

THEORETICAL APPROACHES TO THE IMPACT OF CULTURE ON THE ECONOMY THROUGH THE PRISM OF THE EUROPEAN COURSE OF THE COUNTRIES' DEVELOPMENT

ABORDĂRI TEORETICE ALE IMPACTULUI CULTURII ASUPRA ECONOMIEI PRIN PRISMA PARCURSULUI EUROPEAN DE DEZVOLTARE A ȚĂRILOR

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This paper tries to synthesize the history of economic thinking regarding the correlation between culture and the economic development during the last centuries. The use of culture to explain the economic performance has not been popular among social science researchers in recent decades. Most economic models are based on the idea that people are essentially rational beings and make decisions in their own interest. What people choose to do depends on their beliefs. But culture can give rise to a set of rational beliefs. In economic history, some economists have questioned the classic concept of the „rational economic man” mentioning the increasing role of non-economic behavior in modern economies. These two positions can be reconciled if we reduce the social norms that govern entire societies based on the actions of individuals who look out for their own interests. Regardless of which models of economic thinking a historical retrospective is based on, an important conclusion is that throughout history, social and cultural factors have been among the important catalysts of the economic life. In the paper, it is argued that some factors such as European culture and European political traditions, etc., have an essential contribution to the economic success of those countries that follow them.

Keywords: rational beliefs, culture, non-economic behavior, European traditions, economic success

Articolul în cauză încearcă să sintetizeze istoria gândirii economice privind corelarea dintre cultură și dezvoltarea economică în ultimele secole. Utilizarea culturii pentru a explica performanța economică nu a fost populară printre cercetătorii din domeniul științelor sociale în ultimele decenii. Majoritatea modelelor economice se sprijină pe idea că oamenii sunt, în esență, ființe raționale și iau decizii în propriu interes. Ceea ce aleg oamenii să facă depinde de convingerile lor. Dar cultura poate da naștere unui set de convingeri raționale. În istoria economică unii economiști au pus la îndoială conceptul clasic „de om economic rațional”, menționând rolul crescând al comportamentului non-economic în economiile moderne. Aceste două poziții pot fi reconciliate dacă se reduc normele sociale care guvernează întregi societăți la acțiunile indivizilor care își văd de propriile interese. Indiferent de modelele de gândire economică pe care se bazează o retrospectivă istorică, o concluzie importantă este că, de-a lungul istoriei, factorii sociali și culturali au fost printre catalizatorii importanți ai vieții economice. În lucrare se susține că unii factori, precum cultura europeană și tradițiile politice europene etc., contribuie în mod esențial la succesul economic al acelor țări care le urmează.

Cuvinte-cheie: convingeri raționale, cultură, comportament non-economic, tradiții europene, succes economic

Introduction

At present, the creative sector is one of the most internationalized economic branches that have registered spectacular growth in the last decades in economic value, causing important changes in mentality and, consequently, the development of modern societies that have invested coherently and sustainably in the growth of this sector.

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In recent years, the creative industries in the European Union have had the greatest growth dynamics among the economic sectors of the union, generating an added value of over 600 billion euros and jobs for 12 million people. The creative industries also represent a key sector for the competitiveness of the European Union, maintaining a share of 40% of the total of this sector at global level, and constituting 11% of the total of companies in the EU [1].

The impact of cultural products on international production can be explained primarily due to its infinite reserves of creativity supported by the liberalization of international trade, technological developments, and the digital environment.

However, the interest in studying this sector from the economic point of view seems to remain a moderate one in the world and a marginal concern in the Republic of Moldova. To fill in the gap in research, the purpose of this paper is to identify the main theoretical approaches that establish the impact of culture on the economic development by studying the history of economic thinking beginning from the last centuries to the present days. The novelty of the research is in the analysis and synthesis of the economic thinking in a historical retrospective through the prism of the European direction of the countries' development.

Main approaches to determining the impact of culture on the economic development

By scientific and technological knowledge, the classical Greeks meant *episteme* (speculative, theoretical, or abstract knowledge) and *techne*, which were called art or practical knowledge, respectively. If Aristotle's discourses focus on *episteme*, then modern economists are preoccupied with *techne*, a fact evidenced by the frequent use of the term „technological progress”.

The use of culture to explain economic performance has not been popular among social science researchers in recent decades. Only here it must be stated, that the lens through which the social world is studied is that of the economy. A nation can adopt a constitution and enlightened laws, but whether or not its citizens can manage to function and apply within them is another matter. Most economic models are based on the idea that people are essentially rational beings and make decisions in their interests. What people choose to do depends on their beliefs. It should be noted here that economists make a clear distinction between preferences and beliefs. Preferences indicate what we value more when we know all there is to know about a thing. People cannot have wrong preferences, but they can have wrong beliefs. But culture can give rise to a set of rational beliefs.

One of the founding fathers of modern social sciences, the sociologist Max Weber (born in 1864) was among the European intellectuals of his time. By studying the different levels of economic success in different countries, between the 16th and 19th centuries, he has argued that Northern Europe and the USA were doing better than other countries because of Protestant values. In his work „The Protestant Ethic and the Spirit of Capitalism” about the influence of culture on economic development, he understood by the culture of a community its shared values and predispositions, not just beliefs [2 p.83].

Decision-makers in the modern world regularly try to reinforce national identity by telling history in a way that encourages national pride. National identity means a shared pride in the admirable aspects that characterize a nation and make it unique. For example, Great Britain and Italy illustrate pride in their history and world importance – in Italy's case, 2,000-year-old memories of the Roman Empire [3 p. 421- 422].

Recently, the 2017 edition of the European Barometer reveals that over 82% of the European Union citizens are proud of the monuments, traditions or works of art of the countries they come from [4].

Currently, the sense of national identity holds Ukraine together, giving the country the courage to resist external threats in the war with Russia and motivating its inhabitants to sacrifice themselves for the national cause.

There are many different sources of national identity, including language, culture, and history. In many countries, national pride and identity are centered on culture: for example, Italy's historical preeminence in art and modern excellence in fashion, Germany's dominance in music, and Britain's dominance in literature.

Historians still debate whether it is possible to know the past accurately, whether history inevitably involves a multiplicity of interpretations, and whether all these alternative interpretations deserve equal weight. Whatever the answers to these questions, it remains true that national identities are strengthened for political purposes and are ensured by economic growth and increased living standards of the population in most large democracies [5 p. 172].

It follows from the above that the economy is a set of laws that transcend cultures and eras. According to Ludwig von Mises (born in 1881), economic laws were as valid in ancient Rome as they are today. There are no „special circumstances” of culture, religion or politics [6 p.285-287]. Therefore, some old factors (for example, it might be the culture or the institutions that the Europeans were establishing when they conquered the New World) have a lot to do with the economic success of these countries. Winners of the Nobel Prize for Economics 2019 Abhijit Banerjee and Esther Duflo emphasized that as a result of the combination of these factors, today these countries have consolidated institutions that the Europeans were establishing at that time and are business-friendly and tend to be much more prosperous [7 p. 231].

In the first half of the 20th century the Austrian-born economist Karl Polanyi changed the idea that economists believe that people are rational, that is, they will make economic and social decisions based on the costs and benefits that promise the greatest returns, whether they choose a personal good or a president [8 p.166]. He believed that modern markets and social structures were in conflict and that where markets expand, social upheaval inevitably follows. He considered economics to be an integral part of culture from the following beliefs. He argued that as far as humans are concerned, the important thing is that they are social beings who desire status. People gain status by following cultural norms. These norms influence the economic organization.

These two positions/models of economic thinking studied above seem to be reconciled if we reduce the social norms that govern entire societies based on the actions of individuals who see their interests.

In the 1990s, the Israeli economist-historian Avner Offer documented the role of non-market principles in the modern economic life. He concluded that uneconomic behavior plays an important role in modern economies [8 p.167].

An analysis of recent scientific literature demonstrates the critical role of the creative sector in the framework of local economies and its significant impact on the development of society, including the renovation of the road infrastructure to cultural-tourist sites, the reconstruction of the facades of some buildings and places of worship, as well as the creation of jobs for the personnel involved in the production or distribution of creative services, etc. It also generates the impulse for the development of connected sectors: local hotels, restaurants, and shops. Andrei L. Badin affirmed that „culture is economy” by mentioning the impact of culture on improving urban planning and sustainable development, and overcoming social divisions and preventing crime, as well as the important role in attracting private and sector capital to increase the identity and vitality of a community [9]. The scientific literature identifies the city of Sibiu, as the most used example of good practices and the impact of cultural programming in the economic development of a community, which, through the development of an important community of cultural operators, received, in 2004, the title of Cultural Capital of Europe, following the vote of the Council of Ministers of Culture in the European Union. Cultural operators based on the investments of 50 million euros from the state budget as well as attracted investments from private funds, organized and promoted about 220 cultural projects in 2007,

in which participated more than one million tourists, it is in comparison with 300,000 tourists in the previous year [9 p.13].

It should be noted that the connection between culture and economy cannot be one-sided. If the arts can imagine the beautiful future, in contemporary society the function of the economy becomes to ensure that this future will become a reality through the appropriate state policies, which direct the activity of economic agents.

Conclusions

From the analysis of economic thinking in a historical retrospective follows that the cultural development is the method of the society's development. This paper reached the conclusion that regardless of which beliefs we base, throughout history, the social and cultural factors have been among the important catalysts of the economic life. The author found also, that some factors such as European culture and European political traditions, etc., have a significant contribution to the economic success of those countries that follow them. The creative sector has a significant impact on the development of local economies and has a multiplication affect by boosting connected sectors: local hotels, restaurants, and shops. In the framework of the EU, cultural identity contributes to increasing the quality of life of the citizens and creates the sentiment of cultural belonging to the values of the EU countries they come from.

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