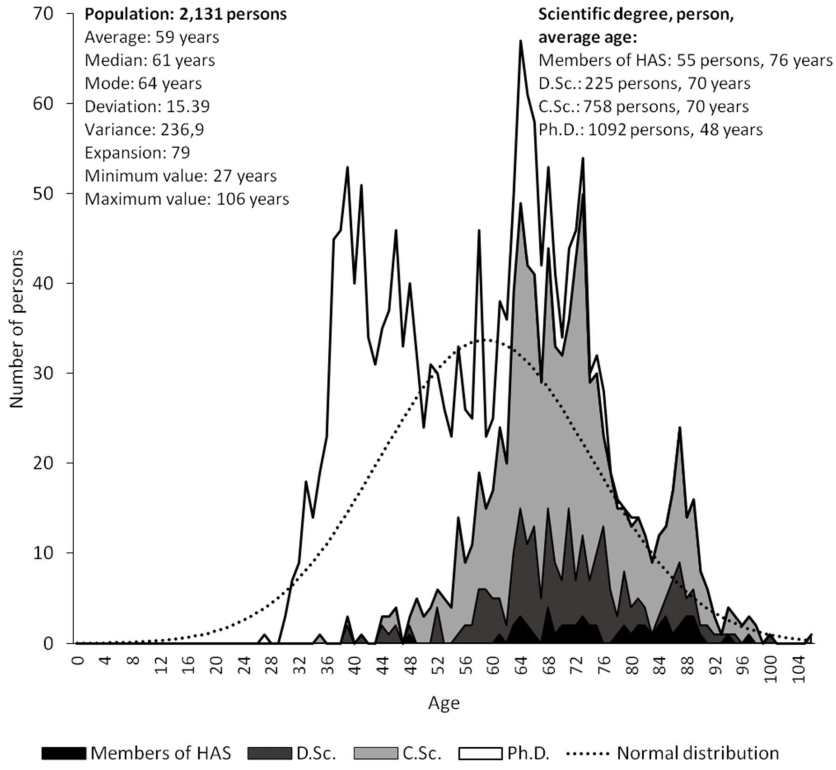
These committees play a pivotal role in setting scientific standards for doctoral education, establishing guidelines for academic promotion, and laying down principles for scientific practice, both at research institutes and at universities. Doctoral schools that award Ph.D. degrees can only be directed by academics who possess D.Sc. Degrees, thus the role of the HAS is not only theoretical, but also institutional.

SOURCE OF DATA

In order to analyze publication performance, we collected two sources of data about the 2131 listed public members of the ten committees in ELD at HAS as of June 2017.

First, we used the database of the National Doctoral Council (available at NDC: www.doktori.hu) which mainly contains demographic information and details of scientific rank with positions. Since it is not typical that members of the public bodies make their date of birth public, we could only identify 1872 of the latter on the pages of NDC and other sources (Tolnai et al. 2009). Amongst the public members of the ELD committees, we identified 55 HAS members, 225 Doctors of Science (D.Sc.), 758 Candidates of Science (C.Sc.), and 1092 Ph.D. degree holders. Their average ages were 76, 70, 70, and 48 (respectively) in 2017. *Figure 1* illustrates the demographic data in our sample.

Figure 1 *Distribution of members of the public body in the IX. Economics and Law Department by age and scientific degree.*



Source: Hungarian Academy of Sciences, National Doctoral Council, Source: Hungarian Doctoral Council

Second, we collected publicly available publication data from the Repository of Hungarian Scientific Artefacts (RHSA: www.mtmt.hu), as introduced earlier. The structure of our data is presented in Table 2, showing the four main groups of collected data: a) researcher identifiers, b) researchers' prestige data set, c) standard RHSA data, and d) researchers' citations in RHSA and in SCOPUS.

Table 2 *Data collected about 2131 Public Body Members in ELD of HAS*

Researcher Identifiers		
Name		Text
Scientific field		Text
RHSA identifier		Numerical Code
Date of birth		Numerical
Academic qualification	Ph.D., C.Sc., D.Sc., Acad.	Category variable
Academic sub-committee membership	see separate section	Category variable
Prestige Data Set		
SCOPUS Publications 2012-17	Q1 (D1), Q2, Q3, Q4	Numerical
Not Rated in Scopus 2012-17		Numerical
HAS Listed Papers 2012-17	A, B, C, D	Numerical
Not Rated Papers in HAS 2012-17		Numerical
SCOPUS Publications 1999-17	Q1 (D1), Q2, Q3, Q4	Numerical
Not Rated in Scopus 1999-17		Numerical
HAS Listed Papers 1999-17	A, B, C, D	Numerical
Not Rated Papers in HAS 1999-17		Numerical
Standard RHSA data		
Scientific Peer Reviewed Papers	Scientific publications in verified sources according to RHSA regulations.	Numerical
Peer Reviewed International foreign		Numerical
Peer Reviewed International domestic		Numerical
Peer Reviewed Hungarian		Numerical
Books		Numerical
Author in Hungarian		Numerical
Author in Foreign Language		Numerical
Editor in Hungarian		Numerical
Editor in Foreign Language		Numerical
Book Chapter		Numerical
Book Chapter in Hungarian		Numerical
Book Chapter in Foreign Language		Numerical
Conference Proceedings		Numerical
Proceedings in Hungarian		Numerical
Proceedings in Foreign Language		Numerical
Scientific publications in non-verified sources	According to RHSA regulations.	Numerical
Educational Materials (texts, cases, notes)		Numerical
General publications for dissemination		Numerical
Science Metrics for Researchers		
Total number of recorded citations	From RHSA	Numerical
H-index calculated in RHSA database	From RHSA	Numerical
H-index in SCOPUS	From Scopus	Numerical

As we can see, standard RHSA practice involves organizing publications into five categories, as follows: a) Scientific Publications in Verified Sources, b) Scientific publications in Non-Verified sources according to RHSA regulations, c) Textbooks, cases and other educational materials, d) Patents and registered innovations, e) General publications for information dissemination and public awareness. Scientific Peer-reviewed Publications are then further divided into Hungarian and international groups in the following areas: a) journal articles, b) edited and authored books, c) book chapters, and e) conference proceedings.

Since 2012, regular RHSA data collection has been amended by so-called "Prestige data sets." Prestige data is filtered information from RHSA according to two sets of criteria: a) according to the quartile-based classification of Scimago (González-Pereira et al., 2010) based on the SCOPUS database (Q1-Q4), and b) according to the quartile-based classification of the sub-committees of HAS's department of Economics and Legal Science (A-D). Namely, sub-committees categorize Hungarian and non-Hungarian journals into four categories ('A' the highest and 'D' the lowest) according to their scientific value as assessed by the particular committee. Prestige data sets are not only considered the highest value academic output, but moreover show how up-to-date researchers' publication activity is by always aggregating the last five years of published research.

From RHSA we collected all the above data to analyze the academic visibility of 2,131 researchers who are registered public body members of HAS's Economic and Legal Science Department. We used SPSS Statistics for Windows (IBM Corp. Armonk, NY, Version 24.0. 2016) and Excel (Microsoft, Redmond, WA, Version 2016) modeling to test our three propositions.

DISCUSSION OF RESULTS

Completeness of data in RHSA: visibility of publication output in the IX. Department of HAS

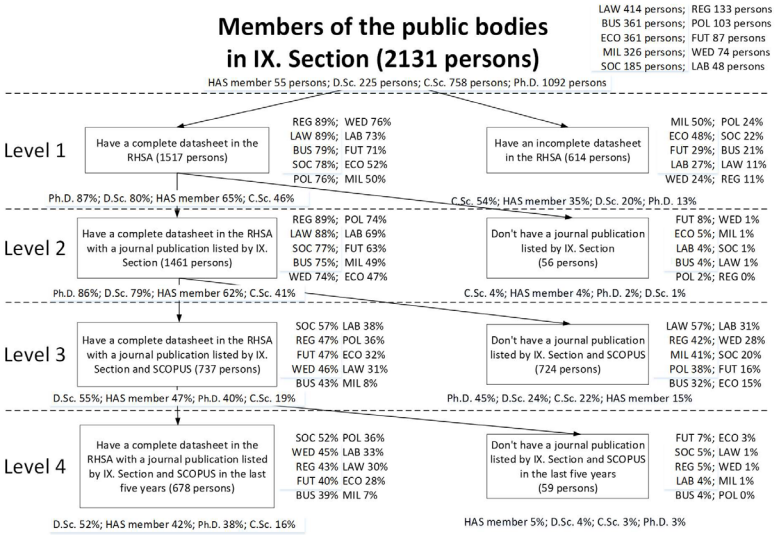
The number of scientific publications of members of public bodies in the IX. Department of HAS was nearly 147,000 at the beginning of 2017, of which there were 44,000 scientific journal articles, 16,000 books, 32,000 book chapters, 17,000 conference proceedings, and 38,000 non-scientific works. Of the latter, higher education textbooks amounted to nearly 6,000, and the number of educational materials to 3,800.

For all publication types, numbers increase by academic position, as one would expect. For instance, the average number of scientific papers was 97 by HAS

members, 62 by D.Scs, 29 by C.Scs, and 21 by Ph.Ds throughout their career. Similarly, Ph.D. degree holders have published 7 books on average, C.Scs 12, D.Scs 25, and HAS members 33 books per person. Data show similar tendencies in the case of book chapters and conference proceedings. It is interesting to register that the total number of items in the scientific publication category by individuals in RHSA is 62 on average, and 53, 73, 142, and 204 in ascending order of Ph.D., C.Sc., D.Sc. and HAS members, respectively.

Committees in the ELD of HAS show differences in terms of RHSA data. Most scientific papers were written by members of WED (45 per person), and the least by the members of ECO (21 per person). Within the category of international journals, WED ranks highest with 7 papers per person, and MIL the lowest with 1 piece per person. Most articles in Hungarian-language journals were also published by WED members (34 articles per person) and the least by ECO (13 articles per person). Most books are published in WED (16 per person), most book chapters in POL and LAW (32-32 per person) and most conference proceedings come from ECO (23 per person). Low figures for conference proceedings can be found for SOC (4 per person), and for both book chapters and books in BUS (7 and 6 per person, respectively).

Figure 2 *Mechanisms (levels) of lack of on-line visibility – 32% of ELD public member scholars have regular, internationally visible publication entries in RHSA*



Source: RHSA

In order to further explore RHSA and draw deeper conclusions about publication performances by committee and academic position, we need to assess the completeness of RHSA in connection with how seriously public members take the maintenance of their account at RHSA, and how strong their online visibility is. Figure 2 includes four main mechanisms showing how access is lost to publication data, and how scholars become invisible on-line.

Twenty-nine percent of our sample (613 individuals) are invisible in RHSA or have an incomplete presence in the repository. They either have no identifier, no summary table of scientific publications, or no prestige table indicating ranked international or domestic publications. As far as academic position is concerned, 19 of the former are members of HAS, 45 are D.Scs, 412 are C.Scs and 137 are Ph.D. holders. Given the fact that the average age of the non-visible group (72 years) is 13 years more than the age of other members of the sample, it seems to logical to assume that those researchers who are not engaged with the digital transformation are those whose careers are not impacted by the importance of on-line visibility. Since the publication performance required for Ph.D. degrees, D.Sc. positions, and HAS membership is only assessed based on RHSA data, we might conclude that the 613 non-visible researchers are either not interested in pursuing academic qualifications, obtained their positions before the online repositories were established, or – and this the most alarming conclusion – do not publish in outlets with any visibility. Looking at this issue according to the data for different committees shows that half of MIL members, nearly half of BUS, one-third of WED, and more than a quarter of DEM members do not have a complete data sheet in RHSA. In our model of digital visibility completeness, we have labeled this lack as **Level 1.**

For **Level 2** we divided the 1518 public institution members who have a valid and visible account in the RHSA into two further groups. We excluded 56 individuals from further analysis since their data records did not indicate any journal publications in HAS-listed domestic or international journals. As Figure 2 shows, the proportion of these researchers compared both to academic positions and to discipline-based committees in ELD is small (3% of all public institution members) and in many cases is very likely the result of data input error. The second group at **Level 2** contains 1,461 public institution members in the IX. Department of HAS who have at least one publication in a HAS-listed journal. This accounts for 62% of HAS members (34 persons), 79% of D.Sc.- (177 persons), 41% of C.Sc.- (314 persons) and 86% of Ph.D. degree holders (936 persons). The average age of this group is 54 years, which is five years less than the average age of the public institution members of IX. Department.

As far as committees are concerned, at Level 2 most researchers who have HAS journal publications are in REG (89%) and LAB (88%), while the least are

affiliated with MIL (49%) and BUS (47%). As a result of RHSA data at Level 2, we conclude that 68.5% of our sample – slightly more than two-thirds of registered public institution members – have published in journal(s), while the rest have not taken HAS listings into consideration or have only published in books or conference proceedings.

At **Level 3** we found that those who have journal publications may be almost equally dived into a group that publishes only in domestic, Hungarian journals (724), and into another group whose members have at least one paper in a Scopus-indexed – internationally ranked – journal (737). In this group, 230 individuals only have one publication, which of course raises the question if they can be considered "internationally published researchers."

Among the 724 persons who belong to the first group there are 8 members of HAS, 53 D.Scs, 169 C.Scs, and 494 Ph.Ds. Their average age is 55 years, which is only a year older than the 737 who have published at least one scientific article in a SCOPUS-ranked journal. It is important to note that some of these researchers have published in international journals, although they are not SCOPUS listed ones; RHSA data show that this group published 1,065 international journal articles issued in Hungary, and 1,274 published in foreign countries. Regardless, our **Level 3** analysis identifies that 34.5% of our sample – slightly more than one-third of enlisted public body members – can be considered scholars who publish in SCOPUS-indexed journals, which represents one means of ensuring quality digital visibility.

Finally, we excluded another 59 public body members from our detailed clustering because their journal publication activities – both HAS-listed and SCOPUS – did not show any entries for between 2012-2017, which is called the "last-five-years" category. We considered this fact to be an important indicator of recent publication-related endeavors, or the lack of them. **Level 4** analysis reveals that the share of public body members who had published articles in quality international journals in the "2012-2017" category and had a complete data sheet in RHSA is 32% of the total sample (678 persons).

All in all, the completeness of the RHSA – as the main official data source – shows that less than one-third of the public body members of the IX. Department of HAS have a broad enough publication depth and breath to draw evidence-based conclusions. In our opinion, this is a key indication of serious problems with adopting to the digital transformation of science in the area of economics, business, sociology, law and other related disciplines. Although our sample naturally does not include a lot of scholars from these fields, public body members are considered a leading group of academics – all have at least a Ph.D. – so we argue that our data proves the existence of a serious adoption and publication performance problem. Breaking this data down into academic

positions, only 42% of HAS members, 52% of D.Sc-, 16% of C.Sc.- and 38% of Ph.D. holders keep their RHSA accounts up-to-date. Scientific committees are different from this perspective: sociology contains the largest (SOC=52%) and military science the smallest (MIL=7%) proportion of public body membership with a regularly maintained RHSA account.

Table 3 *Number and proportion of scholars publishing in Hungarian and international journals listed (not listed) by Scopus according to scientific degree*

	Number and proportion of scholars publishing in NON-SCOPUS journals		Number and proportion of scholars publishing in SCOPUS journals.	
Unit of measure	persons	percent	persons	percent
Members of HAS	8	24%	26	76%
D.Sc.	53	30%	124	70%
C.Sc.	169	54%	145	46%
Ph.D.	494	53%	441	47%
Total	724		736	

Source: RHSA

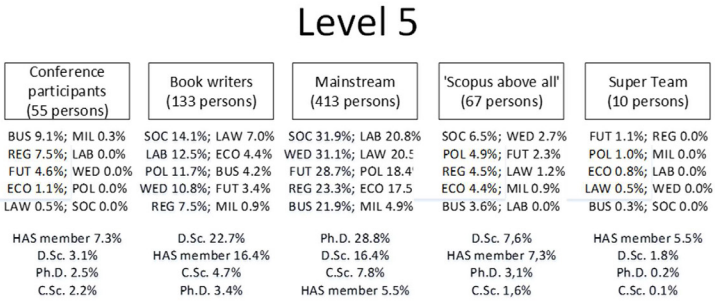
It can be verified with a simple Chi-squared test that the difference between scholars whose visibility originates from Non-Scopus and Scopus journals is not random. Furthermore, as Table 3 shows, the results contradict the common "acceptance-of-technology" notion that the younger generation adopts to the use of digital technology better than the older one; according to HAS promotion regulations, members and D.Sc. holders are significantly more published in Scopus than the younger C.Scs or Ph.Ds. This finding draws attention to Ph.D. requirements, which in most doctoral schools do not prescribe that candidates publish in Scopus or other internationally indexed journals (e.g. Clarivate's Web of Science).

In the next part of our analysis (**Level 5**), we examine the 678 public body members' RHSA accounts in order to seek out publication patterns which provide further insight into behavior and performance in ELD.

Cluster Analysis of internationally visible researchers in ELD at HAS

In order to identify natural groupings for our regularly published and internationally visible 618 researchers, we used the exploratory two-step cluster analysis of the statistical software package SPSS, as shown in Figure 3.

Figure 3 *Scientific performance of internationally visible members in ELD public bodies*



Source: RHSA

The procedure for two-step cluster analysis uses log-likelihood distance measures which assume a normal distribution for continuous variables. Although our four input variables (conference proceedings, papers indexed in SCOPUS, books and scientific publications in non-verified sources), as shown in Table 5, do not meet the normality assumptions, with reference to the robustness of the method, and building upon our large sample size (618 > 200), we assessed that a two-step clustering method was still applicable (Bacher et al., 2004). This was further confirmed by the non-parametric independence tests of the input variables where Kendall's tau was less than 0.4 in all significant cases ($p<0.05$), and, although correlations should ideally not exist, we went ahead with our method partly because the correlation measures were low, and because with all four variables the variance was significantly higher than the mean value, therefore strong and significant correlations could not be inferred (Bacher et al., 2004), (Trpkova – Tevdovski, 2010).

For the determination of cluster numbers we used Euclidean distance and Akaike Information Criteria (AIC). The analysis resulted in five clusters, as described in Table 3, which we accepted based on the computed silhouette measure of 0.5. Silhouette measures vary between -1 and +1 and describe the cohesion of cases within a cluster and their separation from other clusters. A result of 0.5 in our case is a "fair" cohesion and separation value. Acceptance of clusters was also reinforced by the relatively high values for predictor importance, which are usually omitted from the analysis if their value is less than 0.4; in our case the lowest was 0.56 so all four predictors made a significant contribution to grouping the cases into the cluster groups.

Table 4 *Result of Two-Step Cluster Analysis*

Cluster Averages	Predictor Importance	SPSS_ Code 2	SPSS_ Code 1	SPSS_ Code5	SPSS_ Code 3	SPSS_ Code 4
Cluster Size	678	10	55	67	133	413
CONFPROC	1	21.6	64.56	12.81	12.18	8.01
SCOPUSALL	0.84	31.2	4.07	16.64	4.08	2.84
BOOKSALL	0.84	81.3	17.31	12.43	28.37	7.29
SCINONVER	0.56	194.9	58.09	24.49	60.11	16.53
Name		**Champions**	**Conference attenders**	**Scopus visible**	**Book writers**	**Mainstream**

Silhouette measure = 0.5 Rated as Fair Clustering
Source: RHSA

Generally, the numbers in Table 4 are the mean values of the predictor variables in each cluster. We named the clusters according to the highest value types of publication.

The most populated cluster of researchers are located in SPSS_Code 4 (413 individuals) which we named the **Mainstream** group. As we can see in Table 4, on average members have published more than eight conference proceedings, almost three SCOPUS indexed papers, more than seven books and sixteen scientific publications in non-verified sources on average.

In the second biggest cluster of SPSS_Code 3, the algorithm grouped 133 individuals. We call them **Book Writers** since they have published almost four times as many books and non-verified publications as the Mainstream group. Their SCOPUS and conference presence is also more dominant, with an average of 4.08 and 12.18 publications, respectively.

The **SCOPUS-Visible** group of researchers proves to be the third category (SPSS_Code 5 with 67 members). They have each published more than 16 SCOPUS or other indexed publications, which is four times more than the Mainstream and two times more than the Book Writers.

There are 55 members of the group **Conference Attenders** (SPSS_Code 1) who have mostly published in conference proceedings (64.56/person) and in non-verified sources (58.09/person). On average they have published over 17 books and have 4.07 Scopus publications.

Finally, we identified an elite small group of researchers (10 persons) in SPSS_ Code 2 who have an outstanding number of publication entries in RHSA (the highest in SCOPUS and the most books and non-verified source publications, while conference proceedings are the second highest). They are the **Champions**, and for the Hungarian research and publication community their identification and individual case histories might be pivotal for bench-marking and analysis. For an international audience, the particular individuals are not relevant, but

more important are the conclusions we can draw by further analyzing the clusters.

In terms of age, the oldest subgroup is the **Champions** (63 years), the **Book Writers** (62 years), the **Conference Attenders** (57 years), **SCOPUS Visible** (53 years) while the youngest subgroup is the **Mainstream** (50 years). As far as academic degrees are concerned, the clusters look slightly but significantly different from each other (Pearson correlation=0.196, p<0.01).

Table 5 *Structure of clusters by Academic Degree*

Two-Step Clusters		Academic Degree				Total
		Ph.D.	C.Sc.	D.Sc.	HAS_ member	
Conference Attenders	Count	27	17	7	4	55
	Expected Count	33.6	10.2	9.4	1.9	55,0
	% within Degree	**6.5%**	**13.6%**	**6.0%**	**17.4%**	**8,1%**
Champions	Count	2	1	4	3	10
	Expected Count	6.1	1.8	1.7	.3	10,0
	% within Degree	**0.5%**	**0.8%**	**3.4%**	**13.0%**	**1,5%**
Book Writers	Count	37	36	51	9	133
	Expected Count	81.1	24.6	22.8	4.5	133,0
	% within Degree	**9.0%**	**28.8%**	**44.0%**	**39.1%**	**19,6%**
Mainstream	Count	313	59	37	3	412
	Expected Count	251.3	76.1	70.6	14.0	412,0
	% within Degree	**75.8%**	**47.2%**	**31.9%**	**13.0%**	**60,9%**
Scopus Visible	Count	34	12	17	4	67
	Expected Count	40.9	12.4	11.5	2.3	67,0
	% within Degree	**8.2%**	**9.6%**	**14.7%**	**17.4%**	**9,9%**
Total	**Count**	**413**	**125**	**116**	**23**	**677**
	Expected Count	**413,0**	**125.0**	**116.0**	**23.0**	**677.0**
	% within Degree	**100,0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

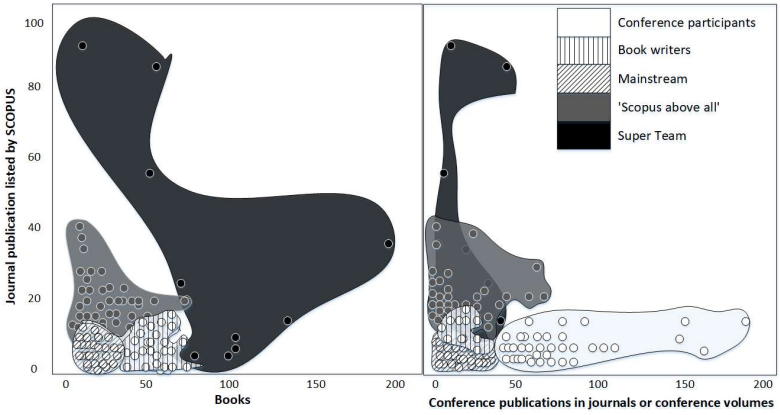
Source: RHSA

Table 5 shows that 76% of PhD degree holders belong to the **Mainstream** cluster, and as we go higher in the academic ranks, the proportion diminishes in this group – doctors of science and academic members belong here (32% and 13%, respectively). With an international orientation – **SCOPUS Visible** – the situation is different: the higher the academic degree, the greater the publication performance, although even amongst academic members the proportion does not reach 18% from the 23 that were analyzed. This data pattern can be explained by promotion requirements, which define in each sub-committee international publication as a condition for the awarding of a doctor of science degree or

HAS membership. Regardless, these conditions are specified for granting PhD degrees as well, and for any type of academic promotion; the proportion of the **SCOPUS Visible** group appears to be especially low if we compare its membership to the total number of public body members of HAS ELD (3% Ph.D., 2% C.Sc., 8% D.Sc., 7% HAS members).

The second most populated cluster, **Book Writers**, also shows an interesting pattern in terms of academic degrees. The proportion of Ph.Ds in this group (9%) almost equals that of the **SCOPUS Visible** group (8%) and is higher than that of the **Conference Attenders** (6.5%). This indicates that Ph.Ds seem to be more preoccupied by writing monographs, books, and book chapters than going to conferences and gaining exposure to international review. The largest proportion of this cluster are DSc degree holders, which finding is in alignment with most of the committee's requirements for awarding this degree of a published monograph.

Figure 4 *Cluster visualization – publishing properties of researchers with Scopus-listed publications*



Average (pcs)	Journal publications listed by SCOPUS	Books	Conference proceedings	Other scientific works
Conference participants	4.07	17.3	64.6	58.1
Book writers	4.1	29.4	12.2	60.1
Mainstream	2.8	7.3	8,0	16.5
'Scopus above all'	16.6	12.4	12.8	24.5
Super Team	31.2	81.3	21.6	194.9

Source: RHSA

After running a cross-tabulation and correlation analysis of the clusters and committees we did not find significant correlation between clusters and academic

committees either using parametric or non-parametric tests. We consider this an important exploratory finding for the performance assessment of HAS's EL Department, since, although there are major differences in the publication data between committees, we cannot reject the null hypothesis that this is just due to random effects. For instance, as we expected, the **Mainstream** cluster is the biggest in each of the committees, while **Champions** occur rather randomly in each. Furthermore, in most committees **Book Writers** are the second largest cluster, but it is important to note that in the cases of BUS, MIL and ECO this proportion is equal to or within 1% of the **SCOPUS Visible** cluster, showing the different publication culture in these committees.

In Figure 4 we illustrate the five clusters of scholars using dual coordination systems. The left chart in Figure 4 demonstrates the Champions (Super Group) and Scopus-above-all clusters, and the right chart emphasizes the Conference Attenders compared to the rest of the clusters.

CONCLUSIONS

In the current paper, we demonstrate how the performance of Hungarian social science can be structured based on the online visibility of public body members of the IX. Department (Economics and Law) of the Hungarian Academy of Sciences (HAS). At the beginning of 2017, fewer than a third of the 2,131 registered members, working in ten different committees (business, economics, sociology, political science, military science, law, world economics, labor studies, demography, and future studies), had a regularly maintained account in the RHSA containing broad enough records, including domestic and internationally indexed journal publications. Beyond this, our analysis has shown that while there is no significant difference between the ten committees of IX. Department, a non-random difference can be identified between the different academic positions, surprisingly showing less visibility or publication performance in the case of younger generations of Ph.Ds. It seems that Scopus-indexed publications are relevant only to those scholars who want to pursue a promotional path dictated by HAS regulations which demand international visibility and a critical amount of citations.

In our opinion, the data demonstrate that the scientific visibility of the members of the IX. Department of HAS is low, and theoretical debates should take this evidence into account. Our data justifies that the problem basically involves how to increase and improve the visibility and transparency of the scientific achievements in ELD, as opposed to questioning the importance of

international journals' rankings and fairness. Since Hungarian social scientists hardly appear regularly in Scopus, we can safely say that academic promotion according to HAS requirements does not depend on a high level of international visibility.

Our case study demonstrates the consequences of a country with a niche language, autocratic historical path, and relatively low level of research funding compared to mainstream scientific hubs choosing a locally driven publication science policy. Given the fact that HAS requirements for academic promotion rely on a special, domestic scientific repository, not on internationally recognized indexing systems, this results in the divergence between international visibility and academic promotion. Accordingly, Hungary might become isolated internationally in the social sciences, or find difficulty connecting to the mainstream discourses in these fields. Needless to say, this is not a conceptual problem if and when Hungarian social science serves its constituencies, which apparently are mainly local, or are not connected to competitive audits; for instance, international university ranking criteria, international research grant applications, or external financing sources.

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NEW CHALLENGES FOR URBAN ETHNIC COMMUNITY RESEARCH: DIGITALIZATION AND COLLABORATION

Zsolt Szijártó[1]

ABSTRACT *The focus of this study is one of the frequently emerging topics of social science research: the investigation of metropolitan ethnic communities. The socio-political-media-cultural changes of recent decades (globalization, mediatization, digitization) have completely transformed the phenomenon of metropolitan migration; new questions and problems have been raised for social scientists, politicians, and various social groups, which have encouraged them to apply new approaches. The study showcases the new perspectives and methodological possibilities of research into metropolitan ethnic communities, one of which is digitization and the other is collaborativity. The novelty of posing this question is methodological. The study describes how knowledge generated by ethnic communities can be gathered with their help, then organized and reused in urban planning processes. It involves at the same time urban researchers, social scientists studying ethnic groups, and urban planners. The empirical background of this study is anthropological fieldwork undertaken in the Hungarian diaspora in Berlin.*

KEYWORDS: *ethnic communities, digitalization, collaboration, urban planning, community archiving, digital anthropology*

INTRODUCTION AND THEORETICAL BACKGROUND

Since the 1920s, metropolitan ethnic communities have constantly been a focus of social science (sociology and cultural anthropology) with varying

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intensity, and huge amounts of data and knowledge have accumulated through their research. At the same time, the social, political, media and cultural changes of the last decades (keywords: globalization, medialization, digitalization) have completely transformed the phenomenon of metropolitan migration, and new questions and problems have been raised for social scientists, politicians, and social groups which have encouraged new approaches on their part (Bojadžijev – Römhild 2014).

New types of metropolitan migration processes have emerged, which – as the new literature finds (Glick et al. 1992; Glick et al. 2006; Çağlar 2002; Vertovec 2007)[2] – cannot be described in terms of traditional binary opposites (emigrant country – host country, immigrant – emigrant, etc.) and traditional conceptualization, and also cannot be interpreted as a merely linear movement that leads from one nation state to another. Instead, the everyday practices of different migration communities can be captured as a form of complex network building with its own dynamic that takes place in a transnational-global space, both online and offline (Diminescu 2008). And, in this process, the various metropolitan localities play a prominent role.[3]

Recent research has attempted to reflect on these developments. For example, the former now goes beyond the concept of self-contained ethnic groups, which has been a long-established premise of community research, and outlines at least two important contexts around these groups. One is the *urban medium* in which they arrive, move, live, work, and rest which serves as a framework for their daily lives and which is constantly transforming as a result of current trends in urban development (changes in the real estate markets, current urban economy, demographic migration processes) (sub\urban 2014). The other, increasingly important context that is essentially determining the everyday life of ethnic groups is the ever-changing repertoire of *communication technologies* that allow ethnic groups living in big cities to interact with each other, with

2 Within the context of this article, it is not possible to present a detailed description of the literature on metropolitan migration; only the aspects relevant for the subsequent line of thought are highlighted.

3 To distinguish the types of urban migration, Ludger Pries uses four ideal types. The "classic model" can be described using the concepts of emigration and immigration, and records movement in which migration communities leave their place of origin and settle permanently in the new country of their choice. A different pattern is indicated by "periodic or circular migration," where participants do not plan to settle permanently, but move between countries for economic reasons. “Diaspora migration” focuses on the organization and functioning of communities in host societies, while the concept of “transnational migration” focuses on the multidirectional movement of participants. Of course, these categories do not exist in their pure form, and the boundaries between them are liquid, but at the same time they help distinguish the types of migration. In the communities I studied, a mixture of these types of migration could be seen, in many cases following generational patterns (Pries 2010).

locals, and with "those back at home" in various ways (Hepp – Düvel 2010).

The relationships that exist between the components of this three-element system – *city/migration/medium* – are studied in themselves by independent and rather diverse research trends.[4] Thus, the relationship between *migration* and the *media* has long been studied by sociologists and media researchers, and the focus of their research is the specific media consumption (sometimes media production) of ethnic groups, the role of media in social integration or segregation, the media visibility/invisibility of ethnic groups, and the list goes on (Hepp – Düvel 2010). The relationship between *the city and media systems* also emerges in several contexts: literary and film historians and media researchers are investigating the historically changing ways of how cities are represented in different media, and analyzing cities' successful and sometimes less successful attempts to create their own visual image and brand (Szijártó 2010).

Posing the question

The current paper deals with the third element of this context system: it discusses the relationship between *city and migration* (and, in a wider context, the relationship between space and mobility, and place and community). Editorial (2014) considers this complicated, difficult to comprehend relationship only from the specific perspective of heritage creation and museumization. Research in this field, mainly related to ethnology and museum studies, poses the fundamental question of how migration becomes part of a city's history (or its stories), and how migration can shape the self-representation and identity of the city. What different, time-varying strategies can be observed in urban policy and on the part of urban cultural institutions, such as museums and educational institutions, when processing the ethnic history of the city? How do the members of the ethnic groups in question relate to these views and actual practices? What recent changes and transformations have occurred in

4 As is apparent from the theoretical framework, several disciplines pay special attention to the problems of metropolitan migration. The economic approach emphasizes the decisive influence of income differences between the home and the target country (Faist 2016). Another trend, focusing on the experiences of migrants, tries to reconstruct the dynamics of migration paths (De Haas 2010). One variation of this is relational capital, which highlights the fundamental role of networks in the migration process. Research on transnational spaces created by migration has become a separate research trend (Glick Schiller – Salazar 2013). The approach of this study lies at the intersection of digital anthropology and communication and media science, and examines how new communication tools and platforms change the set of conditions for migration, and how the same infrastructure can be used in the research of the phenomenon (Host – Miller 2012, Miller et al. 2016).

the strategies for processing and exhibiting the city's ethnic past? What external and internal factors, cultural, political, and media technological determinations have formed and influenced the activities of the institutional system?

How ethnic groups relate to the history of the city is also an important and current topic, because in the last decade the growing debate[5] around migration has also characterized the field of museums and exhibitions (Bojadžijev – Römhild 2014). While in the past the existence, number, and the impact of different ethnic groups on urban development were not really decisive factors in the self-representation of German cities, in the last decade there have been several exhibitions that have shown the evolution of urban development through stories of migration.[6] Berlin has a special place in this respect as Kreuzberg, an area mainly inhabited by Turks in the past, is an important one of the city's tourist attractions, and just this makes the presence of ethnic groups in the city unavoidable. In addition, the city tends to describe itself as a "creative metropolis" (Krätke 2001), and different ethnic communities serve as an essential background, or some sort of folkloric stage, to this lifestyle.

There are two positions concerning how to represent different ethnic groups in a city's history (*sub/urban* 2014). The more traditional approach focuses on the concept and process of "integration" (Hepp – Düvel, 2010). According to this narrative, migration is a process defined in time, with apparently clear starting and end points, in which the state is the most important actor as its needs and regulations define and identify the room for maneuver of each ethnic group. In contrast to this, there are different approaches focusing on *diversity*. On the one hand, these assist in a critical review of the concept of integration, and offer different concepts instead (such as "cultural diversity," "social mixing," "migration as a resource"), and on the other hand, they include different, thus far neglected dimensions of the urban existence of ethnic groups in their research. Emphasis is placed on self-organized (non-governmental) ethnic and migration projects, transnational networks, and various discursive contexts. This research seeks to make ethnic groups more aware of their own urban history, and encourages them to use it as a resource in various urban policy and development debates.

The approach of this study is sympathetic to views sensitive to the diversity and self-organizing processes of ethnic groups, and to views more sensitive

5 In particular, the fiftieth anniversary of the agreement on guest workers signed by the Turkish and German States in 1961 encouraged a number of cultural and urban institutions in Germany to create a new visibility policy.

6 For example, the title of an exhibition organized for 775th anniversary of Berlin in 2012 was revealing in itself: Stadt der Viefalt (City of Diversity). The large open-air exhibition on Schlossplatz was based on a walkable city map, where texts placed at different locations displayed migration stories that were typical of urban development as a whole.

to discursive contexts, but also uses multiple elements of integration-based approaches. Thus, for example, it takes into account the legal and administrative frameworks created by the different nation-state instances and governmental organizations (Ministry of Foreign Affairs, embassies, Ministries of Culture) that have fundamentally influenced the playing fields of the ethnic group (and its self-organization). It also considers the historicization of the concept of "integration" important, as the imperative hidden in this concept and the relationship with majority society have meant different things for different generations.

The relevance of the question

This issue is also worthy of emphasis because of the recent technological and cultural changes that have affected projects aimed at the collection and preservation of past memories of certain ethnic groups. Of these, I would like to briefly mention two; however, their detailed presentation is unfortunately not possible within the scope of this paper. Naturally, these changes are not limited to the research of urban ethnic groups, but are of wider scope, and are also valid in relation to other communities and social groups; however, they also play a crucial role in this area.

One is *digitalization*, which has completely redefined the criteria for the creation, construction and use of memory repositories and archives, and has established new technologies and methods of gathering and displaying (urban) cultural heritage. (This is discussed in more detail below.)

The other change has more of a cultural nature. In recent years, due to a number of factors such as the growing influence of city marketing and city branding, there has been an increased sensitivity to alternative systems of knowledge and symbols created by various groups in urban society. By incorporating these into the self-representation and "identity" of the city, they are capable of contributing to its uniqueness and unmistakable character. At the same time – and this relates more to the transformation of the preferences of cultural and scientific policy – the default attitude of the cognitive process itself has changed. There has been an increase in the criticism of the system of relationships that has defined scientific understanding for centuries, which is built on the hierarchical situation between the researcher and the researched, on power asymmetries, and on pre-established subordination and superiority. A growing number of alternative concepts have emerged that experiment with rethinking the cognitive process and have attempted to break down this hierarchical structure.

These critical views are mostly crystallized around the concept of "*participation*." It has been considered important that those involved in the research (i.e. the representatives of these groups) should also be engaged in the stages of the cognition process (Terkessidis 2015). It has also been considered crucial for members of these communities to control the use of the knowledge generated about them. All these efforts have not remained at the level of individual experimental projects, but have culminated in a turning point for participation, which is why we can increasingly encounter various forms of participation in scientific research, presentations, and the use of scientific knowledge (Császár 2013). (These two areas are linked in many ways, as opportunities for participation, among other things, have been created by the affordances of digital infrastructure, and the processes of meaning production and consumption in the digital space – as several agree, such as the American media researcher Henry Jenkins and his oeuvre – has led to the emergence of a "participatory culture" [(Jenkins 2006]).

The current paper examines how these changed principles and new cultural and technological criteria of scientific understanding can be implemented when collecting, archiving, and utilizing the heritage of a particular ethnic group. It suggests a particular medium for research, archiving, and presentation activity: the creation of map-based digital platforms that can serve multiple functions. On the one hand, these are capable of presenting – both historically and in terms of synchronicities – the most important areas of everyday life of a particular (ethnic) group, as well as the most basic spatial reference points of its recent history. On the other hand, they offer an opportunity for the collection, processing, and "archiving" of previously created cultural-artistic products, as well as the knowledge and understanding collectively generated by these groups. It is an important expectation of digital platforms that they should work as a collaborative interface where members of the groups can display themselves, interact with others, and comment on and add to the material collected in the archive. It is a platform that is both an archive and a community space; both the object and the result of research.

THE AREA OF EXAMINATION

The focus of the research is the various groups of Hungarians living in Berlin, who are mainly organized on a generational basis. Between October 15, 2016 and December 15, 2016, I spent two months in Berlin. My research was related to a traditional area of Hungarian studies, the contemporary social science (cultural

anthropological) study of Hungarian communities living abroad (in this case, the different Hungarian groups in Berlin). At the same time, it tried to approach this classical topic by raising new questions both thematically (mainly using the most important theoretical basics of digital anthropology) and methodologically. Thus, special attention was given to the technologies and methodological tools supporting new methods of scientific cognition: among others, community-led cultural mapping initiatives.[7]

According to more than 30 interviews conducted as part of field research, every 10-12 years, in the context of socio-political changes,[8] the orientation of different groups in everyday life transforms, and their relation to urban space, society, their media environment, and their media use changes as well. This is also the case for individual Hungarian groups in Berlin, who have intensively created different cultural-artistic products in recent times, developed various forms of knowledge and skills, and formulated action strategies with regard to the representatives and the institutional system of urban politics. The sites created by these groups in the urban space (salons, shops, exhibitions, cafés, restaurants, concert venues, etc.) have served different functions: they have facilitated cultural practices and created opportunities to build relationships and create cultural ideas about their own situation.

At the same time, one of the major characteristics of these groups – and the knowledge and skill forms they create – is invisibility; dissolution in the majority urban space. Indeed, an important task of the research is to collect and visualize this cultural heritage, this alternative knowledge system, which is at the same time part of Berlin's city history and Hungarian cultural and social history. This archiving work is all the more important because the forms of knowledge and skills generated by the ethnic groups are volatile in the absence of proper institutionalization, and they soon fade and disappear without a trace. In the meantime, they convey important knowledge about certain groups of Hungarian society, and what it means to participate in the society, culture and everyday life of a Western European city, and to contribute to the (meaning) production processes involved there.

This project combines several seemingly remote cultural-social areas, such as archiving the past and planning the future, private memory and public events, abstract urban-spatial structures, and personal-sensual meanings. Accordingly,

7 The current text is primarily aimed at presenting the methodology and the principles, while the presentation of the results will be the subject of another study.

8 Some of the major policy frameworks that have shaped urban mobility: 1989/1990 – Central and Eastern European political system change; 2004 – Hungary's entry into the European Union; 2011 – opening of the German labor market.

a number of disciplinary areas are involved in the research, interpretation, and presentation process: cultural mapping, community archeology, visual archive creation and crowdsourced planning all offer important concepts and good practices.

THE METHOD: ON CULTURAL MAPPING

"*Cultural mapping*" is a young and emerging interdisciplinary area involving vastly different types of activities.[9] In addition to statistics, it is part of the traditional toolkit of urban administration and management, and is also an important tool for "indigenous groups" who are acting against central management and are demanding rights related to a given area.[10] It can be associated with various artistic activities, and is also of great importance for academic knowledge production, but it can be considered a particular social practice associated with a group as well. The resulting maps provide an abstract reading of the geographical space for the viewer, while behind the data represented on the maps one can find the material and symbolic processes and the chains of action of the "lived social space." It can strive for a "space-reading" from a hierarchical perspective (or, as the geographer, Denis Cosgrove put it, "create the diverse needs of truth and authority" [Cosgrove 2008]), but can also be seen as a practical tool that can help with participation-based planning and development, and which can appeal to various groups of the public. According to a very pragmatic

9 Traditionally, the scientific significance of cartography was to record the characteristics of geographical space as accurately and realistically as possible during the mapping process. Later, as a result of changes within geography, more and more criticism was raised against the unrevised principles of maps and map making (Manoff, 2014). The concept that maps are texts, discourses, and special media in which social practices, cultural ideas and hierarchies are formulated has become increasingly important (Kitchin et al. 2009). This study also considers cultural mapping as a form of social action that simultaneously informs about the important features of space, records the legacy of the past, and enables future planning (Stewart 2007).

10 Two distinct definitions support the cross-sectoral role of cultural mapping, which also offers indigenous groups opportunities for identification and asserting their interests: "Cultural mapping, with its incorporation of both qualitative and quantitative mapping of cultures (…) was seen as a catalyst and vehicle for bringing together the academic, community, industry, and government sectors, as well as a fruitful context for the convergence of skills, knowledge, and interests" (Duxbury et al. 2015, 1–45, 7), and "cultural mapping was viewed as an activity pursued by communities and their constituent interest groups to identify and record an area's indigenous cultural practices and resources, as well as other intangibles such as their sense of place and social value" (Ibid).

definition, cultural mapping is a "process of collecting, recording, analyzing and synthesizing information in order to describe the cultural resources, networks, links and patterns of usage of a given community or group" (Stewart 2007).

In recent years, not independently of the "participatory revolution" in politics and governance, the dialogic potential of this activity – i.e. its communicational dimension – has been at the forefront of interest. Cultural mapping is capable of mobilizing very diverse social groups and is able to create communicational bridges between the various actors of urban society (local government, local communities, NGOs). In many cases, the practice of mapping itself is now more important than the result; the map thereby created. The newer literature considers these practices as an **ethnographic tool** that fosters understanding of the individual perception of a particular area or a local community, and one that can provide insight "into the ways in which personal narratives and trajectories and the inflections of class, habitus, age, and gender, are constitutive of specific and often contradictory geographies of place, culture, and identity" (Roberts – Cohen, 2015).

Urban ethnic groups have been in the field of interest of the collection, statistics, and mapping activities of urban authorities in two ways. On the one hand, since the 1990s, due to the introduction of asset-based community development and planning systems, more and more attention has been paid to understanding the processes in the cultural sphere, in addition to infrastructure and social areas. Due to the professionalization of planning, strategic development and urban planning started to involve growing areas of culture, and thus the demand for local cultural goods to be included on this map emerged; for example, those related to an association, civil initiative, or ethnic group. The visibility problem of the various groups was not only a chapter in the struggle for recognition and acceptance, but there were also practical goals behind it. It was important for these groups that their ideas would be counted on at a later stage when the concrete steps of planning started.

The other process is related to the current trends in urban development: the formation of the "creative city" concept (Florida 2005), among others. Also in the 1990s, a growing number of city administrations recognized that, due to global competition, it was increasingly important to enhance the visibility of the city and highlight different individual locations and identity markers, mainly to attract tourists, investors, and a well-trained work force (Taylor et al. 1996). In support of the principles set out in the concept of the "creative city," in many cases researchers (and several agencies) used a variety of maps, aiming in each case to emphasize and communicate the uniqueness and individuality of the place. In this framing and identification

process, in addition to recording the material features and infrastructural equipment of the place, local cultures of the city (subcultures, special occupational groups, ethnic communities, etc.) played an important role. The non-material, non-tangible assets created during the daily lives of these groups make a significant contribution to creating the unique characteristics of the city, so the markers of creative cities tend to refer to their practices (Session 2010).

Digitalization and smart city approaches

The process of cultural mapping has been fundamentally transformed by the spread of digital techniques. Network technologies have changed the framework for the organization and management of urban life, and the conditions for planning and controlling processes in different urban spaces (public spaces, roads, buildings) (Replika 2015; Fejérdi – Z. Karvalics 2015). Network technologies almost automatically transport data (relating to transport, energy consumption, population size and composition, etc.) thereby allowing the inventorying of activities happening in the city, as well as the storage and potential sharing of information. Increasingly, this type of information can be classified as so-called "*open data*" which "anyone can freely use, re-use and redistribute, subject only at most, to the requirement of referencing the source or applying licensing conditions similar to that of the original when distributing data" (Open-Data-Handbook 2012, 5). These open data are stored in open archives, usually created by city authorities.

The sudden publicity surrounding the information relating to the operation of the city is not a coincidence (Salamin 2015). It expresses the hope of local governments that the open data generated by network technologies will be directly usable in the operation of the city. ",Through new sourcesof information cities hope to create insight, innovation, opportunity and real jobs that will increase prosperity and quality of life" (Harrison – Donnelly 2011, 6). For example, through these technologies a greater part of the urban population will be addressed and involved in the decision-shaping process, or through public information bundles that make dynamic processes that create urban life frameworks more understandable. The sharp increase in the number of *Open Government Data Initiatives* demonstrates that local governments are assigning a strategic role to open data when defining future trends in urban development. The emergence of the "smart city" concept and its spread in the various forums of public discourse suggest that the

wider public opinion is also interested in the connection between network technologies and urban management and planning.[11]

Traditionally, two tendencies are usually distinguished in connection with the interpretation of the term "smart city." The so-called *functional approaches* mostly deal with data quasi-automatically generated about urban networks (traffic, electricity, water, and energy consumption) (Harrison – Donnelly 2011). These information bundles are mainly considered important because they can effectively be used to model the movement of people, objects, and information in urban space. The functional approaches, mostly represented by real estate developers, design engineers, and architects, are characterized by a systemic perception of the city, and data about the urban infrastructure can only be used in this systematic way (after careful monitoring and analysis) to make the operation of the city smarter and more effective. In summary, it can be stated that behind this approach is an "optimized, top-down interpretation of the production and distribution of each performance" (Flade 2015, 85),[12] which provides a holistic reading of the processes taking place in the urban space and the methods (and means) of how urban life is organized, focusing on the problem of city operation (Replika 2015; Ders 2016).

In addition, there is another trend within the concept of the "smart city" which likewise works with open data, and its purpose is not significantly different from the functionalist approaches. At the same time, research included in this group focuses primarily on the individual niches that exist beyond the world of "big data," such as car sharing, urban gardening, and other similar participatory practices (Insole – Piccini 2013). Their purpose is none other than to uncover intangible assets – the cultural and intellectual capital – in the background of these practices (Neirotti et al. 2014). These approaches are more *microscopic* in nature and focus on the actors as they "magnify" the holistic city image outlined by the functionalist approaches, because this is the only way to answer the question of "why" regarding processes in urban space.

In this case, researchers also strive for a deeper understanding of urban processes, the widening of urban publicity and decision-making processes, and

11 However, the area is not free of controversy. It is not possible to address this here, but a few points of interest may be mentioned: how does the city, connecting many areas of everyday life, mean at the same time the extent of the "city of control" with its invisible techniques of supervision?; and how do new inequalities stemming from differing access to the digital world build on traditional social inequalities?

12 Critics of the approach also emphasize this: since the aim of the trend is to create a new kind of management potential for sustainable urban development, it concentrates too much on the level of city management and does not really address the issue of the involvement of the population (Flade 2015).

aim to create conditions for greater public participation (Insole – Piccini 2013). At the same time, a different kind of city concept lies behind their activity. According to this, the complex system of the city cannot be described merely by its functions: urban life is more than just a sum of its parts, and includes countless everyday practices and individual and collective decisions (Neirotti et al. 2014) The nature of the "data" found here is different from the raw, unprocessed rows of numbers and characters generated quasi-automatically on networks. The literature calls these factors that play a key role in the creation of a city's cultural heritage "*intangible urban data*" (Nilsson – Wiman 2015).

Community digital archives

Among the approaches for studying microprocesses and using the open data of the city, the research of community cultural heritage and *community archives* plays an important role. It is well known that archives play a crucial role in reinforcing the time categories that serve as a basic organizing principle of society: the past, the present, and the future. A number of analyses have proven the hypothesis (Derrida – Ernst 2008) that an archive is not just a neutral container that preserves the events of the past, but also has a power position; it defines the conditions for access to the past by selecting the events. Archiving is important not only for the recording of the past, but also because this process can lead to the expansion of the knowledge of the city, thus new, so far invisible systems of knowledge can enter the city's cultural heritage, which in turn can be used in future planning processes. Therefore, the democratization of access (through participation and collaboration processes) and a wider base of heritage creation have increasingly been required in archive building in recent times. Some researchers are expecting digital technologies to create the democratic system of conditions for the establishment of archives (Roberts – Cohen 2015), so that various, formerly marginalized groups can be involved in previously closed, hierarchically structured processes of cultural heritage creation and archiving.

This framework can incorporate research into urban cultural heritage that focuses on the various archiving practices of ethnic groups (diasporas) and the data they create. These communities are not really visible in the majority urban spaces, and are generationally fragmented, with significant differences in the value system and lifestyle of each grouping. However, one of their important characteristics is that all groups create – in the real space of the city, the digital space of the internet, or both – places that play a fundamental role in creating and displaying their identity: these places serve as starting points

for cultural practices that help organize everyday life, create opportunities for the establishment of the social net, and even provide a platform on which to formulate and visualize ideas about themselves and their own ethnicity.

These sites (venues of cultural events, religious scenes, shops, concert halls, cafés, forums, Facebook groups – and the list could go on) – according to the previously mentioned study by Norwegian ethnographers Elisabet M. Nilsson and Veronica Wiman (Nilsson – Wiman 2015) – can be considered *performative memorial spaces* where the cultural background, special experience, and knowledge set of the members of these groups can be seen. This is the knowledge – the performative memory of the group as important elements of the cultural heritage of the city – that are collected, stored, and shared together with members of these groups during the archiving process.[13]

THE BERLIN SITE

Connecting the data generated on city networks and in city planning is also a current problem in Berlin. In the fall of 2016, the city made data about the operation of infrastructure available to the wider public. Although the expert responsible for the City Hall Project primarily emphasized the importance of cultural data (the geo-data of cultural institutions, cultural budget and aid rates, data about visitor research), the principle he expressed applies to other areas of the city's operations (e.g. population movement): "We want to make the data accessible and reusable. Citizens have paid the cost of creating them and they should be allowed access" (Pressemitteilung 2016).

In order to incorporate this wide range of data and initiatives of data collection and utilization into a single framework, the Senate Department for Urban Planning, the districts, and the Berlin-Brandenburg Statistical Office jointly established a map called Lifeworld Spaces (*Lebensweltlich orientierten Räume* - LOR). The main purpose was to map lifeworld homogeneity; i.e. so that the

13 Social science literature that deals with collaboration and social participation is quite diverse. An important branch of this is collaborative anthropology, characterized by the name of Luke Eric Lassiter, which thematizes the participation of the studied community at the different levels of knowledge production and knowledge use processes (Lassiter 2005a, 2005b). The present study considers collaborative process as a way of thinking and practice, in which theory and empirical research appear as tools for dealing with everyday situations and for overcoming problems. Through collaboration, the research results created by the researcher and the studied community can be used to solve the problems of everyday life and to design future frameworks. (There are a number of issues and problems to be considered in the collaborative process; for the epistemological, ethical, and practical problems, see Binder 2013).

planning of traffic does not dominate and create the space hierarchy, but rather the basic structure is defined along the lines of uniform architectural structures, milieus, population numbers, and natural boundaries. The decision by the Berlin Senate, dated August 1, 2006, stated that these new spatial principles should be taken into account for all types of demographic and social planning, forecasting and observation, and similarly, the statistical office's data recordings have to be included in this map as well.

As a result, an interactive, so-called OpenStreetMap[14] was created based on urban open data. The source of the map is the various statistical data collected by the Berlin-Brandenburg Statistical Office, such as the demographic surveys of 2007-2015. These statistics are published in the OpenDataBerlin project (https://daten.berlin.de/). The base map created with the LOR principles in mind divides Berlin into 447 residential areas ("neighborhoods") that can be sorted into different clusters (groups with distinctive markings). The following variables are taken into account during the grouping: gender, age, migration background, quality of housing, and duration of residence. In this way, it is possible to examine the ethnic composition of the various districts and neighborhoods of the city through an interactive data-visualization process. Hovering the mouse cursor over individual residential areas displays the most important principles of cluster classification, the ethnic composition of the given area, the number of houses, etc.

Several significant improvements and applications have been created in connection with this map, two of which are worth highlighting here. The application called *Interactive Berlin: Clustering Neighborhoods* is trying to answer some very simple questions that are often asked in everyday life: namely, what is the reason that some districts are found to be attractive, while others alarming, and why are some districts similar – or different – to others (http://www.100-percent.net/projects/berlin#about). Using statistical data, the application determines clusters and district-types using five variables. The application *Interactive Berlin: Where Do You Live?* is also based on a very simple principle based on everyday life experience: "Tell me who you are, and I'll tell you where you live!" The application helps predict where a conversation partner or interviewee is likely to live in one of Berlin's 447 neighborhoods, based on only a minimum of personal information collected during a conversation. The prediction utilizes data available on public surfaces by perusing anonymized tables (http://www.100-percent.net/projects/berlin_residence#about).

14 Established in 2004, the OpenStreetMap project was designed to create a free world map that can be used to collect various data (including streets, houses, rivers, forests, and anything else that can be depicted on the map).

This cultural mapping technology can be used in the research of urban ethnic groups (Insole – Piccini 2013). Thus, it can provide an adequate framework for presenting the history, relations, and heritage of Hungarian groups living in Berlin.[15] Since data sets related to the immigration to Berlin and the location of Hungarian ethnic groups in the city are available going back to the 1990s, the spatial location as well as the changes to the location of groups identified by the statistical office as "Hungarian" can be clearly visualized along a timeline, and the history and present of the "Hungarian migration" can be drawn on the map of greater Berlin. In addition, it can be demonstrated and contextualized how the spatial movement of these groups fits into larger, typical mobility processes. To what extent can the urban-spatial mobility of groups identified as "Hungarian" be considered unique, or possessing general characteristics?

Different layers can be added to the base map, which the user can freely turn on and off. Layers in fact are area layouts that focus on and display different contents or chronological sections. On the one hand, they aim to "zoom in on" the urban-spatial processes presented by the base map to showcase and interpret their various aspects. On the other hand, these layers can be used to identify what specific features can be discovered in the presence of groups identified as "Hungarian" in Berlin and how the latter create different locations, develop social networks, and formulate specific city readings. Layers offer users the opportunity to interact and encourage them to participate and collaborate: the selection of new places can be initiated on the given user interfaces, relevant information can be linked to them, and opinions, critiques, and additions can be attached to the uploaded data.[16]

SUMMARY

The focus of this paper was a pilot project plan that attempts to redefine one of the classical areas of the social sciences – the research of metropolitan ethnic communities – in the new situation resulting from the socio-political-

15 The fundamental aim of this study is to reinforce the need to create such a cultural mapping process and clarify its most important principles and theoretical and methodological contexts. The concrete implementation depends on the grant and infrastructure opportunities.

16 Regarding the Bristol project, the necessary basic processes for building a similar map were described as: "In order to achieve the kind of analysis necessary in the planning process requires a longer-term project that combines ethnography with the technical expertise and resources to digitize and archive home movies and to provide communities and individuals with both online and personal access to these archives" (Insoles – Piccini 2013, 41).

media-cultural changes of recent decades. It discusses two major problems in detail: how to respond to the new situation arising from digitalization, and the participatory revolution.

The study, with strong emphasis on using the most important principles and methodology of cultural mapping, presents the criteria for implementing a pilot project according to the following principles.

The project looks at the common points of the everyday life of ethnic group(s) and city history, paying particular attention to the dimension of media usage.

The project is present in both the offline and online world, and at the same time it also draws attention to the interaction between them. The research activity takes place simultaneously in two related areas: both the social spaces used by the groups and the online interfaces created by them represent fundamental reference points. The thematization of the relationship between real-world, urban-spatial social structures and the digital content of online surfaces plays an important role both in the research activity and the presentation of the results.

The project is based on collaborative principles. The collection, organization and interpretation of data is the competence of not only the research personnel, but also a possibility offered to the members of the investigated groups. That is to say, the project builds on participation to create collaborations with different (offline and online) groups, their members and representatives at all stages of the research.

The past and the future are both present in the direction vector of the research (application). While exploring, archiving, and publicizing the cultural heritage of the past play an important role in the project, the knowledge and skills thus created are important for potentially shaping the future. How the knowledge generated by ethnic group(s) can be incorporated into the current processes of urban planning and how these can shape the urban plans of the future and contribute to urbanistic thinking are some of the most important issues here.

The research does not create closed data (stored in archives), but builds a public interface that relies on open data accessible to everyone. While finding, gathering, prototyping, and arranging (oral, visual, and material) resources may evoke the classic methods of the archiving process, the project aims to create a digital platform by using open data. It is an important goal that any open archive created on this platform can be freely used, supplemented, and shared by anyone.

The end result of the project is not a closed unit, but a model-like, expandable knowledge structure that may be supplemented. Our knowledge of this particular section of metropolitan mobility can be further developed for the given group; that is to say, the digital platform can be linked with newer layers that show interactions between the ethnic group and the urban space from other

perspectives. On the other hand, model building can extend to neighboring areas, showing how the same process is being conducted for other ethnic groups.

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THE PARADIGM OF THE CREATIVE CLASS IN REGIONAL AND URBAN DEVELOPMENT REVISITED. AN OVERVIEW

Julianna Faludi[1]

ABSTRACT *Since the era of industrial capitalism when location started playing an important role in attracting industry and trade and boosting the economy, the role of knowledge and a high level of skills has grown in post-industrial regional economic theory. What makes the heated debate around creativity and the contribution of Richard Florida's work particularly valuable is that it fosters an interdisciplinary discussion about the role of creativity, culture, talent, and diversity in urban and regional development. Despite the vividness and edginess of these debates at times, it seems that the related criticisms, based on a body of evidence, did not originally penetrate policymaker discourse, and only one-and-a-half decades later were embraced when problems stemming from socioeconomic crises and the flaws of creative policymaking reared their head more explicitly. Florida's revelations, which were elevated into the popular arena of city-level policies and governance, did not contain much that was new. This paper tracks how the concept of the "creative class" has been tested, argued about, rejected and applied since then on a wide set of practices and experiences in the urban and regional framework.*

KEYWORDS: *creative class, urban development, regional development, human capital*
JEL: R58, R11

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INTRODUCTION

The concept of creativity as a source of inspiration for a political agenda that is able to create a new labor and industry structure in urban contexts has gone through upheaval in the past two decades, but the tension between ideas about where development should come from – people or infrastructure –, existed earlier. Back in the early 1960s the challenge of how to create a vital urban life along with gradual and civic-driven renewal was on the agenda of Jane Jacobs (1961), who extensively criticized the urban planning policies of the post-war US. She pointed out the contrasting dynamics that were creating segregation and impoverishment, but also the renewal of some city areas, and stood up against the investment-driven, top-down approach to highway construction and large-scale development of the times that was destroying neighborhoods. Jacobs linked creative vibes and economic prosperity, and saw diversity and pedestrian activity as a source of renewal. Decades later, Florida clearly aligned himself with the symbolic role of "sidewalk-ballet" and diversity in cities (Jacobs 1961), and in his first book (2002) stepped into the role of a *flaneur*, captured by the diversity of the streets of New York City that inspired him to study the connection between the creative spirit and economic performance in different cities across the US.

Richard Florida's framework (2002, 2004, 2005) subscribes to the pull theories of regional development, stressing the role of creativity in urban regeneration. Ever since his ideas spread, scholars have delivered a series of criticisms from different angles related to his theses, warning of their literal conversion into policies for all city contexts. Despite explicit concerns about methodology, a neglect of contextuality and history, and issues with the socioeconomic determinants of class formation based on educational governmental policies, Florida's catchy lists and suggestions have inspired an urban policy that in many cases has embraced the idea of attracting a creative class and forging investment to boost urban regeneration and new entrepreneurship and growth by implementing sets of measures in line with the concept of creativity.

The potential of culture for urban growth as an agenda for local and national policymakers was pushed forward in the popular domain by Landry and Bianchini (1995), who suggested channeling public investment into culture, while it was Landry's (2000) *The Creative City. A Toolkit for Innovators* that led to prescriptive urban policy based on the creative economy, shortly before the ideas of Florida and his book spread across the world. Landry provided rich illustrations of case studies, and promised all-context adaptable methods for urban politicians for addressing the problems of decay and creating hubs of creativity, whereby a business-oriented entrepreneurial approach to city

management lay at the core of the manual. The view of creatives as free moving and gravitating toward favorable livelihoods – the direction of cause and effect repeatedly argued by Florida – can already be traced in this work. The former also stressed the benefits of centers as quality, diversity, and the just-in-time availability of experiences; predominantly large-city phenomena that are sought by creatives (Landry 2000, p.18: referenced by Sorensen et al. 2010). The Creative City agenda was found in the halls of municipalities well before the arrival of the *Rise of the Creative Class* (2002). Regarding the case of Amsterdam policymaking, Modder and Saris described it in the following way:

> "Local observers confirm that the Dutch creativity debate was palpably 'speeded up by Richard Florida's attendance at the [*Westergasfabriek*] conference,' in the wake of which 'his happy message about the significance of the creative class for the regional economy has been reverberating through governmental and administrative halls in the Netherlands" (Modder and Saris 2005: 1 cited by: Peck 2012: 464)

Florida's book (2002) swiftly became popular, entering the columns of the most commonly read reviews. Diversity involving gays, artists, and hairdressers, and also more concretely defined non-manual jobs like teaching, engineering etc. that are associated with the notion of the phenomenon of expansive creativity were claimed to be appealing due to their flexible, self-employment- and entrepreneurial revitalization arrangements. A first wave of criticism came from homophobic and anti-immigrant groups that framed the approach as an attack on "business-oriented development strategies and suburban lifestyles," if not a frontal assault on "family values" (Peck 2005: 741). Further waves of critique came from the creatives themselves, and also from swathes of unemployed graduates who warned about their real-life conditions and perspectives that involved insecurity, a lack of welfare provision, and the need to take on two or three jobs that seemed to push them further away from the winning side. Moreover, communities and structures that could have provided spaces such as craft workshops, libraries, and theaters to bring together creative minds and disadvantaged populations in an egalitarian model of co-operation were overlooked in favour of an "air-brushed vision of café-society" (McRobbie 2016: 50). Voices were also raised about the lack of questioning of poverty and the housing of marginalized groups in cities in the creative agenda. Taken over by policies of governors and city mayors, the "rise of the creative class" paved the way for urban regeneration in dilapidated, culturally thriving areas that showed diversity, but it has also created a space for investment that has brought about gentrification, segregation, growing inequalities, and which has crowded out

vulnerable groups, along with the core creatives themselves that were initially used as a magnet for capital investment. Lists of cities based on their creativity index have triggered policies adapted to the idea of boosting tourism in rural and remote areas, as well as attracting "talent" which could put cities on the list of competing global megalopolis.

Since the implementation of the policies, the visible consequences and body of experience related to creative city agendas have been documented in newer strands of research and expressed in movements. In the most recent reflection on the more-than-a-decade of creative class policies and the development paths of (mega)polices that have increased inequality, gentrification, and skyrocketing house rental costs, Florida (2017) suggests that solutions to problems should be delivered from the bottom-up, thus putting related decisions into the hands of elected mayors. In the already known vein of mapping the creative and service class in a city, the "New Urban Crisis" represents a newer toolkit that now seemingly puts inclusion on the urban creative agenda. Examples predominantly stem from the US experience but also from London, albeit lack a focus on contextual and historical differences.

The following material is divided into five sections, the first of which provides an overview of the Creative Class framework, while the next three evolve around the main arguments and counter-arguments that are underpinned by empirical scholarship. The body of work that has been carried out by scholars represents a variety of shades that enrich the creative argument, and especially when it comes to city-size cultural amenities, or developmental agendas, policy-driven analyses and reports tend to be in this line. Further issues unfold around the deeper social texture of cities, the dynamics that create inequalities, and the understanding of what constitutes creativity. The aim of this paper is to bring to light all these points of discussion, therefore it aims to provide a broader overview structured around three main fields of debate that surround the core problematic of creative class analysis. The former are framed as: 1) contextuality: the problem of cities from all perspectives of time, history, development path, and geography; 2) the human capital vs, creative class debate and its role in regional (urban) development; and 3) creative policies that view cities as sites for cultural production and consumption, and their connection to regional and urban development.

THE FRAMEWORK: THE CREATIVE CLASS IN RELATION TO REGIONAL PERFORMANCE AND URBAN GROWTH

The link between creativity, human capital, and economic growth has been already investigated by regional and urban development scholarship, and the role of amenities has gained importance in regional development studies (Clark 2004, Glaeser 1994). Florida examined high-tech boosted cities and observed that the "creative milieu" of cities was inspiring the innovation of companies. This observation has been explored by scholars who have suggested causality in this direction (Lee – Rodríguez-Pose 2014, Lee et al. 2004, Stam et al. 2008). Interestingly, this strand of thought does not question such causality, although entrepreneurship and individuals are different sets of units. However, Florida (2002) suggested that the creative milieu would pull in creatives due to the added value of competing cities, while labor would make its choice based on the accessibility of amenities. Thus, increasing the creative milieu of cultural and creative amenities should be targeted by city governors to pull in knowledgeable individuals such as creatives to generate growth. The 3Ts (tolerance, technology, and talent) are said to be the key attributes for development, and the key indicators of future success; with this claim the thesis is not so different from what regional development scholars have argued for. The 3Ts are interconnected and only together have a synergetic effect on growth:

> "Each is a necessary but by itself insufficient condition: To attract creative people, generate innovation and stimulate economic growth, a place must have all three." (Florida 2002: 249)

To attract the creative class – those individuals who are connected through creativity – thus people who...

> "do creative work for a living… scientists, engineers, artists, musicians, designers and knowledge-based professionals" (Florida 2002a: XIII)

Cities must show diversity (measured by the gay index of coupled gay people; Florida 2002b), tolerance, and "bohemians" to entertain and maintain the milieu. High-tech firms (Florida 2002b) will locate themselves in regions where coolness (vibrant music scenes, nightlife, galleries), talent (highly educated people), and diversity (gay couples) and amenities exist. Diversity implies low barriers to entry for human capital, thus acceptance of incomers and lifestyles

in a fluid urban culture of "plug and play" communities (Florida 2005) and the local entrepreneurial field. Informal workplaces and horizontal management structures encourage autonomy and a flow of ideas (Florida 2005), as is known from a body of scholarship (Saxenian 1994, Castells 2000).

The creative class consists of the: 1) super creative core, "whose economic function is to create new ideas, new technology and/or new creative content" (2002a, 8): computer and mathematical occupations; architecture and engineering occupations; life, physical, and social science occupations; education, training, and library occupations; and arts, design, entertainment, sports, and media occupations; 2) creative professionals: management occupations; business and financial operations occupations; legal occupations; healthcare practitioners and technical occupations; and high-end sales and sales management; 3) artistically creative people, who are defined as: authors, designers, musicians, composers, actors, directors, painters, sculptors, artist printmakers, photographers, dancers, artists, and performers. Further classes include the working class of physical laborers and the service class.

Innovation and creativity have been linked by scholars who have investigated the innovation capacity of firms by region in relation to creative cities or the creative economy, proving causality (Lee et al 2004). Lee and Rodrígez-Pose (2014) found that in British cities it is rather middle-sized cities that produce more innovation; a situation that stems not just from creative-related activity. An analysis of Donegan et al. (2008) finds that human capital indices resonate with the talent index, and the 3Ts to be poor predictors of metropolitan jobs and income growth.

REVISITING THE FRAMEWORK: CONTEXTUALITY

The overall problem of the contextuality that is missing from the creative class framework (Pratt 2008) has raised arguments. Florida's tolerance index is based on the assumption that a large proportion of immigrants and gays directly implies that local society is tolerant of self-expression and a variety of sets of identities, thus creates a favorable climate for idea-generation and business development. This view has been criticized for being static: first, for neglecting the role of the past and how this impacts the present economic system (Storper – Scott 2009), and second, as there is less focus on the dynamic view of change: as an example, the ranking of cities shows that cities with more creative class workers appear to be more livable at one point in time, while no change over time is examined (Donegan et al. 2008).

A substantial part of the criticism addresses the problem of the claim of diversity and tolerance as assets for capital attraction (thus creative individuals). The tolerance index thesis overlooks the body of scholarship on diversity and how this actually works in urban society contexts. Being tolerant about sexuality does not imply tolerance for religion, race, class or other social attributes and structural divisions. Putnam (2007) suggests that ethnic diversity does not necessarily indicate tolerance, especially in the short term. Looking at neighborhoods with scattered and high ethnic diversity mostly related to new immigration, Putnam measured lower trust and social capital and sees the potential of diversity as an asset for development in the longer term in societies that overcome fragmentation. But Florida's acclaim for diversity and tolerance does not take into account the representation of a vast and rooted part of the population of American society, as it disregards the absence of representation of the African-American population in creative cities in the model of the creative class, as pointed out by Markusen, and acknowledged by Florida (Markusen 2006: 1923). Moreover, diverse cities show geographical and social segregation patterns in practice. The submetropolitan perspective (Markusen 2006) is missing from the analysis (Florida 2002a, 2002b, 2005), thus the exact location of high-tech centers (that tend to agglomerate their workers), artists, and the various layers and groups of creatives needs to be addressed. Socioeconomic discrimination concerning the finer geography of city regions is hidden behind regional-scale indicators, argue Storper and Scott (2009). Furthermore, the tolerance index is challenged by migration patterns. In Europe, immigration developed in several waves connected to post-colonial policies or refugee crises. Newer waves of immigration are challenging inclusion, integration, and labor market policies. Crossa and Moore (2009) describe the case of Dublin in a creative-city-policy-framing report, where racist assaults against ethnic communities are on the rise. Stockholm is listed as a global hotspot of openness and tolerance that competes for talent by Florida (referenced by Borén – Young 2013a, Florida 2007), but actually immigrants live concentrated together in suburbs outside the cultural infrastructure, socio-culturally isolated, thus disconnected from the creative production of the city (Borén – Young 2013b). Despite the assertion that the creative class is drawn to places that are diverse and tolerant, Bereitschaft (2017) found in central Omahama Nebraska that diversity was not among the most influential factors in the choice of neighborhood, although this parameter was more influential for the latter individuals than among the non-creative group. Contextuality also implies historical patterns of inward migration to cities listed as metropolises of creativity. Clifton, Hooke and Hansen (2013) incorporate the spatial dimension into the economic-historical-institutional one by examining the creative class and locations through the lens of the varieties of capitalism it

is being nested into by comparing a liberal (UK) and a coordinated (Sweden) market economy (based on Soskice 1999).

THE CREATIVE CLASS AND HUMAN CAPITAL IN REGIONAL AND URBAN DEVELOPMENT

Which notion is most suitable for predicting economic growth in regional or urban development was tested on a series of data and contexts. The importance of human capital in explaining productivity and growth across regions was emphasized by the strand of "new economic geography" (Krugman 1991), and the economic theories of endogenous growth (Romer 1990). Adding a focus on knowledge (all the scholarship that has evolved around the knowledge economy and its role in economic prosperity) and creatives intuitively proved to be a valuable insight. However, scholars have drawn attention to the weakness of the construct in empirical testing. Despite the stress on the element of creativity, as argued by Florida, forthcoming research has mainly operationalized the creative class thesis based on national statistics about occupations based on the classification system provided by Florida (2002).

First of all, a focal argument behind the denial of the notion of the creative class is exactly the argument that creativity is not tied to occupational roles (Markusen 2006). As a consequence, this strand of scholarship on urban policies that has evolved around creativity as a source neglects the disciplinary theories and research on creativity itself. Scholarship aimed at deeply understanding and complementing this deficiency concentrates on the super-creative core of artists and bohemians and their role in urban development and attracting talent (Scott 2004, Markusen 2006, Alfken et al. 2013, Borén – Young 2013a, Van Heerden – Bontje 2016, Triuneh et al. 2017). Second, the creative class is viewed as a new category for understanding how highly educated labor predicts regional growth; this strand of research is testing and fine-tuning the types of human capital vs. creative class framework.

The human capital approach to understanding the factors of growth is connected to understanding knowledge as a source, as well as investigating how human capital is geographically spread across regions and contributes to development. Scholarship in urban development has suggested that amenities do play a role in the choices of high human capital labor (Storper –Scott 2009). Glaeser, one of the proponents of the role of the educated and highly skilled in making the urban economy, was also a proponent of the role of natural and built amenities in cities and regions. Reflecting on the creative class thesis, Glaser (2005) examines the problem of human capital vs. creative class. First of all, he

claims that the two notions have no difference from an economic perspective. Then, testing the bohemian index, Glaeser found no empirical evidence for building policies and urban development programs around it; however, he does not deny that human capital and a favorable environment of amenities is correlated to growth and is of more significance in times of high human capital than earlier (e.g. under industrial capitalism).

Addressing the human capital agenda, the gay index was found to be strongly correlated with educational attainment (Glaeser 2005), with impacts severely reduced and similar to those of lesbians and unmarried couples (Clark 2004), implying on one hand that diversity is seen through a narrow lens, and on the other that the relationship between tolerance, class, and technology is less clear. After examining the attractiveness-people-jobs causality problem Østbye et al. (Østbye et al. 2018) suggested that human capital is rather an attribute of people than jobs, while the notion of a creative class is more applicable to jobs, not people, despite the fact that scholarship tends to think of it the other way around.

Furthermore, the notion of the creative class has been unpacked by many scholars and found to be weak in relation to classifications of class identity (Peck 2005, Markusen 2006, Scott 2006, McGranahan – Wojan 2007). The notion of "class" itself may be criticized for not being a valid sociological term. It does not refer to a combination of shared interests, or unifying traits, or shared structural features that lead to a set of actions. Florida's creative class has been viewed as a set of occupations grouped on the basis of educational attainment, with no explicit relationship to creativity, in which individuals – for example, artists – do not share a common cause with other members such as scientists, engineers, managers, or lawyers (Markusen 2006). In his measurements (2002a, 2002b), Florida uses the occupational codes for high educational attainment; an approach that is grounded in the theoretical concept of human capital used by economists and regional economists. Peck (2005) finds that the definition is broad and includes semi-routine financial and personal services, although one-third of the US workforce is estimated to be engaged in creative economic activity (Florida 2002a).

Human capital is most often measured through educational attainment. As a contra-argument, Marlet and Van Woerkom (2007) have measured the growth of employment in Dutch cites and found that both frames predict employment growth, but the creative approach performed better at explaining employment growth in the financial, commercial services, and startup sector, implying a refined view of the creative frame based on occupations. Further refinements were developed for testing under what conditions the concept of the creative class has more powerful predictive force in terms of geographical distribution compared to different types of human capital associated with openness and tolerance (Mellander – Florida 2006, Florida et al. 2008, etc.).

One strand of scholarship about urban policies has evolved around creativity as a source, but neglects disciplinary theories and research on creativity itself. More specifically, Pratt points out (2006) that the listing of key creative occupations, including the arts sector, was already done in the early 1990s in the UK. He warns of the problem of isolating individuals and occupations from context and from other industries, businesses, and society. One further focal argument for the denial of the notion of a creative class is the argument that creativity is not tied to occupational roles (Markusen 2006).

The Problem of Causality: City, Talent, Growth

Policies have been adapted based on the primary claim that creative talent will be attracted by cities and regions. It is assumed that for such an attraction-based effect, firms will emerge in this entrepreneurial milieu. In what follows, studies that tested this argument to make comparisons or develop unique suggestions are cited.

Looking at the luring effect of the creative milieu, Clark (2004) found that top staff in highly dynamic firms are less aware of the cultural amenities that they could indulge in due to their workloads. However, a creative milieu allows for the possibility of adapting the work amenities of firms to attract mid- and lower-level staff, but causality in this case runs in the reverse direction.

Empirical data gathered in relation to studying local and regional employment growth in Canada showed that human capital flowed to cities whose economic performance had increased, not the other way around (Shearmur 2007). In contrast, an overarching study of Boschma and Fritsch (2009) found a positive relationship between the creative class and employment growth, tolerance, and openness as factors stimulating creatives to relocate to highly urbanized regions. Storper and Scott argue that urban growth is directly related to the economic geography of production and must be related to the location of firms and movements of labor that are in recursive interaction (2009: 147). The related comprehensive analysis acknowledges the importance of amenities, but holds to the claim that the main driving forces for attracting labor are wages and work. Thus, findings suggest that it is primarily jobs and production that create prosperity. Based on data from Finland, Norway, and Sweden in the 2000s, Østbye, Moilanen, Tervo, and Westerlund (2018) found that through "circular causation" creative-class jobs follow other jobs and vice versa, thereby breaking with the unidirectional understanding of the causation issue that has led to such a lively debate among scholars. Interestingly, Hansen, Asheim and Vang (2009), from examining eight European countries, found that knowledge-intensive firm

start-ups were negatively correlated with the "creative class," which finding brings us closer to the problematic of the contextuality argument.

Labor Market and Mobility Assumptions about the Creative Class

One strand of research has focused on the claim that amenities, openness, tolerance, and production systems are the main pulling factors for creatives and shape labor markets. On the one hand, the European labor market shows differences to that of the US in terms of its complexity and variety on a regional level, also framed by the differences in the historical patterns of the different countries. Asheim (2009) and Hansen and Niedomysl (2009) pointed out the fact that the coordinated markets of the Nordic countries in Europe provide a contrast with their lower levels of interurban competition and smaller urban centers and welfare systems that are less liable to foster job mobility, hence the US market economy is more likely to induce mobility and dynamism. Musterd and Gritsay (2012) suggest that diversity and a long urban history play a role in any differences.

A further problem related to the notion of the creative class is the assumption of mobility of creative labor: this has been challenged in several ways. The issue of causality is further explored in the theme of migration dynamics (how and why do creatives move in space), and if this supports the argument of attractivity (i.e. do creatives move to attractive places, and do jobs and growth follow?). As empirical dataset analyses did not support the assumption of causality in many cases in a straightforward way, sociological investigations have looked at the problem closely. One perspective involves trying to understand the preferences of the creative class in relation to how they choose their locations in line with arguments about the attraction of amenities. Storper and Scott (2009) argued that an absence of economic opportunities would deter people from taking up desired occupations, no matter how much a city's attractiveness is improved. The former found that artists eventually settle when they find a location in which multiple factors are connected: labor demand, economic specialization, and so forth.

Further research in the United States (Markusen – Schrock 2006, Scott 2010, Bereitschaft 2017) revealed that employment opportunities and wages were the primary drivers, while amenities had a weaker impact or none. Scott (2010) noted that finding work was of more significance, especially to those with high human capital, than the presence of amenities. The same was found in Scotland (Houston et al. 2008) in the context of post-industrial societies, and in Tasmania (Verdich 2010) where outdoor amenities, a sense of community and downshifting were

the primary factors in attracting creatives to Launceston, only then followed by an appreciation of cultural amenities. In the setting of a small city-region amenities were not emphasized by in-migrant creatives; this finding may be connected to the problem of the centrality of Canadian cities compared to those of the US (Lepawsky et al. 2010). The same was found in Ireland (Boyle 2006) in the context of the Celtic Tiger, a developmental state, despite the amenities and the "soft" factors that play a role among the communities of creative expats in Dublin, thus the technology-talent-tolerance explanation should be revised. In the bohemian *Prenzlauer Berg* of Berlin, non-creatives demonstrated more attraction to locational preferences in their residential choices than creatives than was a priori assumed (Van Herden – Bontje 2016). Chow (2017) adds a further perspective conerning how and why creatives decide on their location between cities and finds that socio-political context can play an overwhelming role. In connection with the migratory forces related to the "Rise of China" and the handover of Hong Kong, the migratory moves of Hong Kong creatives toward mainland Benjing or Shanghai, besides intersectional factors such as gender, age and life-cycle, tell us about the geopolitical lens that should be considered (Chow 2017).

Studies have also focused on sub-segments of the creative class, thereby following and stretching the classification of the Florida (2002) framework, as sets of actors show diverse patterns. This reveals again the problem of the notion of the creative class in relation to the diversity of actors and occupations, allowing a more profound investigation of preferences and the mechanisms behind mobility. A further set of questions stem from the assumption that creatives demonstrate more flexible and independent behavior than non-creatives, and show a preference towards mobility. However, creatives were found to be only marginally more mobile than non-creatives (as defined by occupation) in a study that examined the Swedish and Nordic-European context (Hansen – Niedomysl 2009).

Despite the fact that arguments about the creative class were developed to help understand the metropolitan and regional dimensions of development, research has widened its focus to rural areas and small-scale cities, as well as networks of cities. Interestingly, although the latter two areas accord with the argument about the variety of city development patterns, studies have not attempted to cover larger periods of time to understand creative class dynamics. Most of the related papers are insightful in terms of their analysis of a given set of dynamics more narrowly defined in time and space. The Danish pattern is applicable for describing the small-town context of the creative class, and helped identify the different factors that attract business. In this scenario, the local government invests in cultural amenities, allowing for the traditional pattern of small-

towns being perceived as the "hinterland" (Sørensen et al. 2010). Amsterdam is the largest city with flourishing creative industries in a network of smaller cities and settlements in the Netherlands. Stam, Jeroen, De Jong, and Marlet (2008) have found that employment growth and the presence of the creative class are correlated in all cities. Still, when it comes to culture, the latter draw on centrality as explained by the fact that the creative industries themselves and cultural production are overwhelmingly located in Amsterdam. A similar finding is reported by Musterd and Gritsay (2012) who studied respondents from thirteen European countries.

Shifting the focus to the rural dimension, the non-metropolitan areas of the US showed a similar pattern to the large cities. This again underlines the differences in urbanization patterns of the different continents, countries, and settings. McGranahan and Wojan (2007) found 20% of the employment in creative class jobs to be located in non-metropolitan environments compared to the 31% in large cities, with similarities in occupational structure and the former often associated with universities. Outdoor amenities were found to be important as factors in the choice of location for creatives, but not the leading drivers. In an interesting leap from the original set of measures designed for large cities, the creativity agenda has been extended to the rural context for tourism-driven development. Refining the policy-makers' toolkit to rural dimensions Thulemark and Hauge (2014) examined how the wide framework of the creative class fit this context. By investigating a tourist ski-resort, adding overarching territorial assets as the fourth T, and reconstructing the 4Ts, the findings of the former ended up incorporated into a novel scheme that lies outside the actual framework and debate about the original theses of creative class. These theoretical leaps highlight the directions that the original framework has inspired and reinforce its underlying argument about performative leisure activity as a proxy for the presence of the privileged in given geographical areas.

Further studies have questioned the *urban hierarchy* of cities in the location-related decisions of the creative class. European urban systems tend to have stronger hierarchies: for example, in Eastern Europe or in Sweden (Hansen – Niedomysl 2009, Borén – Young 2013a). Urban patterns vary across Germany, the Netherlands, England, and Wales, bringing into question the different results related to the distribution of the creative class obtained by Bochma and Fritsch (2009). Dominant urban regions may have been historical centers for growth-related elements, thus pulling in talent, technology, and diversity propelled by in-migration, as well as having institutionalized cultural amenities. A comparative study of 444 city-regions in eight European countries revealed that the creative class is less attracted to smaller settlements than the overall population, a finding related to the fact that the market threshold for creative jobs and services is lower

(Lorenzen – Andersen 2009). The centrality problem may be behind findings from St. Johns Canada (Lepawsky et al. 2010) that suggest that the presence of creatives is rather a matter of correlation within urban hierarchies than a result of competition between megapolises, as suggested within the US context by Florida (2002, 2005). Clifton, Cooke, Hansen (2013) call for more insight into how the Varieties-of-Capitalism effect (coordinated vs. liberal markets) works in relation to the regional hierarchy effect: the authors find that the creative class is more evenly distributed in spaces with a higher urban hierarchy in Sweden than in the UK, where the creative core seems to be more sensitive to urban hierarchy.

Although the concept of *embeddedness* is applicable to understanding economic performance in dense social environments, as we have known since Polányi (1957) and Granovetter (1985) and the vast scholarship behind this about the role of networks, it seems that the creative class framework lacks this link. Florida's framework focuses on the "hard" (e.g. job availability) and "soft" (diversity, openness, tolerance) factors of attracting creatives and boosting economic development. Interestingly, the entire legacy of Granovetter (1973) concerning the role of ties in jobs is disregarded. Some studies that aimed at understanding the mobility of creatives, or how creatives and industries are structured, found evidence in this domain. For example, Musterd and Gritsay (2012) argue that social connections (personal, professional links) are at the fore, and hard and soft conditions play less of a role, according to the respondents of thirteen European cities. Sedita (2008) examined the networks of organizations and jobs to understand the connection between the production of the arts and regional performance in Veneto. Another argument comes from Berlin – a city that adopted the creative agenda early on – where creativity tends to be clustered in geographical space that fosters inter-personal interaction which may play a larger role in the former than in other industries (Staber 2008).

CULTURAL PRODUCTION, CONSUMPTION, AND URBAN AND REGIONAL DEVELOPMENT

There are at least three approaches to the creative and cultural industries and locating them in cities for regional growth. One focuses on the production side of culture as a lure that increases city attractiveness (Bianchini – Landry 1995, Landry 2000); another is concerned with consumption patterns (Zukin 1982, 1995, Scott 2004) that should be considered more complex than presently suggested, while the third strand argues for the interwovenness of production and consumption in cultural practices (Pratt 2004, 2005, 2008).

Urban-development-related discussions have been centered on the concept of the so-called creative city (Landry 2000), an idea that was swiftly inspired by arguments about the creative class and talent attraction (Florida 2002a, 2005) that embrace the city attractiveness discourse. Cities adapted Landry's and Florida's ideas and converted them into policies of problem-solving, in line with a shift from managerial to entrepreneurial forms of governance (Harvey 2002, Jessop – Sum 2000), involving shifting the focus from providing services towards raising capital to fostering local economic development and employment growth. Specifically, the UK has seen many cases of creative and cultural city development agendas with soft policy measures for attracting investment, and large, publicly funded cultural infrastructure to increase attractiveness to talent and capital, with no regard to measure and centrality (Chapain – Comunian 2009). Studies inform us about the spatial mapping of creative industries (Staber 2008, Lange et al. 2008), mirroring the division of labor in inter-city competition. For example, by listing London as the core for advertising, design, fashion, video, photography and publishing and the media industries, and Birmingham and Newcastle-Gateshead for architecture, arts, antiques, computer games, and electronic publishing (Chapain – Comunian 2009) – or viewing Dublin as a "lifestyle destination" (Crossa – Moore 2009), and seeing Germany Berlin, Hamburg, Munich, Cologne as hubs for collecting a variety of artists (Alfken et al. 2013) or London as agglomerating designers (Reimer et al. 2008).

The consumption side of stressing the need for a cultural and creative face to a city is concerned with urban branding, thus building upon a strategy that communicates to consumers (residents, tourists, investors) and making this suitable for conveying meanings and narrating identities based on the cultural heritage, subcultures, cool environments, and so forth (Bookman 2014). The strand of theory that stresses the complexity of the relationship of production and consumption emphasizes that neither perspective should be the driving force behind policy (Peck 2005, Pratt 2008). Culture in cities is a hybrid practice that integrates the perspectives of production and consumption (Pratt 2011), as cities are sites of both (Hall 2000), where cultural industries link manufacturing and services (Pratt, 2008: 108). The critical scholarship about the creative city argues for less normative prescriptions that draw on contextuality and situativeness (Pratt 2008, Potts et al. 2008), indicating that creativity is a process situated in socio-economic structures. Cultural theorists see creativity as a source of value creation that results in cultural and economic innovation, while in static models it is viewed as part of the environment or contextual milieu (Potts et al. 2008).

The main criticism is that instrumental creative city policies target boosting consumption and the use and deployment of creativity which should be

enhanced using non-instrumental policies (Pratt 2008). In this vein, Boren and Young (2013) point to the "creative policy gap" inasmuch as the practices of policymakers and those engaged in creative activities should be more inclusive. The problems of gentrification and large-scale investment projects in culture were discussed prior to the creative city movement, fueled by the talent-attraction paradigm, as problems of neoliberal governance and the commodification of urban space in culture capitals (Zukin 1982, 1995). The latter process involves large investments aimed at developing "creative spaces," implying strategic interests that spur displacement and generate social and political costs (Catungal et al. 2009). Finally, the creative quarters that lure visitors and create relatively high levels of agglomeration my reduce the amount of affordable space for the creatives themselves (galleries, housing, etc), as artists tend to be highly sensitive to these factors (Peck 2005). These processes have been extensively documented by researchers (Alfken et al. 2013). Bookman (2014) provides an illustrative example of how intensified redevelopment was followed by artist-led revitalization but ended in a situation where...

> "*greasy spoon* diners and used bookstores are giving way to high-end boutiques and hair salons, and some independent artists and arts groups have been displaced with higher rents..."

The branding strategies of cities also imply converting public spaces into "consumption hubs" with boutique consumption spaces that are unsustainable (Pratt 2011). As an outlook, more recent scholarship is concerned with the post-crisis structural problems of unemployment, youth, and segregation in cities. McRobbie's (2016) work, particularly, takes stock of how the notion of creativity holds in large European culture capitals such as London, Berlin, and Milan, with a vision of what the structure of work and creative entrepreneurship look like in a contemporary context after the "rosiness" of Floridian creative city policies, and suggests what the future of the "new creative economy" will be.

CONCLUSIONS

Since Richard Florida's (2002, 2004, 2005) arguments about the role of the creative class in the urban regeneration of cities in the North-American context, much debate has occurred. Sets of criticisms address the contextual differences of development paths based on space, history, and urban development patterns; the causality problem, and the set of attributes that should be used in the

measurement of the former. The strand of scholarship concerning if and how human capital and creative class frameworks differ in their interpretation of urban local development emerged quite early on. Florida's suggestion was still a clear and fresh enough approach to reach out to a set of cities that implemented policies to increase their attractiveness to the creative class, converting spaces into cultural infrastructure in the hope of luring talent that would invigorate the economy. As soon as these policies spread across cities, criticism about the dynamics and the understanding of creativity was raised.

Today, in the post-crisis era, cities are facing gentrification-, segregation-, and unemployment-related issues, in which a new era of the creative economy is being born. In a recent book, Florida (2017) himself has redesigned his recommendations. The notions of the creative class and creative industries in the domain of regional development and urban policies have gone through a reinterpretation in past decades, with further shades of interpretation, arguments, and enrichment with empirical evidence from a variety of contexts. This paper has provided a synthesized overview of the main strands without giving a full list and account of the whole body of work that has been created. The cited and non-cited studies related to this overview point in the direction of the possibility of making comparisons using a defined set of indices that capture the notion of the creative class in different cities. It turns out that the socio-economic, ethnographic, and historical-political context are re-defining the initially unified view of the contemporary path of development of cities and regions. From this angle, arguments about the creative class and the creative economy should be fundamentally revisited.

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REVIEW

THE 14TH CONFERENCE OF THE EUROPEAN SOCIOLOGICAL ASSOCIATION – WITH PERSONAL INSIGHTS

Éva Perpék[1] – Gábor Szászvai-Papp[2]

The European Sociological Association Conference 2019, held August 20 – 23 in Manchester, was the fourteenth in the organization's 27-year history. Interestingly enough, the first two conferences actually took place in our region with a significant Hungarian contribution: first in Vienna in 1992, then – as the only exception to the biannual rule, after three years – in Budapest in 1995. (The host institution of that conference happened to be the predecessor of the Corvinus University of Budapest.)

Recalling the past is not an end in itself, as, based on browsing the documents of past conferences, the focal points have not changed fundamentally over the past two and a half decades. Just a few of the mainstream themes today include the social impact of environmental problems, gender studies, social inequalities, migration processes, and the emergence of "new" minorities: all topics that have not lost their relevance in the last few decades, and have even been incorporated into everyday social discourse.

However, alongside the relatively unchanged core topics, the organizational background, the range, and the number of participants have changed over time. The number of attendees has increased five to six times in past decades: attendance has continued to grow, with the initial 600 participants having recently reached over 3,000. The circle of participating countries has tripled, obviously not independently of the restructuring (typically, fragmentation) of the continent's internal borders.

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Of course, pointing to the relative stasis of the basic themes, the "more-similar-than-different" principle is a kind of simplification. Whilst in addition to discussing evergreen topics, sociology immediately reflects changes and new trends in societies. This interpretation represents the fusion of traditional and modern sociological perspectives. This fusion was also manifested in the program structure of the conference. Conveniently, Manchester, the host city of the conference, exemplifies such a kind of dual principle from a slightly different angle.

The venue of the conference was emblematic for many reasons. Being a well-known metropolis of the origin of capitalism, Manchester has inspired such monumental thinkers as Tocqueville, Marx, Engels, and Weber. The city has even became eponymous, with "Manchesterism" implying the principles of free trade and laissez-faire capitalism. The city symbol of a worker bee – which is visually communicated across the city – serves as a constant reminder of the industrial past of Manchester. The conference's host institutions were Manchester Metropolitan University and The University of Manchester. Both of them have a prominent past and an internationally renowned present. The universities provided high quality facilities and services as well as an accessible location for the conference. Due to intensive preparations for the forthcoming Manchester Pride Festival, the city was surrounded by a special atmosphere at the time of the conference.

To stay up to date politically, economically, and socially again: Brexit and the sharp polemics it is accompanied by, as well as the vivid and rapidly changing political climate, are attracting citizens' attention to the UK from around the world – with special regard to scientists and analysts. Accordingly, similarly to the last conference in Greece, through the choice of the host country the European Sociological Association reflected the globally relevant and to some extent shocking changes. The choice of the title of the conference ("Europe and Beyond: Boundaries, Barriers and Belonging") proved the same.

Applying a general approach, the opening Plenaries addressed problems of decolonization, creolization, inter-imperiality, as well as democracy and populism and what comes after it. Manuela Boatcă argued that by transcending ahistorical universals, Europe should be defined as Otherwise, or as a creolized place. The concept of "Europe Otherwise" refers to rethinking and widening the interpretation of Europe, taking into account present European colonial possessions in the Atlantic and Caribbean Sea. Then, Michel Wieviorka argued that "populism" is a mythical and controversial political formula or code created in imaginary discourse – and when this code is unscrambled it reveals such terms as boundaries, barriers, nationalism, authoritarianism, and extremism. The second Plenary was organized around fears and hopes in relation to social

mobility, cultural inclusion, and housing by discussing lessons both from the US and Europe at the city and national level. The closing Plenary focused on decolonial feminism in the cleaning/caring industry, as well as migrant and refugee mobility in the Mediterranean. Plenaries were chaired by the president of the European Sociological Association, Sue Scott, the Conference Committee chair, Marta Soller-Gallart, and the Local Organizing Committee chair, Gary Pollock. All plenaries took place in one of Manchester's representative buildings called The Bridgewater Hall.

Some Semi-Plenaries reflected the same problems the Plenaries had already touched upon (populism, nationalism, feminism, refugees) but most of them introduced special themes, perspectives and perceptions such as digital labor capitalism, ageing, symbolic boundaries, social mobilizations, the sociology of risks, and uncertainty in the epoch of the Anthropocene.

In addition to Plenaries and Semi-Plenaries, the conference's backbone was the ordinary research sessions provided by the Research Networks of the European Sociological Association and the Joint Sessions organized in collaboration with them. There were 37 of the former and 24 of the latter, sometimes involving several Research Networks. In addition, there were Research Stream sessions (close to a dozen) as well. Research Streams are permanently or temporarily organized around specific sociological topics and/or projects, in a looser framework than Research Networks. Altogether, around 700 sessions were scheduled at the conference, including four presentations per session on average.

A special form of session at the conference was the so-called Midday Special. These dealt with the most relevant topics for sociology as a discipline and provided useful practical information about sociologists' daily work. They included a presentation about the European Research Council, the current issues and opportunities for research funding, evaluations of research results and the work of the researcher, big data and its influence on sociology, as well as the national and international impact of sociological research.

The impressively wide array of Research Networks and their presentations can be classified into several clusters – some of them resonating with the topics of the Plenaries and Semi-Plenaries. Some examples of distinguished thematic clusters included the sociology of ageing Europe complemented by childhood, youth and families, the short- and long-term consequences of different types of crises, (environmental) sustainability, gender and sexuality, social movements, migration, and ethnic relations. Another cluster integrated classical sociological branches such as the sociology of culture, consumption, health, education, communication and media, employment, religion, science and technology; along with urban, economic, or political sociology. The next clusters of papers focused on methodology and social theory.

Beyond the above-mentioned central issues, some interesting and at first glance peripheral but no less relevant approaches were also incorporated into the Research Networks' agenda: biographical perspectives on European societies, the sociology of emotions, global, transnational and cosmopolitan sociology, society and sports.

Research Streams, in the format of somewhat looser, self-organized groups, were dedicated to research topics outside the present mainstream. Perhaps they appeared to cover some marginal themes at first sight, but their importance was not questionable. For instance: gestational surrogacy, multilocality and family life, future studies, the sociology of celebration, the sociology of knowledge, and the sociology of law, etc.

The conference program gives an overview not only of current European trends, but also Hungarian research directions. This "diagnosis" is however not perfect, since certain selection mechanisms perhaps make it slightly biased. One of these biases was that Hungarian presenters were typically from the young- and middle-aged generation, while older ones were almost absent in Manchester. It is also worth mentioning that among the Hungarian presenters, the staff of the former Hungarian Academy of Sciences' research institutes were over-represented. The Corvinus University of Budapest – sometimes in combination with the Hungarian Academy of Sciences – was also often a sending institution. The relative under-representation of the Hungarian university sector cannot be passed over either. The University of Debrecen was a refreshing exception to this rule, and was present with a surprising number of lecturers at the event.

Regarding the choice of topics of the Hungarians, most of the Research Networks had at least one Hungarian presenter. Based on these, and considering the above-described selection effects, Hungarian researchers focused on three main areas: the sociology of education, political sociology, and the sociology of families and intimate lives. Hungarians were also noticeably well represented in the sessions on gender studies and social policy and welfare, and presented several papers at these.

Concerning the thematic concepts of the Hungarian papers presented at the conference, the lack or under-representation of topics may also be a kind of indicator. Some social problems of interest in Western Europe seem to be of less interest to domestic researchers. For example, aging appeared in only one paper presentation (Dóra Gabriel's study on case work in Austria). Interestingly, the topic of migration appeared indirectly and sporadically, and not always within the Migration Research Network but within other topics. Examples include Valér Veres's research on the values and prejudices of young people, and lectures by Ildikó Zakariás and Margit Feischmidt on the situation of Hungarian immigrants in Germany.

Concerning the Visegrád countries, Slovakia was relatively inactive in terms of conference participation, whilst the presence of the Polish, Czech, and Hungarian attendants was rather balanced (if we accept that number of presentations is also a kind of indicator in this case). The main research focus was family and intimate lives in each Visegrád country. Besides this sphere, there were significant differences in theme selections of Visegrád presenters. The Polish research interest seemed to be the most diversified and sophisticated – their sociologists were active in almost every Research Network, including in topics the Hungarians neglected. For instance: migration; work, employment, and industrial relations; biographical perspectives; the sociology of transformation: East and West; and the sociology of health and illness. A common Polish-Czech segment of research topics – in contrast to those of Hungary – was ageing and social movements. It is worth mentioning that the Polish sociologist community was quite active and showed initiative in specialized Research Streams in general, and in law- and knowledge-related ones in particular.

Surprisingly, despite the variety and diversity of conference topics, some socially relevant and crucial themes were practically missing, or at least underrepresented. To list only two examples, there was no Research Network nor Research Stream that explicitly dealt with classical problems such as deviance, including the sociology of crime, suicide, alcoholism, or other addictions. Moreover, macro-level stratification paradigms were also underrepresented. (This was not the case in the International Sociological Association's Research Committees, however.) Just to mention one more example, besides a Midday Special session, big data as an approach and method would have deserved more attention at the conference.

In browsing the conference program, one could surely find some interfaces, new insights, or alternative theoretical or methodological approaches connected to one's own research projects. Good practices regarding family education in Spain and a complex evaluation of a parenthood support program in South Italy were the contents of two papers that exemplified tactile input and added value to personal ongoing research efforts.

As we have seen, the program was incredibly rich, mapping the current status and state-of-the-art of the science, demonstrating its high degree of – and sometimes over – specialization. It should be noted that, due the magnitude of the event, the transparency and comprehensiveness of the program was quite limited, posing serious dilemmas and challenges for participants, including the authors of these lines. As a main rule, the organizational structure (involving dozens of presentations in parallel) forced over-professionalism, as it left little room for exploring terra incognita; i.e., completely different sub-fields of the science. From a personal perspective, research on various aspects of music

(opera, classical music, ballet, rap, etc., as well as the consumption of national and international music and their boundaries), food and digitalization ("meat porn," food blogging, etc.), research on "excessive" bodies and students of restricted growth were such territories.

Moreover, the following question arises: if the selection of research themes, theoretical approaches, and methodology of a science are so diverse, where are the *boundaries*? Based on what conditions can a science be considered coherent and uniform? What about intersections, interdisciplinarity, the colonization of certain topics by other sciences, and the birth of independent sciences? Following the aforementioned logic, in the field of deviance the sociology of crime has quasi disappeared and practically dissolved into criminology. In this scenario sociology may lose more and more parts, reshaping the image of our science. Such a conference counteracts this trend and serves to strengthen the European sociologist identity. The next opportunity for more of this will be offered in Barcelona two years hence.

MAKING SENSE OF CORRUPTION, BY BO ROTHSTEIN AND AIYSHA VARRAICH (CAMBRIDGE UNIVERSITY PRESS, 2017)

Cibele Silva E Souza[1]

Looking back at the period before the 1990s, it is possible to note that corruption-related issues tended not to be part of the news schedule, much less an element of everyday conversation. In contemporaneity, this perspective has changed, since the theme has gained space in the social repertoire and in empirical research through the related diversity of terms, whereby corruption can be deemed an "umbrella concept" due to its multidimensional mode in relation to its universality and effects.

In this context, the presentation of a map of the evolution and universalization of the term, in dialogue with the perspectives of the sociological, anthropological and political sciences, can help with understanding the intricacies of the topic of corruption since the 1990s. In several studies, corruption is perceived not only as a form of backwardness in societies, but also as a barrier to democracy. Emphasizing this, one of the difficulties is that the term in academia and even in society in general is broadly framed by various conceptualizations and definitions, such as patronage, patrimonialism, particularism, and state capture, which reflect the multidimensionality of corruption and its universality and effects. In addition to this we may contribute the relationship between the biblical concept and its religious and moral foundations, as well as that defined by the Oxford English Dictionary**.**

In an attempt to answer the question that they raise about the importance of conceptualizing and theorizing corruption, Bo Rothstein and Aiysha Varraich reflect on the various multidimensional senses of corruption through a deep analysis that discusses the revolution and ramification of the concept. Bearing in mind that the possibility of creating a universal understanding of the concept of corruption becomes increasingly distant because languages do not share the

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same terms (reinforcing claims to a universality of meanings), however, does not change the meaning of the term.

The argument presented in the book revolves around the issue of the importance of definitions and terms (surrounding the word corruption) in the academic environment, along with ways of assessing corruption and what constitutes the opposite of the term. As the authors state, the "intention is to map the landscape of different conceptualizations of corruption and related concepts such as clientelism, patronage, particularism, state capture and patrimonialism" (p. 9).

In exposing the idea of the map of the evolution and universalization of the term in various fields, the authors point out that one of the reasons for the big repercussions of the use of the term corruption originates in the speech of the World Bank President James Wolfensohn in 1990. After that pronouncement many international organizations became interested in the problem, because in that decade the concept of corruption was reformulated as an economic problem.

The fact that ideas about corruption have been reoriented in the political field is related to the importance placed on "good governance." As the authors claim, "since corruption tends to be a sensitive issue, the 'coded language' for this policy re-orientation has been to stress the importance of 'good governance'. A typical statement comes from former United Nations General Secretary Kofi Annan: 'Good governance is perhaps the single most important factor in eradicating poverty and promoting development' (UN 1998)" (p.2).

From this approach, the sociological perspective of "good governance," one of the issues addressed in relation to the topic and a recurring factor of reflection, is the impossibility of measuring the level of corruption between societies, even in studies or research that take into account variations in the concept in relation to time and the diversity that exists in each region. From this perspective, the authors argue that measures aimed at moderating corruption and improving the quality of government have effects on human well-being, in view of the fact that representative democracy should be driven by competence, impartiality, incorruptibility, and honesty for the purpose of effectively promoting human well-being.

The authors mention that the concept of corruption is neither Western, nor new, but universal and not limited by the liberal Western world. Thus, the concept of corruption as a "general disease of the body politic was also central to the thinking of Enlightenment thinkers such as Machiavelli, Montesquieu and Rousseau" (p. 35).

Bo Rothstein and Aiysha Varraich begin with the difference between republicanism and liberalism to explain the constitution of a "good society." From this perspective, they mention that "in liberal thought, the role of politics

in 'good society' is to dominate others" (p 37). On the other hand, in republican thinking, “good society” is a problem of collective action: agents seek self-interest, which consequently creates the risk of destroying the possibilities of contributing to or creating common goods, or acting in the public interest. This, according to the authors, tends to occur in public administration, where individual opportunism might contribute to the social trap of mistrust and hence corruption. Thus, in this context, “the genuine dilemma in all such collective action/social trap types of situations is how to balance the tension created between private self-interest and ‘public good’” (p. 38).

Another factor that is addressed that confers on corruption a multidimensional dimension is the fact that corruption has been treated academically by different disciplines over time, and therefore each of these fields of approach has its own understanding – without, however, arriving at a consensus about the definition and conceptualization of corruption. From this perspective, Rothstein and Varraich proffer an introduction to how these studies of corruption have become important in the investigations of each discipline, with consideration of how the empirical studies have dealt with each field, besides presenting contextualizations, definitions, and examples from the economic and social field.

Schematically, as an example, the authors mention that academic corruption studies are divided into three fields: Corruption in Legal Studies, Corruption from Sociological and Anthropological Perspectives, and Corruption as an Economic Issue. With regard to corruption in legal studies, the authors maintain that any act performed by officials in exchange for legal advantage is an example of corruption. From this perspective, a definition of corruption exists in the legal field in order to identify the correct criteria to define the theme; however, one of the problems pointed out in terms of the legal definitions of corruption is that they exclude many other definitions, such as favoritism, favor exchanges, and other non-cash conceptions.

In dealing with corruption from sociological and anthropological perspectives, the authors claim that social studies that investigate the link between the state and people effectively focus on society at large, with the ideological center being state society, which may be analyzed to understand the operation of societal corruption. Therefore, there is a tendency to observe organizational and rational organizational behavior turning towards corruption in association with the state (organization).

In exploring this framework of meanings, the concept of corruption in the economic field (as an economic phenomenon) is identified as an impediment to economic growth in the development of nations. Thus, the authors reinforce the claim that studies of economic phenomenon are not only linked to economic

advantages but also to public funds, industrial organizations, and economic crimes.

When addressing the social aspect, corruption is understood to be linked to interpersonal domination. The authors state that all these terms encompass corruption, although further concepts have been established in their own categories, there being an "overlapping of concepts" which is not fully exposed in the literature. With this in mind, the authors seek to close this gap by delineating conceptualizations of forms of corruption and analyzing the overlap between each of these concepts.

In dealing with the evolution of the concept of corruption, guided by the review of concepts, the authors mention that both moral and political views are key to understanding corruption, and these factors reinforce this statement.

Faced with the range of factors that contribute to the diversity of terms, the authors point out that corruption is used as a filter to connect relevant concepts such as clientelism, patrimonialism, patronage, and state capture. Having that in mind, the authors cite that *clientelism* tends to be used in countries in transition in Southeast Asia, post-communist states, and Latin America. *State capture*, however, is approached with the example of private-sector lobbying in the United States, which as the authors mention, is the "youngest [form] and viewed as a clear type of corruption" (p. 94).

Patrimonialism is the most popular form of corruption on the African continent and the term *Patronage* applies to the corruption of developed countries, while being considered by others as "machine politics." With this in mind, Rothstein and Varraich reinforce the idea of different types of concepts, although these are dealt with in a literary way with the same theoretical perspective, generating confusion about how to clarify them.

In endorsing the relationship between corruption and patrimonialism, the authors mention Max Weber, who used the term to explain the relation of patriarchal domination to research social structures and governance at the state level. Therefore, the former claim that Patrimonialism is commonly used as a synonym for corruption, especially when it comes to explaining the situation on the African continent. It is worth mentioning that the concept of patrimonialism deals with the idea of patron-client, and can be understood as the metamorphosis of clientelism and patronage. However, the book points out that the differences are linked to "who is exercising it [power]" (p. 90). Moreover, the book also highlights that paternalism is a form of government that originated from the concept of patriarchy, in which the focus becomes the core of the organization.

The authors note that patronage has different meanings since it is a theme much used in contemporary times which tends to be linked to the political sciences. As the former discuss, in the field of political science patronage is defined as a

“way of governing, an 'electoral tool' or an 'instrument for managing political relations'” (p. 80). In this way, it is explained that patronage to the political sciences involves exchange between patron and client, the particular objective of which is exchange of public office.

In relation to patronage and corruption, the authors recall recent studies which hold that corruption and patronage in practice are concepts that in a way resemble each other. Therefore, the book's interest is to investigate how patronage relates to the concept of corruption in order to assess how forms of patronage can be considered corrupt. Rothstein and Varraich argue that patronage is applied in a variety of ways, and their interest is in investigating how patronage relates to the concept of corruption in order to assess how forms of patronage can be considered corrupt, “the concept of party patronage is not as penetrating as corruption because it is done in the open and not under the table, as most corruption deals are. However the overlap into corruption is obvious when these appointments are done ‘for the purpose of providing private kickbacks’ or more so ‘in return for bribes’” (p. 86).

Assuming this narrative, the authors endorse the view that corruption and patronage overlap in different ways: “Patronage can at times 'lead' to corruption, while at other times it in itself is corruption” (p. 86). Regarding the concept of partisan sponsorship, they mention that the term does not tend to be as pervasive as corruption because it is more open and “not under the table, as most corruption deals are” (p. 86). However, the authors point to this as a different form of corruption, as it is obvious when appointments are made with the purpose of exchanging bribes.

According to the authors' point of view, state capture is one of the recurrent forms of corruption, being considered a gray act. In the dialogue, the authors emphasize that the state is corrupt when political tools and mechanisms operate in favor of private acts that generate social costs; the claim thus corresponds to material presented in the first chapter of the book. Hence, there is a result in the private field that comes from the public environment. Thus, the book holds that in relation to the other concepts of types of corruption that are presented with an emphasis on how power is exercised, state capture is a contrasting situation which “focuses directly on the input side of the equation, where corruption is affecting the basic rules of the game” (p. 94).

In summary, from reading the book *Making sense of corruption* it is concluded that corruption-related themes of previous years have undergone changes and variations, becoming more recurrent on agendas and in social investigations. As discussed by the authors, at present the discussion about corruption is part of not only the academic environment and anticorruption policies, but it is also an issue of human behavior in a globalized world that is focused on building good governance.

In this sense, the book contributes to the conceptual explanation and clarification of corruption and its variants, providing evidence for some connections between the terms used in dialogue with reflections on the universal understanding of the term both socially and academically. Systematically, the book seeks to reflect on the term, its multidimensionality, and factors that contribute to its diversity.

Rothstein and Varraich show the breadth of studies related to the term and the various specifications and overlaps between each of these concepts, thereby raising questions and discussions. Based on the perspective that is offered, and taking into account the intricacies of corruption, the work represents a clear and cohesive analysis that will be of use when discussing the political system, impartiality, and good governance in an attempt to fill the gaps in the lack of a universal definition of corruption. For those who wish to delve into the intricacies of the concept of corruption, the book provides reflections on the multi-disciplinarity surrounding the term.

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CULTURAL PROBLEMS OF TURKEY, BY EKREM AKURGAL (KIRMIZI KEDI, 2018)

Seden Eren[1]

This book, originally entitled *Türkiye'nin Kültür Sorunları*, is an anthology of articles written by Ordinarius Professor Doctor Ekrem Akurgal from 1942 until 1998, edited for publishing by Burak Kuru in 2018. Prof. Akurgal is a distinguished and reputable academic well known for his archaeological research, acknowledged by honorary doctorates and awards and memberships in science academies across Europe. Prof. Akurgal was the founder of classical archeology as an academic science in Turkey and a lecturer in Turkey and abroad. In 1934, the Turkish Republic adapted the "Surname Law," based on which all citizens had to choose a fixed and hereditable last name. The author's devotion to history and archeology can be seen in his choice of "Akurgal," meaning "big water land" in the Sumerian language, as a last name.

Prof. Akurgal served as a lecturer in various archaeological departments in Turkey and many professors today used to be his student. Therefore, he is referred to as the "Professors' professor." Besides lecturing at Turkish and foreign universities, Prof. Akurgal led countless archaeological excavations. His main area of research was the Aegean region. He undertook excavations in Phokaia (*Foça*), Erythrai (*Ildırı*), Smyrna (*Bayraklı*) and Pitane (*Çandarlı*), and continued his excavations and work until his death in 2002. Based on his research he published various books in different languages on ancient Greek, Hatti, Hittite, and old Anatolian civilizations.

He is considered to be an "Anatolianist." The latter offspring of cultural nationalism was first formulated in 1918 by Halide Edip Adıvar, who was one of the first female novelists during the dusk of the Ottoman Empire and who considered Frank Tachau's theory of cultural linkage based on the geographical area between ancient civilizations in Anatolia and the current-day Turkish Republic. The Turkish state and culture have natural boundaries within which

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may be identified similarities between the ancient residents of Anatolia as Hattis, Hittite, Greeks and Turkish culture that bloomed on Anatolian soil and became the basis of Turkish identity. Prof. Akurgal's views resonate with the culture-building theory promulgated by Anthony Smith in his book *National Identity* in 1991, whereby a state's current culture is inherited, mixed, and evolves based on geographical "sameness" and historical "others."

In this book, the author summarizes his almost sixty years of experience with history and archeology. He does not simply offer facts from a historical perspective, but also attempts to connect current (n.b. current at the time of writing) events to historical events and reasonable scenarios. He describes Turkish society today and links it to historical "yesterday" and suggests scenarios for "tomorrow." Prof. Akurgal evaluates the cultural problems of Turkey and provides a list of suggestions about what to do for a better future. Additionally, he drills deeper into ancient history and seeks to raise the reader's attention to the importance and influence of early Anatolian civilizations on European history (the influence of Hattis, Hittite, Urartu and other Anatolian and Mesopotamian civilizations that can still be felt over the centuries, particularly in Math, Astrology, Law and Agriculture).

The author gathers his long-term research in this book with an explanation about how important it is to publish the results of research in order to deal with local and international issues. He argues that the impressions and experiences obtained from this research can help people to achieve compromise, which can lead to conscious and decisive solutions to the problems of societies. As part of his perspective about interconnecting cultures, Prof Akurgal claims that there is no society in the world that has created their own culture, architecture, or sculpture without being influenced by other cultures and cultural elements. Shaping the culture of a nation can happen organically (via invasions, assimilation) or be driven by elites (diplomacy and trade).

In the first chapter, the author discusses whether Turkey is cultured. Prof. Akurgal associates culture with art and access to it. The basis for the comparison is established using an appraisal of the number of concerts, theaters, art galleries, exhibitions and bookstores in Turkey and Western-style states. He attempts to answer this question by explaining three significant key points: the origins of Turkish culture and the civilizations which affected Turkey, the sources feeding Turkish culture today, and the tradition of Turkish culture. The author claims that no culture comes from nothing. Each new stream carries the influences of earlier currents and their environment.

A nation's culture can be developed via the melding of state power, intellectual work, enthusiasm, scientific and cultural curiosity, and effort. In this context, wherever the influences come from, each community creates a unique national

culture to the extent that it works and endeavors. Prof. Akurgal believes that in order to understand our current culture we need to know about the influences of different cultures, such as that of the Greeks, Arabs, Persians and Romans. Therefore, each culture internalizes the components it receives and reshapes them based on their own values. This cycle can be observed in Turkish culture as well. Furthermore, modern Turkish culture is shaped by inherited cultural elements of the Urartian, Hittite, and Lycian civilizations and many others who used to live in the same geographical area. While discussing cultural problems, the author also points out contemporary issues, such as historical monument trafficking, smuggling, and care for abandoned historical ruins.

In the second chapter, the author emphasizes why we should care for and pay attention to art, especially to architecture. He claims that, starting from the Seljuk and Ottoman Empires, architecture has been the most successful cultural branch of the Turks. Prof. Akurgal argues that Turks do not support their own art as much as they should, and that they have acted indifferently towards it. He points out that there is not enough research or publications about Turkish art by Turkish authors in Turkey. On the other hand, even France, Germany and England have made more contributions in this regard. For this reason, he attempts to draw the attention of Turkish intellectuals to caring for their own art.

The third chapter is called "Lessons to learn from history." The author evaluates the position of the Turks among world civilizations. He claims that the most precious asset of a nation is its civilizational work that is improved throughout human history. It is argued that every nation culturally advances in terms of the proportion of the greatness and importance of poets, composers, philosophers, scientists, architects, painters and sculptors who are brought up by that nation. Thus, national heritage consists of the work of these artists, the accumulation of their work, and how this reaches the next generations. Besides being a part of national heritage, these works represent the common civilization products of all humanity. For instance, the remains of civilizations that lived in Anatolia before the arrival of Turks to Anatolia are cultural treasures of the whole world.

Prof. Akurgal attempts to assess whether Turks are a part of Eastern or Western culture. The definition of Eastern (paternalistic, collectivistic) culture versus Western (individualistic, rationalistic) culture can be viewed as a combination of Geert Hofstede's theory, named "Culture's Consequences: Comparing Values, Behaviors, Institutions, and Organizations Across Nations." With this work about cultural dimensions, Hofstede defines the influence of a society's culture on the values of its members, and explains how these values connect to behavior.

For instance, according to Hofstede, "power distance" is the amount to which the less powerful members of organizations within a country anticipate and

accept that power is deployed unequally. Turkey's score shows that the country is dependent and hierarchical, and power is centralized. Decisions are made by patriarchal elites. Father figures lead society like the heads of a big family. Furthermore, the dimension "Individualism vs. Collectivism" explains the level of interdependence a society sustains within its members. Individualist societies look after themselves. However, collectivist societies contain groups that have unquestioning loyalty. In terms of this cultural dimension, Turkey is a collectivist society. As a collectivist country, instead of "I," "we" is important. Therefore, belonging to a group is of significant value.

On the other hand, Prof. Akurgal does not categorize his views on the subject in order to keep his ideas on a conversational level rather than an academic one. He investigates the topic from a historical perspective and first points out the main difference between East and West throughout history. Historically, the significant difference between the West and East has been "freedom," even though freedom found a suitable environment in the East during the times of Sumerians, Hittites, Phoenicians, Abbasids and Selcuks. Great and powerful theocratic and absolutist states started to emerge with the Akats in 2500 BC. With this, the attempts at liberty of the eastern world left the hands of the people. The state came to monopolize and govern these attempts and, through this, "independent" definition of society disappeared. Due to a lack of competition, the movement towards freedom lost its dynamism, and the possibilities for development rapidly faded. In Western societies, freedom was limited during certain periods and regions, especially in theocratic and absolutist states. However, despite the periodic interruptions, the concept of freedom and liberty have been sustained in the West.

The author suggests that the question whether to define Turkey as an Eastern or Western culture is of significant importance even today (please note that the author was writing about the second half of the twentieth century). Primarily, he evaluates the two different options that should be considered in order to answer this question. The first alternative is to learn about technology from the West and preserve the essence of society (patriarchal family values, traditional means of human interaction, beliefs, superstitions, and Islamic heritage). The second alternative is radical Westernization, the same process which was started by Mustafa Kemal Atatürk in 1923 that resulted in the revolutionary adaptation of all Western values and the unloading of the archaic values that had prevented Turkey from shining. Furthermore, he explains whether it is possible to perform a synthesis of East and West, whence he investigates the historical attempt at Eastern and Western synthesis by Alexander the Great.

The fourth chapter is about the importance of Anatolian civilizations in world history. Prof. Akurgal investigates Anatolia's ethnic structure. Based on his

research, eight thousand years ago Anatolia was the region which hosted the world's top cities, lasting two or three thousand years, with settlements like Çayönü, Hacılar, and Çatalhöyük. Anatolia has been the world's cultural leader twice in history. Its first period of leadership was in the New Stone Age (8000-5000 B.C.). The inhabitants of this region were the oldest known farmers in Anatolia. According to findings from excavations, they knew how to grow wheat, and how to harvest and grind it. They engaged in animal husbandry, including taming goats and dogs, in addition to agricultural work.

The following period was that of the Natural philosophers (650-450 B.C.). In this era, Aegean inhabitants took control of world trade, becoming the most successful traders in the world. Large houses, roads, temples, and monuments were built. Competition started with trade but led to free thought. Natural philosophers from Miletus left religious concerns and mythological beliefs behind them and directed their attention to rational and realistic thinking. They transformed the knowledge received from Mesopotamia and Egypt into science. These philosophers established the first principles of mathematics, astronomy, geometry, and medicine. For instance, Thales of Miletus (625-545 B.C.) calculated the solar eclipse of May 28, 585 BC in advance. Anaximander (610-545) drew a map of the lands and seas that were known at the time.

In this chapter, Prof. Akurgal also provides us with a summary of all major ethnic groups and civilizations (for example, Hurrians, Lydians, Romans…) that shaped the culture of Anatolia from the earliest states until the present day. He starts with the Hattie (2500-2000 B.C.) civilization, which did not leave enough of a footprint to permit an assessment of their language or their names, and continues until the Turkish Republic (1923-). In this context, each civilization has affected the other. According to his historical research and findings, around four thousand years ago people of European origin started to migrate to Anatolia and became the dominant ethnic group until the arrival of Turks in 1071 AD.

Prof. Akurgal claims that during the Hittite era (1700-1100 B.C.) there were women's rights, a nobles' assembly, and a system of constitutional monarchy in Anatolia. In the following years, the Hellenistic Age (1050-30 B.C.), human rights, freedom of thought, and scientific studies were common. However, these features began to decline in the Roman- (30 B.C.- 395 A.C.), Byzantine- (395-1453) and Ottoman (1299-1922) periods. Although they fused with European communities, the Ottomans could not adopt a European world view, meaning adapting to renaissance thinking, nurturing the natural sciences, and organically becoming exporters of scientific developments around the globe.

In spite of some developments in the period of Mehmet II (1444-1446 and 1451-1481), after the defeat of Vienna in 1683 Turks became further separated and isolated from Western culture and adapted more Islamic elements. With

the period of the Republic of Turkey, the unity of culture was completed in Anatolia. Turkey has considered Anatolian history to be their national heritage, and cultural unity has been achieved. Accordingly, while renaissance, reform, and enlightenment movements took centuries in Europe, they took place in a short time in Turkey.

The author's dream of discovering the past to help his country build a great, Western-style state makes him a visionary whose influence stretches beyond archeology to all social studies. The author believed, at the time of writing in the 1950-1990s, that Turkey was on a promising track in terms of adopting Western culture and values, and becoming a secular state driven by rational decisions, where lessons from the past would not be forgotten.

I would recommend reading this book in order to get to know about the work of the man who created the foundation of modern Turkish archeology, and to understand Prof. Akurgal's views about historical, social, and cultural aspects of Anatolian civilization and their presumable impact on the Turkish Republic. Prof Akurgal's passion of connecting civilizations that existed in the same place but in different eras represents a unique view of how human history can be viewed from higher ground. The cultural elements, and how they change, are like anchored rocks that are polished by the river of civilizations flowing over the centuries.

EDITORIAL

CONTENTS OF OTHER JOURNALS FROM THE REGION

SZOCIOLÓGIAI SZEMLE

http://www.szociologia.hu/2019_2_szam/ Issue No. 2. 2019

Sik Domonkos: A negatív integrációtól a félelem szociológiájáig; Szücs László Gergely: A „szentség aurája" és az ember méltósága Észrevételek Hans Joas szakralizációs téziséről; Kristóf Luca – Kmetty Zoltán: Szereti ön Vivaldit? Zenei ízlés és társadalmi státusz; Fabók Veronika – Kovács Eszter: A biológiai sokféleséggel kapcsolatos nézőpontok vizsgálata Q-módszerrel; Bocsi Veronika: Hallgatók értelmiségképe

SOCIO.HU

https://socio.hu/ Issue No. 2. 2019

Berger Viktor: Morfológia és osztályozás. Durkheim és a Durkheim-iskola hozzájárulása a szociológiai térelméletekhez; Havrancsik Dániel: Durkheim és a „valóság társadalmi felépítése"; Sik Domonkos: Az anómiától a társadalmi szenvedés fenomenológiájáig; Takács Erzsébet: Társadalmi szolidaritás vs reflexív szolidaritás. Durkheim szolidaritáskoncepciója a későmodernitásban; Ullmann Tamás: Kollektív képzetek, nyelvi jelentés és kategorizáció

SOCIETY AND ECONOMY

https://akademiai.com/toc/204/current Issue No. 3. 2019

Péter Fehér Krisztián Varga: Digital transformation in the Hungarian banking industry – Experiences with Design Thinking; Andrea Kő Réka Vas Tibor Kovács Ildikó Szabó: Knowledge Creation from the Perspective of the Supply Chain. The Role of ICT; Michael Puhle: The Performance and Asset Allocation of German Robo-Advisors; Peter Racsko: Blockchain and Democracy; László Kovács: Applications of Metaheuristics in Insurance

INTERSECTIONS. EAST-EUROPEAN JOURNAL OF SOCIETY AND POLITICS

http://intersections.tk.mta.hu/index.php/intersections Issue No.2. 2019

Zsolt Körtvélyesi: Enforcing Equality?; András László Pap: Harassment: A Silver Bullet to Tackle Institutional Discrimination, But No Panacea for all Forms of Dignity and Equality Harms; Eszter Kováts: Limits of the Human Rights Vocabulary in Addressing Inequalities; Alexander Osipov: Agendas of Non-discrimination on Ethnic Grounds in the Post-Soviet Space; Bálint Magyar, Bálint Madlovics: From Petty Corruption to Criminal State; Diana Mariana Popa: New versus Established Migrants in a Competitive Labor Market

POLISH SOCIOLOGICAL REVIEW

http://polish-sociological-review.eu/index.php Issue No. 3. 2019

Radosław Sojak- Łukasz Afeltowicz-Krzysztof Pietrowicz: Let it Fly High! On the Need for ANT with a Positivistic Inclination; Krzysztof Konecki: Trust in Symbolic Interactionist Research and in Phenomenological Investigation; Barbara Jancewicz: People's Evaluations of Income Inequality and the Gini Coefficient; Henryk Domański: The Effect of Education on Earnings Distribution in Poland: 1988–2013; Georg P. Mueller: A Field Theoretical Model of the Polish Emigration to Other European Countries; Daria Łucka: Between Alien and Citizen: Denizenship in the "Old" and "New" Europe; Anna Radiukiewicz: Defenders of Democracy at the Protest ; Dariusz Szklarczyk: Summary of the Operation of the Tripartite Commission for Socio-Economic Affairs in 2001–2015. The Case of Polish Social Dialogue at National Level

SOCIOLOGICKÝ ČASOPIS / CZECH SOCIOLOGICAL REVIEW

http://sreview.soc.cas.cz/cs/issue/current Issue No. 5. 2019

Kateřina Kolářová, Filip Herza: Ne/způsobilost jako nová kategorie sociálních věd; Hana Porkertová: The 'Assemblages' of Disability: An Affirmative Conception in a Deleuze-Guattarian Perspective; Michal Synek, Dana Hradcová, Radek Carboch, Dita Jahodová: The Dis/ability Coordinates of the Critical Gesture and Matters of Care; Petra A. Honová, Dino Numerato, Lucie Kondrátová: Experience, Expertise, and Users' Participation: The Case of the

Czech Mental Health Care Reform; Alyson Patsavas: 'The Last Dance': Pain, Disability, and the Case of Jerika Bolen; Stanislav Holubec: Immanuel Maurice Wallerstein (1930–2019)

SOCIOLÓGIA - SLOVAK SOCIOLOGICAL REVIEW

https://www.sav.sk/index.php?lang=en&doc=journal-list&part=list_articles&journal_issue_no=11114825
Issue No. 5. 2019

Lubelcová, G. - Zeman, M.: Life Chances of Social Actors in the Context of Societal Development in Slovakia – Subjective Dimension; Madleňák, T.: The Geographical Representativeness of the Deputies Elected to the National Council of the Slovak Republic in Terms of Single Electoral District; Sopóci, J. - Hrabovská, A.: Social Capital and Classes in Slovak Society; Soukup, P.: How not to Use Multilevel Models? Notes on the Paper about the Research Effectivity of Slovak Universities; Kanovský, M.: How not to Criticize and how to Verify Claims Thoroughly

REVIJA ZA SOCIOLOGIJU

https://hrcak.srce.hr/ojs/index.php/rzs Issue No.2. 2019

Marina Štambuk, Maja Tadić Vujčić: LGBTIQ Parenthood in Croatia: Experiences and Perceptions; Marina Štambuk, Marina Milković, Antonija Maričić: Motivation for Parenthood among LGBTIQ People in Croatia: Reasons for (not) Becoming a Parent; Tanja Vučković Juroš: "Why is it that here we can be a family, and there we cannot?" How Wider Socio-Institutional Frameworks Shape Experiences of LGB Parenting; Željka Kamenov, Aleksandra Huić, Margareta Jelić: Attitudes towards Gay and Lesbian Parental Rights among Heterosexual Croatian Citizens: The Effect of Traditional Gender-Role Attitudes; Mateo Štrbić, Tomislav Jeleković, Dora Popović, Marija Brajković, Petra Žukina, Marina Štambuk: Evaluations of Parenting by Same-Sex vs Different-Sex Couples among Heterosexual University Students: Experimental Between-Subjects Vignette Design Study; Marina Milković, Marina Štambuk: How to Approach Measuring Sexual Orientation, Sex and Gender Identity? Recommendations for Research on Topics Related to LGBTIQ People; Marina Štambuk, Maja Tadić Vujčić, Marina Milković, Antonija Maričić: Pathways to Parenthood among LGBTIQ People in Croatia: Who Wants to Become a Parent and How?

SOCIOLOGIJA. ČASOPIS ZA SOCIOLOGIJU, SOCIJALNU PSIHOLOGIJU I SOCIJALNU ANTROPOLOGIJU

http://www.sociologija.org/books/issues.php?lng=english Issue No. 3. 2019

Smiljka Tomanović: What We Talk about When We Talk about Family? Concept in Context; Silvano Bolčić: "Ethno-Nationalization" of the Post-Yugoslav Societies: Features, Actors, Consequences, and Possibilities of "De-Ethno-Nationalization"; Aleksandar Tomašević, Valentina Sokolovska: Lokalizacija izborne kolebljivosti: primeri Srbije i Hrvatske; Saša Puzić, Iva Odak, Josip Šabić : Educational Outcomes and Aspirations of Upper Secondary School Students: The Cultural Capital and Relative Risk Aversion Perspectives; Snežana Štrangarić: Socio-economic and Gender Aspects of Cultural Capital and Knowledge Appliance among High School Population: A Case Study; Tatjana Đurić Kuzmanović: I'm already thinking of the housekeeping chores - Misogyny in small couple and family entrepreneurship; Milan Urošević: Ideology and its relation to culture in the work of Stuart Hall

TEORIJA IN PRAKSA

www.fdv.uni-lj.si/en/journals/science-journals/teorija-in-praksa Issue No.3. 2019

Jennie Olofsson, Franc Mali: Critical Engagement vs. Technophobia: The Risks of Emerging Technologies; Artur De Matos Alves: The Utopia of Transparency: Platform Humanism and Technocracy in Facebook's Transparency Discourse; Roberto Carradore: Making Viruses More Socially Acceptable: A Sociological Framework for Virus-Based Plant Protection Products; Matjaž Vidmar: On the Practices of Risk Re-Normalisation: 'Knowing' the Known Unknowns in Public Discourse on Outer Space Exploration; Jennie Olofsson, Franc Mali: From Risk To Resource? E-Waste Management and the Concept of Circular Economy; Danica Fink-Hafner, Meta Novak, Luka Kronegger, Patrycja Rozbicka: Policy Networks: Looking For the Decisional Centre in Eu Policymaking; Samo Uhan, Mitja Hafner Fink: Context Effect In Social Surveys: Wording of Sensitive Concepts; Živa Kos, Veronika Tašner, Slavko Gaber: Schools and the Collaborative Commons; Nina Gorenc: Public Diplomacy as an Instrument of US Foreign and Security Policy; Zdenka Šadl, Nataša Pivec: Representations of Domestic Workers in Films La Nana and Dolores Claiborne

EUROPEAN QUARTERLY OF POLITICAL ATTITUDES AND MENTALITIES

https://sites.google.com/a/fspub.unibuc.ro/european-quarterly-of-political-attitudes-and-mentalities/
Issue No.4. 2019

Giorgian Guțoiu: *A Spatial Analysis of the 2019 Europarliamentary Elections in the City of Iași*

ÖSTERREICHISCHE ZEITSCHRIFT FÜR SOZIOLOGIE

https://link.springer.com/journal/11614/44/4 Issue No.4. 2019

Florian Buchmayr: Im Feld der Verschwörungstheorien – Interaktionsregeln und kollektive Identitäten einer verschwörungstheoretischen Bewegung; Laura Hanemann, Lena Schürmann: Zwischen Statuskrise und Autonomiebegehren: Solo-Selbstständigkeit als generationstypische Bearbeitung des Wandels von Arbeit und Biografie; Alexander Schmidl : „Alltagsgeschichte" als Exploration kleiner Lebenswelten; Bernhard Wieser: Digitale Gesundheit: Was ändert sich für den Gesundheitsbegriff?

UKRAINIAN SOCIETY

https://ukr-socium.org.ua/archives/no-3-70-2019/ Issue No. 4. 2019

Ignatieva I. I., Melnikov A. S.: Analytical components of mental mapping in sociological studies of conflicts; Moskotina R. Yu.: Protest engagement: weak vs strong social ties; Rakhmanov O. A.: Social perception of private owners of the production means in Ukraine; Sheludko N. M.: Monetary policy in the conditions of global instability: conclusions for Ukraine; Anufriieva K. V., Shkliar A. I.: Financial inclusion as a factor for socio-economic development; Shapoval Yu. I., Yukhta O. I.: Measuring financial inclusion: advantages and limitations of existing approaches; Khovrak I. V.: The role of communication tools of the corporate social responsibility strategy for building effective dialogue with stakeholders