**About structural similarities in the development of former European colonies, CEE countries and "Euro-crisis-countries"**

In our previous " papers from the organizers" we have highlighted the term and the issue of "regions", and have explained some additional terms and their connections. Furthermore, we have promised to discuss the structural similarities referred to in the title . The following discussion paper is another draft for further debate - it continues the previous paper sand remains a rough sketch for the time being. It is based on the papers already published on this blog.

In this sense we should like to articulate the following points:

1. Centre/core vs. periphery are opposite terms reflecting issues of space and distance, of power and rule, and of very different possibilities of self-determination. It is a very simple model, unable to explain the complexity of societal reality, but still helpful to express, or to illustrate roughly, the structural asymmetries and the very different roles of regions within a system of the division of labour, or within an economic, political, and military order … A region functions as a centre, whenever the agents and agencies based there are able to attract people and resources, by offering better conditions of living or of accumulation, and to determine the ways of life and of societal reproduction in other regions. Economic and cultural regions are not necessarily connected with political borders, but political centers and peripheries have to coincide with them.
   Global competition, international money flows and domestic and international (military) "security" concerns are structural sources of conflicts and power relations shaping centre/core vs. periphery relations.

2. Within the EU the mainstream discussion on peripherization tends to refer to the "Euro-crisis-countries", while ignoring the problems of other peripheral regions, especially in the CEE countries. Even more, it tends to ignore the existing and still rising inequalities, within Europe and on a global scale that could only be overcome by a political practice of solidarity on the side of the stronger European countries, which would change the political priorities, while overturning global and European societal power relations. The present criteria for successful policy making – i.e. gains from global competition on the level of on-going globalization processes, especially based upon the strength of one's own currency and, more generally, upon the global ability to act - have to be replaced by the criteria for democratic, just and sustainable solutions for urgent social, ecological and global problems. This would be the only feasible way to reduce and finally overcome the centre/core-periphery gap in a sustainable way, thereby eliminating a crucial contradiction. This would mean that the emancipatory, solidarity oriented forces would become able to stop the advance of the main agents of global competition, i.e. international money and domestic and international (military) "security" agencies, beat them into retreat and finally to overcome them.

3. After World War II, the US military dominance within the capitalist core has transformed the military and political relations within this core itself. In this context, the US have supported the efforts of the ruling forces of West Germany and Japan to realize industrial hubs in their regions. In both

countries and in France the ruling forces have developed strategies aiming at securing leadership in concrete industrial sectors within their regions. Their strategic orientation was to compete as national capitalists with American capital, and its implementation has been connected with attempts to find ways to cope competitively with the very scale of US industry. West Germany has been able to find an answer in framework of the EU offering a large market base. Japan also has been able to find a way of its own. The US have been able to protect and to increase their advantages by developing and using the NAFTA framework. In this way specialized "global regions" have emerged, defined by a specific kind of economic integration within the framework of the existing international division of labour and the resulting relations of competition. This special type of regionalization is an essential element of globalization, which is forcefully implemented by FDI, especially by US American FDI.

Distribution of the worlds' largest 500 TNC

| **Number** | **1981** | **1991** | **1996** | **2000** | **2012** |
|---|---|---|---|---|---|
| Together | 445 | 276 | 443 | 430 | 331 |
| USA | 242 | 157 | 162 | 185 | 132 |
| EU | 141 | - | 155 | 141 | 131 |
| Japan | 62 | 119 | 126 | 104 | 68 |

The TNCs within this triad cannot congratulate themselves about this trend, as it also reflects dramatic processes of concentration. The TNCs within the triad earn the overwhelming income in their home macro-region and still they are not satisfied. They are looking for resources and cheap labour for protecting their markets and for gaining new market spaces. Their input-trade rises continually. The advanced sectors within the core are fragmented, and they continue to become even more fragmented, while "hinterlands" with cheap labour resources are becoming more and more relevant for the TNCs. Japan is especially interested in "hinterlands" in South East Asia and China; the USA are especially interested in Mexico and in Central America, the West Europeans especially in the CEE countries and partly in the countries of the Maghreb region. They all need a special infrastructure and special services for this kind of expansion.

On the other hand, the TNCs and their partners need open markets and free trade in making use of them. Anti-dumping policies, anti-trust-policies and free trade agreements are the main orientations and instruments which are followed and used in the own interest of the TNCs. Namely debt policy – i.e. the production, promotion and exploitation of debt in international economic relations – has been currently of some importance, with the effect of implementing a new kind of mercantilism.

4. The USA have lost their hegemony, but maintain their leadership in important sectors. Since the 90es they have pursued an initiative to re-shape intra-core relations and culture. In this process, they have been and they are supported by their partners in the UK, especially by the biggest rentiers and financial agents. But the precondition for the success of this initiative has been the core responding development of the respective agencies: top management

members had already engaged in mergers and sell-offs for a long time and thereby have raised trading in mutual funds and pension funds on the stock markets while generating markets of corporations. With privatization of the public sector the stock markets have expanded and money capitalists or rentiers have increased their activities. Such a further enlargement has demanded the integration of financial markets, starting by harmonizing stock market regimes, corporate governance regimes, and accounting standards. Not surprisingly, TNCs from the USA and the UK have played a leading and dominating role in these processes.

5. With the evolution of the IMF, the World Bank, and the other institutions linked to them into a more and more integrated global financial system the US Treasury has become a key organizer of hegemony, by using these institutions and by forcing ever further financialization. This has been prepared, especially in the 1970s, after the end of the system of fixed exchange rates, by a process of the further dollarization of the global economy. Expanding debt has been one of the main instruments of this process of dollarization and financialization, as e.g. the debt incurred by Yugoslavia. The occasion for such an expansion of debt has often been supplied by a deficit in globally advanced technology within the (future) debtor country which has aimed at improving its position within the international system of the division of labour by investment in technological development which, in the end, has turned out to be incompetitive. Likewise, bank crises have been reasons for debt crises within specific countries.

Since the end of the socialist attempt in Chile and the start of Jeffry Sachs's brutal experiment, the "therapy" of the US Treasury, and of the Bretton Woods institutions linked to it, has continuously repeated: Debt has continued to rise and because of their rising debt the debtor states fail to get any follow-up finance which they urgently need. Therefore, the debtor states have had to accept the conditions imposed by the institutions of global finance – the underlying orientation of which as been towards increasing their own power (and thereby also the power of the US Treasury and of all the agencies behind it). These conditions are, again and again: more privatization of state resp. public entities, more reduction of the cost of labour and of social expenditure, and the "liberalization" of the economy. The logical consequences are a further rising of debt, a destruction of the existing economic, productive basis, and above all a combined process of social and ecological destruction. These consequences have affected Chile and the debt crisis states in Latin America in the 80es, the CEE countries in the 90es, and the Euro crisis countries since 2010. The winners have been and continue to be capital oligarchies - which are connected in a complex power system with such ruling bodies as the IMF, the World Bank and the US Treasury, on the one hand, (and also copying them), while also cooperating and also competing with them via EU institutions and via in the EU based capital oligarchies.

*GDP Per Capita in Eastern Europe as a Percentage of the Western Figure*

| Year | Eastern Europe (at first 8 and then 27 countries) 1973 = 100 | | Eastern Europe GDP/Capita as a percentage (Western/Southern GDP/Capita = 100) |
|---|---|---|---|
| 1973 | 5,522 | 100 | 48 |
| 1990 | 6,154 | 111 | 38 |
| 1998 | 4,677 | 85 | 26 |

(see Berend 2011: 247)

6. So globalization has rapidly been reinforced and has been deepened with the collapse of the Soviet bloc – which has encouraged the USA in its attempt to make NATO the central political institution in Europe. NATO enlargements and US maneuvers in new NATO states, on the one hand, and the emerging Common Foreign Security Policy as a European Security and Defense Policy, on the other hand, have been reactions to these developments as well as further reasons for the emerging new political situation in Europe. As a consequence, after the end of the contest of systems militarization and surveillance have continued and are still continuing. The USA, and the US capital oligarchies, have been and still are able to strengthen their military and political power and to make use of financialization for that purpose.

7. The structural power relations between debtor and creditor are behind the structural similarities as they exist between Latin American debt crisis countries in the 70/80es, the CEE countries in the 90es and the Euro crisis countries today. Such relations do not only consist in the relations between the agents and agencies or in the so called core-periphery relations. The relations of a core to a periphery in that (simplified) sense that the finance institutions and the main actors connected with them a capable of dictating the conditions for getting credit, urgent follow-up finance for realizing central state tasks, to the states in the periphery . And such conditions as liberalization and privatization do not only increase the power of the core institutions, but also function to improve the conditions for the TNCs and of the capital oligarchies connected with them. In this vein, the rating agencies have declared the securities of the Greek debtor state to be just rubbish; or EU institutions, EU member state governments (and the IWF with the World Bank and US Treasury connected to it) have unilaterally laid down conditions for new credits to Greece; such conditions have then increased debt, alongside with all other economic and social problems in Greece (see our post of 24.5.2013), but have functioned for the benefit of the oligarchies connected to these institutions, controlled by the oligarchies, the rating agencies included.
   But the Greek state itself is not only a victim and certainly not the state of the

Greek people, but it is a reflection of specific capital interests of specific capitalist elites.

"Since March 2010, the European Union (EU) and the International Monetary Fund (IMF) have applied 23 tranches comprising €206,9 billion to the so-called "Greek bail-out". They have however provided hardly any documentation on the exact usage of those huge amounts of public funds. ATTAC Austria has therefore put up an investigation on the issue: At least 77% of the bail-out money can directly or indirectly be attributed to the financial sector.
The results in detail:
€58,2 billion (28,13%) were used to recapitalise Greek banks – instead of restructuring the too big and moribund sector in a sustainable way and letting the banks' owners pay for their losses.
€101,331 billion (48,98%) went to creditors of the Greek state. €55,44 billion of these were used to repay maturing government bonds – instead of letting the creditors bear the risk for which they had received interest payments before. Another €34,6 billion served as incentive to make creditors agree to the so-called "haircut" in March 2012. €11,3 billion were used in a debt buyback in December 2012, when the Greek state bought back almost worthless bonds from its creditors.
€43,7 billion (22,46%) went into the national budget or couldn't be definitively attributed.
€0,9 billion (0,43%) were used as Greek contribution to the new bail-out fund ESM."[1]

"Peripherization" as a term for increasing power and role of the stronger and more globalized capital, for oligarchization could in fact be helpful, on the one hand, but the term is currently being used in an extremely simplified way, on the other hand.

8. The capital oligarchies are based on corporations. Continuing our reflections in point 3 and deepening our understanding of "core-periphery-relations" within Europe and within the European Union we have analyzed the 500 largest European corporations (here Turkish corporations are included) for 2013. The resulting overall picture (see annex) is extremely interesting and it raises new questions for further research:

   a) 17 EU member states are in fact seats of one or more of the top 500 corporations (in turnover) within Europe. The strong role played by the UK, on the one hand, and by France and Germany, on the other hand, and furthermore of Austria, Belgium, Finland, Italy, the Netherlands, Spain and Sweden is not surprising; the relation to the number of inhabitants underlines the role of strong regions.
   b) The number of financial institutions in countries with a limited population may be a surprise, also the concentration of the corporations in the fields of energy, transport, agriculture, "security", high tech and finance. Annual variations, differences in statistic and statistical difficulties (double use, grouping, national specific characteristics) may relativize some statements.
   c) The column "pharma/biotech/health" could be a surprise, too, but we have to see connection to the high tech area and the potential for further demands to liberalize and privatize these social services.
   d) The different distribution of the relatively high number of financial institutions reflects a degree of financialisation which is already high.
   e) The ranking of the corporations should give some understanding of their

[1] http://www.attac.org/en/Stories/greek-bail-out-77-went-financial-sector

possibilities of participation also in global competition.
We have tried to deepen our analyzis of the top 500 corporations located in CEE member states and in Greece, Ireland Portugal. The results are interesting: *Poland*: Pecao is a member of UniCredit; the BRE Bank belongs to the German Commerzbank at 70%.; KGHM (material and mining) and PKN Orlen (oil and gas) have become real global players; the Polish state is relatively strongly involved in Poland's strongest corporations.

f) The *Hungarian* Mol Magyar is a global player in the field of oil and gas production.
Around 56% of the stakeholders of the *Czech* OTP bank are foreigners. The bank Komercni Banka belongs to the French Société Général S. A. at more than 60%. The Telefonica Czech Republic is owned (with 65,93%) by PPE Arena 2 B.V. from the Netherlands. The electricity corporation CEZ is a real global player with a state share of 70%.
The *Irish* ELAN (pharma/biotech) has been in US and Irish ownership; an Israeli corporation has bought the American share. The Bank of Ireland is in US American ownership. Dragon Oil is based in Dubai. Paddy Power (book and media seller) and the Kerry Group (Food) are international Groups. Rynair is a global player.
The Coca Cola Hellenic Bottling in *Greece* has its headquarter in the Switzerland and wants to leave the country.
In connection with the crisis the state shares of the Portugal Telecom and Energia de Portugal are expected to be privatized.

9. We can clearly see that globalization and financialization continue to change the economy and to call all established facts into question. The economic power is even more unequally distributed than the statistic may show.
The overall picture we have given is an extremely rough sketch and should be examined and improved again. Even more important: As a mere snapshot ignores emergent dynamics, foreseeable developments and the connections between them. But this overall picture does already reflect existing economic inequalities within the EU which are connected with actions of the main agents and agencies of globalization, using and enforcing oligarchization, financialiszation and militarization.

The following table shows the ranking and locations of the 500 largest (according to the market values and prices at 28 March 2013) European corporations[2]

[2] http://im.ft-static.com/content/images/9228fd16-f2c3-11e2-a203-00144feabdc0.pdf

| 2013 | Au-stria | Belg-ium | Czech Republ. | Den-mark | Finland | France | Ger-many | Gree-ce | Hun-gary | Ire-land | Italy | Nether-lands | Poland | Portugal | Spain | Sweden | UK |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| til 10 | | 1 | | | | 1 | | | | | | 1 | | | | | 5 |
| til 20 | | 1 | | | | 4 | 4 | | | | | 1 | | | 2 | | 7 |
| til 50 | | 1 | | 1 | | 5 | 8 | | | | 1 | 1 | | | 4 | 1 | 19 |
| til 100 | | 1 | | 2 | | 18 | 15 | | | | 2 | 5 | | | 5 | 6 | 27 |
| til 150 | | 1 | | 3 | 1 | 28 | 20 | | | | 7 | 8 | | | 6 | 11 | 36 |
| til 200 | 1 | 2 | 1 | 4 | 3 | 33 | 23 | | | | 11 | 10 | 1 | | 9 | 14 | 48 |
| til 250 | 2 | 5 | 1 | 5 | 4 | 41 | 27 | | | 1 | 12 | 12 | 6 | 2 | 12 | 16 | 55 |
| til 300 | 4 | 8 | 1 | 6 | 5 | 48 | 38 | | | 2 | 15 | 14 | 6 | 3 | 13 | 17 | 63 |
| til 350 | 4 | 8 | 2 | 6 | 5 | 55 | 38 | 1 | 1 | 3 | 17 | 19 | 7 | 3 | 15 | 24 | 86 |
| til 400 | 5 | 11 | 2 | 7 | 9 | 63 | 41 | | 1 | 4 | 17 | 19 | 7 | 3 | 19 | 26 | 103 |
| til 450 | 6 | 11 | 3 | 10 | 9 | 66 | 49 | | 2 | 4 | 18 | 21 | 7 | 4 | 20 | 27 | 116 |
| til 500 | 7 | 11 | 3 | 11 | 9 | 72 | 50 | 1 | 2 | 5 | 26 | 25 | 8 | 4 | 21 | 28 | 133 |

416 to 17 EU member states

| Number of corporations[3] | Energy/mining/ electricity | Transport/Tourismus | Food/beverage, drugs | Military-industrial complex | ITC/TC+ITC service/media | Banks/insureance Finance services | Pharma/biotech /health |
|---|---|---|---|---|---|---|---|
| til 10 | UK2 | | UK1/NL1 Be1 | | UK1 | UK1 | Fr1 |
| til 20 | UK2 Fr1 | Ger1 | UK2 UK/NL1 Be1 | | UK1 Ger1 | UK1 Fr1 | Fr1 |
| til 50 | UK4 Fr 2 It1 | Ger3 | UK4 UK/NL1 Be1 | | UK1 Sp1 | UK3 Ger1 Fr1 Sp2 | UK1 Fr1 DM1 |
| til 100 | UK8 Ger1 Fr3 It2 Sp1 | Ger4 DM1 | UK5 UK/NL1 NL1 Fr2 Be1 | UK1 Fr1 | UK2 Ger2 Fr3 Sp1 Sw1 | UK4 Ger3 Fr2 Sp2 NL1 Sw1 | UK1 DM1 |
| till 150 | UK9 Ger2 Fr3 It3 Sp2 NL1 | UK1 Ger3 Fr1 DM1 | UK6 UK/NL1 NL2 Fr3 Be1 | UK2 Fr2 | UK5 Ger2 Sp1 NL1 Sw1 | UK5 Ger3 Fr5 It3 NL1 DM1 Fi1 Sw4 | UK1 Ger1 Fr2 DM1 |
| till 200 | UK12 Ger2 Fr3 It5 Sp2 NL1 Fi1 Au1 | UK1 Ger3 Fr3 Sp1 DM1 | UK6 UK/NL1 NL3 Fr3 Be1 DM1 | UK2 Fr3 | UK6 Ger2 Fr5 It1 Sp1 NL1 Sw1 | UK9 Ger3 Fr5 It3 Sp3 NL1 Be1 DM1 Fi1 Sw4 PL1 | UK2 Ger1 Fr2 DM1 |
| till 250 | UK12 Ger2 Fr4 It5 Sp2 Por1 NL1 Fi1 PL1 Au1 | UK1 Ger4 Fr4 It3 Sp1 DM1 IL1 | UK8 UK/NL1 NL3 Fr4 Por1 Be1 DM1 IL1 Gr1 | UK2 Fr3 | UK6 Ger2 Fr8 It1 Sp1 NL1 Sw1 | UK10 Ger4 Fr6 It3 Sp3 NL2 Be2 DM1 Fi1 Sw4 PL3 Au1 | UK2 Ger2 Sp1 Be1 DM2 |
| till 300 | UK13 Ger2 Fr4 It7 Sp2 Por2 NL1 Fi1 PL1 Hu1 Au1 | UK2 Ger5 Fr6 It4 Sp1 DM1 IL1 | UK8 UK/NL1 NL4 Ger2 Fr4 Por1 Be2 DM1 IL1 | UK2 Fr4 | UK7 Ger 4 Fr9 It1 Sp1 NL1 Be1 Sw2 | UK13 Ger6 Fr8 It3 Sp4 NL3 Be3 DM1 Fi1 Sw4 PL3 Au1 | UK2 Ger2 Fr2 Sp1 Be1 DM3 |
| till 350 | UK15 Ger2 Fr6 It7 Sp3 Por2 NL1 Fi1 Sw1 PL2 Hu1 Au1 | UK7 Ger5 Fr6 It4 Sp1 NL1 DM1 IL1 | UK8 UK/NL1 NL4 Ger2 Fr4 Por1 Be2 DM1 IL1 | UK2 Fr5 | UK7 Ger4 Fr9 It1 Sp1 NL4 Be1 Sw2 | UK13 Ger6 Fr 10 It4 Sp4 NL3 Be3 DM1 Fi1 Sw6 PL3 Au2 | UK2 Ger2 Fr2 Sp1 Be1 DM3 Sw1IL1 |
| till 400 | UK16 Ger2 Fr6 It7 Sp4 Por2 NL1 Fi1 Sw1 PL2 Hu1 Au1 | UK8 Ger5 Fr6 It4 Sp1 NL1 DM1 Fi1 IL1 | UK9 UK/NL1 NL4 Ger2 Fr5 Por1 Be3 DM1 Sw1 IL1 | UK3 Fr5 | UK8 Ger4 Fr12 It1 Sp1 NL4 Be2 DM1 Sw2 | UK19 Ger 6 Fr11 It4 Sp6 NL3 Be3 DM1 Fi1 Sw6 IL1 PL3 Au3 | UK2 Ger2 Fr2 Sp1 Be1 DM3 Sw2 IL1 |
| till 450 | UK21 Ger2 Fr7 It7 Sp4 Por2 NL1 Fi1 Sw1 IL1 PL3 Hu1 Au1 | UK9 Ger6 Fr6 It5 Sp1 NL1 DM1 Fi1 IL1 | UK9 UK/NL1 NL4 Ger2 Fr5 Sp1 Por1 Be3 DM1 Sw1 IL1 | UK3 Ger1 Fr5 | UK10 Ger6 Fr14 It1 Sp1 NL5 Be2 DM1 Sw2 | UK20 Ger6 Fr12 It4 Sp6 NL4 Be3 DM2 Fi1 Sw7 IL1 PL3 Hu1 Au3 | UK2 Ger2 Fr2 Sp1 NL1 Be1 DM5 Sw2 IL1 |
| till 500 | UK23 Ger2 Fr8 It Sp5 Por2 NL2 Fi1 Sw2 IL1 PL3 Hu1 Au1 | UK9 Ger6 Fr8 It6 Sp1 NL2 DM2 Fi1 IL2 | UK9 UK/NL1 NL4 Ger2 Fr5 It2 Sp1 Por1 Be3 DM1 Sw1 IL1 | UK4 Ger1 Fr5 | UK13 Ger8 Fr14 It2 Sp1 Por1 NL5 Be2 DM1 Sw2 | UK25 Ger6 Fr15 It5 Sp6 Por1 NL5 Be3 DM2 Fi1 Sw7 IL1 PL4 Hu1 Au4 | UK2 Ger2 Fr2 Sp1 NL1 Be1 DM5 Sw2 IL1 |

[3] In order of the strongest 10, 20, 50, 100, 150, 200, 250, 300, 350, 400, 450, 500 corporations

Some illustration

| | Austria | Belgium | Czech Rep. | Denmark | Finland | France | Germany | Greece | Hungary | Ireland | Italy | Netherlands | Poland | Portugal | Spain | Sweden | UK |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Population (Mio. ) | 8,4 | 11 | 10,5 | 5,6 | 5,3 | 65 | 81 | 11,3 | 10 | 4,6 | 60,7 | 16,7 | 38,5 | 10,5 | 46,2 | 9,4 | 62,5 |
| Population: number of 500 | 1,2 | 1,0 | 3,5 | 0,5 | 0,6 | 0,9 | 1,6 | 11,3 | 5 | 2,5 | 2,4 | 0,7 | 4,8 | 2,6 | 2,2 | 0,3 | 0,47 |
| Population: number of 500 - banks | 2,1 | 1,3 | 3,5 | 0,6 | 0,7 | 1,1 | 1,8 | 11,3 | 2,5 | 2,4 | 2,9 | 0,8 | 9,7 | 3,5 | 3,1 | 0,4 | 0,6 |
| Number of fin. institutions | 4 | 3 | - | 2 | 1 | 15 | 6 | 0 | 1 | 1 | 5 | 5 | 4 | 4 | 6 | 7 | 25 |