

## **CENTER-MARGIN RELATIONS IN THE EUROPEAN UNION BUSINESS ENVIRONMENT**

**GABRIELA DUMBRAVĂ \***

**ABSTRACT:** *The paper examines the European Union business environment from the perspective of the center-margin dynamics that underlies power relations in any society. Although it focuses on business relations, the approach is closer to cultural and social anthropology than to economy, since it relies on the center-periphery model and the concept of liminality, in an attempt to understand the deeper mechanisms that generate the differences in status between the members of the European Union.*

**KEY-WORDS:** *business environment, alterity, identity, mentality, center, core, margin, periphery, the European Union.*

**JEL CLASSIFICATION:** Z13.

### **1. THEORETICAL BACKGROUND. ALTERITY, CENTER AND PERIPHERY**

Being a sequel to previous research approaching business relations as culturally determined social interactions (Dumbravă, 2014; Dumbravă, 2015), this study draws on the postmodern discourse on alterity sustained by philosophers Emmanuel Levinas and Jacques Derrida, but also goes further back in time, to the roots of this discourse, namely Heidegger's phenomenology and Gadamer's hermeneutics.

The reason for such an incursion is that, in order to understand the deep mechanisms that drive the perception of alterity, one should regard it as part of the individual's struggle to understand themselves in relation with the outer world. In 1927, German philosopher Martin Heidegger published *Being and Time*, his major work on this fundamental issue of human existence, in which he approaches it at the intersection between hermeneutics and phenomenology. In this point of intersection, what he calls 'being-in-the-world' is fundamentally conditioned by the individual's capacity to

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\* Assoc. Prof., Ph.D., The University of Petroșani, Romania, [gbrldumbrava@yahoo.com](mailto:gbrldumbrava@yahoo.com)

interpret lived experience, which ultimately makes human beings intelligible to one another and to themselves by conscious projections.

Heidegger's work was continued by Hans Georg Gadamer in his major work, entitled *Truth and Method* and published in 1960. The book elaborates on the concepts set forth by Heidegger and explains the nature of human understanding arguing that people have 'historically effected consciousness', which means that their understanding cannot happen outside the 'horizon' shaped by the particular history and culture they live in. This horizon, or 'pre-understanding', comes as a set of prejudices that filter perception and, implicitly, human relations. In this context, therefore, meaningful interactions, capable of fostering genuine understanding, are a 'fusion of horizons', and, ultimately, a continuous negotiation of prejudiced mentalities.

That is why the next generation of philosophers dedicated their work to pointing out the crucial importance of opening towards alterity as a way to self-understanding. For instance, Emmanuel Levinas argues that the encounter with the Other is an illuminating experience that enriches individual identity, whereas Jacques Derrida starts from the same concept to build his theory of hospitality, according to which our capacity to open towards the Other and to embrace difference determines the expansion of our perspective on our own identity.

These twentieth century theories laid the ideological foundation of the twenty-first century rhetoric of 'unity in diversity' and multiculturalism, centered on the comprehension of alterity as a source of defining identity. This means that, in the fragmentary space of postmodernism, diverse identities constantly mirror into one another, enhancing their self-awareness by acknowledging differences. However, since the concept of identity is a reflection of ever-changing mentality, the paradigm shift of cross-cultural perception relies on the continuous interplay between the two.

In an attempt to explain the relationship between mentality and identity, Joris van Eijnatten operates with a distinction between the two, according to which "an identity is a temporally and spatially transient construction that depends on an Other", whereas "a mentality is a semi-permanent cultural matrix spanning time and space" ([https://www.researchgate.net/publication/289686484\\_Beyond\\_Diversity\\_The\\_Steady\\_State\\_of\\_Reference\\_Cultures](https://www.researchgate.net/publication/289686484_Beyond_Diversity_The_Steady_State_of_Reference_Cultures)). Another very important observation, since it supports the central idea of this study, is that mentalities change much slower than identities. This means that, as we are going to show, certain perceptions persist in the collective mentality long after they have lost any connection with reality, so that people's relations across cultures are severely undermined by prejudice.

In its turn, prejudice fosters power relations by virtue of which certain nations are considered superior and play the role of cultural models to be embraced or rejected by the others. The two opposing attitudes towards cultural models have generated two extreme trends of thought that predominate postmodern history, namely globalism and nationalism. As Eijnatten shows, the position in the hierarchy of cultures is constantly negotiated over generations and the higher status of what he calls 'reference cultures' is validated by the constant presence in the public discourse and the perpetuation in the collective mentality of a positive or negative image. Whether positive or negative, 'reference cultures' are "historically, politically, economically and/or militarily [...]"

powerful” ([https://www.researchgate.net/publication/289686484\\_Beyond\\_Diversity\\_The\\_Steady\\_State\\_of\\_Reference\\_Cultures](https://www.researchgate.net/publication/289686484_Beyond_Diversity_The_Steady_State_of_Reference_Cultures)).

At the beginning of the 1970s, sociologist Immanuel Wallerstein emphasizes the economic premises of world hierarchy by setting forth the so-called ‘world-systems theory’. In his book entitled *The Modern World System* (1974), he argues that the modern world system functions on grounds of economic and political relations established between a dominating capitalist center, referred to as ‘core’, and peripheral and semi-peripheral world areas. As the author shows, each part of the system has a well-established position: while the core has a high level of technological development and manufactures complex products, the role of the periphery is to supply raw materials, agricultural products, and cheap labor for the expanding agents of the core” (Wallerstein 2004, p.48). By virtue of the same logic of inequality, “the periphery is forced to sell its products at low prices, but has to buy the core's products at comparatively high prices” (Wallerstein 2004, p. 49).

Wallerstein also points out that the statuses of center and periphery are flexible and relative to such an extent that they can even coexist in the same area. Such an area is defined as ‘semi-periphery’ acting, at the same time, as a periphery to the core and as a core to the periphery in a series of concentric circles.

Wallerstein's perspective is typical of post-colonial theories emphasizing the persistence of the imperialist economic model long after the disappearance of the political order that generated it. Therefore, what we call the ‘global market economy’, based on the capitalist mode of production, fosters power relations based on discrepancies of power and wealth, by virtue of which developing countries (periphery) are economically dependent on the developed countries (core) similarly to the way in which colonies were dependent on empires.

Put together, the cultural and the economic approach shape a revealing perspective on the two diverging sides of the paradigm that governs contemporary international relations, namely:

- The ‘center/core’, represented by the dominant developed countries, characterized by powerful capitalism, which, in Wallerstein’s opinion, emerged as early as the sixteenth century, with the economic and political rise of England, France and the Netherlands as ‘core nations’ of Europe;
- The ‘periphery/margin’, designating the less developed countries, with weaker economic and political systems, that are kept under control by the core nations through a complex mechanism of financial indebtedness, providing the latter with cheap labor and raw resources. (<https://sociology.plus/glossary/centre-periphery-model/>).

Ultimately, the center-periphery paradigm is based on a well-defined set of economic relations that underlie specific power relations, fostering such dichotomies as supernations – nations, developed countries – developing countries, civilized nations – unruly nations, and Western European-Eastern European.

## **2. CENTER-MARGIN RELATIONS IN THE EU BUSINESS ENVIRONMENT**

### **2.1. Center and margin in the European context. Between ideal and reality**

From the perspective of marginality theory, the European space functions as an interplay between center and margins, which is determining for the very existence of both sides, since neither of them can be defined outside the opposition with the other: “without margins (edges), centers (metropolises, capitals) could not be centers; without centers, margins’ marginal position(s) could not be identified” (Parker 2008, p.11)

Moreover, the entire structure and organization of the European Union relies on the tension between the two positions, which shapes political, economic and cultural relations across the member states.

In terms of the internal relations in the EU, there is another tension that accounts for its evolution, namely the one between the ideal principles upon which it was founded and the actual, interest-based mechanisms that drive its present operation.

#### **a) Ideal aims and values**

Thus, looking at the history of the EU, we find out that it was founded in the aftermath of World War II, with the intention of creating a safe space where economic interdependence was meant to remove the threat of political conflict. The Union was structured successively, by means of a series of treaties signed by the founding countries, which automatically assumed the role of ‘core nations’ (the UK, France, Germany, Belgium Italy, Luxembourg and the Netherlands). The main principles upon which the founding agreements were based are freedom, democracy, equality, and solidarity. Over time, these were to generate a set of ‘aims’, which can be summarized as it follows:

- promoting peace and the well-being of citizens;
- ensuring freedom, security and justice;
- establishing an internal market;
- achieving sustainable development based on balanced economic growth and price stability and a highly competitive market economy with full employment and social progress;
- protecting and improving the quality of the environment;
- promoting scientific and technological progress;
- combating social exclusion and discrimination;
- promoting social justice and protection;
- enhancing economic, social and territorial cohesion and solidarity among EU countries (<https://eurlex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:12016ME/TXT&from=EN#d1e128-13-1>).

The aims and values of this supranational organization were set forth in the Lisbon Treaty (2016) and were meant to resonate with the slogan “united in diversity”, adopted as a motto in 2000. As it can be easily noticed, the very concepts composing this motto – *unity* and *diversity* – involve a tension between general and particular, global and national, cultural identity and cosmopolitanism. Moreover, these oppositions generate an identity crisis in the member nations which, in turn, fosters successive paradigm shifts that favor extreme positions towards the quandary, varying from an uncontrollable fear of ‘the other’ (on the part of the Western countries) to fanatic nationalism or the denial of national identity by considering anything that is local as inferior (on the part of Central and Eastern European countries).

#### **b) Real perceptions, attitudes and power relations**

Apart from generating the aforementioned identity crisis, the tension inherent in the EU motto is also detectable in the real interaction between the core members and the marginal members of the EU, which are so far from the ideal aims and values that reduce the European rhetoric to an empty slogan.

Thus, the core members, or the founding nations of the Eu, which have traditionally predominated Europe, tend to preserve their perception of themselves as the 'Western civilized world', entitled to offering a condescending hand, on their own terms, to the 'backward, unruly Easterners'. This sense of superiority is, paradoxically, doubled by a deep, secret fear of 'the other', the barbarian, perceived as a threat not only to national space and identity, but also to jobs.

On the other hand, the newly included Eastern countries assume the position of inferiority from the start, gratefully accepting the short-term financial support from the center, even if this comes along with serious, long-term disadvantages. In these nations, the status of marginal members, rather *accepted* than *included* generated a sense uncertainty and confusion reflected in the two extreme attitudes described above, namely the tendency to consider everything that comes from the West to be superior or, on the other hand, a position of rigid defense towards any opening to the 'outside'.

The marginal position of the Eastern countries in the EU has its origins in the so-called 'Balkan discourse', "constructed around the image of post – communist countries as barbaric, corrupt, uncontrollable masses that threaten to invade the West and endanger its stability" (Dumbrava 2014, p.95). Under the circumstances, the EU decided to deal with the threat of 'Eastern expansion' by refusing the admission of former communist countries. Consequently, the Eastern countries joined the EU starting as late as 2004, after meeting drastic criteria of economic, political, institutional and fiscal nature, for which they were obviously not prepared and which had irreparable consequences for the respective societies.

In order to point out the discrepancy between the ideal aims of the EU and the real outcome of the membership for marginal countries, we are going to present them in parallel, in a cause-effect model.

1. *Establishing an internal competitive market, meant to ensure sustainable development, balanced economic growth, price stability, full employment and social progress.* This aim was probably the farthest from reality of all, for several reasons, namely:
  - The newly admitted countries were not prepared economically, socially, culturally, morally and logistically to make a sudden transition from planned to market economy;
  - The privatization of industry and the liberalization of prices led to the extinction of industry and agriculture in these countries, and increased their reliance on imports from the core members, which excludes the possibility of 'balanced economic growth';
  - Abrupt privatization shattered national labor markets, triggering massive unemployment, which automatically excludes 'social progress'.
  - Ultimately, the EU protectionist policies concealed by this aim even ended up undermining potentially competitive industries or agricultures

in the marginal members, which comes into sharp contradiction with the concept of ‘sustainable development’.

2. *Enhancing economic, social and territorial cohesion and solidarity among EU countries* is another aim that has nothing to do with the harsh reality of the periphery members. One relevant example in this sense is The Stability and Growth Pact (SGP), actually a mechanism through which the center monitors the budgetary behavior of the member countries and applies penalties for deficits that are considered excessive. The immediate consequence of the pressure of these sanctions on the transitional economies is the reduction of investments in education, health, and infrastructure, to the detriment of the desired social progress and welfare, as well as to the desiderate of cohesion and solidarity. Besides, the EU monetary policy, which imposes homogeneous inflation and exchange rates on the members, have devastating consequences on the developing countries, deepening the economic and social gap between them and the center members;
3. *Combating social exclusion and discrimination* is an aim doomed to failure from the start in a supranational organization that operates according to the center – margin model, where power relations exclude positions of equality and support a clear distinction between leaders and followers. The free movement of the labor force across European borders exacerbated the discrepancy between the advanced and the emerging economies, since it triggered massive migrations of people from the latter to the former, in search of prosperity life. Thus, Easterners of all levels of education and skill made the painful choice of leaving their native lands, and sometimes even their families, to get closer to the center, where their hope for personal achievement clashed with the Western fear of invasion and the inability of the ‘civilized’ world to embrace them as different equals, forcing them to assume the status of immigrants, probably the most relevant instance of discrimination and alienation, with incalculable social and psychological consequences.
4. *Protecting and improving the quality of the environment* is probably the most conspicuous instance of demagoguery in the whole EU rhetoric. In the same way as they take advantage from cheap workforce coming from the East, the core nations make profitable use of the natural resources of the periphery countries, under the cover of permissive or unclear legislation, and sometimes even with the support of servile governments or corrupt officials. In this way, companies from Western countries make huge profits precisely in the grey area of governmental oblivion or corruption that they hypocritically condemn and theoretically struggle to eradicate.

Three relevant examples in this sense, all from Romania’s present reality, are the abusive deforestations carried out by the Austrian timber company Holzindustrie Schweighofer, the destructive gold mining in Roșia Montană by the Canadian company Gabriel Resources, and the ample action of dumping waste from Western countries on Romanian territory.

The first has been going since 2016, either directly or through the acquisition of illegally cut logs from ghost companies.. The massive

deforestations, with devastating ecological and economic consequences, elicited no reaction from Romanian or EU officials, as the Austrians pretended to be the solution to illegal deforestation rather than the cause. Finally, as a result of the stir caused by private investigators from an NGO and the subsequent street protests, the Romanian Ministry of the Environment initiated sent its control body to the company warehouses to discover huge amounts of timber that could not be justified by legal documents. However, no further action was taken either by the ministry or by the National Agency of Fiscal Administration (<https://www.riseproject.ro/interviu-holzindustrie-schweighofer-n-am-taiat-ilegal-am-gresit-niste-documente/>).

The second is a notorious scandal that started in the Romanian press and public opinion in 1997, when the Canadian company Gabriel Resources was granted land concession in the auriferous area of Roșia Montană for 3 million dollars. Here, in association with the Romanian State, it set up Roșia Montană Gold Corporation, where it holds 75% of the shares. The mining of gold using cyanite has produced an ecological disaster with long-term impact on biodiversity and human health, and is going on to date, as it is on the African ‘third world’ countries for that matter, in spite of being forbidden in the ‘civilized’ world for a long time, and banned for the European space by a 2010 Resolution of the European Parliament ([https://www.europarl.europa.eu/doceo/document/TA-7-2010-0145\\_RO.html](https://www.europarl.europa.eu/doceo/document/TA-7-2010-0145_RO.html)).

Moreover, since the mining operations cover inhabited areas, a number of 800 households are to be relocated in the following years, disrupting not only people’s present lives, but also two thousand years of civilization and cultural heritage, in exchange for insignificant financial compensation, and under the pretext of creating jobs in the area for the welfare of the local population (<https://miscarea.net/rosia-montana.htm>).

The third is a more recent phenomenon, brought to public attention in 2021, when the Romanian press revealed that 3,700 tons of waste coming from Japan, Germany, Belgium, Great Britain, Holland and Italy were intercepted at the country’s borders. At the time, the turnover of waste processing companies was appreciated to be around 550,000 EUR, doubled by a similar amount coming from the black market. The subsequent investigations disclosed massive illegal waste dumping operations that turned Romania into what the press calls “the dumpster of Europe”, simply because the Westerners find it cheaper and more environmentally friendly to dispatch their garbage to the margins of Europe (<https://romania.europalibera.org/a/cum-a-ajuns-rom%C3%A2nia-importator-de-gunoi-/31419895.html>).

### **3. CONCLUSIONS**

Corroborating the above, we can conclude the contemporary world is torn between the theories on embracing diversity and its actual fear of ‘the other’ stemming from the incapacity to open towards alterity in a gesture of genuine ‘hospitality’ (cf.

Derrida). Consequently, the twenty-first century society continues to operate based on culturally established dichotomies polarized by the center-margin relation.

One of the most relevant examples in this sense is the rhetoric of the European Union, whose stated aims and values fail to match the reality of the power relations between the core-nations and the newly admitted members. As we have shown above, the protectionist policies and the economic and political pressure exerted from the center, basically through the mechanism of funding for regional development, leads to the surrender of the national independence and identity of the margin-members.

Thus, the discriminating policies that underlie the economic and political relations between the West and the East of the EU are in complete dissonance with the aims and values of European rhetoric, being characteristic of a colonization process, rather than of genuine integration (cf. Kaminski, 2000, p.311).

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