

BOOK REVIEW

Rudy Weissenbacher (2019). *The Core-Periphery Divide in the European Union – A Dependency Perspective*. Palgrave Macmillan, pp. 369. ISBN 9783030282103

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The dependency paradigm has drawn several conclusions that validly criticise neoliberal globalization, but it was marginalized in the successful years of globalization in the 1990s and has only recently started to attract significant attention. In the beginning of the 21st century, the functional problems of the prevailing neoliberal globalization led to a number of crises: the financial crisis of 2008, the European migration crisis of 2015, the continuous ecological crisis and now the 2020 'pandemic' crisis, the latter of which may encourage greater self-sufficiency and/or the shortening of global supply chains in the future. Dependencies stemming from inequalities exist on the global level as well as within a multi-country integration such as the European Union (EU). At the time of its formation, the European integration consisted of high-income areas (with the exception of Southern Italy), but later, due to its Southern and Eastern enlargements, territorial inequality substantially increased. This spatial division became structured over time: for example, the Southern member states introduced the common currency, the Euro, while the Eastern states integrated primarily in the supply chains of the German transnational corporations (TNCs) as assembly plants. In recent years, however, we have seen that these relations enhanced hierarchical dependency, putting peripheral countries on divergent development trajectories, which may lead to further disintegration. This process was not sufficiently offset by EU regional policy, given that the European integration itself has emerged from the outset as a fundamentally liberal formation.

By exploring the core-peripheral nexus of the EU over the last half century, this book presents several aspects of a complex subject in a way that none of them really dominate. Evidently, the European aspect cannot be assessed without the global view. The dependency paradigm does not claim that the problem is the existence of inequality, but that dependent structures have evolved, which are asymmetrical, making the hierarchy permanent and leaving the periphery in a model of growth without development. The literature discusses three major phases of economic history from a dependency point of view, from which an alliance between TNCs and core countries has formed in the current era of transnational capitalism against the periphery, the cheap production in which provides wealth for developed countries. Due to the hierarchical global structure, the periphery has only had opportunities in history to lessen the conditions of dependency when the core countries were hit by a crisis. Another theoretical possibility would be a close coalition of peripheral states in order to change the status quo, but the global periphery is too heterogeneous, and competition among them favours TNCs and

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thereby the core countries. Thus, the neoliberal mode of capitalism causes a vertical (between classes) as well as a horizontal (centrum-periphery) division, both based on the unequal distribution of capabilities. Based on the world system theory's centrum/semi-periphery/periphery division, it can be said that between the two major crises of the 20th century, the classification of a substantial proportion of countries hardly changed, meaning most countries are organic elements of the hierarchical international structure. Before TNC-capitalism was started by the crises in the 1970s, industrialization was an attribute of the core countries, but thereafter it lost its ability to stimulate catch-up and instead a country's position within the global value chain became determinant. This way, the North–South division persisted in the new type of international hierarchy system and brought the sovereignty of TNCs.

The old paradigms of regional development claimed that reducing territorial inequality could be achieved exogenously, so for example an export-based model would bring income to a certain region, which after an initial temporary polarization would boost the economy through multiplier effects. However, studies suggested that spread-effects were smaller than backwash effects and that there was little sign of regional convergence; where it was visible, it seemed to be accompanied by disparities at other (intra-regional or intra-personal) levels. On the global level, the cases of catching-up during the 20th century were due to the advantageous matching of institutional structures of a nation and the international environment, meaning there is no universal path of development for a country. The old paradigms had brought 'growth without development' in the best case, but mostly aggravated existing structural imbalances. The development paradigm from above/outside perceived economic and development policies biased in favour of core countries, while the European Dependency School (EDS) suggested the opposite as an alternative strategy (development 'from below', selective self-reliance) to minimize harmful external effects.

As the book notes that Europe itself once belonged to the global periphery while later its influence on the world peaked in the era of British hegemony. But naturally this region has not developed evenly over time either: by the 1970s the developed core areas of the continent could be illustrated as an *incomplete egg*, as described by Dudley Seers. German ordoliberalism had a significant impact on the creation of the institutional system of the European integration, making subsequent social reforms difficult and putting competition rather than cohesion in the focus of common policies. Other than the agricultural sector, which was highly regulated, the European Economic Community (EEC) followed very liberal industrial policies. The absence of an effective industrial policy in the EEC under a unified market, strengthened the bargaining power of the TNCs. The nature of the European Monetary System (EMS) had an important impact on core–periphery relations in Europe. The different dimensions together thus enhance the core-periphery division of the EU. Based on Giovanni Arrighi's model and using several additional proxy indicators, the author systematically analyses how the centrum/semi-periphery/periphery typology of the member states has changed over the decades from the 1970s to the end of the 2010s. Germany as the regional hegemon functioned as a reference during the comparisons. The analysis does not show any new pattern from a dependency perspective regarding the last decade.

By reviewing a significant part of the dependency literature together with his own supplementary and synthesizing thoughts, the author fulfils the promise made in the book's title and holistically presents the characteristics and development of the centrum-periphery division of the EU. Whereas in the past the recommendations of the dependency paradigm were viewed



only as romantic utopian ideas, the imbalances of the neoliberal global model started to manifest in terminal crises in recent years. In other words, 'dependentist' scholars argue that the current accumulation cycle of the capitalist system has come to an end, which by the way can entail the rise of a new hegemon. In any case, Europe can now move toward two possible alternative directions: further power gain by populism or the neoliberal mainstream adopting adjustments based on EDS criticism. Thus the aim is not necessarily to create a post-capitalist European model (in contrast with EDS), but merely to achieve more sustainable and harmonious development.

In conclusion, due to the timeliness of the topic, together with the fact that despite its short length and its plain language, the book managed to cover such a comprehensive topic, it is recommended as a reading for students in bachelor, master and PhD studies who are interested in the European Union, world or regional economics in particular.

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