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# The peripheral condition under new capitalism

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## Abstract

Within the framework of Latin American post-war structuralism, the global economy was the grounds of antagonism between a central (industrialized) pole and the periphery (providers of primary goods). This paper argues that addressing the specific way this antagonism is reproduced in the historical conditions of new capitalism requires considering the emergence of a chain-shaped structural logic, which differentiates activities of knowledge creation from those of knowledge reproduction within distinct productive sectors. This chain logic does not challenge the concept of structure, in terms of a sectoral differentiation in post-war capitalist production, but rather imposes it as a dominant norm.

**Keywords:** Latin America; center-periphery; new capitalism; spaces of accumulation; structural logic.

## 1. INTRODUCTION

The categories of "Center" and "periphery" have a fundamental part in post-war development theory and especially in Latin American structuralism. They form a part of a more general conception geared towards rethinking the specific nature of countries which were advancing in "lagging" industrialization processes, all within the framework of a historical change in leadership in the world economy's leadership, from England to the United States. The rejection of the conventional economic model (and its claim to be of universal validity) and the contradictions of Latin American post-war industrialization were an early source of reflection on the very nature of the peripheral condition, as well as the inherent antagonisms in the world economic system (Prebisch, 1963; Hirschman, 1987; Rodríguez, 1977).

The Latin American industrialization crisis in the 1970s can be interpreted not only in terms of its internal contradictions, but also as the effect of a discontinuity in the historic dynamics of global capitalism. The explanations are not necessarily contradictory. But from this crisis arose not merely a renewed conception on how to advance towards new roads to structural change, but rather an anti-structuralist consensus: the idea that there is no other possible logic for economic development than that which is defined in terms of passively adapting to the desires of the world market. The center – periphery is thereby abolished in the name of a single model of neoliberal globalization.

In answer to this dominating vision and the consequences it implied for the development of Latin American countries, the perspective of structural change presented itself in the last few years of the discourse of economists which declared themselves the heirs of the post-war structuralist perspective (CEPAL, 2012; Ocampo, 2011; Cimoli *et al.*, 2005). But this neo-structuralist revival generally tends to subscribe to the perspective where the center – periphery antagonism is displaced, or attenuated, in favor of a discourse which emphasizes consensus and cooperation (Leiva, 2008; Sztulwark, 2005).

This work, on the other hand, assumes that the center – periphery antagonism constitutes a fundamental element when thinking about the challenges facing Latin American development. The conditions for its validity can nevertheless not be limited to just understanding the new historical global framework which gives it context, but rather they should include a revision of their own conceptual foundations in which the center – periphery dynamic was conceived in the post-war period.

Here we present a reflection on the nature of the peripheral condition in new capitalism,<sup>1</sup> based on the following theoretical methodological premises: 1) "center" and "periphery" are spaces of accumulation structurally differentiated; 2) this differentiation is created around the position that each of them occupies within a given structural logic, understanding it as a specific sequence in which productive activities with different accumulation potentials are carried out; 3) this structural logic has historically been transformed as part of a broader change in the dynamics of capitalism at a global level; 4) the modality of changing from one structural logic to another is produced in the form of a "break," of a discontinuity in their relationship with the pre-existing logic.

With this foundation, this work affirms that the structural logic of new capitalism is shaped like a chain<sup>2</sup> which differentiates within the different productive sectors between knowledge creation or reproduction. This chain-shaped logic does not contest the idea of structure in regards to post-war capitalism's own sectoral differentiation of production, but rather imposes itself as a dominating norm.

In section 2 of this work, we establish some conceptual details with regards to the relationship between spaces of accumulation structural logic. In the third section, we will offer an analytical approach to the structural logic of post-war capitalism and how it creates the opposition between the center and

periphery. In section 4 we propose a new characterization of fundamental traits in structural logic of new capitalism and, as such, the founding of a new structural dynamic in which the nature of the peripheral condition is redefined. Finally, in section 5, we will present our conclusions.

## 2. STRUCTURAL LOGIC AND SPACES OF ACCUMULATION

From a structuralist point of view, the terms "center" and "periphery" refer to a place in the world's productive capital structure. Spaces of accumulation differentiated according to their function in that structure dynamic. The center dominates the productive activities with greater accumulative potential, that is, those in which complex work predominates. The relationship between the degree of productive complexity and effective accumulation is not lineal. It is measured by the presence barriers to entry which regulate the conversion of productive knowledge into income from innovation (Rullani, 2000; Teece, 1986). Conversely, the periphery, lacking the productive capabilities necessary to challenge the core of the global productive dynamics, specializes in activities in which the potential for accumulation is lesser, that is, those based on simple labor.<sup>3</sup>

The productive variable as the fundamental manifestation of the center – periphery differentiation should not be confused with technological reductionism. Effectively, the development of advanced productive capabilities is inseparable from the process of constructing power and, as such, from the grab for the world hegemony, a phenomenon which is multi-causal in nature and in which many military-political factors play a part, as do financial, cultural, and technological ones in a broader sense (Arrighi and Silver, 2001; Sassen, 2010).

Upon analyzing the conditions in which the center – periphery relationship is created, some conceptual problems persist. Considering the core problem which this work aims to tackle, we must ask ourselves the following questions: "How can we represent the relationship between simple and complex labor in the world's productive structure?" and "Into which categories can we place the activities which have a high potential of accumulation from others which hold a more limited potential?" In Latin American post-war structuralism, this aspect was implicit in the *period's industrialization ideal* but it lacked a more specific category to place it in and which would be capable of differentiating the theoretical dimension of the problem from its concrete historical content.

This work proposes to fill this vacuum with the category of "structural logic," thereby indicating in a concrete manner how in a given historical period heterogeneity is represented in the accumulation potential present in the activities which make up the global productive capital structure. In other words, how we define the sequence which gives order to the activities in the world economy according to the level of complexity of labor which each of them requires. From this point of view the spaces of accumulation are defined (and differentiated by) in relation to their placement with regards to a given structural logic which changes throughout history. Therefore, an understanding of the historic nature of space of accumulation is always subject to the modality of a break which comes about as a result of the rupture in the then valid structural logic, a process which cannot be analyzed if not within the framework of a more general change in the world's capitalism.<sup>4</sup>

From this point of view, the analytical distinction between "structural change" and "change in structure" gains meaning. Structural change, a standard reference point of the post-war structuralist approach also means a change in position in the world's productive structure which reigns a specific point of history. The concept refers to the internal productive transformation of a specific territory which allows it to construct a path from peripheral functions to central functions through a specific structural logic which, at least in a given moment in history, remains valid. Therefore, the concept of structural change does not just indicate a destination (the "central position"), it expresses the heading of a process of change: the dominance of a growing productive complexity. Meanwhile, a structural change implies modifying the very dominating structure logic and, as such, of the concrete productive conditions which define the spaces of the structure.

Based on these theoretical foundations, we will next present an approach to the basic elements of change in the global capitalism's structural logic with the purpose of taking on, in a preliminary fashion, the defining traits which make up the peripheral condition in this new stage of history.

## 3. STRUCTURAL LOGIC OF POSTWAR CAPITALISM

Our starting point is, therefore, the definition of post-war capitalism's structural logic, which represents a mature stage in industrial capitalism in its Ford-Keynesian phase and is the historical framework in which the classic period of Latin American structuralism unfolds.

The sequence expresses the structural logic of this point in history, which is to say the axis around which productive activities orient themselves according to their potential for accumulation and can be represented by a series of movements in the analytical plane: first and foremost is that which goes from primary goods to industrial goods and which expresses the very idea of industrialization as a synonym of economic development. But this first part of the sequence does not solve the problem. Industrialization can be "deepened" in the sense that as it progresses towards more capital intensive fields which require a greater scale of production as well as greater access to a larger market. This shift implies passing from consumer goods to production goods. Nevertheless, the step does not complete the sequence, as within the category of consumer goods, one can establish the presence of a growing accumulation potential which goes from nondurable goods to durable goods; and likewise in the area of production goods, the deepening implies going from intermediate goods to capital goods, which make up the final destination for the entire sequence.

In short, the complete sequence has four stages, each of which indicates a growing degree of accumulation potential: 1) from primary goods (BP)<sup>5</sup> to industrial goods (BI); 2) from consumable industrial goods (BC) to production goods (BP); 3) from nondurable goods (ND) to durable consumer goods (D); 4) from intermediate goods (Bint) to capital goods (BdeK). We can thereby describe the *post-war capitalism's structural logic* (L1) in the following manner:

$$L1 = BP \rightarrow BI [BC (ND \rightarrow D) \rightarrow BP (Bint \rightarrow BdeK)]$$

Two quotes can be of use in illustrating how structural logic is implicit in the age's industrialization ideal. The first is from Surenda J. Patel, ex-director of the United Nations Conference on Trade and Development (UNCTAD):

This last century was characterized by important changes in the structure of product. Here we can highlight two of these changes: investment of agriculture's and industry's shares of the total product, and a similar investment in the share of consumer goods and production goods in the industrial product. These two investments can be considered as the laws of economic dynamics in structural transformation (Patel, 1987, p. 9).

The second quote belongs to Raúl Prebisch, one of the primary figures in Latin American post-war structuralism, who, when talking about the failings of Latin American industrialization in the late 1950s and early 1960s, states:

It is clear that this process (at least in the more advanced peripheral countries) has almost completely exhausted the possibilities of import substitution in the internal market of nondurable goods. As a result, it was necessary to initiate forms of industrialization which were more difficult and complex: intermediate, capital, and durable consumer goods required by larger markets (Prebisch, 1987, p. 348).

In order to understand the structural conditions in which this logic reigned, we need to take into consideration certain fundamental properties of the then current world productive capital dynamics of the Fordist-Keynesian period. In summary, these properties were:

- a) The presence of a relatively long technological life cycle with a low level of product differentiation. During Fordism, Corsani explains (2003, p. 17), "valorization essentially depended on the control exerted by the time of reproducing standardized goods made with mechanical technologies." The core of this process of innovation was geared towards adopting technology incorporated in fixed capital (machines as a basic vehicle for the spread of technology) and in imposing discipline on a labor force with few qualifications (Rullani, 2000). The most important role was to be found in process innovations, geared toward improvements in methods of production used in the labor process and the advances which arose due to the so-called "scientific" organization of labor work (Míguez, 2008).
- b) The services considered as "productive" were those with a specific function in the process of producing goods (field directly under the influence of L1). These were the transportation and distribution services which fulfilled a basic function, albeit outside of the production process: taking workers to the factory and to their homes and the products from the factory to the market. The rest of services, particularly those found in the field of cultural reproduction, could have a social value, but were not a direct function of L1.
- c) A highly vertical integration of production which in turn corresponded to an economic regulatory institutional framework focused on the national scale. The process of internationalizing capital and the composition of a world market were not incompatible with the existence of a production model active on the international landscape (Dicken, 2003). That which is specific to the post-war period was the landscape of the Cold War and the United States' technological and military hegemony, which play a leading role in the structuring of a new international regulatory framework based on the Bretton Woods Agreement (Stiglitz, 2003).

Starting with the premise that the spaces of accumulation "center" and "periphery" are differentiated in this period by their function in the deployment of L1 on the world stage, one can continue on along these lines with the structuralist proposal which states that while the center presents a homogeneous and diversified productive structure, the periphery will have a heterogeneous and specialized structure<sup>6</sup> (Rodríguez, 1977). Taking this as a starting point, one can find the basic dimensions of the structure: i) the degree of sectorial extensiveness which refers to the level of productive diversification and ii) the degree of complexity of the productive process, understood as the distance from the forefront of world productivity in a given moment in history.

The center represents the dominant space of the system and, as such, commands the dynamics of the structure. This means that 1) it has enough key productive capabilities to reach and dominate the complete range of products defined in L1, but above all those which have a greater potential for accumulation; and 2) that in all of these it has the highest productive potential at that period of time (it is at the forefront of world productivity). In this sense, the structure of the center can be defined as diverse and homogenous.

The periphery, on the other hand, assumes a subordinate role which is expressed as a double impossibility: in order to advance in the range of more complex products (the lack of depth in industrialization), as well as to reach the levels of productivity of the center, with the exception of a group primary and basic industrial goods for export. From these characteristics, the productive structure of the periphery assumes a specialized nature (with a low level of diversification) and heterogeneous (in its the levels of productivity), with regards to the standards set by the center as the central norm for the age.

The dynamic of the structure is in turn, subject to relative positional changes, which are not changes in structure but rather the variations within one structural logic. They are advances and setbacks within the same structural logic. As such, a peripheral country can broaden the degree of sectorial extensiveness of its internal structure by deepening the industrialization towards durable or production goods; or creating variations of productivity which lead to the reduction or broadening of the gap between it and the center as changes arise on both sides of their relationship. These movements generate an incessant process of differentiation in the peripheral pole of the structure. This can be verified, for example, in the different post-war industrialization patterns in East Asia and Latin America (Fajnzylber, 1983; Amsden, 2004; Fernández, 2016).

From a geographical point of view, the deployment of this structural logic was parallel to the consolidation of the North Atlantic region (Northwestern Europe and the United States, with a focus on the East Coast) as an area in which we found gathered the most advanced aspects of industrial production in the age, or in other words, the intermediate goods with widespread use (such as the petrochemical industry), durable consumer goods with high complexity (the most iconic case being the automotive industry), and capital goods ("machines which make machines", the central core of L1).

This post-war structural logic found in the late 1960s and early 1970s defined limits by its deployment and workings. This is not the place to argue at length the reasons for this process only that, in order to not avoid a strong aspect of the argument, one can say that this was related to a great crisis of legitimacy on one hand, and profitability in the countries found in the center on the other. The principle causes, though not the only ones, were: 1) a growing, dynamic in salaries and taxes associated with the strength of unions in the period and maintaining the welfare state; 2) a growing level of explicit social conflict, above all, the rejection of industrial labor on behalf of the workers in the center; 3) a saturated pattern of consumption of standardized goods and a growing instability in demand, and 4) a crisis in the model of innovation, in which only a small fraction of the labor force — that directly linked with the areas of "conception" — were charged with increasing the productivity of a large mass of workers which had a passive role in this process in the form of taking on the task of execution (Coriat, 1991; Gorz, 1998; Vercellone, 2011; Piore and Sabel, 1984).

#### 4. STRUCTURAL LOGIC OF NEW CAPITALISM

In the late 1960s and early 1970s, the largest countries of Latin America, such as Brazil, Mexico, and Argentina in spite of internal inconsistencies, advanced towards deepening their industrialization process (Hirschman, 1968; Kosacoff, 1998). Nevertheless, as stated by Fajnzylber (1983), their desire for a change in position in the world economic structure was left "short", not only due to internal contradictions created by this process, but also by the presence of a change in the world economic structure. The attempt to change their position was superimposed with changes in that same structure.

What we maintain in this work is that the emergence of the structural logic of new capitalism represents a break with the past, not a change in the techno-economic paradigm (information revolution and networked organization) in the same post-war industrial logic. It is a rupture or break in industrial conditions in which these technological changes ("digitalization") and organizational ("decentralization") are deployed.<sup>7</sup> The problem is how to understand the nature of this break. What it means to pass from one logic to another.

A new logic is established. Its starting point is the impossibility of the dominating pole to continue, reproducing its function as the center based on the criteria which mandated the post-war structural logic. New temporal and spatial factors in accumulation started to emerge as a response to this crisis. The world economic structure was reconfigured in the shape of a global chain: a series of stages in the productive process would find themselves divided into activities which have a differentiated nature, when looked at with a focus on the degree of complexity of labor involved, but which are carried out, by the strength of planning by a leading company.<sup>8</sup>

The distinction between activities of production and innovation can be a useful tool in understanding the nature of this chain shape from a perspective of economic understanding. According to Bell and Albu (1999) and Bell and Pavitt (1995), these capabilities are linked with the replication and circulation of established knowledge within the production system with the potential of expanding the productive capacity using given production methods. On the other hand, the development of innovation capabilities has at its core, the acquisition, creation, processing, and the creation of new knowledge. Innovation and production are intertwined aspects of the valorization process. The analytic distinction nevertheless points towards a differentiation of the productive stages dominated by the tasks of introducing new knowledge from those primarily geared towards reproducing existing knowledge (Altenburg *et al.*, 2008).

The nature of the break, in this sense, refers to the uniquely new method in which production activities are chained with innovation activities. Here we will present as a basic reference point, a simple chain model<sup>9</sup> and the characterization which underlies it in terms of the knowledge economy:

##### Conception Stage → Production Stage → Commercialization Stage

The conception stage consists of developing new productive techniques and designing products. It is an activity distinctly about innovation, the production of new knowledge, supporting itself on an exponential increase in computational and data processing power which comes from the spread of information technology (UNCTAD, 2017), but it is not limited to just this. The labor of conception has a "creative" character whose primary function is to provide "extra" meaning with regards to accumulating existing information. In turn, the space in which that process of knowledge production is carried out cannot be limited to what happens within the boundaries of a given company (Dieuaide *et al.*, 2007). Rather, it is a case of a link between the educational and research system in a given territory and a heterogeneous enmeshment businesses. The power of the labor carried out in this stage depends on the degree of complexity of the knowledge system upon which it supports itself.<sup>10</sup> Just like the ability of the business to exploit knowledge created within this framework. The means for monopolizing knowledge are varied and many and find in patents a fundamental means for appropriation.

In the stage of production, the adoption of designs and techniques developed in the previous stage is carried out as is the task of production itself, which includes the reproduction, capture, or extraction of natural resources, in the case of primary goods; the physical transformation of raw materials and the assemblage of parts and components in industrial goods; and the provision in the case of services.<sup>11</sup> The productive power of this stage is found completely linked to the ability to efficiently reproduce pre-existing knowledge. This efficiency in turn must be understood as a relationship

between physical productivity and the cost of labor involved, which is to say, as a minimization of the unit cost of production of a good or service. In this case the adoption rate of more advanced techniques and dominating designs plays a key role in the process of competition, given that it brings to the forefront barriers to entry which are technological or institutional in nature as they regulate the spread of knowledge at an international level (Amsden, 1989).

Commercialization is the last stage of the chain. Beyond the fact that it involves a series of relatively simple tasks, we find in this stage the deployment of a function which can be decisive in whether a product fails or succeeds in the market. We are talking about the function of communication between the business and the consumer, and as such the creation of a dialogue about the subjective effect that the consumption of a specific good provides. Its efficacy depends on creating an archetype capable of steering the consumer's desire and not just their interest. It is a case of an intense activity of innovation as its focus is the creation of new knowledge, albeit of a different type than that created in the stage of conception. The strength of the labor in this stage should be sought, not in the realm of science and technology nor in educational and research institutes, but rather in the logics which serve to bestow upon a specific merchandise an "aura" and which imply setting to work the linguistic machinery geared to work on the consumer's subjectivity. The logic of this model must be sought out in the cultural industry itself (Lash and Urry, 1998; Power and Scott, 2004; Bocock, 1993; Lazzarato, 2006).

This chain model is not universal, though it dominates in the primary industries of New Capitalism. Its fundamental properties are:

- a) Shortening the lifecycle of technology and a growing differentiation of the product. According to Corsani (2003), this situation refers to a passing from a "reproduction system" in which valorization depends above all on the dominating effect of time on the reproduction of standardized merchandise to an "invention system" in which the valorization process rests upon the time required for creating new knowledge. This implies, Vercellone (2011) states, that it is therefore ever further behind the sphere of paid labor and the commercial world, in society, and in particular in the systems of education and research, where one can find the key to productivity and development of social wealth. These conditions pose new conflicts at the level of appropriation of innovative income by exercising ownership over intellectual creations.
- b) A segmentation between intense activities of innovation (creating new knowledge) and intense activities in production (reproducing pre-existing knowledge).<sup>12</sup> This segmentation implies that the adopting businesses will find themselves gradually stripped of the ability to create their own production techniques (Levín, 1997).
- c) Decentralization of production, but centralization of command; the introduction of new actors belonging to peripheral spaces of accumulation into the stage of production does not imply a deconcentration of power within global chains. In fact, the leading companies will find themselves obliged to assume governing functions (*governance*) in the chain. For the separation between innovation and production holds a very high risk for the subcontracting business: that the subcontracted company not meet the established productive standards (quality or delivery times, for example). In this regard, commanding the chain implies that the leading business, if it wants to guarantee its standards for the product, cannot wash its hands of subordinate stages of the chain and must, as such, assume functions of control and penalization, in case the subcontractor defaults on its duties, and of technical assistance, for the development of their suppliers (Kaplinsky, 2000; Humphrey and Schmitz, 2000; Sassen, 1999).
- d) The rise of a new private and global form of government for production brings to the fore the presence of new methods for regulating global accumulation, which present new challenges for exercising sovereignty in the public sphere, as well as the national, center for the regulation of post-war industrial capitalism. In turn, the strategies of multinational companies are carried out with worldwide political networks in the construction of new methods for financial, commercial, intellectual property, environmental standard regulations, among others, which give shape to global institutional system with an undeniable bias for the center – periphery (Sassen, 2007; Ramírez and Sztulwark, 2018).

Then, how to consider the structural logic of new capitalism based on the emergence of this chain-shaped structure? One option would be to pose that this break or rupture creates a *tabula rasa* – clearing away any prior logic. In this regard, one can say that the growing potential of accumulation could take on the form of the following sequence: from the peripheral function of adopting (pre-existing) productive designs and techniques to the central function of developing these dominating techniques and designs. When we add the term "dominating" we are including the stage of commercialization, without which there would be no process of dominion of the consumer's subjectivity, at least not as a structural phenomenon. Cognitive division of labor can be expressed in the following manner: as passing from the activities of reproducing pre-existing knowledge (using and adapting the knowledge) to the creation of new knowledge (leading global innovation).<sup>13</sup>

But the structural logic of new capitalism cannot establish itself as a *tabula rasa* in relation to post-war capitalism. The nature of the break is not that. The structural differences in sectorial specialization do not just disappear. The potential for accumulation continues to be heterogeneous with respect to the sectorial structure of production. But this heterogeneity is split by the chain shape. Therefore, forming part of a leading global sector does not imply taking on central functions, as is the case of a peripheral worker who carries out simple tasks in a high-tech industry.

The central idea to consider is that L1 is therefore for post-war capitalism's structural logic, which defines itself according to classifying the degree of complexity of the different goods producing sectors, still valid but no longer a dominating norm. Effectively, L1 is split by a new logic which cuts inside different sectors (though not all), the activities of creating and reproducing knowledge. This is the break. It is a division which imposes itself on top of previous logic without doing away with it. As a result, we can write new capitalism structural logic (L2) in the following fashion:

$$L2 = L1 / (A \rightarrow D)$$



That is to say that with new capitalism a structure with the shape of a chain, which is expressed as a sequence of growing accumulation based on passing from one function, that of the adopter (A), to the other of developer (D) of productive techniques and designs set up as dominating by a business discourse, is imposed on the structural logic of post-war capitalism, thereby splitting it.

The structural change in new capitalism is therefore a change of position in the structure as in  $A \rightarrow D$  in sectors with the growing potential of accumulation. In turn, it is worth considering to what degree L1 sees itself changed (or unchanged) when permeated by the structural logic of new capitalism. The fundamental changes to be taken into consideration are:

- a) A re-valorization of consumer goods in relation to production goods stemming from a growing importance placed on aesthetics and communication (Jameson, 1991);
- b) A more complete integration of services in structural logic, based on a greater innovative potential in services such as financial, logistical, content distribution, IT, and specialized technical support, among others, such as those geared towards mass consumption which tend to take form as commercial franchising chains with a global deployment (Low, 2013).
- c) A process of decommoditizing primary goods, based on growing product differentiation, be it due to advances of genetic design of living materials, certifying the point of origin, or defining characteristics of the productive process, as are the cases of "organic" or "fair trade", among others (Kaplinsky and Fitter, 2004; Sztulwark and Girard, 2016).

One thing, which stands out and persists is that in some branches of the manufacturing industry it is still not possible to separate, at least not completely, the stages of conception and execution. The presence of complex engineering acts as a barrier to reaching the degree of codification necessary to allow separating the learning processes from those of the product (Pisano and Shih, 2012). In turn, activities in which engineering itself poses a greater barrier to entry can act as a complementary asset with which to appropriate the income which arises from product innovation (Teece, 1986). In this regard, metalworking represents one case where a prior logic is not so easily assimilated by the dominating logic of new capitalism, a point resisting this break.

The peripheral condition takes on new meaning within this framework. If in the innovation intensive activities, one can verify the process of raising barriers to entry, derived from developing knowledge systems of growing complexity and the concentration of the ability to economically exploit knowledge at a global scale, the same does not happen in the production-intensive stages, where one experiences a broadening of their global offering, based on the introduction of new players (Altenburg *et al.*, 2008). As such, the innovation intensive activities, such as developing productive techniques and creating dominating designs, take on *central functions* in the new structure. Production intensive activities, the role of "adopter," take on a peripheral role in the structure's dynamics.

In geographical terms, the change structure implies a displacement of the center in the world economy from the Atlantic to the Pacific (the West Coast of the United States and East Asia). This region, nevertheless, is not a unified command space for the world economy. On the contrary, it is subject to the same segmentation of the global structure in chain shape. On one side, we have the West Coast of the United States with the greatest symbols of technological and cultural innovation (Silicon Valley and Hollywood along with the new digital platforms for content providers, respectively). On the other side, we have the East Coast of Asia with China as the largest player in which we find gathered the greatest capacities for production in the world. The Asian model allows for an internal differentiation, between those countries which only dominate the production stage and the others which have realized significant advances in regards to second-generation innovation, which is creating new but complementary developments to the base innovation (Breznitz and Murphree, 2011; Rivera, Ríos, 2016).

## 5. CONCLUSIONS

In this work, we presented the idea that to think of the current peripheral condition, it was necessary to consider the presence of a historical break in the dynamics of capitalism with regards to the global system. The crux of the problem is that the form of the path to structural change to which post-war industrialization's ideal is subscribed could possibly not be appropriate for understanding the current structural conditions in contemporary capitalism and, as such, for tackling the factors which explain the positioning of countries within the global economy.

The category of "structural logic" proposed in this work points to identifying how, based on this historical break, a change was created in the sequence which carries out the different productive activities, according to their potential for accumulation. This transformation demands a new understanding of how within the global economy the relationship between simple and complex labor is structured. In this paper, we proposed as an exploratory approach that the fundamental core of this dynamic is made up of the chain-shape, an organizational tool which articulates in a uniquely new manner, the activities of creating with those of knowledge reproduction.

With this basis, we advanced with the distinction between post-war structural logic and that which rules in the conditions of contemporary capitalism. In the first case, the logic can be presented as a process of sectorial differentiation which goes from primary to industrial and which deepens towards production, durable, and capital goods. The second case refers to passing from an adopting function to one of developing productive techniques and designs meant to dominate by the business discourse. This new logic does not negate the idea of structure with regards to the sectorial differentiation of production belonging to post-war capitalism, but it does not impose itself as a dominating norm.

As such, the relevance of this analysis resides in prompting a critical revision of whether there is consistency between the strategy of structural change and the world economic structure or the structure of the world economy. Its basic implication, as can be seen, is the fact that conceiving a structural change built around post-war structural logic implies heading down a path which leads to a place which no longer exists within the structure.

As such, considering the peripheral condition in new capitalism demands something more than adapting pre-existing concepts to current historical conditions. We must think of something new: the nature of a break. The post-war Latin American structuralism was a pioneer in the task of learning to read the conditions of the structure of its age and made of that knowledge a school of thought. That effort was systematically abandoned. Retaking this task, facing the incessant changes in global capitalism demands doubling down on a research program capable of producing new literature where needed.

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<sup>1</sup> The idea that "new capitalism" alludes to an internal transformation in the mode of capitalist production, which has as a fundamental trait the passing from a "reproduction system," in which valorization depends above all on the hold time has on the reproduction of standardized goods, to an "invention system," in which the valorization system rests upon the time required for creating new knowledge (Corsani, 2003). The novel nature of the current stage resides as such in a uniquely new way of linking knowledge creation with value production.

<sup>2</sup> A chain is a group of things (e.g. metal rings) linked together in series. In terms of production it refers to a series of vertically disintegrated activities which are nevertheless linked by a governing structure (Gereffi et al., 2005; Kaplinsky, 2000).

<sup>3</sup> The presence of land income as an extra source of accumulation is compatible with the peripheral function in the world economy.

<sup>4</sup> Within the different stances on how to identify the different periods of capitalism (Dabat, 2006; Perez, 2002), this work supports itself with the concept of Historical System of Accumulation with regards to the internal transformation of the capitalist production method, which alludes to "the association between the method of production and a lot of accumulation which in the long term orient the tendencies of evaluating the valorization of capital, division of labor and fundamental cultural reproduction (Dieuaide et al., p. 74). See also Vercellone (2011) and Moulner-Boutang (2004).

<sup>5</sup> The abbreviations come from the Spanish: BP=Bienes Primarios, BI=Bienes Industriales, BC=Bienes Industriales de Producción, ND=Bienes No Durables de Consumo, D=Bienes de consumo Durables, BInt=Bienes Intermedios, BdeK=Bienes de Capital

<sup>6</sup> Strictly speaking, both the center and the periphery have productive substructures which together make up the structure of the world economy.

<sup>7</sup> For the techno-economic paradigm, see Freeman and Pérez (1998); for digitalization and networks, see UNCTAD (2017) and Castells (1999).

<sup>8</sup> It is important to distinguish between the global chain as a historical phenomenon and that which specialized literature recognizes as the global value chain approach by authors such as Gereffi (1996), Kaplinsky (2000), Humphrey and Schmitz (2000) or Dicken (2003), among others. Considering the historical phenomenon of global chains does not imply agreeing with the normative framework which arises from that approach. For more, see Trevignani and Fernández (2017).

<sup>9</sup> For a presentation on different chain models, see Gereffi et al. (2005).

<sup>10</sup> For an analysis of the innovation system from the point of view focusing on complexity, see Robert and Yoguel (2010).

<sup>11</sup> The conception of a service can be separated from its execution (the so-called provision of said service). It is what happens, for example, in a good part of mass consumer service chains in which this fragmentation manifests in terms of a franchisor (conception) and franchisee (execution).

<sup>12</sup> This process of productive segmentation is simultaneously a process of social fragmentation, spatial separation (at a global scale) of qualified workers from those unqualified and, as such, of the organizational unit of workers which until then had found themselves integrated in the same national space (Sassen, 1999).

<sup>13</sup> A simplification of this tendency could be considered upon differentiating first from second generation innovations (Breznitz and Murphree, 2011). In the first case, we refer to the innovation of products which are radically new; in the second, to the development of new attributes of products which already exist or incremental improvements in the process.