

Limits of the Core-Periphery Model in the Analysis of the Contemporary Political Environment

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The core-periphery model, which belongs to the language of the pre-1980 era, has recently returned to the academic and political language in the context of the Euro-zone crisis. The model, which was originally developed against the modernisation school and Ricardo's theory of comparative advantages, was aiming to reveal the structural processes and mechanisms which consistently disfavour primary producer countries of the periphery against the industrial western core.¹ The model has inspired left-leaning intellectual traditions such as the dependency school and the world-systems theory and served to challenge the idea of linear social and economic development realized through reciprocal political and economic relations between advanced capitalist countries and late developers. It certainly shook the illusion that the international division of labour, based on the theory of comparative advantages, serves equally to both ends and revealed the structural asymmetry and inequality produced and reproduced within the mechanisms of foreign trade.

In spite of successfully stressing the unequal conditions of exchange and asymmetrical power relations between the so-called core and periphery, it largely neglected other forms of power within the society, which do not necessarily correspond to national state form and the relations between nation states. Reducing complex forms of exploitation and domination to the relations between the industrial west and the backward rest, the model didn't have analytical tools to understand intra- and trans-national relations of class, race and gender, which could not be depicted by the vocabulary of inter-national frame. In other words, by taking nation states as the subject of analysis, the core-periphery type of analysis largely missed the relations and processes, which could not be depicted with the vocabulary provided by the model. These include processes of capital accumulation and class relations as well as other social

¹ See the writings of Prebisch and others in CEPAL Review.

² see the discussions on financialisation of everyday life and nature – Martin 2002, Lazzarato 2012. Lohmann 2012, Lapavitzas 2009, Fine 2009, Ghosh 2010, Langley 2008 and Kaltenbrunner

relations that cut across the Keynesian-Westphalian nation state form and are reproduced on local, regional, national and global levels. Beyond these analytical concerns, the model also involved a potential political threat of reinforcing nationalisms and weakening internationalist solidarity of the oppressed.

Returning to the contemporary conjuncture, we see that the borders of the core and periphery seem to be redrawn within the old core itself – within Europe. The concept of “the periphery of the Euro-zone” is used to depict countries that have been proved to be the most financially vulnerable ones – Spain, Greece, Portugal, Ireland and even Italy. The very fact that the geographies of advanced capitalism of the previous decades is now “being peripherized” arouses a reservation about the use of the core-periphery model to understand the conditions of contemporary capitalism. Let me explain this reservation below.

If we take the changing regimes of capital accumulation seriously, we should then state that this linear and static understanding of power became even more problematic from the 1980s onwards. What is popularly depicted as “neoliberal globalisation” altered the financial, industrial and commercial relations of post-war Fordist capitalism where the primary producer periphery was providing the raw materials for the industrial west. It does not in any way mean that those relations become more equal and just – on the contrary, exploitation remained and deepened but not in the way it was pictured by the core-periphery model. In this new era, exploitation is not necessarily realised through unequal relations of trade and the asymmetry of industrialised west and agricultural periphery. On the contrary, many industries have been moved to the previous periphery while most core countries were deindustrialized. Asian Tigers, BRIC countries etc. have emerged as the core regions of this new industry reversing the industrialisation-deindustrialisation equation of the core-periphery model. Exploitation, thus, has become increasingly an internal issue between social classes and groups, rather than an external imposition of the western nations, for the so-called peripheral societies.

Another point is that, if we agree that the capital accumulation process has a strong impact in shaping the relations between individuals, social groups and territories, than financialisation should be in the centre of the analysis of the post-1990s era. By the concept of financialisation I do not only refer to the increasing dominance of finance within the economic sphere, which had already been experienced in the history of capitalism. What is rather new is that finance has become a specific mechanism of the expansion of the capital relation to the previously non-marketized spheres of social life and nature². It is an era where relations between capitals and capital and labour are increasingly embedded in interest paying financial transactions. And where complex financial instruments and institutions are integrated into social life (in the forms of credit cards, pensions funds, mortgages and other forms of debt) and even shape the processes of subjectivation (Langley 2006 and 2007, French and Kneale 2009, Langley and Leyshon 2012).

Financialisation marks the deepening of neoliberal globalisation and represents the transgressive character of capital accumulation. Contemporary financial architecture and instruments do connect territories, individuals and social groups and the relations between them, in a more spatially and temporarily dynamic way than we have ever experienced. Those financial connections do certainly trespass national borders, layering and diversifying the ways in which capital accumulates. Hence, to understand contemporary forms of power, we need a vocabulary that can go beyond the Keynesian-Westphalian nation state grammar.

The contemporary versions of the dependency school, which revived within anti-globalisation movements, still insist on conceiving the neoliberal globalisation as an imposition of the advanced countries of the core to the peripheral ones in order to exploit their resources. This kind of a simplistic understanding ignores the complex ties between the capitals of the so-called core and periphery, crystallized in the phenomenon of multinational corporations and that neoliberal

² see the discussions on financialisation of everyday life and nature – Martin 2002, Lazzarato 2012. Lohmann 2012, Lapavitzas 2009, Fine 2009, Ghosh 2010, Langley 2008 and Kaltenbrunner et al. 2012.

policies are promoted and benefited by the internal bourgeoisies of those countries, using a Poulantzian term. Moreover, in this era of neoliberal globalisation, the strategy of import substitution industrialisation which had been seen as the way out of the circle of “development of underdevelopment” for many developmentalist scholars of the “periphery” has ceased to be a solution as the wave of trade and capital account liberalisation destroyed the protectionist walls. Thus, we are in need of an intellectual vocabulary and political strategy, which goes beyond the core-periphery model today.

I suggest we take relations and processes, rather than states as a specific and limited historical form of those relations and processes, as the object of our analysis of power and domination. This is not to say that nation states are not important. They indeed are. But international relations increasingly represent only a limited dimension of the relations of power. Moreover, the premise shared both by modernisation theory and core-periphery model that there is an essential difference between the countries of core and periphery in terms of economic and political development is becoming more and more controversial. The countries of the so-called core and periphery are being exposed to the same processes of neoliberal transformation and financialization. The current crisis, different from the crises of 1980s or 1990s, was not a crisis of the “periphery” – be it Latin America or East Asia – on the contrary, it was the “core” capitalist countries like the US and UK which took a major blow.

Today, structural economic problems such as unemployment and current account deficits are not the typical problems of the periphery but also of the very core. Unequal distribution, widespread insecurity, exclusion, etc. are also faced by the peoples of the west, especially by migrants and precarious workers. Politically as well, the very core is a site for instability that was associated with the periphery before. The typical two party establishments of the west are being shaken nearly everywhere. One good example was the square movements of the past few years, which has proved to be very effective in countries like Spain and Greece. We have also experienced rage riots in the suburbs of Paris and London in the end of the last decade, which have shaken the line of demarcation between

the “stable democratic core” and “unstable authoritarian periphery”. The state violence is also not a problem of “peripheral dictatorships” anymore, as people are beaten and even killed by the police in the core Europe³ – ironically reminded us by Iran’s call of UN Security Council to intervene over the British government’s violent suppression of the London protests in 2009.⁴

It is very illuminating that the problems peoples of the core and periphery are rising against are similar: they demand equality and democracy everywhere – in Tahrir Square, in Taksim, in Zuccotti Park and in Syntagma. Democracy and economic stability is no more a structural concern of the distant peripheral countries as assumed by modernisation theory a few decades ago. It is a burning problem of the very core. It is also remarkable in this sense that the square movements have started with the uprising in Tunisia and then in Egypt, the so called the Arab Spring, and then spread to the globe, inspiring the Indignados, Occupy Wall Street, Syntagma and Gezi Park protests. The forms of protest (forums and direct democratic practices) slogans (democracy now, all must go, etc.), even gestures (hand signals) created in one locality travelled across borders and were adopted by peoples of many different countries, which marked the similarity of the targets, causes and directions. Hence, one could say that both the crisis and the resistance have already surpassed the imagined borders between the core and periphery, stressing the global processes of capital accumulation and displaying the potential of a global resistance.

Returning to the situation within Europe today, the term peripharianisation might have some use to stress the growing disparities and emergent forms of dependency among the EU countries in the context of the Euro-zone crisis. There surely are “important” and “less important” members of the EU, as well as hierarchies and power asymmetries shaping the decision-making processes

³ This is not to reject the differences in scale and intensity of the state violence in the formal democracies of Europe and in other geographies of the world. The point is the state violence is not unique to the so-called periphery. We already know this from UK’s handling of the war in Northern Ireland and Germany’s treatment of radical left activists in 1970s, however those examples were mostly disguised under the nationalist and/or anti-communist ideologies of patriotism while contemporary state violence is not directed to “terrorists” but to the people in the streets raged against the exclusion and austerity.

⁴ <http://www.theguardian.com/uk/2011/aug/10/uk-riots-iran-un-mahmoud-ahmadinejad>.

within the Union. However, analysing the current situation one should not forget that those relationships of dependency, hierarchy and power are reaching well beyond the realist language of nation states and are embedded in the processes of capital accumulation.

Hence, I believe using concepts such as *uneven and combined development*, which reflect the tendency of capital accumulation to result in uneven development combined with contradictory characteristics is more productive. This process is never static as the relationships between different regions of capital accumulation. The term peripharisation itself indicates to the spatially and temporally dynamic nature of being identified as a part of core or periphery. One example could be Mediterreanean Europe and Ireland. As Berend shows in his paper (2004), which could be reached through the workshop blog, “the countries of Euro crisis” (Greece, Spain, Portugal and Ireland) were the ones that are vastly “profited” from the process of neoliberal globalisation in 1980s and 1990s. Hence, the core-periphery model is not only very limited in capturing the relations of power –both the relations of domination and exploitation- in the society, it is also very static to analyse the dynamism of processes of capital accumulation, whose spaces of concentration shifts over time. That is why even scholars who use the core-periphery vocabulary suggest that the metaphor should not be understood in spatial terms; instead it should be supplemented by more “aspatial” concepts (Copus 2009).

To conclude, I want to return back to the fundamental questions of research: what is the object of analysis? and what is the subject of power? As far as I’m concerned neither of those questions could be answered in line with the basic assumptions of the core-periphery model: nation states and international hierarchies. Coming from a tradition, which conceives the state as a historically specific form of power relations, we should pay attention to the underlying relations and processes which configures the apparent state structures and international hierarchies. From such a point of view, the picture of core states exploiting the peripheral ones appears simplistic at best. The subject of power in contemporary capitalism is unfortunately much more abstract. To reveal the

forms and mechanisms of power we should focus on the capital relation itself, especially in the form of finance and financial markets. In this sense, the core countries are exposed to the same financial pressures, as experienced by the left social democratic governments such as Mitterrand's in the post-1980 era, even though the political control over the global economic institutions varies considerably from one state to the other. Hence, the analysis should take social relations, structures and processes as its objects, rather than fetishizing the historically specific manifestations of nation state form and the historically specific configuration of the international relations.

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