

*The Cultural and Social Dimensions of the  
Economic Crisis 2008-2014. Financial Cultures,  
Human Suffering and Social Protests*

**Manuel Castells**

**2013 Balzan Prize for Sociology**

**Balzan GPC Adviser:** Dominique Schnapper

**Project Directors:** John Thompson, Sarah Banet-Weiser, Mireia Fernandez-Ardevol

**Main Researchers:** Michelle Forelle, Nahoi Koo, Lana Swartz, Arnau Monterde, Javier Toret, Enrique Serrano, Eirini Avramopoulou, Silvia Pasquetti

**Affiliated Institutions:** University of Cambridge; University of Southern California; Open University of Catalonia, Barcelona

**Period:** 2014-2016

Manuel Castells is University Professor and Wallis Annenberg Chair of Communication Technology and Society at the University of Southern California, Los Angeles; Professor at the Open University of Catalonia, Barcelona; Director of Research in the Department of Sociology, University of Cambridge; and Professor Emeritus of Sociology and of City and Regional Planning at the University of California at Berkeley. His threefold research program, conducted over three years (2014-2016), in the three different institutions to which he is directly affiliated (the University of Southern California, the Open University of Catalonia and Cambridge University), falls under the general theme, *The Cultural and Social Dimensions of the 2008 Economic Crisis*. Castells coordinates the entire research program, with associate directors taking scientific responsibility for supervising the work of the young researchers (at the University of Southern California, Professor Sara Banet-Weiser; at the Open University of Catalonia, Dr. Mireia Fernandez-Ardevol; at the University of Cambridge, Professor John Thompson). The young researchers in each of the three institutions conduct their own research, leading eventually to their own publications, with the guidance and support of the coordinator and supervisors of the research program. Several individual publications are already projected or underway, and the publication of a final volume with all of the results of the three studies is planned.

## **RESEARCH TEAM 1: University of Southern California, Annenberg School of Communication – “NEW FINANCIAL CULTURES AFTER THE CRISIS”**

Director: Professor Sarah Banet-Weiser

Young Researchers: Michelle Forelle, Nahoi Koo, Lana Swartz

### **Part 1: New Financial Culture in Wall Street**

#### **Michelle Forelle: *Deriving Wall Street***

Although there is little consensus on the specific moment that set off the collapse of global financial markets in 2008, there is little doubt that credit default swaps – powerful, but opaque, new financial instruments – were a major contributor to the crisis. Credit default swaps thus provide a rich site for analysis due to their novelty; in designing, refining, and introducing these instruments to the market, the public and regulators, the financial industry simultaneously had to reiterate its own relationships to those entities. Through an analysis of trade press, Congressional testimony, and interviews with financial workers, this research project interrogates that process of reiteration, to better understand how the financial industry’s perception of its position in society led to the development of such potent, and ultimately dangerous, products. Understanding this positionality may provide insights into how to begin to reshape the financial industry, through regulatory reform or workplace culture interventions, to hopefully avoid such disastrous outcomes in the future.

### **Part 2: The New Financial Cultures of Silicon Valley**

Lana Swartz and Nahoi Koo have been working on the New Financial Cultures in response to the 2008 global financial crisis. Their focus is on the cultures of financial innovation in Silicon Valley, including new forms of currency, new payment systems, and new forms of collaborative consumption and alternative economic practices. In 2014, their research topics were Bitcoin and the so-called “sharing economy”, and their research-related activities during the year included a research trip to Mountain View, California, and attendance at a Payments Insight workshop, Bitcoin: Basics and Beyond, organized by Glenbrook Partners, one of the key industry groups in financial technology; and collaboration with Annenberg Research Network on International Communication (ARNIC) in organizing a conference on Money as Communication.

The conference included four three-hour sessions composed of three-person panels for a total of twelve speakers. Each session consisted of three 30-minute presentations followed by questions and answers and an open group discussion. The four sessions were: (1) Money: Infrastructure and Imagination, (2) Cryptographic Currencies, (3) The Financial and the Technological, and (4) Personal Data, Credit and Payment. This conference should result in a special issue of a leading journal.

This research directly impacted Swartz's dissertation on new financial cultures and practices, enabling her to complete a chapter on Bitcoin, which included data gathered as a result of participation in the Glenbrook workshop, and to begin another on transactional data, surveillance, and social media business models. She also co-authored an invited chapter for the MoneyLab reader, published by the Institute of Networked Culture in Amsterdam.

Independently, Koo worked on research related to the investor-investee relationship in the sharing economy, producing a paper investigating the kinds of networks the sharing economy produces and how these networks reflect the current structural trends in the sharing economy. The paper was submitted for the Sunbelt Social Networks Conference of the International Network for Social Network Analysis in May 2015. Koo is also using big data analysis for work on a research project on the startup ecosystem in Silicon Valley after the 2008 financial crisis. She plans to submit the paper to the *Journal of Entrepreneurship and Business Innovation* for future publication.

### **Lana Swartz: *New Money Systems***

Money has been made strange. It is growing, changing. There has been tremendous "innovation in the money space," as those working in it describe it. Both start-ups and big tech firms have brought countless new payment systems to market. It is crucial now to understand the promises and perils of this democratization and especially the privatization of money. Financial innovation has extended beyond business ventures as well. Local and community currency groups have developed online accounting and exchange platforms. The anarcho-capitalist cryptocurrency Bitcoin and related projects have survived multiple bubbles of value and attention.

However, this discourse is not unified, and the meaning and practices it produces are not monolithic. Like other technologies, it is shaped by a variety of stakeholders,

but its discursive field is distributed, reflecting the architecture of Bitcoin itself. In addition to these research concerns, Swartz produced the following scholarship, related to the Balzan research project in 2014:

Swartz, Lana. "Tokens, Ledgers, and Rails: The Communication of Money", PhD Dissertation, Annenberg School for Communication and Journalism, University of Southern California, 2015 (will be submitted for publication).

Swartz, Lana. "Blockchain Dreams: Beyond Bitcoin." In *Culture and Economy in a Time of Crisis*, edited by Manuel Castells. Cambridge: Polity Press, 2017.

Swartz, Lana. "Gendered Transactions: Identity and Payment at Midcentury." *Women's Studies Quarterly, Special Issue: Debt*, 43, 1 and 2 (2014): 137-153.

Maurer, Bill and Lana Swartz, eds. *Payment Objects: Explorations with Transactional Things*. (under solicitation by MIT Press).

Maurer, Bill and Lana Swartz. *The MoneyLab Reader*. Edited by Geert Lovink and Nate Tkacz. Institute of Network Culture, Amsterdam (invited, forthcoming).

#### *Presentations*

Swartz, Lana. Invited Speaker, The Politics of the Money Form, Digital Cash. University of California Los Angeles, September 2014, Los Angeles, CA

Swartz, Lana. Invited Speaker, Designing Economic Alternatives, Coining Alternatives, MoneyLab. Institute of Network Cultures, Amsterdam University of Applied Sciences, March 2014, Amsterdam.

#### **Nahoi Koo: *Startup ecosystem in post-crisis Silicon Valley. The new wave of innovation***

This research project concerns an empirical study on the startup ecosystem in Silicon Valley after the 2008 financial crisis. Since the 1970s, Silicon Valley has long been the milieu of innovation where startups came to cluster and form networks of technological and business linkages (Saxenian, 2006). This study explores what kinds of startups are being formed and what types of innovations are being produced in the current new waves of startups. Under these new conditions, the study hypothesizes that existing entrepreneurialism and innovation have become more diversified than ever with more accessibility and desirability by the public.

In describing changes in economic systems, Schumpeter (1939) depicted the entrepreneur as an active agent of economic progress who causes disruption in equilibrium. In particular, the dynamic entrepreneur is the chief agent who innovates and makes new combinations in production, and competition is an economic process that involves these dynamic innovations of the entrepreneur. Schumpeter also suggested five telling features of such innovations: (1) creation of a new good or new quality of good, (2) creation of a new method of production, (3) the opening of a new market, (4) the capture of a new source of supply, and (5) a new organization of industry – creation or destruction of a monopoly. Taking Schumpeter’s notion of innovation as a theoretical construct, this study investigates whether these conditions are fulfilled in the startup ecosystem in Silicon Valley. Using big data from the CrunchBase dataset, it quantitatively explores the typology of innovation from post-crisis and also investigates how the current waves of innovation differ from the past in terms of method of production, business category, and opening of a new market.

**RESEARCH TEAM 2: Open University of Catalonia, Seminar on Communication and Civil Society – “SOCIAL MOVEMENTS AGAINST THE MANAGEMENT OF THE FINANCIAL CRISIS”**

Director: Dr. Mireia Fernandez-Ardevol

Young Researchers: Arnau Monterde, Javier Toret, Enrique Serrano

In 2014 the team started the first part of their research for the Balzan project “The Global Network movements: From 15M to Global Spring. Comparative study between network movements in Spain and the US (2011-2014)”. They carried out a diagnostic of the situation of network-movements, initiated the characterization of the two movements under study (15M and Occupy) with two surveys run in May (on 15M) and September-October (on Occupy). Secondly, they have produced several documents to publicize their technical work, published two books on 15M and sent a scientific article to an indexed journal. Thirdly, they have organized several public activities and conferences and publicized the project on their new web site and via social networks.

## ***Research Development***

### a) Review

Elaboration of a diagnostic of the situation of network movements, oriented to draw a theoretical framework connecting the various research disciplines and lines nurturing a transdisciplinary perspective. For that purpose, a review of theoretical positions from different research areas was undertaken: Social Movement Studies (from the 60s to the present), Communication Studies, Science, Technology and Society Studies, Complexity Sciences and Network Theory (in relation to Data Science), and Neuroscience.

### b) Online survey: 15M movement

In May 2014, coinciding with 15M's third anniversary, an online survey was launched. The survey included several blocks of questions on respondents' demographic and socioeconomic characteristics, on forms of participation in the 15M movement and ICT use, on the role of emotions in the movement, on the evolution of the movement after three years and, finally, on 15M's impacts. During the period from 13 to 22 May, 1,320 responses were gathered. This enabled the team to start characterizing the 15M movement. After successfully closing the survey, a technical report with the results was formulated, and the data published.

### c) Online survey: Occupy Wall Street (OWS) movement

In September 2014, after several months of collaboration and preparation with researcher-participants in Occupy Wall Street, a similar survey aimed at gathering responses from Occupy activists was launched. This had a double objective: to analyze the movement three years after its beginning and to compare and contrast it with 15M. During the period 17 September to 21 October 2014, 552 responses were gathered. The first technical report on this second survey is being prepared for publication. The analytical comparison of both surveys has been started, while other data from social networks and from in-depth interviews has been collected in order to check the survey data.

## *Scientific Production*

### a) Journal article

Monterde, A., Aguilera, M., Baradiaran, X., Calleja-López, A., Postill, J. (submitted). Special Issue “Social media and Emerging Protest Identities”, in *Information, Communication & Society*.

### b) Books

Toret, J. (2014). *Tecnopolítica y 15M: La potencia de las multitudes conectadas. Un nuevo paradigma de la política distribuida.* [Technopolitics: the potential of connected multitudes. The 15M network-system as a new paradigm of distributed politics] Barcelona: Editorial UOC.

Serrano, E., Calleja-López, A., Monterde, A., Toret, J., eds. (2014). *15MP2P. Una mirada transdisciplinar del 15M.* [15Mp2p a transdisciplinary approach of 15M] Barcelona: UOC-IN3.

### c) Technical reports

15M Survey 2014:

Networks, Movements, and Technopolitics. (2014). #Encuesta15M2014 [Technical Report]. Barcelona, Spain: IN3, Open University of Catalonia. Recovered from [http://tecnopolitica.net/encuesta15m2014\\_datos](http://tecnopolitica.net/encuesta15m2014_datos).

Occupy Survey 2014

Networks, Movements, and Technopolitics. (forthcoming). #OccupySurvey [Technical Report]. Barcelona, Spain: IN3, Open University of Catalonia (forthcoming).

### d) PhD dissertation

Monterde, A. (2015). “The emergence and evolution of 15M Network-Movement 2011-2014”. Information and Knowledge Society Doctoral Programme. Internet Interdisciplinary Institute - Universitat Oberta de Catalunya (IN3/UOC). Supervisor: Manuel Castells.

### *Diffusion of Findings*

In 2014 public activities were organized and the group participated in several conferences to publicize the research related to the Balzan project. The most relevant are listed below:

Monterde, A. Tecnopolítica y reinención de la plaza en la onda global por la democracia real [ Technopolitics and reinvention of the square in the real democracy global wave]. Independent studies program (MACBA); Barcelona, 18 June 2014

Monterde, A. La emergencia de los movimientos red. Una conversación empírica y multidisciplinar con la teoría de los movimientos sociales [The emergence of network movements. An empirical and multidisciplinary conversation with social movements theory]. Datanalysis15M meeting (IN3-UOC); Barcelona, 18 September 2014

Toret, J. Límites y potencias de prácticas tecnopolíticas del 15M a #OccupyCentral. Nuevos experimentos tecnopolíticos en la fase constituyente 2013-2015 [Limits and powers of technopolitical practices, from 15M to #OccupyCentral. New technopolitics experiments in the constituent phase 2013-2015]. Networked Democracy and Technopolitics (IN3-UOC); Barcelona, 4 November 2014

Toret, J. #OccupyHongKong: los movimientos en red llegan a Asia [#OccupyHongKong: network movements arrive Asia]. Network, Movements, and Technopolitics (IN3-UOC); Barcelona, 24 November 2014

The website Tecnopolitica.net was opened, where the Balzan project is explained and where every new step and result of research is uploaded. Blog entries presenting the preliminary results from the 15M survey have also been published, and activities have been publicized through the following venues: online streaming, social networks, and UOC channels (newsletter, websites, social media profiles, etc.), as well as through mainstream media. Moreover, before and after the publication of the results, several mass media and blogs published information on the survey.



### **RESEARCH TEAM 3: Cambridge University – “THE HUMAN AND SOCIAL COST OF ECONOMIC CRISIS”**

Director: Professor John Thompson

The aim of this project is to explore the ways in which individuals and groups in different parts of Europe live through and experience the economic crisis, how it affects them and how they respond to it, both at the level of feelings, emotions and forms of suffering and in terms of practices and types of collective action. It takes a bottom-up approach, studying in a close, ethnographic way the daily lives of ordinary individuals in carefully selected regions of Europe. It aims to develop the concepts we need to understand these feelings, emotions, forms of suffering and practices, and does so by examining the ways that these responses feed into types of collective action, including protest movements and other kinds of political mobilization.

#### ***Progress to date:***

Researchers: Eirini Avramopoulou (research in Greece); Silvia Pasquetti (research in Italy)

The original plan was to carry out fieldwork in two southern European countries, Greece and Italy, where the deleterious consequences of the economic crisis have been most apparent.

Eirini Avramopoulou (PhD in social anthropology, Cambridge, 2013; postdoctoral research fellow, the Institute for Cultural Inquiry, Berlin, 2013-14) took up her position as a Research Associate on the project in August 2014, and has been engaged full-time on this research in Athens since then, intensively working on interviews with a range of individuals (full-time employees in the private or public sector, well-educated but currently unemployed individuals, precariously employed or self-employed individuals, pensioners). After completing roughly half of the total number of interviews planned, she will then shift the focus of her fieldwork to Pelion and Volos in eastern Thessaly, where she has already established contacts.

Silvia Pasquetti (degree in political science, University of Florence; PhD in sociology, University of California, Berkeley, 2011; Junior Research Fellow, Clare College,

Cambridge, 2011-2014) took up her position as a Research Associate on our project on 1 January 2015 after completing preparatory work, including establishing contacts with numerous potential interviewees. She will carry out her research in three sites: Sicily, as a peripheral region in the south, Rome, and a traditionally wealthy small city in the North, either Pavia or Piacenza in Lombardy. Pasquetti and Avramopoulou work together, sharing their interview templates and plans, and speaking regularly by Skype, thus ensuring a degree of consistency in the way that the fieldwork is being carried out and the interviews are being conducted. Both scholars are also working closely with John Thompson, who is taking overall responsibility for the project.

The research in Greece is already producing some very interesting results. Interviewees can be divided into two main categories in terms of their circumstances and the ways they respond to the crisis: those who are living 'an indebted life' (i.e., they know that they will never manage to pay back their debts but still manage to survive, although trapped in their situation); and those who are experiencing 'relative despair' (i.e., middle class professionals whose economic conditions have deteriorated significantly and people without a stable salary but who find 'small jobs' to get by). These people's lives have changed in many ways, but most importantly, their dreams about the future and their professional expectations have been shattered. However, they manage because they feel that there are worse cases than theirs.

Avramopoulou's interviews thus explore the emotional dimensions of the crises, with themes of depression, anxiety, sadness, guilt and anger featuring prominently in her interview material. Many of her interviewees also emphasize that the crisis is above all a crisis of values, yet interestingly and somewhat surprisingly, the importance of solidarity networks or family support has not come up. The theme of becoming 'closed off' (in the sense of turning to oneself and turning away from others, and blocking off the outside world) recurs. In the final analysis, very complex issues are emerging, which demand both empirical and theoretical research as well as a comparative approach.

Substantial reports and transcripts of selected material from their interviews will be produced in English by all of the research associates, with the publication of one or more articles based on their research. Once the bulk of their fieldwork has been completed, work on the collaborative volume outlined in the original proposal will begin.