Prebisch and the World System: thinking globally from the periphery

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Introduction

It has been said that ‘universalism’, is “a gift of the powerful to the weak”\(^1\). If ‘univeralism’ is seen as the projection of ‘norms’ that acquire a global standard, it is not by chance that these are often linked to the most powerful countries or regions. That is, what Raúl Prebisch (1901-1986) would call, the ‘center’.\(^2\) Be it through orthodox or heterodox ideas and norms, the core is predominant through the legitimacy, diffusion and influence that its power brings. This domination can be seen in the ways in which the ‘periphery’ adapts its positions to ‘universal’ ideas; the “gift of the powerful to the weak’. Yet, I, and probably Prebisch too, would raise a caveat concerning the view of ‘core’ and ‘periphery’ as rigid and static categories. Many of the ‘universal’ theories, perspectives or values that the core produce are originated at the periphery, or at periods of time when the current core states where themselves ‘ peripheral’. The contribution of Prebisch to the understanding of the world system can be seen as an example of this.

The aim of this study is to outline Prebisch’s main contributions to the analysis of the world system, beyond the economic dimension; although Prebisch mainly thought and argued from an economic point of view, the outcome of his ideas where much broader. There are, of course, many elements to highlight in his vast intellectual legacy. This paper study focus on what I see as one of his main contributions to the understanding of the world (or international) system; namely, the conceptual framework of ‘core’ and ‘periphery’. The study start with a preamble of Prebisch, his early work, and a contextualization of the period in which his ideas where fostered. I then turn to a more, in depth, analysis of the core-periphery concept in his work. In next part, the study will look beyond Prebisch, analyzing his influence on other scholars as well as other perspectives through which the core/periphery dichotomy have been applied in social theory and international oriented

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\(^2\) Prebisch used the world *centro* in Spanish. In some texts in English, the word used is ‘centre’, in other, it’s ‘center’. As it will be showed below, other scholars have, instead, used the concept ‘core’, which is the one I prefer to use.
studies. The goal is, also here, to contextualize Prebisch’s ideas in order to see the problems and possibilities of his theoretical contribution.

**The early years**

At his early years, Prebisch was not particularly interested in the international system or the global structures that Argentina had to confront to promote its development. In fact, he was not even particularly interested in Latin America. From his liberal economic point of view it appeared as obvious that Argentina would continue its historical growth path by following orthodox economic policies; centered on reduced state interference in markets, the promotion of free trade and the export of primary goods.

In 1922 Prebisch graduated as an accountant and accepted the invitation to become director of the statistical office of the powerful Argentinean stockbreeder association (*Asociación Rural*). He also joined the staff at the faculty of economics at the Buenos Aires University where he started his writing and thinking in relation to Argentinean political economy. As Edgard J. Dosman explains, during the early 1920s, he studied the Argentinean banking sector, analyzing the boom-and-bust cycle from independence to the First World War. According to Dosman, it was in this study that Prebisch used, for the first time, the terminology of ‘core’ and ‘periphery’; reflecting around the relationship of Buenos Aires with the interior regions of Argentina. Yet, there was nothing here of global and systemic scope.

At this early stage, Prebisch also seemed to have shown little enthusiasm for class analysis and other asymmetries in the system. In spite of earlier socialist sympathies and early attachment to the ‘social question’, he was more interested in technocratic reforms. Moreover, he found no problem in working for the conservative Argentine Rural Society or the authoritarian regimes of General José Felix Uriburu (1930-1932) and Augustin P. Justo (1932-1938). Prebisch was (and probably saw himself as) a técnico that went from being director of the Office of Economic Research within the *Banco de la Nación Argentina* (BNA), to become general manager of the newly established Argentinean Central Bank, in 1935. At this time, Argentina was increasingly confronted with shifts in the world economy that challenged the very bases of its economic and political system.

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In 1932, under the shadow of the Great Depression, Prebisch was asked to attend a League of Nations meeting at Geneva, as part of the Argentinean delegation to the International Monetary Conference that would take place the following year in London. This international experience was of great importance, since it was here that he started to understand the insignificance of Argentina in the game of the big economic powers of the world. As Dosman tells, Prebisch arrived to Geneva;

“eager to work, but he found that the League and smaller countries such as Argentina counted for little among world powers. The currency of international trade was power, and the ‘market’ concealed the power relationships that stratified the global system into a core of dominant subjects with a broad band of heterogeneous peripheral objects...For all the size and comparative splendor of Buenos Aires, Argentina was as politely ignored in Geneva as Canada and Australia...and Prebisch felt that he had been invited to work in Geneva as a mere symbolic overture to placate these far-flung regions."

At the same time that Prebisch was attending this conference, there were scholars that had already become well known for their critique of the dominant structures of the world system in its different dimensions: economic, political, social and geopolitical. Among the most relevant I would mention the Romanian economist, Mihail Manoilescu, which had worked on the concept of ‘unequal exchange’, advocating for protective tariffs and industrialization in Eastern Europe as a defense against declining terms of trade. Another was Vladimir Ilich Lenin and his study of ‘imperialism’, were it was held that the epoch of modern capitalism showed “that certain relations are established between capitalist alliances, based on the economic division of the world; while parallel with this fact and in connection with it, certain relations are established between political alliances, between states, on the bases of the territorial division of the world, of the struggle for colonies, of the ‘struggle for economic territory’.” The ‘territorial’ issue was also present in the work of the Swedish political scientist Rudolf Kjellén, creator of the concept ‘geopolitics’. In his view, while the industrial state needed to defend its industry, the agrarian state faced the challenge to

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10Taking up the thread of earlier German scholars, Kjellén later on became influential among pioneers of the concept of ‘development’, such as the Swedish economist Gunnar Myrdal. See, Allan Carlson,"Gunnar Myrdal Reconsidered", Society, July/August, 2001, pp. 62-65.
build its industry in order to keep inside the drainage of money circulation. Hence, the agrarian states desire to overcome their limitations is a political factor of no less importance than the industrial households need to diminish its risk”. I would also like to mention here the Chinese economist and political leader, Sun Yat-Sen that has been considered a pioneer of modern development economics due to his studies of the role of industrialization, infant-industry, agriculture, and the importance of nationalism.

Critical ideas and theories concerning mainstream liberal ideas about the international system, in its different dimensions, were then already in the air before Prebisch started to write about this, and he was probably well aware of these. In the discipline of economics, much of that was, evolving at the League of Nations and, since 1945, at the United Nation’s Department of Economic Affairs. Nonetheless, by the early 1940s, Prebisch had still not showed (at least openly) much sympathy for such ‘critical’ views. Yet, things changed in 1943, when he returned to university in a period that he felt as a ‘true theoretical liberation’. This was the start of what he called, “a long period of heresies”, but also of his international carrier as consultant for different governments. At one of these assignments, Prebisch participated in the Meeting of Technicians on Problems of Central Banking of the American Continent, in 1946. It was in this opportunity that he returned to the terminology of ‘centre–periphery’ to, as Love explains; identify the US as the ‘cyclical centre’ and Latin America as a ‘periphery of the economic system’.

By this time Prebisch had unequivocally rejected the liberal doctrine of ‘comparative advantage’, arguing that industrialization was the answer to promote development. This presupposed a deliberate policy, which could not rely on international markets. Along this line Prebisch now favored an ‘inward development’, directed to strengthening the internal structure of the economy. It was after this process of ‘theoretical gestation’, that Prebisch

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presented his famous report to the second session of CEPAL\textsuperscript{19} (at Havana, Cuba, in 1950), which was meant to be and introduction to CEPAL’s first Economic survey of Latin America.\textsuperscript{20} This report, that Albert O. Hirschman called a “Latin American manifesto”\textsuperscript{21}, formulated many of the key issues in Prebisch’s contribution to understand the world system.

The report outlined a diagnosis for the development problems of Latin American countries, and pointed out how to overcome them. It was also an attempt to explain the economic situation of the Latin American countries in the framework of the global economic system. In doing so Prebisch not only advanced in the knowledge of the relation of Latin America to the world, but also in the understanding of how the world system was structured. This helps to understand the impact that his ideas had, beyond Latin America. The theories and proposals around import substitution and industrial promotion were part of this\textsuperscript{22}, but also the conceptual framework on ‘centre’ and ‘periphery’, which at the focus of this article.

**Making sense of the world**

During the early 1950s the more critical, peripheral, vantage points concerning the world system appeared to have found a new home in the Latin American region. That is not surprising since most of its states had been independent since the early 19\textsuperscript{th} century, while large parts of the world were under colonial rule or still struggling to find their place under the sun. One of the channels of transmission and production of new ideas was the newly created United Nations Economic Commission for Latin America (CEPAL) in 1948, which acted under the umbrella of the United Nations System.\textsuperscript{23} From this position of international legitimacy (not usual for Latin American countries), CEPAL’s General Secretary (since 1951), Raúl Prebisch, became a leading voice of the new world peripheries. For sure, there was more than the UN. The group of experts assembled at CEPAL were a mirror of what was being done in many Latin American countries, where scholars and politicians increasingly stressed the urgent need to abandon free-trade-oriented ideas and assign a more

\begin{thebibliography}{99}
\bibitem{19} United Nations Economic Commission for Latin America. The acronym CEPAL is for its name in Spanish, Comisión Económica para América Latina.
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active role to the state. The shifts of the post-war global economy, and international system, demanded new development oriented strategies and theories. It is argued that this led Prebisch and his colleagues to walk in new heterodox ‘doctrinal terra incognita’. Yet, as I

It’s not surprising that the ideas contained in Prebisch’s report were difficult to accept for economists in the United States and Western Europe. The report presented an explanation on why the gap between centre and periphery had been created, and a path to follow in order to subvert the peripheral status. Change was possible, but only by breaking away from the old core. In relation to the diagnoses, Prebisch pointed out the existence of a single economic system with a ‘hegemonic’ relationship, from centre to periphery. Reminding of Manoilescu’s earlier ideas but from a more systemic point of view, Prebisch held that there was an ‘unequal exchange’ between core and periphery, which became segmented in an enduring relationship that benefited the centre. In this world economic system, the particular role of Latin America, as part of the periphery, was “that of producing food and raw materials for the great industrial centres.” Prebisch was, in this way, critical to the liberal assumption in that the benefits of technological progress tend to be distributed alike over the whole community. For him, the;

“enormous benefits that derive from increased productivity have not reached the periphery in a measure comparable to that obtained by the peoples of the great industrial countries. Hence, the outstanding differences between the standards of living of the masses of the former and the latter and the manifest discrepancies between their respective abilities to accumulate capital, since the margin of saving depends primarily on increased productivity. Thus there exists an obvious disequilibrium, a fact which, whatever its explanation or justification, destroys the basic premise underlying the schema of the international division of labour.”

Such disequilibrium, according to Prebisch, was not only related to the crisis of the 1930s and the decline of commodity prices. Even when the gold standard was in operation, the Latin-American countries had great difficulty in meeting foreign commitments and maintain a proper functioning of their monetary systems; something that frequently

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26 This concept is never really defined in his work.
provoked condemnation from abroad.\textsuperscript{30} In the best cases, the increased productivity of the industrial countries could stimulate the demand for primary products. Yet, the main problem remained, since the advantages of technical progress would continue to be concentrated in the industrial centres.\textsuperscript{31}

One of the ways out of this subordinated position, according to Prebisch, was to avoid the cyclical fluctuations of the periphery in relation to the centres, since that meant a considerable loss of income. He therefore advocated for anti-cyclical polices based on development programs for industrialization that should connect three pivotal elements: increased technological diffusion, capital formation and a raise of real income.\textsuperscript{32} However, he was against the sacrifice of primary exports to stimulate industrial development. An important reason was that these exports provided the foreign exchange with which to buy the imports necessary for development. That is, of course, a difficult issue to calibrate, but it could be made through programming (planning), where the state could decide “how to extract, from continually growing foreign trade, the elements that will promote economic development.”\textsuperscript{33} As Prebisch held, the disequilibrium with the centres could be corrected gradually without detriment to essential economic activities by raising productivity in agriculture through technical progress, at the same time as real wages were raised by industrialization and adequate social legislation.\textsuperscript{34}

This kind of policy recommendations were an important part of the impact of Prebisch’s report. But, in my view, what transformed it into a ‘manifest’ was the way in which it, indirectly, touched Latin American ideals of autonomy and nationhood, which cannot be disconnected from his view on centre and periphery. What the United Nations did, through its economic commissions, was to provide a platform for identity and voice to post-war peripheral regions, such as Latin America.\textsuperscript{35} Identity is a pivotal component of the very concept ‘Latin America’ and it was expressed by Prebisch through statements such as, “the study of Latin America’s economic life is primarily the concern of its own economists”. However, the motivation for these words was not chauvinistic; it was related to the need of finding a common strategy to break the peripheral underdevelopment. To do so, in Prebisch’s view, it was necessary to question the “false sense of universality” of the centres;

\textsuperscript{34}Raúl Prebisch, “The Economic Development of Latin American and its Principal Problems”, p. 6.
\textsuperscript{35}Andrés Rivarola and Örjan Appelqvist, “Prebisch and Myrdal: Development Economics in the Core and on the Periphery”, \textit{Journal of Global History}, 6, pp. 29-52.
“an intelligent knowledge of the ideas of others must not be confused with that mental subjection to them from which we are slowly learning to free ourselves.\textsuperscript{36}

**Centre and periphery, beyond Latin America**

After his path breaking approach of 1950, Prebisch continued developing his conceptual apparatus around centre and periphery, but always maintaining some of the central lines of thinking advanced in the CEPAL-report. For a good summary of this I turn to Octavio Rodriguez, who explained that “core and periphery has been historically constructed as a result of the form in which technical progress has spreads in the global economy. At the core, the creation of production methods spread over a relatively short period to the entire productive apparatus. At the periphery, on the contrary, the point of departure is an initial backwardness (*atrasso inicial*). When there is technological inflow, that happens through “outward development” (*desarrollo hacia afuera*)\textsuperscript{37}where new techniques are introduced in some ‘enclave sectors’; which coexist with the laggard ones leading to ‘heterogeneous’ production structures.\textsuperscript{38}

By the late 1950s, Prebisch argued that the world economy was at a transitional stage, in which the centre and periphery division was being gradually weakened, although it would take rather long time before it disappeared. The reason for such optimistic outlook was that the spread of technical progress into the periphery was advancing into other sectors than primary commodities. One consequence of this was an expansion of industrialization, something that he considered to be an inescapable part of the process of change accompanying gradual improvements in per capita income. Yet, as Prebisch noted, while industrialization of the centres was not a matter of dispute, the industrialization of the periphery still seemed to be a controversial subject. Both at the centres, but also in the peripheral countries, where, according to Prebisch, “there are those who consider industrialization to be a harmful diversion of productive resources from primary activities”.\textsuperscript{39}One can note here a more political dimension of the core-periphery approach, reflecting disputes and controversies. A decade of relations with states, international

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\textsuperscript{37}Octavio Rodríguez, *El Estructuralismo Latinoamericano* (Mexico DF: Siglo XXI Editories, s.a. y Naciones Unidas, 2006), p. 64.
\textsuperscript{38}Octavio Rodríguez, *El Estructuralismo Latinoamericano*, p. 55.
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organizations and interests groups, had probably made him more aware of the reality of power in international (and national) relations.

Since 1975, as chief editor of the journal *CEPAL Review* (Prebisch’s last position at CEPAL), his systemic idea took a more robust form, through the publications of several articles that were later published together as a book, in 1981.\(^\text{40}\) One of his final conclusions was that the phenomenon of ‘development’ could not be explained only by analyzing economic variables, but demanded a global theory that integrated different dimensions of the global capitalist system.\(^\text{41}\) For sure, he did not elaborate this ‘global theory’ but he made a contribution in this direction. That was, in my opinion, to analyze the system as a whole, from the perspective of the periphery.

Prebisch was inspired by both ‘liberal’ and ‘Marxian’ perspectives, yet, he did not found them appropriate for the Latin American, and I would say broader, peripheral reality of the 20\(^{th}\) century. Concerning Marxism, the inspiration can be found in his search for structural diagnoses of the problems for development, although Prebisch took distance from Marxist (or Leninist) strategies for development. In this way, he was more inspired by liberalism, since he saw the market economy and capitalism as an unavoidable tool for growth. Yet, the liberal economic norms were blind for the peripheral reality, which consisted in breaking with cultural and power structures of the system. In this sense Prebisch’s ideas can be seen as closer to the German nationalist thinking of people such as List, Manoilescu and Kjellén; which also found strong attraction to many Latin American economists such as the Argentinean Alejandro Bunge\(^\text{42}\) or the Chilean Felipe Herrera.\(^\text{43}\) It is here that one find a linkage between economy and geopolitics, to the international system and regional integration.\(^\text{44}\) Prebisch’s ideas went along this line, by using the attractive, and from his point of view, basically spatial, dichotomy of core and periphery. Let’s look to these connections more in detail.

During his last period of work, at *CEPAL Review*, Prebisch expanded on a central component of his model, the concept of ‘surplus’, which was related to the gains that


\(^{43}\) F. Herrera (1964) *América Latina Integrada* (Buenos Aires: Losada S.A.). Felipe Herrera was the first President of the Inter-American Development Bank (IADB), and s an influential voice concerning Latin American development and had a close relation to Prebisch.

resulted from increase in productivity. As he saw it, one of the central laws of the capitalist system is the need of a continuous increase of this surplus, which is closely related to the possession and production of technology.\textsuperscript{45} With what could be seen as Marxist influence, he regarded the surplus as a ‘conspicuous expression’ of the uneven way in which the result of increased productivity was distributed. In his view, one of the great struggles for the control of the system was motivated by the appropriation of that surplus,\textsuperscript{46} that he called the ‘structural privilege’.\textsuperscript{47} Thus, he concluded that the origin of the core was linked to the possession and control of productive technology that contributed to accumulation of capital, which in turn was re-invested in the maintenance of this technological advantage.

Along this line, as I see it, Prebisch’s analysis became increasingly linked to geopolitics and the field of international relations, through the identification of hierarchies in the system. At the top he found the ‘dynamic center’, that due to its magnitude and technological progress had “a greater influence on the rate of growth (as well as on the short-run fluctuations) of the other centers and of the periphery of world economy”.\textsuperscript{48} It is around this ‘dynamic center’ that relations of dependency are established with the periphery.\textsuperscript{49} In this system, one of the main interests of the core, led by the ‘dynamic center’ (also referred to as ‘principal center’), was to maintain the control over the diffusion of technology. But Prebisch also found differences within the core and identified what he called, ‘secondary centers’. Indeed, in his view, the ‘center’ was not a monolithic unit since the ‘secondary centers’ could have similar problems “to those of the peripheral countries, when in order to fully employ their surplus manpower they have to engage in activities where costs are higher than import prices”.\textsuperscript{50} Even if the definitions of each of these categories are not clearly outlined, it represents an interesting outlining of hierarchical structures in the world economic system; a system that could not be analyzed in separate parts since all were related. For example,

“protection at the center gives additional force to the peripheral tendency towards deterioration in the terms of trade. If there is free play of market forces at the center, some marginal primary activities there might disappear because of competition from increased peripheral exports at lower prices. But if these marginal activities are

\textsuperscript{45}Raúl Prebisch, \textit{Capitalismo Periférico: Crisis y Transformación}, p. 161
\textsuperscript{47}Raúl Prebisch, \textit{Capitalismo Periférico: Crisis y Transformación}, p. 88-91.
\textsuperscript{48}Raúl Prebisch, “Commercial Policy in the Underdeveloped Countries”, p. 267.
\textsuperscript{49}Raúl Prebisch, \textit{Capitalismo Periférico: Crisis y Transformación}, p. 30.
\textsuperscript{50}Raúl Prebisch, “Commercial Policy in the Underdeveloped Countries”, p. 260.
protected at the center, the possibility of increasing exports in the periphery will be less, and consequently a greater part of the surplus manpower will have to seek employment in industrial activities”.  

Even if there might be shifts in the location of ‘principal center’, Prebisch saw continuities in its modes of domination, where control of technological and military superiority went hand in hand. One way in which this is expressed is through the dominance of the commercial rules of the game. As he observed, “more than once…the big countries violate certain principles. When it suits them, they just change them for other, and violations to principles always happen to come from the periphery!” Thus, “while the centers constantly accommodate their trade to their benefit, they do not substantially liberalize their exchange with the periphery nor show interest in supporting measures to promote exchange within the periphery”. This reinforced the centripetal tendency of the capitalist system, where the core seeks productive gains on behalf of the periphery.

But, avoiding simplifications, Prebisch refrained from giving the sole responsibility to the core. He argued, for example, that both core and periphery had a shared responsibility in the maintenance of relations of dependency. Entering the field of politics and sociology, Prebisch argued that one of the ways in which the periphery upholds its underdeveloped positions was through what he called ‘imitative capitalism’. That is, the adoption the modes of consumption of the core, reinforcing its technological predominance and gains, through a ‘spurious use’ of the peripheries scant surplus. Instead of using it to promote technological advantage, the surplus was often used by national upper and intermediate strata for a ‘conspicuous consumption’, in detriment of overall development. The core’s alliance with local elites (or consumption groups), contributed in the continuity of its hegemony, consolidating the centripetal tendencies of the capitalist economy and the underdevelopment of the majority of the population at the periphery; that is what Prebisch defines as a ‘relation of dependency’.

Albeit all difficulties, Prebisch was not anti-systemic, arguing that it was possible to transform the system and make it more compatible with equity, development and the consolidation of democracy. The way out of ‘dependency’, in Prebisch’s opinion, was not

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51 Raúl Prebisch, “Commercial Policy in the Underdeveloped Countries”, p. 263.
54 Raúl Prebisch, Capitalismo Periférico: Crisis y Transformación, p. 181.
of dissociation with the center, but using the link to the center to the advantage of the periphery.\textsuperscript{56} In the economic dimension, this implied state intervention in order to foster industrialization, using the surplus in diffusing technology while limiting ‘imitative consumption’.\textsuperscript{57} In a geopolitical dimension, which is what takes us closer to realism and international relations, it implied to take into account the action of states at the international system; acting as a group of interest, e.g. the ‘core’, or individually, the ‘dynamic center’. In this dimension, some of Prebisch’s postulates reminds of Felipe Herrera, for example, in the importance attributed to the problem of ‘fragmentation’; not only for Latin America but to the periphery as a whole.

According to Prebisch, the fragmentation of the periphery was a serious obstacle to development oriented policies and advocated for the promotion of ‘integration’ and ‘reciprocal trade’.\textsuperscript{58} This is, in my opinion, related to geopolitics, due to the territorial dimension to optimize the autonomous potential of peripheral forces. Another geopolitical related dimension can be found in Prebisch’s argument that the hegemony of the center, particularly of the ‘dynamic center’, is closely related to the defense of its interests. Nothing here is related to the ‘invisible hand’ of the market, but to the highly visible one of the state, through different forms of ‘persuasion’ such as: commercial concessions, financial resources through bilateral or multilateral ways, military aid, or different forms of influencing public opinion. The goal is, in his view, to, in different degrees, constrain the peripheral countries “to make decisions that otherwise would not take”.\textsuperscript{59}

There are, indeed, many more examples of this dimension in his work. To mention just one more, when he holds that “the countries with large dimensions and markets, or with abundant natural resources that are of scarcity in the world, are in a better position to circumscribe the penetration of the centers to certain areas of activity and negotiate the conditions under which this is made.”\textsuperscript{60} This is, in fact, one of the basic arguments behind the idea of a zollverein and regional integration, that became closely linked to Prebisch and CEPAL’s agenda for development. It is fundamentally from this point of view, that I hold that Prebisch’s conceptual framework of core and periphery, with its spatial dimension and the identification of dynamic and confronting units of the system, could be regarded as geopolitical. In it also, along this line, that it could become a complement to other

\textsuperscript{56}Raúl Prebisch, \textit{Capitalismo Periférico: Crisis y Transformación}, p. 262.
\textsuperscript{57}Raúl Prebisch, \textit{Capitalismo Periférico: Crisis y Transformación}, p. 208.
\textsuperscript{58}Raúl Prebisch, \textit{Capitalismo Periférico: Crisis y Transformación}, p. 206, 239.
\textsuperscript{59}Raúl Prebisch, \textit{Capitalismo Periférico: Crisis y Transformación}, p. 203.
\textsuperscript{60}Raúl Prebisch, \textit{Capitalismo Periférico: Crisis y Transformación}, p. 205.
dimensions that contribute to understanding the dynamics of the international system, its asymmetries, and shifting power relations. Let us now turn to analyze the impact that Prebisch had on other systemic outlooks.

**Prebisch’s influence on systemic oriented studies**

One of the earliest followers of Prebisch, in relation to the core and periphery approach, was the Brazilian economist and CEPAL-collaborator, Celso Furtado. His contribution in giving the conceptual framework of core and periphery a deeper historical meaning. In Furtado’s view, this was not an issue of the mid-20th century but related to the emergence of the system of international division of labor under the hegemony of the group of countries which had begun to industrialize during the first half of the 19th century.\(^6^1\)

From an historical perspective, Furtado identified three central features in the formative process of the world economic system: a) the formation of a nucleus concentrating a large proportion of industrial activity, becoming the financial core for exports of capital goods and the major import market for primary products, b) the emergence of a system of international division of labor under the hegemony of this ‘growth pole’, giving way to a ‘geographical specialization’ favoring the settlement of vast spaces specialized in the export of primary products, c) the creation of a global network to facilitate the export of capital and promote the spread of final consumer goods produced by the core of the system. Since production of capital goods was concentrated in the core, new production techniques also remained geographically concentrated, benefiting those activities in which the dominant economy already had experience or in which it had more direct interest.\(^6^2\) This system implied the concentration of two forms of development; one of the industrial core, based on technological progress and a rapid accumulation of capital. Another, of the ‘periphery’, or what he also called ‘outpost areas’, that was vulnerable to the external sector due to its little capacity to transform traditional techniques of production.

Furtado’s valuable use of Prebisch’s conceptual apparatus, contributed also in the analysis of Latin America in relation to systemic ‘structures’, although without deepening in the theoretical analysis of the system as such. The same is actually true for much of the so-called Latin American ‘structuralist school’. In fact, the origin of the label ‘Latin American structuralism’ (that appeared during the late 1950s) had nothing to do with the international

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system. It appeared in relation to the so-called, ‘structuralist’ and ‘monetarist’ debate about the roots of inflation as well as monetary and fiscal imbalances in the region.\(^ {63}\) Yet, promoted mainly by cepalian scholars such as Furtado, structuralism grew beyond the scope of these initial issues. As Cristobal Kay summarizes it, one of the structuralisms major preoccupations was “to uncover the external and internal mechanisms of exploitation and domination in order to elaborate paths of development free from exploitation and oppression”. Along this line, the structuralists adopted an anti-dualist stance which challenged the traditional-modern dichotomy of modernization theory.\(^ {64}\) Yet, again, while advancing in the exploration of Latin American issues, few contributions were made to a systemic approach, beyond Prebisch’s own original proposals.

One of these attempts came from what was, in many ways, a rival approach to ‘structuralism’, the so-called ‘dependency school’, through the German native US-scholar, Andre Gunder Frank. As Kay pointed out, Frank both listened and learned from Latin American social scientist and thinkers and, “such openness to Latin American thinkers and their ideas was unusual in those days among US social scientists, where a sense of superiority, if not arrogance, often clouded their judgment.”\(^ {65}\) Using Kay’s description of Frank as a “paradigm breaker”,\(^ {66}\) I would say that he was both inspired and opposed to Prebisch. Gunder Frank borrowed the core-periphery concepts, adopting Prebisch’s point of departure concerning the linkage to a one and inter-dependent world-capitalist system, but with different conclusions. He was clearly anti-systemic, adamantly rejecting the structuralist approach by making a case against the very concept of ‘development’; that in Gunder Frank’s view only led to increasing ‘underdevelopment’.\(^ {67}\)

There were reactions against this from the more moderate approach to ‘dependency’, of Fernando Henrique Cardozo and Enzo Faletto, pointing out the pro-systemic alternative of ‘associate development’.\(^ {68}\) That contribution was relevant for the debate of Latin


\(^{65}\) Cristobal Kay, “Unity in Diversity from the Development of Underdevelopment to the World System”, p. 527.


American development oriented ideas, but not in relation to deepening in the understanding of the global system. On this part, the contribution came from the so-called ‘world-system’ approach, of which Gunder Frank was co-founders. It might even be said that ‘world-system theory’ is an interesting case of ‘peripheral’ ideas gaining force at the core and its universities.

Beside Frank, one of the most important scholars behind this current of thinking was the US-trained sociologist Immanuel Wallerstein, who also adopted and developed the core and periphery framework. He admits that this conceptual frame was initially “adumbrated by the Latin American scholars grouped around Raúl Prebisch” and CEPAL. Yet, his main source of influence was from other peripheral regions, fundamentally Eastern Europe, through scholars such as the polish economic historian Marian Malowist. Joining this, approach with the ‘world-economy’ and ‘longue durée’ concepts of the French sociologist Ferdinand Braudel, Wallerstein presented, in 1972, his conceptualization of ‘core’, ‘semi-periphery’ and ‘periphery’ as hierarchic positions of the world-system; in Wallernstein’s case, using the word ‘core’ and not ‘center’. This was initially concerned with the development of Europe, but later on (by the early 1970s) expanded to the level of World-system analysis, about the same period when Prebisch started the final phase of his intellectual journey, at CEPAL Review. It’s interesting to observe how disconnected Wallerstein’s work appears to be with Prebisch’s, who is never quoted.

Along the ‘world-system’ perspective, another relevant scholar was the Egyptian economist, Samir Amin, who openly declared that the reading of Prebisch was a source of inspiration early on in his academic carrier, and attributed to Prebisch the origin of the concept of ‘periphery’. The work of Amin contains one of the most refined elaborations around Prebisch’s views of the world system. As in Prebisch, he studied the complexities of the global capitalist system, where he found an asymmetric coexistence between ‘tributary’ (periphery) and ‘capitalist’ (core) societies. Amin’s work was, however, more concerned

71 It would be interesting to explore more about eventual connections between the ideas of Prebisch, Latin American structuralism and eastern European (also periphery) scholars that inspired Wallerstein. As mentioned above, these links can be traced back to Manoilescu’s work in the 1930s.
72 Entrevista a Samir Amin, "He sido y sigo siendo un comunista". Entrevistado por Gabriela Roffineli y Néstor Kohan, accesible en La Fogata Digital: http://www.lafogata.org/reportajes/re_samin.htm Date of access: 2014-04-03.
with the cultural dimension. In his view, the critique of capitalism needed to transcend modernity by putting “forward alternative rules for social organization, along with alternative values...a different system of rationality”. Nevertheless, Amin was closer to Prebisch than Frank and other Latin American dependency scholars, since he upheld a similar geopolitical thread; for example in the role of the ‘size’ of units in the global struggle for power. Along this line, Amin argued, for example, that albeit the debacle of the 1990s, Russia would remain a potentially great power. Amin was also highly favorable to regionalism. For him, the post-Cold World order should be developed along regional lines, in fact, regionalism was even conceived as a substitute for the International Monetary Fund (IMF) and the world market for financial capital. This led him, for example, to a favorable position concerning a further consolidation of the European integration project, around more state-regulation, and a in the establishment of a confederal structure that could be able to impose a labor-capital compromise.

Beyond differences, a common element between the above mentioned scholars and Prebisch’s work can be found in the view of the international system as part of, or conditioned by, a world capitalist system. The economic part is therefore more relevant in their analysis. In this sense, most of them would probably share the view in that the system is a ‘world-economy’ “because the basic linkage between the parts of the system is economic, although this was reinforced to some extent by cultural links and eventually...by political arrangements and even confederal structures.” Due to this mixture of systemic and economic thinking, it’s no surprise that Prebisch and this group of scholars (including the Italian sociologist Giovanni Arrighi) are usually identified with what today is known as International Political Economy, labeled as ‘Marxist political economists’. Prebisch have also been placed under labels such as of ‘development economy’, ‘structuralism’ or ‘dependency school’. Still, at least from Prebisch’s perspective, one has to take these labels with care.

There is no doubt that Marx had a great influence in Prebisch’s work, but he was also clear concerning Latin America’s indebtedness to liberalism in terms of individual freedom. Contrary to Frank and other ‘dependency’ scholars, Presbisch had no alternative to the

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market and he was against totalitarian states. What he rejected in economic liberalism was its failure to address the systems tendency towards inequality; something that, at the end, in his view, also affected democracy. One of the strengths of Prebisch and his followers was to be able to go beyond economics, identifying the inequalities, analyzing the problems they carried, trying to understand their roots, and searching for solutions. In the case of Prebisch that even to an ethical dimension, when he advocated for a ‘distributive ethic’; even quoting Pope John Paul II in that there “is a social mortgage on all private property.”

However, in the search beyond economics is also where I find some of the most important theoretical limitations. If the ‘power’ that produce inequalities in the system is not only made up by economic forces (capital), but also by the action of states through enforcement, persuasion or imperialism, the units acting at ‘core’ and ‘periphery’ should be defined more precisely. In sum, a theory of the world economic system does also need an understanding of the international (political) system. There are other approaches to this, as well as to core and periphery that might be used to complement Prebisch’s analysis on this matter.

Other perspectives on Core and Periphery

Although Prebisch has been pointed out as a pioneer in relation to the use of the core and in world-system analysis, there were other parallel currents of thinking that were using this conceptual framework; without any visible linkage to Prebisch’s work; at least not in what refers to quotations or bibliographic references. Nevertheless, I include them in this study as a broader framework of other contemporary perspectives on core and periphery that might help in finding a bit of perspective from Prebisch’s work and to explore new ways in which to explore the world system.

During the late 1950s, a US sociologist, Edward Shils, was also thinking along the line of core and periphery. Even though Shils was not concerned with the international system, in its economic or political dimensions, I would like to include him here due to his use of the concept core and periphery and the implications that this have for the analysis of what one could call, international society. A central concern of his work was to answer how is society possible? As explained by Calvin A. Woodward, in Shils’ view, societies existed through the varieties of ties people form to one another - in small groups, large collectivities, or even social classes or nations - the ideologies or systems of beliefs that make some ties more

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80 As Prebisch, he also used the concept ‘center’ and not ‘core’.
important than others. Explaining this phenomenon, Shils worked on the core and periphery framework already in the early 1960s. In his view, every society has a core, a ‘central zone’, and this has always a more or less definite location within the bounded territory in which the society lives. Yet, in Shils’ view, it had little to do with geography; “it is a phenomenon of the realm of values and beliefs. It is the core of the order of symbols, of values and beliefs, which govern the society. It is the core because it is the ultimate and irreducible; and it is felt to be such by many who cannot give explicit articulation to its irreducibility”.

In his view, all societies have a natural attraction to a core since there must always be some measure of integration for a society to exist. Yet, this does not imply that all societies must be highly integrated or equal. In fact, he identifies three forms of reaction towards the core: integration, conflict, and the formation of counter cores. In his model, ‘conflict’ was an expression of the periphery’s resistance to assimilation by the core. The ‘counter centers’ represented the periphery’s permanent desire to penetrate the sphere of authority dominated by the core. Yet, like Prebisch, Shils rejected a rigid view of ‘center’-‘periphery’, since he did not see power as a one-way street of core dominance over periphery. There is no place here to outline Shils model further, enough is to say that it had nothing to do with the analysis of capitalism, nor any kind of geographic scope related to size of units or regionalism. On the other hand, his study contained a deep study of power, culture and social groups, closer to the cultural dimension that were more explicit in Amin’s contribution.

There are, however, other scholars that used the concepts of core and periphery with a geographical focus and closer to the discipline of international relations, and the so-called ‘realist’ perspective. Almost at the same time that Prebisch published his final book, a group of scholars, under the direction of the French geographer Jean Gottmann, explored the core and periphery concepts in relation to spatial variations in politics. There are here mentions to Shils, but none of Prebisch. One can only speculate on why this is so, but it could be motivated by the difficulties of scholars form the periphery to reach broader intellectual audiences at core countries.

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Drawing inspiration from the work of the German geographer Johann Heinrich von Thünen, Gottman argued that core and periphery were “convenient notions to use in formulating policy, outlining plans, and reordering theoretically spatial and political patterns”.

Similarly to Shils, he viewed the formation of cores and peripheries as a natural part of every society, in the framework of a dynamic and fluid political geography. One of the more relevant contributions in Gottman’s group was that of the US foreign policy expert, Alan K. Henrikson, who makes an interesting distinction between the terms ‘center’ and ‘core’. According to him, in general, ‘center’ suggests a point, and ‘core’ and area; “a center, unless a purely abstract, geometrical midpoint, tends to be dynamic; a core, though commonly a locus of strength, tends to be static”. This would help in clarify the conceptual lacuna in Prebisch’s use of these concepts. If one follows Henrikson’s definition, the most accurate would be to use the concept ‘core’, which is closely related to the spatial dimension.

Henrikson’s study about the core-periphery shifts of the history of the United States makes a great contribution in the deepening around the spatial/territorial (geopolitical) dimension in the use of the core-periphery framework. There is an important influence of realism in Henrikson’s work, but it goes beyond that with a deeper emphasis on the spatial and geopolitical dimensions, partly due to the use of the concepts ‘core’ and ‘periphery’. This might have been inspired by the earlier work of one of the main scholars behind the realist approach, Hans J. Morgenthau.

Without being as clear as Henrikson in defining core and periphery, Morgenthau, already by the late 1940s, applied it to the analysis of power relations at the international system. Giving the concept a clear spatial dimension, Morgenthau held that, “as the balance of power-with its main weight now in three different continents – becomes world-wide, the dichotomy between the circle of the great powers and its center, on the one hand, and its periphery and the empty spaces beyond, on the other, must of necessity disappear.” With Morgenthau and the notion of balance of power, the analysis of the international political system does, in fact, acquire a clearer theoretical ground, which is expanded by the pivotal work of Kenneth N. Waltz and the so-called neo-realist theory.

85 Jean Gottman (ed), Centre and Periphery. Spatial Variations in Politics, p. 17.
It is here where, in my opinion, one find the perhaps most robust theoretical analysis on the non-economic dimensions of the world system. Waltz make a clear definition of the system, its structures, and the units of analysis where the power to influence can be found. In his view, the ‘system’ is composed of a structure of interacting units, and the ‘structure’ (or structures) is the system-wide component that makes it possible to think of the system as a whole. As long as the system is not centralized in a single unit, it is anarchic, but not without hierarchies. In Waltz’ view these are conditioned by the power of states to impose their conditions. So, in this way, according to Waltz, “international politics is mostly about inequalities since as “long as the major states are the major actors, the structure of international politics is defined in terms of them”.89

Waltz does also use the ‘periphery’ concept, although, as Morgenthau, he does not expand on using it as a conceptual framework. Nevertheless, the issue of exertion of power by actors, inequality, the division of the system in terms of powerful and powerless units and the conflict among them to achieve autonomy is something that also can be found in Prebisch and scholars following his path.

Conclusions
There is no place in this study to deepen on the linkages between Prebisch’s, that of his followers, and the other perspectives mentioned above. In fact, there are more views on core and periphery in more current research that has not been mentioned here.90 My aim here was to analyze Prebisch’s contribution to the analysis of the world economic system by focusing on the dimension of core and periphery. In using this framework, as it is argued above, Prebisch transcends the analysis of the world ‘economic’ system and comes closer to the world ‘political’ system; or, as some would see it, the ‘international political system’.

Even if Prebisch have been emphatic in avoiding labels to his work,91 there is no doubt that he has been an inspirer of different currents of thinking. He has been pointed out as one of the pioneers in development economics, where Prebisch,92 together with scholars such as the Swedish economist Gunnar Myrdal, explored the structure of the world economic

89 Kenneth N. Waltz, The Theory of International Politics, 94
system, beyond economics; including political, cultural and even ethical dimensions. He has also been a source of inspiration for the so-called ‘Latin American structuralism’, for ‘dependency theory’ and even (as some argue) to ‘world-system’ analysis. Prebisch is, in fact, one of the few Latin American scholars that appear in textbooks of economics, international political economy (IPE) or its later form in what nowadays is called global political economy (GPE).

One of the issues for which he has been recognized is the use of the conceptual framework of core and periphery. He was not the first to use this dichotomy, but certainly a pioneer in inserting it in analysis of the world economic system. Along this line, Prebisch contributed to explain the unequal nature of the world economic system, as well as suggested a series of policies to narrow the gap between countries of core and periphery. One of the particularities of Prebisch model was that it, while focused on the periphery, it was also, as Kay rightly points out, holistic and historical. One of issues that, in my view, made it holistic was that the system, in Prebisch’s view, allowed mobility across strata. But this mobility was problematic, since it confronted many economic, political and cultural obstructions. As he pointed out, when “those who reached superior strata became inserted among those privileged by the system and sought to obstruct, in one way or another, the emergence of other”.94

From this point of view, I share the view in that Prebisch’s explanation to ‘economic development’ is a contribution to international relations theory since it analyzes its structure and working mechanisms. Along this track, I also share the view that the core and periphery dichotomy, as used by Prebisch, could be regarded as a euphemism to indicate imperialist relations within the international economic system. In fact, since Prebisch’s analysis covered different dimensions there are probably different ways of understanding the use of his core and periphery framework.

If one search for more cultural or constructivist explanations on power, it would be fruitful to analyze Prebisch’s approach in relation to Amin and ‘post-colonial’ views, or to Shils model. Even if these scholars belong to distinct ideological stands, Shils view of ‘counter-centers’ would probably contribute to analysis of peripheral resistance towards the

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94 Raúl Prebisch, Capitalismo Periférico: Crisis y Transformación, p. 87.
capitalist core. From another vantage point, if one is more interested in the study of how states outline their power in the international field, to maintain its position at the center or applying strategies for overcome a peripheral position, one would probably come closer to realist and geopolitical perspectives. In fact, the strategies for ‘regional integration’ can be seen as a kind of ‘geopolitics of development’ of periphery states to overcome a subordinate position in the system. It would be fruitful to conduct more research in complementing Prebisch’s framework of analysis with realist theory, and vice versa.