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Crisis and geography: Some observations on peripheral Europe¹

Abstract

With a focus on the role of geographical factors in economic performance, the main research question of this study is as follows: given that the ongoing crisis in Europe in general and within the Eurozone in particular is felt much strongly in peripheral areas, how and to what extent might geography be relevant to this process? The answer to this question will be searched through historical-comparative approach, focusing on the turning points in the evolution of Europe's economic and political geography, with particular regard to the key concepts such as "core-periphery dichotomy", "centres of gravity" and "isolation". Departing from these concepts, it will be argued that the structural factors, which contribute to the high vulnerability of certain countries towards crisis, are essentially geographical. However, the role of geography and the patterns of peripherality differ from one country to another, as will be demonstrated by means of a particular focus on the case of Greece.

Keywords: European geo-economics, European geopolitics, core-periphery dichotomy, centrality, isolation, balkanization, crisis.

JEL Classification: F59, N9, R12.

Introduction

As the title reflects, the main purpose of this study is to draw attention to the relevance of geography to the ongoing crisis in Europe in general and within the Eurozone in particular. The question which we will try to answer is as fol-

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lows: Given the fact that the crisis is felt much strongly in peripheral areas/countries, what is the role of geo-economic/geopolitical factors in the structural differences between the central and peripheral areas of continental Europe? As this question implies, while the essential context of the research is determined by the disciplines of geo-economics and geo-politics, we will try to address this question by drawing on historical-comparative methodology. Historical part of the methodology will involve a diachronic approach on a time span stretching from antiquity to the recent past, focusing on the turning points in the evolution of European geopolitics and geo-economics. Key concepts, which will be referred to at this stage will include “core-periphery dichotomy”, “hubs”, “centres of gravity”, “centrality” and “isolation”. With this approach, it is intended to investigate the *structural* factors which lay at the very basis of peripherality. Needless to say, these involve the geographic characteristics of peripheral countries, which hardly change over time. This methodological framework brings about a few secondary questions originating from the aforementioned main research question, which are as follows: is the well-known discourse of “north-south divide” relevant and applicable to the European integration and can it correspond to the core-periphery distinction in the continental Europe?; or does the core-periphery dichotomy in Europe has a much more complex geo-political and geo-economical background?; how do the patterns of peripherality of certain countries such as Ireland, Portugal and especially Greece converge and differ?

Possible answers to these questions will be searched by means of two main reference points: firstly, the core-periphery dichotomy and its wider implications for European geo-economics and geopolitics; secondly, the so-called “faultlines in Europe”. By “faultlines”, we mean the geopolitical, geo-economical and geo-cultural factors of dichotom(y/ies), which can all be traced at geographical level, on the north-south, east-west and southeast-northwest axes.

In so doing, we will try to assess the role of geography in the crisis, and try to ascertain whether geography can be regarded as an underlying structural factor in the crisis-stricken peripheral areas. The analysis will focus on the case of Greece in particular, as it differs in many respects from other peripheral countries in Europe. As will be seen below, while referring to the core-periphery dichotomy, some studies do imply the role of geography in an implicit and indirect way. Nevertheless, analyses focusing directly on the role of geography seem to be quite scarce. Therefore, the analysis here will focus on the geo-economic and geopolitical dynamics that might be interfering with the overall economic performance. For this purpose, firstly the so-called core-periphery dichotomy and the concept of “centrality” will be re-visited, in order to set up the conceptual framework of the analysis attempted in this paper. Then, the so-called faultlines

in Europe will be reviewed, in order to ground the arguments on geo-economic and geopolitical factors lying behind the core-periphery dichotomy. At this stage, particularities of Greece will also be clarified. Then, the case of Greece will be visited in more detail; trying to explain the way factors stemming from economic and political geography influence this country's economic performance. In the end, it will be argued that in the process peripheralization, political and economic balkanization is more decisive than the conventional arguments on core-periphery dichotomy, but in all cases, geography seems highly relevant.

1. Core-periphery dichotomy and centrality

In case of a country or a region, and especially as far as an empirical study is concerned, identifying the core and periphery areas is a challenge in itself [Maseland 2014, p. 1164]. The criteria of centrality to distinguish cores from peripheries might differ or converge over time [Maseland 2014, pp. 1164-1165], complicating the core-periphery patterns in a given area. This is especially the case on relatively smaller scales such as a country or a region. Whereas on the global scale, a world map showing the GDP density per capita, average number of flights per day or a list of world's busiest container ports would clearly indicate both the current situation and future direction of core-periphery interplay. Among others, these types of criteria facilitate empirical studies as well, which focus on patterns of centrality on the global scale [see for instance: Grether, Mathys 2010; Quah 2011]. Although we do not dispose of such clear data on the past centuries of global economy, any account on the economic history of the Old World would reflect the formation and evolution of cores and peripheries throughout history. Today, on the one hand world's core area, including parts of Europe seems to shift towards Southeast Asia [Grether, Mathys 2010; Quah 2011]; on the other hand core-periphery patterns within Europe, inherited from previous centuries, persist. In fact, European integration seems to have played a positive role in the mobilization of regional dynamics, paving the way for inter-regional networks and cross-border collaboration [Bellini, Hilpert 2013a]. This process might suggest convergence among regions and lead to an eventual elimination of regional disparities in the long run. But on the other hand, as shown by Maseland [2014], the gap between metropolitan core areas and peripheral regions seems to persist – if not increase. This is the case even in Germany [Maseland 2014], let alone the underperforming economies of Europe. Thus, differing levels of analyses focusing on different aspects or areas yield different results, reflecting the complexity of the issue. Therefore, without regard to whether cores and peripheries converge or diverge, we will focus on peripherality as a giv-

en situation and try to analyze it in historical-comparative perspective. But we still need to clarify what we mean here by core-periphery dichotomy, identifying it within the context of this study.

Referred to as a “relational pair” by I. Wallerstein, “core-periphery” dichotomy was originally developed by R. Prebisch as “a description of the axial division of labour of the world-economy” [Wallerstein 2006, pp. 28, 93], and further elaborated by Wallerstein himself in the same direction. Accordingly, international economic system is perceived as one of industrial centre and agrarian periphery, in which the former dominates the latter, eventually leading to unequal exchange between core and periphery [Love 1980, p. 45]. Core areas are marked by higher-skill, capital-intensive production, strong state mechanisms and they appropriate much of the surplus of the whole “world-economy” [Wallerstein 1974b, p. 401]. Peripheral countries are characterized by low-skill, labor-intensive production, transfer of raw materials to core countries and weak political structures. Between these two are the semi-peripheral regions functioning as buffer zones [Wallerstein 1974a, pp. 349-350; Wallerstein 2006, p. 29].

According to this reading of the world’s economic history, from the early modern period onwards, Northwest Europe has emerged as the core, while Eastern Europe, Americas and parts of Asia have formed the peripheral areas. As for the southern extremities of Europe, referred to as “Mediterranean Europe”, this area was classified by Wallerstein as semi-periphery [1974b, pp. 400-401]. It is in relation to this theoretical background that the term “Southern Europe”, including also the southeastern part of the continent, connotes the less developed part of the EU, rather than being a mere geographical term [Koliopoulos, Veremis 2010, p. 202].

In theoretical terms, falling under the category of structuralism [Brown 1997, pp. 56-57, 188-189, 200], these arguments are based mainly on the dynamics of production and labor relations between core and periphery of world’s economy. Although hierarchical division of labor was based on a rough classification of geographically distinct parts [Wallerstein 1974a, p. 350], the concepts of core and periphery represent the *spatial setting* of these relations, rather than pure geographical categories [Wallerstein 1974a, p. 349].

Whereas, despite the use of the same concepts – and without questioning the main premises of these arguments – our main concern here is to rather focus on the geography itself. The same difference of approach applies to the use of the term “structural” within the context of this study. Without losing the sight of what meant and suggested by structuralists, by “structural” we mean here the most fundamental “sub-” or “infrastructure”, characterized by physical geography and topography, such as positioning of mountains, rivers, insularity, isolation, etc.

Accordingly, we will try to bring into focus the most essential and concrete geographical factors, which play part in the formation of central and peripheral

areas, asking the following questions: what makes the core core? What makes the periphery periphery? When we say periphery, do we mean something categorical or something which can change over time? Are certain corners of the world condemned to remain “peripheral” by geography?

In the light of the world system approach and core-periphery dichotomy based on labor relations, these questions might seem irrelevant, if not unfounded. However, in line with the purpose of this study, namely to question the role and place of geography in economic performance, a brief and closer investigation of the deeply-rooted geographical factors seems promising.

With a quite fundamental approach, one can argue that the basic determinants of economic geography are water and land. Almost all of the physical geographical factors that form the very basis of human – and thus – economic geography are formed by the configuration of – and interplay between – these two main elements. As known, again focusing on the labor relations and organization of societies, the role of water has been studied and widely discussed, as is the case with the concept of “hydraulic society” [Wittfogel 1957]. However, the relevance of pure physical geography to centrality and core/periphery dichotomy does not seem to be emphasized much – maybe because of the fact that it is too obvious and as such, mostly taken for granted.

Whereas, it is out of the interplay between the water and land, the way they are located with reference to each other, the way lands, mountains are located, that economic activities concentrate in certain areas, which eventually make them “central”. Above all, centrality depends on the networks of communication and transportation. Areas where communication and transportation get intensified come to the fore as “hubs”, i.e. as nodes of communication and transportation networks. Intensification of these nodes results in the “centre” or “core” of an economic area, while their surroundings including remote areas dependent on them function as periphery. Although the physical geography itself does hardly change, a central area can transform into periphery, due to changing of main routes, networks, types of transportation or political reasons. Presently this is the case both at global level and in Europe, where interregional cooperation triggered by the economic and political integration gave rise to a “new geography” [Bellini, Hilpert 2013b, p. 193]. Thus, although the geography seems to play a determining role in the formation of core/centre, centrality itself is not something deterministic; it can transform and change over time. An area can rise or decline due to certain political and economic events.

The most characteristic example for this argument is the case of north-western parts of Europe, which, for centuries remained at the margin of the Mediterranean world as its “periphery” and emerged from the 16th century onwards

as the core of world's economy. As will be seen below, the case of the opposite corner of the continent including Greece was on the contrary. Located at the core area of the Mediterranean world from time immemorial, this area was peripheralized due to the shift of centre from the Aegean basin to Northwest Europe, and is still located at the periphery of the EU. But before going into details of this argument and focus on the particularity of the Greek case, one should tackle the question of whether there might be differing core-periphery patterns in Europe. At this point, geographically traceable faultlines on the continent might offer a helpful perspective.

2. Geo-economic faultlines in Europe

To give satisfactory answers to all of the above-stated secondary questions, which originate from the main research question exceeds the limits of this paper, but a focus on the fragmented geo-economic structure of the continent in historical perspective, might allow some insights on possible answers.

As mentioned among the introductory remarks, by "faultlines" we mean the geographically traceable political, economic and cultural factors of dichotomy(ies), appearing mainly on the north-south, east-west and southeast-northwest axes.

At first sight, the structuralist view of world economy based on North-South divide seems valid for Europe as well. However, although this dichotomy overlaps with the core-periphery analysis of the same approach, one can hardly argue that the latter is limited to the structuralist North-South divide. In other words, "peripherality" is not determined only by being located in the Mediterranean South. For instance, peripherality of the areas including the countries such as Portugal and Ireland or some regions such as Galicia, Wales, etc. is determined rather by their "marginal" and relatively remote/isolated positions with regard to the core area. East-West divide, which is also a factor of peripherality for Eastern European countries, has a much more complex geopolitical background, involving historically determined cultural and ethno-linguistic faultlines as well. As for the geo-economic core of continental Europe, although conventionally represented by Germany, it seems still centred around Northwest.

Thus, while European integration aims at a single market, i.e. a homogenized geo-economic area in which labor, capital, goods and services flow freely, and while the Eurozone appears as the most manifest expression of this ideal, Europe still represents a fragmented picture, drawn by the aforementioned faultlines. Therefore, core-periphery patterns differ from country to country. These patterns are formed both by their geo-economic/geopolitical location with regard to the core area, and the faultlines in which they get involved.

While peripherality of countries such as Portugal and Ireland seem “more structural” due to their marginal position with respect to the centre, the case of Italy is a little bit more complex, as the country itself is subject to the North-South divide, with Northern Italy becoming extension of the core area and the South remaining as periphery. It is upon this background that some refer to South Italy as the extension of East Mediterranean and Africa [Farrell, Levy 1996], while some argue that North Italy is a gateway to the “real Europe” [Miglio 1994, pp. 81, 92-94, 96]. Similarly, till its EEC membership, Spanish territory up until the Pyrenean Mountains, which mark the northern border of the country, was qualified by some as extension of Africa [Jàuregui 2002, pp. 80, 91].

But no other country has more peculiarities and idiosyncrasies than Greece in peripheral Europe. These are related to a variety of facts originating from political and economic geography. Firstly, when we look at the map of Europe, it is undeniable that this country – like Portugal, Ireland, etc. – is located at the “margin” of the continent. Secondly, however, this marginal area is part of another entity, along with southern Balkans and western Anatolia, i.e. the Aegean basin, of which it had been an integral part since the earliest phases of Mediterranean history. Thirdly, as this area had been the geo-economic core of the Mediterranean for ages, peripheralization of this area in general resulted in Greece’s peripheralization in particular. Last but not in the least, peripheralization was further exacerbated by the balkanization process in the area, resulting in further isolation and marginalization of the country, with respect to its geographical environment. These points will be visited in more detail below.

3. The case of Greece

Greece has always been at the heart of the Mediterranean and has been affected not only by the shift of world’s geo-economic core from this area towards Northwest Europe and eventually to the north Atlantic; but also by the so-called balkanization process. A closer look to this case suggests that the peripheralization of this country has rather to do with this complicated process of geopolitical and geo-economic fragmentation than the above-mentioned structuralist accounts of core-periphery dichotomy. But as will be seen below, in any case the role of geography is inherent as the underlying “structural” factor.

Before continuing with this analysis, one must remember the fact that the lands on which Greece was born were not fertile, which right from the beginning oriented its people towards the sea. The main impetus for navigation was initially fishing, which in due course paved the way for maritime trade. Thus, mostly

regarded as a natural barrier, waters surrounding the southern tip of the Balkan Peninsula and the islands scattered around the Aegean became a perfect playground for sailors. Thanks to their knowledge of navigation, they acted as agents of cultural interaction and communication. In this setting, gradually intensifying networks of maritime routes transformed the Archipelago into a habitat in itself. Eventually, at a very early stage of history known to us, the Mediterranean in general and the Aegean in particular witnessed a globalization ante litteram. From around 1000 BC onwards, the centre of gravity of this process was the Aegean basin. In fact, due to the special characteristics of the sea and insular pieces of lands scattered between southeastern shores of Europe and Anatolia, circulation and interaction across the Aegean seems to have been constant from time immemorial. It seems that even prior to the Greek colonization, human geography of the Aegean basin was characterized by a certain degree of cultural affinity in an area stretching from the inner parts of Anatolia to Etruria [Finkelberg 2006, pp. 48-50]. According to what is known more clearly, throughout the first millennium BC, this geo-economic core asserted itself with wider networks, reaching each corner of the Mediterranean. Parallel to this process, southern parts of Italy (i.e. Magna Graecia), along with Sicily on the one hand, and Anatolia on the other hand, became integral parts of this area. This background was further consolidated by attempts of political integration, especially throughout the Hellenistic period. Roman power, which originated from the western margins of this world, built its hegemony and civilization upon this background and eventually transferred its capital city to this part of the world. Transfer of the capital city had, among others, also economic reasons [Lemerle 2004, pp. 28-30]. During this period, while Roman power was in decline due to external threats and internal tumults, lands around the Aegean remained relatively secure both in political and economic terms. In the meantime, as Roman rule penetrated in the northern parts of the Balkans, geo-economic activity within the Aegean basin had moved northward as well, due to increasing urbanization and human mobility. It was in this context that the Romans chose Byzantium as their new capital. According to İnalçık (2012, p. 2), this was the outset of the longest-standing geopolitical unity ever, which started in the first half of the 4th century AD and held sway in the Old World through the Roman, Eastern Roman and Ottoman Empires up until the first quarter of the 20th century. Thus, from the 4th century AD onwards, geo-economic centrality of this area with regard to the rest of the Mediterranean has eventually brought about geo-political centrality and this in turn fostered economic dynamism in the region.

As stated above, with the rise of Northwest Europe from the 16th century onwards, the old centre of the Mediterranean world went into an economic de-

cline. However, this decline was not a sharp and abrupt collapse; it was rather a controlled one spread over time, which took several centuries [Genç 2010, pp. 209-212; Quataert 2002, pp. 161-170]. This relative decline, accompanied by a considerable degree of industrialization especially around the Aegean involved so various and complicated factors that, some even question the applicability of Wallersteinian accounts of peripheralization to the Ottoman Empire [Palairret 2000, pp. 61-62; Quataert 2002, pp. 161-170]. In fact, while the centre of world's economy gradually shifted towards Northwest Europe and eventually towards North Atlantic, manufacturing and industrialization in the central part of the Ottoman Empire went on in an accelerating pace throughout the 18th and 19th centuries². Some associate this relative development with the term "incorporation" though, defined as the process through which the Aegean basin was pulled into the economic orbit of Western Europe by means of trade and financial transactions [Moroni 2010, p. 22; cf. Vacalopoulos 1979, pp. 91-92].

In any case, flourishing regions during this period included most of the present-day Greece. Throughout the 18th century, while the emerging hubs of manufacturing were the islands of Chios and Crete in the Aegean [Genç 2010, pp. 213-214], in the following century Macedonia and its metropolitan city of Thessaloniki (Salonika) witnessed a considerable phase of industrialisation [Genç 2010, pp. 234-235; Palairret 2000, pp. 87-88]. Even after its independence from the Ottoman Empire, Greece remained economically integrated to this area for decades to come. This was both due to the activities of Greek sailors and merchants, whose basis was mainly Izmir (Smyrna) [Frangakis-Syrett 1987, p. 73] and circulation of people around the Aegean, mostly for economic reasons [Nakracas 2003, p. 68]. For instance when the town of Karystos was being re-organized in its present location following the independence of Greece, among the first things asked by the local Greek community from the government were a modern harbor and a customs house because people owned lands in Chios and Asia Minor and they were accustomed to spend some part of the year there [Koumanoudhis 1988-1989, p. 112].

It was upon this background that the first trade agreements of the young Greek state were concluded with the neighboring Ottoman Empire [Paparrigopoulos 1932, p. 244]. Accordingly, although an agreement signed in 1840 did not enter into force because of diplomatic obstacles, efforts in this direction led to the signing of the Agreement on Friendship and Trade (so-called "Kanlıca Agreement") [Paparrigopoulos 1932, p. 293]. The following years witnessed a revival of intra-Aegean trade and circulation. This dynamism lasted until the very end of the 19th

² For details see: [Genç 2010, pp. 227, 231-262; Quataert 2002, pp. 161-170; Palairret 2000, pp. 61-62, 87-88].

century, when this agreement came to a halt due to the outbreak of the war between Greece and the Ottoman Empire in 1897 [Paparrigopoulos 1932, pp. 293-295].

The dynamism generated by industrialization and trade throughout the 19th century involved not only flow of goods, but also labor mobility involving both workforce and entrepreneurs. In fact, this period, despite – and except for – conflict-stricken intervals, witnessed the highest degree of labor mobility within the Ottoman Empire. Labor mobility was intensive especially around the Aegean basin, mainly due to industrialization in agriculture [Baykara 1980; Anagnostopoulou 1998]. In this area, influx of workforce and entrepreneurs took place especially from the islands to the metropolitan areas and towards the fertile plains of Asia Minor. It should be noted that population movements were not limited to the political borders of the Ottoman Empire. Many of the immigrants were originating from the territories belonging to Greece [Nakracas 2003, p. 68]. It is due to this background that the Greek Orthodox communities of Izmir and environs included both Ottoman subjects and subjects of the Greek Kingdom, who enjoyed the same status as other foreigners living in the Empire [Moroni 2010, p. 30]. Again, wider networks of trade and communication inherited from previous centuries continued to function over a vast area around the Aegean, including Italy, Egypt, Syria, Caucasus and Russia. It was in such an environment that as late as in the beginning of the 20th century, a Greek-speaking person could easily travel across these regions without encountering any obstacle and, to quote from Elytis, “breathing a somewhat imperial atmosphere” [Giannaras 2013]. Probably it was thanks to this environment that a young Greek entrepreneur from the island of Tinos in late 19th century, while traveling across Anatolia for trade purposes could meet a local Greek lady from Ankara and settle down there for good, eventually setting up a lucrative family business dealing in angora wool [Epeoglou-Bakalaki 1997]. According to the memoirs of her granddaughter Evdokia Epeoglou-Bakalaki, who immigrated to Greece during the Population Exchange, her grandfather Altintop’s case was not a rare one. For instance most of the Greek bakers in Ankara then were originating from Epirus [Epeoglou-Bakalaki 1997, p. 14].

Thus, in accordance with the core-periphery dichotomy of the World System approach, it seems that along with the rest of the Eastern Mediterranean, Greece was also peripheralized by the shift of world’s geo-economic core from the Aegean basin to the Northwest Europe and Atlantic. However, this peripheralization was a relative one, and the area retained its relative centrality in the Mediterranean up until the beginning of the 20th century. At this point, it is also worth mentioning the efforts to forestall the negative effects of this process. A certain resistance against peripheralization of this area had started from the

last quarter of the 19th century. Feeling the adverse consequences of the process, Ottoman state élites and some Greeks tried to combine their efforts to reinforce the “national” economy of the Empire [Moroni 2010]. However, these efforts were doomed to failure, due to the fact that peripheralization was accompanied by another vicious process, called balkanization.

Greece’s isolation from its immediate surroundings was a gradual one, spread over time. Parallel to this process, the country was politically – but not much economically – attached to Western Europe, i.e. to the emerging core area. However, Greece’s geo-economic networks in the Balkans and the Eastern Mediterranean went on up until the final phase of the balkanization between 1912 and 1922. During this period, dramatic impact of a decade of warfare, starting with the Balkan Wars, acted as the golden shot of balkanization, through which, while the country grew in terms of surface, it was carved out and isolated from its immediate surroundings not only in political, but also in economic terms. Consequently, big cities and metropolitan areas were detached from their hinterland and trade networks. Such was the case of Thessaloniki, which, once the cosmopolitan hub of Macedonia [cf. Vacalopoulos 1981], turned into a “provincial” town [Prévélakis 1997, p. 53]. Accordingly, Salonika and its environs, as a metropolitan area, were on the one hand detached and isolated from its upper Macedonian hinterland, on the other hand it was also economically separated from Istanbul and Izmir. Another metropolitan area, which faced a similar fate during this phase of balkanization was Edirne (Adrianople), which eventually turned into a middle-sized border town. Once a capital and trade centre, this city was detached from its immediate surroundings and cut off from even certain quarters and suburbs, which remained in the neighboring Greece and Bulgaria. Similarly, Bitola (Monastir), having lost its direct access to the lower parts of Macedonia as well as to the Adriatic, started to decline with the rest of Macedonia. Thus, it was no surprise that once the most dynamic part of the Eastern Mediterranean, Macedonia, turned into the most backward region of Former Yugoslavia. Needless to say, the same pattern of detachment was the case with coastal towns of Asia Minor and neighboring islands. Among the latter, the negative impact of this process was felt chiefly in Lesvos, due to its close socio-economic connections with the Anatolian shores [Yücel 1988, pp. 94-95]. Similar was the case with the island of Chios, which had close trade links with Izmir, with which it formed a wider metropolitan area. At the end of this process, although emerged as the principal metropolitan area of Greece, Athens and Piraeus remained quite isolated with respect to the rest of the Eastern Mediterranean. It is with reference to this context that Giannaras [2007a] qualifies this isolation of Greece from its surroundings as transformation of this country into a “Balkan province”. Ac-

cordingly, this provincialism (eparchiotismo) has also led to the fragmentation of Hellenic identity, a process identified by Giannaras [2007b] as “balkanization of Hellenism”. In other words, balkanization did not simply bring about a fragmented geo-political condition. It was – and has been – a multi-dimensional process involving also fragmentation of human geography, which has a lot more to do with what happens at geo-economic level.

At this point, running the risk of digression, one might take a closer look at what precisely we mean here by “balkanization”. As known, the term is conventionally defined as fragmentation of an area into separate and often quarrelsome units. In the context of this study, this definition might be enriched by the concepts of “reciprocal exclusion” and “self-isolation”, as principal characteristics of balkanization. It should also be noted that reciprocal exclusion and self-isolation did not take place only in terms of political geography, i.e. simply by drawing boundaries and dividing the territory. Human geography extending from Balkans to the eastern shores of Black Sea and to central Anatolia has also been the playground of this process. In other words, territorial balkanization came along with balkanization of human geography, which, through massive migratory movements and population exchange programs, did not only destroy local economies based on ethnically traceable division of labor, but also cut off the circulation and communication in a vast area. At the end of this process, Greece virtually became an “island”, especially in terms of political and human geography. Consequently, human mobility and migratory movements shifted towards Americas and Australia, following the general global trend [Laliotou 2007]. Thus, Greek entrepreneurs turned their eyes towards remote countries where most of them eventually settled down. In due course of time geographical distance weakened – if not completely cut off – their links with the homeland. In the meantime country’s economy became more and more services-sector oriented and its traditional entrepreneurial spirit started to fade under bureaucratic mechanisms [Tsarouhas 2012, pp. 87-88].

Not surprisingly, geo-economic isolation of Greece came along with political engagement and orientation towards West, a process which was accelerated and reinforced especially in the post-Yalta order.

Thus, it is at the end of a long and complex process that Greece has started to be regarded as an extension of Western Europe in the region. In this context, the relevance of Greece’s geographical location to its position within the EU becomes clear. As had been the case in previous attempts of attaching Greece to Western Europe, accession of the country into the EEC in 1981, as well as to the Eurozone from 2001 onwards depended on political rather than economic factors [Featherstone 2003, p. 925]. As Fouskas put, this attachment brought about an

awkward position with regard to the rest of Europe, making the country dependent upon western structures and processes [Fouskas 2012, pp. 29-31].

At this point, it should be noted that an ex post facto reading of this whole process of Greek isolation might (mis)lead the observer to a shortcut conclusion that the peripheralization process is a deterministic result of the so-called “southern backwardness”. This argument is also related to the Ottoman past in the region [Kaplan 2010]. In historical perspective, this perception is related to peripheralization of the Ottoman economy from the 16th century onwards, along with the rest of the Mediterranean world [Pamuk 2005, pp. 41-44, 59-60]. Nevertheless, above-stated arguments on the past centuries’ geo-economic dynamism around the Aegean challenge the validity of the analyses that emphasize backwardness and underdevelopment. With regard to the same context, it seems also too simplistic and hasty to conclude that the present economic problems of this country originate from being “southern” [Kaplan 2010]. Mostly referred-to and inherently pejorative assumptions and arguments of so called “southern backwardness” or “southern idleness” do not fit into the geo-economic and historical context explained above. Beside others, even the obvious historical fact that the Greek people represented one of the most entrepreneurial and industrious segments of the Mediterranean world challenges the validity of arguments on southern backwardness. As far as the Ottoman period is concerned, their contribution to and impact on Empire’s foreign trade and finances can be traced back as early as mid-fifteenth century [İnalçık 1993]. This impact went on throughout the early modern period [Harlaftis, Laiou 2006], eventually paving the way to the above-explained industrialization experienced around the Aegean basin in the 19th century. It was during this period that the so-called Ottoman Greek bourgeoisie emerged [Moroni 2010, pp. 28-29]. Also today, to quote from Fouskas, an average Greek woman and man, work very hard as everywhere else in the world to provide for their families and educate their children [Fouskas 2012, p. 35]. At this point, one might draw attention to an illusion. As known, around 80% of the Greek economy is based on services sector and within this segment tourism makes up a considerable part, accounting for approximately 15 percent of the GDP [Association of Greek Tourism Enterprises 2010, p. 18]. Contrary to conventional perception, a closer look at tourism would clarify that it is one of the most labor-intensive sectors. In Greece, as anywhere else in the world, tourism-related businesses from souvenir shops to cafés, bars etc. are open most of the day, if not all the day round. Within such an environment, a foreign observer might well have the impression of “idleness” because of being on holiday himself/herself. Along with this impression, the country itself is perceived as a huge holiday resort, characterized by long siestas, which in fact do not change much the total

work time and which are not applied to aforementioned businesses. This perception gives rise to an illusion of “idleness”, which in turn fosters the entrenched vision of “southern backwardness”.

Besides, the ongoing crisis, which is basically a public finance crisis, has more political reasons [Katsimi, Moutos 2010; Fouskas 2012; Tsarouhas 2012] than those to be attributed ontologically to the country itself, its nature, climate, culture, etc. But still it seems to have a lot to do with geography, as will be further discussed below.

Conclusions

Turning back to the initial question on geographical factors in structural differences between the central and peripheral areas of continental Europe, it seems that the *structural* factors, which lay at the very basis of high vulnerability of certain countries towards crisis, are geographical in essence. Being remote or isolated from the areas where economic activity is more intense, is above all, the result of physical geography. However, the role of geography and the patterns of peripherality differ among the countries of peripheral Europe. In the wider Euro-Mediterranean area, patterns of centrality and peripherality have evolved throughout the history by shift of core(s) and hubs in continental Europe. The major shift took place from the Aegean basin to the Northwest Europe, and eventually to the North Atlantic. Therefore, while peripherality in certain countries such as Portugal and Ireland has more concrete and absolute geo-economic and geopolitical bases, in areas such as South Italy and especially in Greece, peripherality and isolation are more relative and rather related to the vicissitudes of European history.

The case of Greece deserves particular attention in the way geography might affect a country's economic performance, with particular regard to the changing patterns of centre-periphery dichotomy. Like Portugal and Ireland, this country is also located at the margin of continental Europe. However, this margin has been an integral part of another area, the Aegean basin, which had been the geo-economic core of the Mediterranean for hundreds of years. Shift of world's geo-economic centre from here to the Northwest Europe and eventually to the north Atlantic resulted in the peripheralization of this area. But in spite of this, and despite the political fragmentation which gained momentum throughout the 19th century, this area remained economically integrated until the first decades of 20th century. Even during the early phases of balkanization, Greek state tried to secure a trade-friendly environment within the Aegean. Nevertheless, the

ultimate degree of peripheralization and isolation of the country came along with the last phase of balkanization during the period between 1912 and 1922. Balkanization of political geography took place hand in hand with balkanization of human geography, which, through massive migratory movements, dramatically changed the structure of local economies, entrepreneurial traditions and cut off the human and material circulation in a vast area. At the end of this process the country has virtually become an “island”, politically and economically detached from its surroundings and attached to a rather remote area, i.e. Western Europe. While its entrepreneurial culture headed towards the New World, labor circulation around the eastern Mediterranean was also replaced by emigration towards Americas, Australia, etc.

Thus, peripheral situation of Greece has to do rather with this complicated process of balkanisation than the above-mentioned approaches of core-periphery dichotomy. But in any case the underlying role of geography is by all means highly relevant as a “structural factor”.

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