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**Re-theorising the core:  
a 'globalized' business elite in Santiago, Chile.**

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## **ABSTRACT**

World systems theory continues to be a widely adopted approach in theorisations of the contemporary world economy. An important epistemological component to world systems theory is the metaphor of core-periphery. Recent work within the approach has sought to transcend earlier criticisms of regional conceptions of cores, peripheries and semi-peripheries by an increasing sensitivity to local differences and an increasing emphasis on Wallerstein's original idea of core-periphery as process, operating at all scales in the contemporary world system. However, this paper argues that the core-periphery metaphor currently used by world systems theorists is founded around a restrictively narrow spatial epistemology. Such a narrow epistemology implements the core-periphery metaphor only as something which produces territorial outcomes in the physical world. This paper contends that recent work within the social sciences, concerned with the globalization debate and issues of spatial epistemology, should inform world systems theory in producing a reformulated spatial understanding of the core-periphery metaphor, embodying a wider conception of space to include abstract social spaces. This argument is developed in the notion that the world economy must also be understood as having a 'social core': a transnational diasporic business elite exercising decision making power over the capitalist world system. The contention is grounded in the presentation of research into a case study of such a 'globalized' business elite in the capital city of Chile, Santiago.

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## **INTRODUCTION**

Within the last decade a vigorous debate has emerged across the social sciences, and more widely amongst politicians and the public, around the issue of 'globalization' (Robertson 1992; Featherstone 1993; Hutton 1995; Hirst & Thompson 1996): the form and process in which the contemporary world is becoming more integrated (or not). Within human geography, economic and social / cultural geographers have increasingly entered this discussion, theorising a post-modern world of time-space compression (Jameson 1984; Harvey 1989; Leyshon 1995), the globalization of manufacturing industry (e.g. Dicken 1992; Allen 1994) and new global media and cultural forms (Featherstone 1993; Morley & Robins 1995): to name but three important fields of discussion. However, the issues developed in this globalization debate are largely those which have been the focus of interest for much longer within political geography. In particular, I want to argue that there is valuable common ground between the globalization debate and world systems theory.

As recent articles in this journal testify, world systems theory continues to be a widely adopted approach in political geography for theorising the form and process of inter-relations in the contemporary world economy. Based upon the work of Wallerstein (1979; 1984), the world systems approach has always been interested in 'globalization': the central tenet contended by Wallerstein (1979) being that contemporary social change occurs in a 'world system' which is currently global in scope (Taylor 1993). World systems theory suggests that the capitalist world system does not operate uniformly but rather produces uneven development. This process, as conceived by Wallerstein, is akin to Frank's (1967) development of dependency, where the so-called First World actively (re)produces underdevelopment in the Third World, because Third World capitalism is linked in a dependant relationship with First World capitalism. In world systems theory, this produced a core-periphery conceptualisation of the world economy, with later work by Wallerstein suggesting the idea of the semi-periphery as a way of accounting for the newly-industrializing countries (NICs) apparent escape from the trap of underdevelopment. However, criticism of this rather simplistic threefold division of the world's countries has produced a contemporary usage of world systems theory which places much less emphasis on global divisions of cores and peripheries, and much more emphasis on Wallerstein's original view of core-periphery as process (Wallerstein 1979), operating at all scales in the capitalist world system (Soja 1989).

In this paper though, I will argue that world systems theory can learn from the current 'globalization' debate and a wider theoretical literature across human geography which has recently been giving a lot of thought to the way we theorize and represent global integration and social agency. My main argument is that world systems theorists are still working with a very restrictive spatial epistemology<sup>1</sup> in their use of the core-periphery metaphor; a spatial epistemology which is restricted by a conception of 'space' only as territory: physical space. Effectively, world systems theorists still see the operation of core-periphery processes as producing physical territorial outcomes. For example, a recent paper by Spencer-Wellhofer (1995) examined the 'historical rise of peripheral nationalism in late nineteenth-century Britain and early twentieth-century Argentina, marking two sites in the core and periphery of the world system.' (ibid.: 503). Sensitivity to the specific local differences in the core-peripheral *process* produces an analysis which is 'applied to both within-nation differences as well as across nation differences' (ibid.: 501); the core-peripheralisation process is conceived as translating into physical unevenness across territory. Nations contain relative cores and peripheries but are themselves relatively core or peripheral to other comparable

units of physical space: other nations, for example. Thus, Britain and Argentina experienced peripheral nationalisms within their boundaries *but* Argentina was at the same time a peripheral region of the world when compared to Britain in the global-scale core. Spencer-Wellhofer is not alone in this continued reference to global-scale regions which are relatively core and peripheral. As Taylor (1993) points out 'it is now commonplace to define the modern world in terms of core (meaning the rich countries of North America, western Europe and Japan) and the periphery (meaning the poor countries of the Third World).' (ibid. : 19).

It is not just the concept of global scale regions which we can label 'core', 'periphery' and 'semi-periphery' that I want to problematise, but rather the whole epistemological foundation of the view that the core-periphery metaphor need necessarily refer to units of physical territory. It does not matter whether that means the advanced West as a core region, or the capital city of Argentina as a relative national core. I want to call into question the very idea that this is the best way to theorise the 'cores' of the world economic system. The impetus for this view stems from a range of literatures within the social sciences which have recently re-examined our epistemologies of social life, time and space. For my purposes here, I will divide these sources into two main fields. First, I will argue that the whole globalization debate within the social sciences has produced a number of important epistemological lessons for world systems theory to learn and incorporate into its conception of space. Of particular relevance is the growing discussion of the relationship between the global and the local, especially in the production of transnational and diasporic cultural forms (e.g. Harvey 1989; Hall 1992; Gilroy 1987; 1995). Secondly, I want to draw the work of human geographers, notably Massey (1994) and Agnew & Corbridge (1995), in advocating a revised spatial epistemology in the world systems approach which both conceives space-time relations as dynamic and as a complex set of simultaneous interrelations. I want to link this view to Agnew & Corbridge's development of Lefebvre's (1991) theorisation of the representations of space, to argue that world systems theory needs to understand the spatial in multiple senses. I will expand this argument through a case-study of one such abstract space: the social core.

Therefore, in the first section I outline the existing spatial epistemology used by world system's theorists which originates in Wallerstein's work. I try to show that world systems' writing has tended to concentrate on a narrow epistemology of space-as-physical-territory. In the second section, I go on to suggest that world systems' approaches need a reformulated spatial epistemology which encompasses a conception of multiple notions of space in the contemporary world economy. To support this complex argument, I argue, as an example, that the 'core' of the modern world economy needs to be understood in such a way. I propose the idea of the 'social core' which corresponds to an abstract core space of the modern world system, composed of a diaspora of transnational business elites in the key positions of power in the world economic system.

In order to substantiate this view, the third section charts the historical formation of a new globalized business elite in Santiago, Chile through discussion of a literature concerned with Chile's economic and social development. I suggest that in the 1990s, the Chilean economy has become highly integrated through the contemporary experience of globalization so widely documented in western literatures. In recent years this has contributed to a substantial boom in the Chilean economy: there has been substantial inflows of foreign direct investment, with transnational corporations moving into and expanding their

operations in Chile (Bosworth et al 1994; Hojman 1995a). Much of this activity has been funnelled through offices in Santiago which have employed a growing business elite drawn from the Chilean middle classes. These are well-educated, well-paid professionals and business people who have benefited from substantial inward foreign investment, falling unemployment and rising incomes. From this context, I argue in the fourth section that this growing business elite in Santiago exists very much at the core of the contemporary world economy. I explore a range of empirical evidence for this contention, drawn from a qualitative study in Santiago, which covers the occupations, incomes, and lifestyle of the business elite. By using this case study of the 'social core' in one particular part of the world, I aim to demonstrate how world systems approaches need to revise their spatial epistemology of core and periphery to accommodate the complexity of multiple 'spaces' and escape a narrow emphasis on space as territory.

### **THE SPATIAL EPISTEMOLOGY OF WORLD SYSTEMS THEORY**

Wallerstein developed world systems theory as a historical perspective into the origins of the modern capitalist economy. As Taylor (1993) points out, world-systems analysis originally followed a legacy of two challenges to the orthodox conception of (western) social science: the French Annales school of history and Neo-Marxist critiques of development theory. The orthodox view of social science was that the societies of separate states across the globe are separate and need to be studied separately: the multiple society assumption (ibid.). The Annales school challenged early-twentieth century history which emphasised political events and argued for a more holistic approach 'in which the actions of politicians were just one small part in the unfolding history of ordinary people.' (ibid. : 5). The Neo-Marxist critiques of development, which provides the background to world systems analysis, revolved around the 'dependency school' and writers such as Frank (1967), who contested the Rostowian stages of development and argued instead that the developed countries exploited other states and actively produced their underdevelopment.

Wallerstein (1979) draws on both these legacies in an approach which challenges the legacy of orthodox social science by arguing that instead, social change occurs country by country: a single society assumption. Different countries' societies can only be understood as part of the wider whole, in the context of the 'world system'. Wallerstein does not use this term to mean the globe, but rather a world system represents a system larger than the local day-to-day activities of particular members (Taylor 1993). Historically, Wallerstein suggests that across the globe, there have been many cases of 'mini-systems' corresponding to small extended family groups or kin-groups that are essentially local in geographical range and exist for just a few generations before destruction or fissure. Mini-systems no longer exist; they have been long since subsumed into world systems of which Wallerstein (1979) identifies two forms, distinguished by their modes of production. First, 'world empires' are based upon the redistributive-tributary mode of production. An example would be the Roman Empire or the feudal societies of medieval Europe. Second, Wallerstein suggests that another world system is the 'world economy' based upon the capitalist mode of production. Wallerstein's (1974) argument is that historically, there have been many such world system entities but that during the sixteenth century the European world economy survived long enough to cover the whole globe. As it expanded, it eliminated remaining mini-systems and world empires to become global by 1900 (Wallerstein 1979; 1989).

The spatial epistemology of Wallerstein's world-system's analysis is therefore embodied in the three basic elements that Wallerstein (1979) describes in the contemporary world economy. First, in the contemporary world there is a single world market which is capitalist. Thus, there is a unifying holistic conception of the space of the world economy as covering the entire globe. This space is differentiated in the second element: a multiple state system. Epistemologically, the political space of the world is divided, unlike the economic space of the world economy. Thirdly, and most important here, Wallerstein suggests that there is a basic 'three-tier' structure to the capitalist world system. The three-tiers pervade many different facets (or spaces) of the world economy including the political divisions of national societies into ruling, middle and working classes, as well as a geographical division of the territorial world into core, semi-peripheral and peripheral regions of the world economy. The three tier structure is crucial in Wallerstein's eyes to the stability and continued existence of the contemporary world economy because 'in any situation of inequality three tiers of interaction are more stable than two tiers of confrontation' (Taylor 1993: 11). It is the ruling classes who sustain this three tier structure in various fields of conflict.

I want to argue that subsequent work within political geography, which has made use of the world system's approach, has taken a very narrow epistemological stance with regard to the three-tier structure in Wallerstein's original work. Emphasis has fallen, through the immense interest in the core-periphery metaphor, on the spatial implications of the three-tier structure. Additionally, this epistemology has been further restricted to a very narrow conception of space as physical territory, denying the implications of Wallerstein's earlier arguments about the pervasiveness of the three-tier structure throughout many fields of conflict in the modern world system: the social sphere, for example. To understand this, we need to examine the development of ideas of core, periphery and semi-periphery in more depth.

In all three volumes of *The Modern World System* (1974; 1980; 1989), Wallerstein himself makes extensive use of ideas of core and peripheral regions. For example, in Volume One, Wallerstein (1974) argued that in the latter half of the sixteenth century '[n]orthwest Europe became the economic heartland of the European world economy' (ibid.: 225). In Volume Two, in discussing the historical development of the world economy, Wallerstein (1980) discusses the 'struggle in the core' in the late seventeenth century when other European countries were challenging the then hegemonic position of Holland in the world economy. Thus, in Wallerstein's work there is an implementation of the core-periphery metaphor as a territorial spatial epistemology. As Taylor (1993) describes, the basis for this view was the idea of 'peripheralization'. As the world economy expanded, new areas did not join on equal but on unfavourable terms. They joined a region which could be understood as 'the periphery'. The core corresponded to those territorial (state) spaces already dominating and controlling the world economic system: Western Europe, for example.

As I have already pointed out, it became common in world systems analysis to talk of 'the core', 'the periphery' and 'the semi-periphery' (Taylor 1993). However, Wallerstein's work saw this three-tier structure as reflecting the inherent process of capitalist development: core-periphery was as much *process* as a territorial reality. Early work within world systems theory was criticised for its mapping of the territorial globe into three zones. For example, Agnew (1982: 162) pointed out that 'these zones are not homogenous nor are they themselves actors in the capitalist world system'. This has provoked a more sophisticated



response from world systems theorists who have emphasised Wallerstein's idea of core-periphery as process (Soja 1989; Taylor 1993). Thus, both core and periphery are taken to refer to complex processes and not directly to area, region or states. Core areas only become core-like because of a predominance of core-processes operating in that particular area; likewise in peripheral areas, peripheral processes dominate (Taylor 1993). Furthermore, concepts such as core, periphery and semi-periphery are now taken as epistemological tools in the analysis of social-spatial relations between places and regions at all spatial (territorial) scales from the sub-national to the supra-national level (Agnew 1987; Smith 1987; Taylor 1988; Davies 1991; Richardson 1992; Hanna 1995).

Therefore, recent writing within the world systems approach appears to have a nuanced sensitivity to local-historical difference in the world economy, which is still the product of the underlying global-scale world capitalist system. Social relations are incorporated into the core-periphery metaphor because 'class and core-periphery structures of inequality interweave, overlap and originate from the same contradictory relations of capital and labour that define the capitalist mode of production' (Soja 1989: 111). However, I would contend that this incorporation of social relations into the core-periphery metaphor is still subordinated into a spatial epistemology restricted to 'territory as space':

"places, regions and countries can be classified as core, semi-periphery or periphery by how they are formed in a particular historical moment by this social-spatial core-periphery relation." (Hanna 1995: 455)

I think the difficulty of this spatial epistemology, which emphasises physical space, can be seen clearly in Hanna's recent discussion of the semi-periphery. The semi-periphery is conceived as having a dual identity: these areas are cores relative to some areas but peripheral to others. The semi-periphery 'is made up of places that are on both ends of core-periphery relations. In other words, some places serve both as cores to peripheries and peripheries to cores' (Hanna 1995: 454). In my view, this is a tangled theorisation whose problems arise from the epistemological focus on territory. For example, within a semi-peripheral country such as Chile (not an innocent example) the capital city is no-doubt a relative core to other parts of the country. But different parts of the city such as the CBD must surely be relative cores to other areas such as shanty town areas? And within the CBD is an office block a core relative to adjacent squatter buildings? The problem is that, even at a fine spatial scale, the concept of the core or periphery cannot be easily 'contained' and my further contention is that attempting to restrict theorisations of the core-periphery metaphor to physical territory is increasingly fruitless. A growing body of literature in the social sciences has undermined such a spatial epistemology, highlighting the importance of other abstract 'spaces' in which social life and agency exists. It is to this literature to which I want now to turn to in suggesting that the core of the modern capitalist world systems should be understood and theorised through a revised spatial epistemology.

### **THE 'SOCIAL CORE': THE RELEVANCE OF A WIDER SOCIOLOGICAL LITERATURE TO WORLD SYSTEMS THEORY.**

In this section I want to outline my arguments for the idea of a 'social core' to the contemporary world economic system. To do this I will develop a revised spatial epistemology to the world systems core-periphery conceptualisation; this will draw from several current debates in the social sciences. The rest of the paper will then be concerned to

ground this theoretical suggestion by presenting the case study of a new business elite in Chile.

I want to draw upon two broad literatures, both loosely concerned with ideas of globalization, in constructing my argument. The first of these is a more specific literature within the so-called 'globalization debate' itself.

### **Economic and Cultural Globalization**

I would suggest that there have been at least two fairly distinct approaches to globalization which can be broadly described as tackling two arenas: the economic and the cultural.

Proponents of 'economic' globalization have argued that in the contemporary period, we can see the emergence of a truly global economy, increasingly populated by transnational corporations (TNCs) which have no particular national loyalty (Julius 1990; Ohmae 1993; 1995). Such corporations trade and produce across the globe. Economic globalization is perhaps most strongly advocated in the international financial sectors. Several commentators have claimed that global financial deregulation, in combination with new information and communications technologies, has produced an unprecedented integration of financial capital (O'Brien 1992; Camilleri & Falk 1992; Martin 1994; Corbridge & Thrift 1994; Thrift & Leyshon 1994) in a global economy dominated by the 'space of flows' (Castells 1989) of information and services. This is seen as a driving force behind other forms of globalization. The growth in global money and capital is fundamental to processes of globalization: 'without global money, there can be no global trade and industry, no modern forms of globalization' (Corbridge & Thrift 1994: 21). On the other side of the debate, more recent work has attempted to temper the enthusiasm for global economic integration, emphasising that many barriers to trade and local differences still remain and that national regulation and regional entities such as the European Union are still very important (Gill 1992; Peck & Tickell 1994; Hirst & Thompson 1992; 1996).

However, at a time when a vigorous debate has raged in human geography about the relative importance / distinctiveness of the 'economic and the cultural' (Sayer 1994; 1995; Barnes 1995), there has also been a huge literature produced on 'cultural globalization' and its relationship to the contemporary world economy (e.g. Harvey 1989; Lash & Urry 1987; 1994; King 1991; Featherstone 1993). Some proponents have argued that in the 'postmodern' era, we are seeing the development of global cultural forms in the shape of consumer products (Featherstone 1992), media (Morley & Robins 1995) and cultural values (Lash & Urry 1994). Featherstone (1993) rejects the idea of a unified global culture as being a naive when conceived in a similar way to national culture. National cultures and identities are themselves 'imagined' (Anderson 1983) as a process of cultural homogenisation and the creation of a common culture is inaugurated by the nation state. This unification process must be understood as a need to ignore, or at least blend local cultures (ibid.). Rather, what is being proposed in the idea of global 'culture' is a complex set of common cultural flows between places and social groups (Appadurai 1990).

### **Globalization, Space and Place.**

I also want to draw upon a second literature, largely within human geography, which has engaged more specifically with epistemologies of global integration, space and place. A number of geographers and sociologists have begun to focus on the relationship between the

'global' and the 'local' (Harvey 1989; 1993; Massey 1993; 1994; Smith 1993; Featherstone 1993). I particularly want to use Massey's (1993) arguments about our understanding of space in social theory.

Massey has argued that the standard spatial epistemology in the social sciences often has conceived of space as static, atemporal and apolitical. She uses the work of Laclau (1990) to argue that pure *spatiality* cannot exist. Laclau's insight, she suggests, is to see that 'space is representation', as opposed to somehow being intrinsically *real*. Furthermore, Laclau suggests that 'any space is an attempt to constitute society, not state what is is.' (ibid. : 82). Thus, for Massey, the spatial is part of the ideological or mythical. However, this does not mean it is unimportant. Rather, she aligns with Laclau's view that the spatial should be understood as 'itself part of the social and constitutive of it'. (ibid.: 144). Space is therefore a socially constructed concept which does not exist outside of society's understanding of it.

Consequently, Massey (1993) proposes an alternative view of space with four main components. First, that we should 'try to get away from a notion of society as a kind of 3-D slice of space which moves through time' (ibid.: 154). Second, we need to 'conceptualise space as constructed out of interrelations, as the simultaneous co-existence of social interrelations and interactions at all spatial scales, from the most local to the global.' (ibid.: 155). Third, that 'the spatial has both an element of order and an element of chaos' (ibid.: 156): space is ordered because the spatial locations of phenomena are caused and because there are spatial systems; however, space is also intrinsically chaotic because the locations of different phenomena in space are caused independently. This produces a fourth component of an alternative view of space as part of space-time: '[s]patial form as outcome (the happenstance juxtapositions and so forth) has emergent powers which can have effects on subsequent events' (ibid.: 159). Within the wider globalization debate, all these elements bring a realisation that 'global' integration produces heterogeneity at the 'local' scale, rather than producing a homogenous world, either culturally or in economic terms (Massey 1994). The emphasis is therefore on 'place' as a specific loci: a 'distinct mixture of wider and more local social relations' (ibid.: 68).

### **Revising the Spatial Epistemology of World Systems Theory**

I think Massey's view, in conjunction with the wider notions discussed around both economic and cultural globalization, provides the basis for a revised epistemology of space which can be applied to world systems theory. If we appreciate that space can neither be abstracted from the social processes which produce it nor from our theories of it, then we can see the difficulties which confront world systems theorists who are trying to territorially theorise the world economy through the core-periphery metaphor.

First, from Massey, we can see that the chaotic nature of the spatial, even at the local level, dictates that pieces of supposedly core territory will always contain non-core aspects. Hence the co-presence of transnational head offices in London, in close proximity to an impoverished local 'vernacular' population (Zukin 1992; Rhodes & Nabi 1992). Second, if the 'spatial' needs to be theorised as a simultaneous set of social interrelations, then the core of world systems theory cannot be contained within any one piece of physical space; rather it corresponds to the spatial configuration of core social relations. These relations have a presence in physical space but that is dynamic on a day-to-day basis: not the defining characteristic of core-ness. Thus, my suggestion is that the emphasis should not fall entirely

on representing the core as the territory in which core social interrelations are present, but also on the social actors who make up the core themselves.

Some aspects of this idea have been reflected in recent work within political geography and world systems approaches. For example, the idea of the spatial epistemology of the state 'as container to society' has been questioned (Agnew 1994). Agnew has argued that much international relations literature places too much emphasis on the territorially-grounded entity of the nation-state and therefore falls into 'a territorial trap' in discussion of the international political economy, unable to properly theorise actors and agents which do not neatly adhere to state boundaries e.g. the IMF, TNCs. A similar view can be found in Taylor's (1994a) discussion of the 'state-as-container' metaphor where he argues that like all metaphors, '[it] aspires to provide insights into its subject that might otherwise be overlooked but in doing so, it privileges some aspects over others' (Taylor 1995: 1). Taylor develops Agnew's warning to show the complexity of international relations through notions of internationality, interstateness and interterritoriality. Such a critique has identified that 'Wallerstein's concept of the state is relatively unsophisticated, an instrumentalism that neglects the intra-state processes which have actually created state power' (Taylor 1994b). Nevertheless, the critique is still narrowly restricted to a conception of space as physical territory.

It is within the wider 'globalization debate'<sup>2</sup> that a revised epistemology of space has developed and in which the implications of Massey's arguments can be seen. For example, the idea of 'global' and 'world' cities has theorised the 'commanding heights of the world economy' as a hierarchical network of urban centres, where Head Offices and key command and control functions are situated (Sassen 1991, King 1993). The development of global cities such as London has been recognised as highly contingent on the time-space development of the centre in a certain specific place (e.g. Thrift 1994). A number of writers have developed these ideas with more specific reference to the core-periphery metaphor.

Lash & Urry (1994) argue that their model of capitalist transition from organised to disorganised capitalism produces a core-periphery model of the world economy which differs from that of world-systems analysis. For them, the post-organized capitalist order produces a core, clustered around the control functions in the head offices of the major transnational firms in global cities. The core includes advanced business and communications services which service this hub. It is also conceived as embracing the mass communications and culture industries of global cities, as well as reaching out into the outlying agglomerations which surrounds such cities. Lash & Urry argue that this 'information-saturated, service-rich, communications-laden core' (ibid.: 17) represents a major shift from the older order's central cluster of Fordist industries. Thus, with the core consisting of the 'networked, more or less global cities', the periphery is theorised as consisting of 'isolated areas in the same countries, in the former Eastern Europe or in the Third World' (Lash & Urry 1994: 28). They highlight the significance of political and cultural processes bound up in the development of core and peripheral areas. In sum, their view is of a 'new' core to the capitalist world economy which is 'clustered around the information, communications and the advanced producer services' (Lash & Urry 1994: 17).

Such a core-periphery theorisation utilises a different spatial epistemology to world systems approaches in theorising the core as 'isolated localities in different countries across the globe'. Lash & Urry's (1994) core to the world economy is more like a network of linked

nodal city regions. This notion is similar to the position taken by Agnew & Corbridge (1995), who examine the core-periphery issue from a geopolitical / hegemony perspective. They theorize geopolitical relations in the post Cold-War world order through what they see as a new hegemonic regime termed *transnational liberalism*. They argue that:

"economic, cultural and geopolitical power is embedded in a network of dominant but internally divided countries, regional groupings like the EU and city-regions in the so-called Second and Third Worlds, international institutions including the World Bank, the IMF, GATT and the United Nations, and the main circuits and institutions of international production and financial capital" (Agnew & Corbridge 1995: 205).

All these regions and actors are bound together by an ideology of market economics and a growing recognition that territoriality alone is not a secure basis for economic or geopolitical power (*ibid.*). Therefore, the core of the world economy again corresponds to a network of spaces where the key command and control levers of transnational capital are controlled.

However, Agnew & Corbridge are also addressing similar issue to Massey, in that they are also concerned with the nature of spatial theories. Agnew & Corbridge refer not to Laclau though, but to Lefebvre. Their interest is in Lefebvre's (1991) ideas about the production of space. He suggests the spatial can be understood through three representational processes. First, spatial practices (the action of representing space) which refer to time-space routines and the social structures through which social life is produced and reproduced. Second, representations of space which refer to conceptions of space and third, spaces of representation, which refer to counterspaces or the underground side of social life opposed to the hegemonic representations of space.

Lefebvre has also produced an analysis of the representation of space, particularly in relation to capitalism and modernity (Gregory 1994). In so doing, he distinguishes between concrete and abstract space. I do not entirely agree with Lefebvre's definitions of concrete and abstract space, for reasons too lengthy to elaborate here. However, what is important, I think, is the distinction which Lefebvre makes between the physical outcomes of spatial representation (concrete space) and the cognitive element of the spatial (abstract space). This emphasises how space needs to be understood as a socially-produced phenomenon which nevertheless has concrete physical aspects.

This brings my preceding discussion to fruition, as I want to propose that world system's theorists need to adopt a revised spatial epistemology which takes into account the concrete and abstract nature of space. Agnew & Corbridge have developed one concept of an abstract space in relation to the core-periphery metaphor by suggesting that the core exists both in core regions *and* institutions (e.g. the IMF) The core thus resides within the abstract notion of the institution but this is also physically embodied in the actual location of offices, as well as the people who work for and constitute the institution.

However, I would suggest that there are many other abstract 'spaces' which need to be brought into the spatial epistemology of world systems theory but this paper is concerned to develop only one such possible abstract space - the social core. That is to argue that the core of the world economy has a social component, consisting of those people employed / involved in the core economic activities. This corresponds, in the contemporary period, to a

transnational business elite (see Strange 1988), mainly located in the concrete core spaces across the world economy. The 'social core' is not restricted to western cities but exists in the offices and residential spaces of business elites across the globe, involved in key control functions in the world economy. Corbridge (1994) has alluded to such a notion in his discussion of the contemporary geographies of capitalism. In his view, 'the core regions of comfortable capitalism are fast expanding. City-regions in Asia and Latin-America are already closer to the core of transnational capitalism than to its peripheries' (Corbridge 1994: 1853).

Thus, the core of the modern world economy should be re-theorised to include multiple 'spaces' where power, influence and control are held. Physically the concrete space of the core exists as a diasporic entity, scattered between numerous nodes - usually city regions - across the globe. However, we can also theorise abstract core spaces, such as the 'social core', not bounded to physical territory. Other useful abstract core spaces might include institutional or regulatory spaces. The point about the social core is that this core 'space' does have a physical spatial form: a diaspora of business elites across the globe *but that the physical location of this group at any one moment is not its defining feature*. In the remainder of this paper, I will seek to ground this argument through the case study of the business elite in Santiago, the capital of Chile. From an historical perspective I document the development of Santiago's contemporary business elite through this century, suggesting that only recently has this group been part of the 'social core.' I then present research into the contemporary elite to support the claim that it exists at the core of the modern capitalist world system.

### **THE CHILEAN CASE STUDY: THE HISTORICAL DEVELOPMENT OF A BUSINESS ELITE IN SANTIAGO.**

To understand the emergence of the contemporary 'globalized' business elite in Santiago, we need to look at the historical development of the middle classes and economic elite in Chile this century. Having done this, I then also want to discuss the context of recent social changes in terms of what has happened to the Chilean economy over the last 30 years or so.

Chile has a long history of integration into the modern world capitalist system and that includes a long history of industrial development. The Chilean economy has undergone 'modern' industrialization of one form or another since the early nineteenth century, soon after the Republic was founded in 1818 (Petras 1970; Gywnne 1985). Consequently, the ruling political elite in Chile during the nineteenth and twentieth centuries was formed from a long association between various fractions of the old (agrarian) upper class and the upper echelons of the industrial bourgeois elite (the upper middle classes) (Caviedes 1979). The bourgeois component of the Chilean ruling classes underwent particular consolidation in the 'Golden Age of Chilean industrialization' in the 1930s. The *hacienda*-owning agrarian aristocracy effectively lost political hegemony in this turbulent period in Chilean politics (ibid.). The resultant political grouping, eventually producing the National Party of the 1960s, mixed the agrarian interests of the upper classes with ideological currents of *laissez-faire* and bourgeois values. The new Chilean bourgeoisie which emerged in the 1930s sprang from an entrepreneurial elite intertwined in banking, trading institutions and mining consortia (ibid.).

By the 1960s and early 1970s, manufacturing and mining, the two sectors controlled chiefly by the bourgeoisie, represented 35% of GDP (Caviedes 1979: 100). Thus, effectively, 'the economic elite owned at least one third of the total flow of goods and services generated in the country.' (ibid.: 100). This concentration of economic power extended into other sectors including agriculture, construction and services (Caviedes 1979). By 1959, Chile had a dramatic concentration of economic power into the hands of a business elite. Only 4% of the stock companies controlled nearly 60% of circulating capital (Lagos 1961). The top financial institutions not only controlled Chile's major industrial establishments but were also financially interrelated and interdependent (Alvarez 1958). At the hub of the system were the banking institutions which had links with manufacturing enterprises and other businesses, secured through interlocking directorates, kinship relations or both (Lagos 1961). Close-tied family control was common as Zeitlin *et al* (1974) found in a study which showed the majority of Chilean managerial-controlled firms were owned by one or two families and their associates. Effectively, a small core of elite business families in Chile ran the most of the economy.

Thus, during the middle part of the twentieth century, Chile had a closely defined business elite. However, this small group of families were only partially involved in the 'global' economy. Many historians have documented how the Chilean upper classes have a long history of ostentatious consumption of foreign luxury goods (Encina 1981; Villalobos 1987; Bauer 1990). However, in the early part of the twentieth century the elite who could afford to participate in this sort of consumption was very small indeed (Caviedes 1979) and the range of goods was much more limited than in the post-war GATT regime (Silva 1995). Chile was involved in major international trade, notably in minerals, but Chilean integration into the capitalist world system at that time was much less pronounced, in terms of trade in manufactures and services, than it has now become with improved transport, communications and international free trade under the GATT<sup>3</sup>. Furthermore, earlier business elites were primarily involved in national-level capitalism which was relatively peripheral to the major industrial and manufacturing complexes of the USA, Western Europe and Japan. For these reasons, the business elite in Chile could not earlier in the twentieth century be understood as part of the 'social core' of the world capitalist system.

However, in 1970 a Communist Government was elected in Chile under Dr Salvador Allende; a government which conspicuously 'tried to cut ties with the capitalist elite' (Caviedes 1979: 103) and attempted to strip the elite of its control of banks and industry through nationalization, intervention, trade barriers and tariffs to protect the Chilean economy from foreign imports (Caviedes 1979; Gwynne 1990). However, the Communist administration was short-lived: brought to an abrupt end by General Pinochet's right-wing *Coup* in 1973. Pinochet soon adopted a range of neo-liberal economic policies; an ideology which has persisted in Chile for the last three decades. We now need to examine this most recent period of Chilean history as it provides the context for the development of the new 'globalized' business class in Santiago in the 1990s.

The neo-liberalism since the mid 1970s broke with the programme of modernization in Chile which existed between the 1930s and the early 1970s, involving state-led industrialization (Muñoz 1986). Since 1973, development in Chile has been increasingly based upon a very liberal, open and *laissez-faire* economy. In the first decade of the Pinochet era, neo-liberalism appeared to achieve a rapid triumph in Chile. With the guidance of the 'Chicago Boys', Chile seemed to have achieved a growth miracle by 1980 (Silva 1995). However, macroeconomic policy errors, in combination with the Debt Crisis,

had apparently put an end to this 'miracle' by 1982 (Bosworth *et al* 1994). Since then though the momentum of economic growth appears to have been recovered with additional vigour (Bosworth *et al* 1994; Hojman 1995a).

Despite some economists' criticism of neo-liberalism having produced premature de-industrialization and a dependence on primary product exports (Méndez 1980; Tokman 1984; Gwynne 1986), by 1995 it looks as though Chile may really make the transition 'from Latin Cat to Asian Tiger' (Hojman 1995b: 252). The Chilean economy now shows a remarkable bill of health that would be the envy of many developed and developing countries alike. The Debt problems of the 1980s have ceased to be a feature of Chilean economy in the 1990s. During the Aylwin Administration (1990-1994), Chilean debt was restructured and re-negotiated; by 1991, in the words of Eduardo Aninat who was in charge of the re-negotiation, 'the external debt was not a problem anymore' (Hojman 1995a). In conjunction with this, Chilean neo-liberalist policies in the late 1980s and 1990s have opened up the economy to substantial inflows of foreign direct investment (FDI). In 1993, FDI reached US \$ 2.5 Billion, equivalent to 5.6% of GDP (INE 1994). FDI has particularly increased in the 1990s since Pinochet relinquished political power to make way for democracy. The Government has also been particularly geared to attracting foreign investment with disincentives, such as constraints on profit expatriation, having been removed (Bosworth *et al* 1994). The 1990s has effectively seen the Chilean economy reap the benefits of the tough macroeconomic policies of the late 1980s. In the Pinochet era substantial chunks of the economy were privatised, as well as there being a dramatic restructuring and privatisation of the state social security system. Pinochet also relaxed restraints on capital flows and removed trade barriers; inflation was also increasingly restrained (Bosworth *et al* 1994).

Through the first half of the 1990s this had produced buoyant growth in the Chilean economy. In 1994, the public sector budget was balanced, exports were growing vigorously, rates of domestic saving and investment were rising, the level of foreign debt was manageable and inflation continued to decline (Bosworth *et al* 1994). The 1993 annual rate of inflation was 12.2% having fallen from annual percentages over twice that figure in the early 1980s (INE 1994). Unemployment has also been falling steadily since 1982 to a 1994 level of 4.4% (*ibid.*). Chile completed a decade of sustained economic growth averaging 6.3% (*ibid.*). The average hides exceptional performance in the 1990s with GDP growth in excess of 10% in 1989 and 1992, a remarkable level of growth considering that most of the world economy was in recession. Aggregate output expanded in 1990-93 by about 6.5% per year and a similar figure is expected for 1994-99 (Economist Intelligence Unit, several numbers). In 1994, the most dynamic sectors of the economy were construction (13.5% growth), commerce (7.5%) and financial services (7%), which represented a continuation of trends in recent years (INE 1994). Furthermore, recent work has also suggested that the FDI inflow into Chile in the 1990s constitutes long-term investment rather than short-term capital flows (Laban & Larrain 1994). However, as is apparent from the key sectors of growth, Chile is not following an export-led path of development, driven by the manufacturing sectors. Chile is not achieving a 'manufacturing miracle' (Gereffi 1990), although the manufacturing sector is now experiencing limited growth after initial de-industrialization in the early neo-liberalist period in the 1970s (Hojman 1995a); rather, the neo-liberalist model has produced economic growth primarily driven by primary exports and services (Villarreal 1990).



Overall, the Chilean economy is currently booming and growing rapidly, particularly as a result of FDI by TNCs. As the research presented in the final section will aim to substantiate, this context has had a dramatic impact on the Chilean middle classes and particularly on the business elites of Santiago. The influx of foreign TNCs and an opening of the Chilean economy to increasing levels of international business has been especially important in creating many new business and professional jobs in Santiago, as is shown in Figure 1; jobs filled by middle class Chileans. Recent statistics<sup>4</sup> support the fact that Chile has retained a narrow business elite since the 1970s; the group that have perhaps gained most from the boom of the 1990s (Silva 1995).

The Chilean business elites and upper middle class have also enjoyed substantial rises in real salary levels, as professional business employees have been increasingly in demand (INE 1993). Such rising levels of disposable income seems to have contributed to a massive rise in demand for western (imported) consumer goods (Silva 1995): everything from Camcorders to Nike trainers. Increasingly it appears middle class Chileans, especially in Santiago, are leading lives very similar to those of comparable professionals in western consumer 'post-modern' economies (ibid.). The imported consumer goods are the product of the 'global factory ' (Amin & Thrift 1992; Amin 1994) in a (post) modern capitalist world system which designs, produces and assembles manufactured goods (and services) in a myriad of different countries across the globe (Storper 1992; 1993; Sabel 1994). Therefore, it is to the 'globalized' occupations and lifestyles of the contemporary business elite in Santiago that I want now to turn. In so doing, I will argue that Santiago's business elite is significantly different from the business elite in the mid-twentieth century: the contemporary business elite is 'globalized' - integrated into the world economy in a much more pervasive way than previously. As such, it is comparable to other business elites in a diaspora of city regions across the globe. In this sense, Santiago's contemporary business elite is part of an abstract core space of the world economy: the 'social core'.

### **SANTIAGO'S CONTEMPORARY BUSINESS ELITE: PART OF THE 'SOCIAL CORE'.**

In this final section, I will examine Santiago's contemporary business elite by presenting material from qualitative research undertaken in Chile in 1994. The aim of the case study in qualitative research is not to enable broad generalisation in a quantitative fashion (Yin 1989; Sayer 1992; Stake 1995; Alasuutari 1995) but rather, through the inferential process, 'to turn exclusively on the theoretically necessary linkages among the features of the case study' (Mitchell 1983: 207). Thus, in using Santiago's business elite, I am seeking purely to demonstrate the validity and cogency of my theoretical arguments so far. The following material only draws on a sample of Chileans and some foreign nationals who were part of Santiago's business elite. In sampling, I attempted to get a diverse cross-section of people employed in a range of economic sectors including financial services, business services, mineral extraction companies and manufacturing companies. The research consisted of depth interviews with twenty-four business managers and their spouses. The majority of these people were Chilean with a small group of ex-patriot foreign nationals in the sample. The companies for which these people worked included large foreign TNCs and Chilean companies; all the respondents were employed in private companies rather than the public sector. On average, the interviews lasted between one and two hours and spanned a broad range of issues concerned with the occupations and lifestyles of middle class business people and professionals in the city. The interview structure covered five broad areas: occupation

and company, personal background, education and career history, lifestyle and Chile / Santiago's economy in relation to the world economy.

I have divided the following analysis into two areas in order to outline how Santiago's contemporary business elite are part of the 'social core'. In considering occupations I examine the social composition of the contemporary business elite in Santiago and the 'globalized' nature of the jobs they are filling. I then discuss the overall lifestyle of the city's 'globalized' business elite in terms of the experience of living in Santiago, consumer culture, 'globalized' cultural values and foreign travel. In both these areas I argue that Santiago's business elite is in common with a diasporic 'social core' across the globe.

### **Occupations**

Recent western social science literatures have documented the rising levels of employment of business professionals in the global cities of the West (Sassen 1991; Fainstein & Fainstein 1992). In global cities such as London or Tokyo, Sassen suggests that we are seeing a growth and concentration of command and control functions in the offices of TNCs which now exercise substantial power in the world economy (ibid.). Global cities have seen rising employment in professional and business occupation, particularly in financial services and as major TNCs locate their Head Offices in these cities. In the late 1980s the rising salaries of this new business elite in the West produced the 'Yuppie' social phenomena in cities such as London and New York (Whimster 1992).

In the 1990s, the contemporary business elite in Santiago appears to be arising in a similar context. The booming Chilean economy and influx of FDI has produced substantial increases in business and professional employment in the city region. As one manager put it:

"There are many new companies coming to Santiago ... and lots of new jobs. Jobs in business and banking. In this company [merchant bank] we have taken twenty - no maybe twenty five people in the last year. Graduates I mean, excluding clerical staff." (Chilean manager, male, 35. Brazilian Merchant Bank) [E]<sup>5</sup>

Such comment was typical across most of the sectors in which respondents were employed, with the exception of manufacturing where recruitment was less pronounced. Unemployment in Chile is now low and there was evidence of a growing shortage of young graduates for the elite jobs. Higher education in Chile is restricted to the upper middle classes who can afford it, and there appeared to be a relative shortage of potential elite recruits because

"Chile really has only two universities which produce graduates of a top international standard ... these people are in heavy demand.<sup>6</sup>" (Argentinean Personnel Director, male, 46. Mining Transnational) [E]

The problem seemed to be worse at the higher level in big companies where there was a presence of non-Chilean employees:

Chileans in the very top jobs are relatively few and companies are forced to head-hunt or bring in Ex-pats." (Argentinean Personnel Director, male, 46. Mining Transnational) [E]

On the whole though, Chilean and foreign companies were recruiting 'a small minority of ex-pats' where it was not felt there were suitably experienced or qualified people in Chile. Significantly, many of the new employees in the expanding business elite were 'returning Chileans', exiles of the Pinochet years. During the years of Dictatorship about a million Chileans left the country, mainly in the middle classes and above (Toledo 1995). The business managers I interviewed thought that the *retornado*<sup>7</sup> were a key group taking up professional and business jobs:

"Many people who left when Pinochet was under control have now come back and they have often lived in Europe or the US ... and had jobs and...[the] experience of life away from Chile. When they come back here they want more of the things they saw in the US: the jobs, the education for their children, the houses and cars and so on." (Chilean Manager, male, 36: Chilean Bank) [T]

Furthermore, the shortage of suitably educated Graduates had accelerated the trend among the upper middle classes favouring foreign university education, with young Chileans studying abroad to gain the calibre of business education required to reach the top jobs in the world economy:

"If they can afford it, people here will send their children to universities in the US or Europe... particularly to study economics or business administration. Those coming back with such degrees at the moment are guaranteed a good job." (Chilean Personnel Manager, male, 40: Chilean Insurance Company)[T]

In the 1990s, the social make-up of the business elite seems still to reflect the historical social structure of the ruling elite this century. The new professional and business jobs appeared to be the preserve of the upper middle classes in Chile, with several respondents commenting on the continued importance of close-knit family relationships amongst the business elite:

"Family and family friends here are very important. Managers will often give a job to someone whose family they know... and there is a fairly tight wealthy middle class community... who are virtually the only people who can afford to put their children through university." (Argentinean Personnel Director, male, 46. Mining Transnational) [E]

The business elite in Santiago were obviously commanding (sometimes quite rapidly) rising salary levels. I asked respondents about professional salaries in the previous five years or so:

"since Pinochet stepped-down [1990], I'd say business confidence and investment has gone up, and so have salaries. Perhaps then a manager in this office [Insurance Company] might make \$1500 a month<sup>8</sup>... and now it might be \$2500; more, it depends on the job." (Chilean Accountant, 34: Chilean Insurance Company) [E]

Such salary levels have allowed the business elite in Santiago to engage in a western consumer lifestyle, which will be discussed further shortly, and certainly enable a standard of living on a par with business elites in western cities. Furthermore, the future prospects of these salary levels being maintained and of further professional / business recruitment seem good. Many of the managers I spoke to thought that business confidence was good and that growth would continue, although perhaps future economic growth would not be as rapid as the 10% rates of recent years. Such a view is also taken by contemporary commentators on the Chilean economy (e.g. Bosworth *et al* 1994; Hojman 1995a).

However, more importantly to my argument, it was the nature of the occupations which constituted this elite firmly in the 'social core'. On being asked what the bulk of new business jobs were involved with, one respondent gave an answer that well summarised a common trend:

"Most new jobs are in finance and the offices of foreign companies...finance here is now very big and there are lots of jobs in accountancy and banks... to do with all the foreign investment in copper [mining] in the north ... also jobs in companies importing goods. But a lot of finance; huge sums of money are coming through the country now." (Chilean Manager, 35: Chilean Bank) [T]

I would argue that the business elite in Santiago is heavily bound into flows of capital and investment operating at a global scale. Unlike the Chilean business elite earlier this century, the contemporary employees of large companies in Santiago are concerned with global, not national, flows of capital, trade and investment. Take, for example, the comments of two managers in different banks on the influx of foreign companies into Santiago:

"Fifteen years ago there must have been half the number of foreign banks here ... or if they were here it was just a small office: one or two people only. We [Brazilian Bank] weren't here then... we set up eight years ago and now there are forty or more in this office. Mainly as a base for investment from Brazilian clients into Chile... and more and more the other way around." (Chilean manager, male, 35. Brazilian Merchant Bank) [E]

and:

"we have expanded our business in Chile greatly. We are dealing with foreign investors who think investing here is a good idea but also there is now a lot of investment by Chilean business elsewhere. I mean... as an example, the Electricity company here has just bought into the Peruvian electricity market... and one of the Chilean banks has just been bought out by a Brazilian banks." (Chilean manager, male, 34; Chilean Bank) [T]

The contemporary business elite in Santiago is thus increasingly occupied in international and global trade and business, mediating the global economy with the Chilean domestic economy rather than simply governing the latter. Not surprisingly, the elites' experience of work and the workplace in Santiago is very similar to the business environment of many cities across the world. The new office blocks which house the TNCs and their employees in Santiago could be anywhere in the world; something which is important in itself:

"Have you seen the new Trade Centre? Up town towards Providencia... There a lot of new office space there, all designed for the needs of the finance companies and the multinationals." (Chilean Manager, 48: Food Wholesale Company) [T]

It is to the wider issue of lifestyle which will now be examined.

### **Lifestyle**

As part of the abstract space of the social core, the business elite in Santiago also shared a 'globalized' lifestyle aside from their employment. I want to consider four key aspects briefly which highlight the integration into the core of the world economy which these people enjoy.

First, the residential areas in Santiago where the business elite are living show a high degree of affluence. Santiago has undergone a substantial boom in residential as well as office space construction (INE 1993). Particularly in three districts, Vitacura, La Dehesa and Las Condes, there has been a huge restructuring and development of the physical fabric of the city. In already urbanised areas many new apartment block developments have been built. These are luxurious apartments aimed at the income levels of the business elite:

"our apartment is like many of the new blocks. Three bedrooms, living rooms, a kitchen and maids room and a balcony... they have all the modern things you expect in the kitchen... with space for three cars in the basement lot" (Chilean Manager, male, 40: Chilean Insurance company) [T]

Such 'standard' apartments are equipped with their own secure fences, gardens around the base of the block and a twenty-four hour security guard. Further out of the city, large areas of farmland have been developed into exclusive estates of five or six bedroomed houses / mansions; the estates could quite easily be the rich suburbs in California. These areas are increasingly segregated from the rest of the city with private gates, CCTV cameras and security guard patrols in a similar way as Davis (1990) describes in LA.

The second facet of the 'globalized' lifestyle is the vigorous consumer culture which can be found amongst the business elites of Santiago<sup>9</sup>. As Silva (1995) has suggested, foreign consumer goods symbolise sophistication and modernity amongst the elite classes in Santiago. The 'import boom' of consumer goods led to a radical transformation of Chilean streets and shops, as hundreds of thousands of new cars invaded the roads, and a large number of giant malls appeared with products from all over the world (Délano & Translaviña 1989). The consumer culture has not been restricted to the elite classes (Silva 1995) but their contribution has probably been most important. The consumer products which part of the lifestyles of Santiago's business elite are products of the global factory and are the type of goods available to the wealthy middle class across the globe:

"managers and their families want to buy all the goods you would expect... expensive cars and Japanese electronic goods. Everything from French Perfume to Levi's and mobile phones." (Chilean Accountant, male 34: Chilean Insurance Company) [E]

Third, I would also suggest that the business elite in Santiago share forms of 'globalized culture' which are common to the 'social core' across the globe. With reference to Appadurai's (1990) idea of global cultural flows of 'mediascapes' and 'technoscapes', the business elite in Santiago are bound into both forms of globalized culture. When asked about their leisure activities, many managers mentioned their ownership of satellite and cable television, along with personal computers. Chilean television channels offer an enormous amount of programming from across the world including the usual CNN news, Hollywood films, Australian Soap-Operas and European television. Computers operated western software and some respondents said they played computer games software, again a 'global product.'

The fourth component of a globalized lifestyle in Santiago's business elite is the prevalence of foreign travel both for business and leisure reasons. Foreign business trips have become a common and important part of Chilean business in the 1990s:

"Far more people now travel abroad for business...all over the world; not just Peru, Brazil and Argentina. Much more of our business [underwriters'] is with foreign clients. Also for many people, they work for international companies who like to move you around a bit." (Chilean Accountant, male, 30: Chilean Insurance company). [T]

Furthermore, it appeared that foreign holidays were fashionable and a symbol of status amongst the business elite:

"It's not unusual now for people to take a holiday in the USA and Europe... a status thing to be able to go that far with your family." (Chilean Manager, male, 45: foreign accountancy company) [E]

Overall, in all four of these areas, it seems that the business elite in Santiago have an increasingly 'globalized' lifestyle: by that I mean a lifestyle in common with comparable elites across the globe in terms of the consumer goods, services and capitalist cultural values.

## **CONCLUSION**

In this paper, I have aimed to demonstrate that current work within world systems approaches has operated within a restrictively narrow spatial epistemology which ignores the complexity of spatial relations by treating 'space' as synonymous for 'physical territory'. This has been particularly apparent in the implementation of the core-periphery metaphor by world systems theorists. Earlier work, which referred to notions of regional blocs that could be understood as core, periphery and semi-periphery of the modern capitalist world system, has made way for a more sophisticated theorisation of core and periphery as process: more in line with Wallerstein's original conception (Soja 1989; Taylor 1993). However, writers continue to talk of core and peripheral spaces as regions of territory.

The main argument here has been that such an epistemology can learn from recent writing within the social sciences concerned with spatial epistemology and the 'globalization' debate. In drawing particularly on Massey (1993; 1994), Agnew & Corbridge (1995) and Lefebvre (1991), it has been possible to develop the idea of the space of the core of the world economy as representable as both physical and abstract 'space'. Such a view stems from the point that the 'core' of the world economy nowhere exists as blocks of core territory but rather exists as uneven nodes of physical territory across the globe. Furthermore, the more significant implication of Lefebvre's work, has been to suggest that physical space is only one aspect of the space of the core. Other abstract spaces should be included such as a 'social core', consisting of the transnational business elites in positions of control in the world economy, and an 'institutional core' (Agnew & Corbridge 1995), corresponding to the key institutions which regulate the world economy.

Such an epistemological contention is all very well as a theoretical argument but it needs some empirical grounding. To do this, I took up idea of the 'social core' through a case study of the 'globalized business elite' in Santiago, Chile. Within current world systems spatial

epistemology, Chile might be understood as a semi-peripheral state which at a sub-national scale, exhibited a range of core-peripheral processes: Santiago might be theorised as a core space in relation to outlying, less populated regions of the country. However, no matter what scale of territorial space is equated with the core, the problem of the 'chaotic nature of the spatial' (Massey 1993) remains; 'core' processes in Santiago appear to exist adjacent to peripheral process: the phenomena of office blocks next to slums. The latter part of the paper has therefore attempted to explore the usefulness of a revised spatial epistemology which understands the core of the modern world system in a way which does not simply equate space with territory. In focusing on Santiago's business elite, the emphasis was shifted from the physical to the social space of the core. Furthermore, through the discussion of the contemporary 'globalized' occupations and lifestyles of Santiago's business elite, it should have become clear that this 'social core' corresponded not just to the core of Chile's economy, but also existed in a wider transnational diasporic 'social core' at the global scale.

Historically, this has not always been the case. Earlier this century, the Chilean business elite was primarily engaged in national rather than transnational scale capitalist activity (Caviedes 1979). However since the early 1970s, Chile has experienced increasing integration through trade and capital flows with the world economy (Hojman 1995a). In the era of the 'late-modern' or 'post-modern' capitalist world economy, the nature of global integration has now become much deeper than in previous periods of globalization. At the end of the twentieth century, telecommunications, media and transport technologies have produced a shrinking world (Allen & Hamnett 1995) where capital, production and markets are increasingly globalized and hybrid in form. It has even become possible to talk of 'globalized' cultural forms (Featherstone 1993).

Thus, my argument is that the Chilean case study has wider theoretical implications as it demonstrates the complicated spatial form produced by core processes. It is reasonable to suggest that we can increasingly talk of a transnational business elite across the globe which has much in common with my Chilean example. Such an idea suggests that Agnew's 'territorial trap' needs to be taken more seriously than merely as an awareness of the problems in theorising a world of separate territorial states. World systems theorists and political geographers more generally need to resist the temptation to necessarily understand the processes of the modern world economy in territorial terms at all. Such an inclination precludes the possibility of adequately theorising processes because it always interpretes their outcomes in physical space. This *may or may not* be the most important facet of any given process, but in a contemporary world of increasing interlinkages between the 'global and the local', territorial outcomes are *never* likely to be the only important consideration.

## Notes

1. The theoretical methodology used in constructing knowledge of the spatial world.
2. I am acutely aware of the enormous diversity of the literature within this debate.
3. There is some disagreement about whether or not trade is freer in the 1990s than it has previously (Hirst and Thompson, 1996) but there is undoubtedly a much greater volume of trade occurring globally that at any time previously (Gibb and Michelak, 1994).

4. In 1993, the top 20% of earners in Chile had 61.5% of the total national income (University of Chile, 1994): Chile has one of the most skewed income distributions in the world (Hojman, 1993).
5. There has been a substantial rise in the numbers of Chileans in gaining higher education qualifications since the 1980s. Between 1981 and 1986, numbers in higher education increased from 119 000 to 208 000; there was a further increase to 247 000 between 1986 and 1991. (Source: Hojman, 1995c).
6. [E]: quotation in English; [T]: translation.
7. See Toledo (1995).
8. Figures were quoted or have been converted to US dollars.
9. This argument is supported by aggregate data on consumption. Figures are available for the late 70s/early 80s which represents the initial boom in foreign consumer goods in the Chilean economy, further experienced in the 1990s. Between 1976 and 1981, Chile imported US\$ 26 million in leathers and furs, US\$ 33 million in perfumes/toiletries, US\$ 68 million in shoes, hats, umbrellas and US\$ 75 millions in toys and games. Importation of perfumes was up 19 500% on 1970, of TV sets 9500% up. The number of cars (no domestic production) increased from 262 000 in 1976 to over 600 000 in 1985. In the mid 1990s this figure is now over 1 million. (Source: Silva. 1995)

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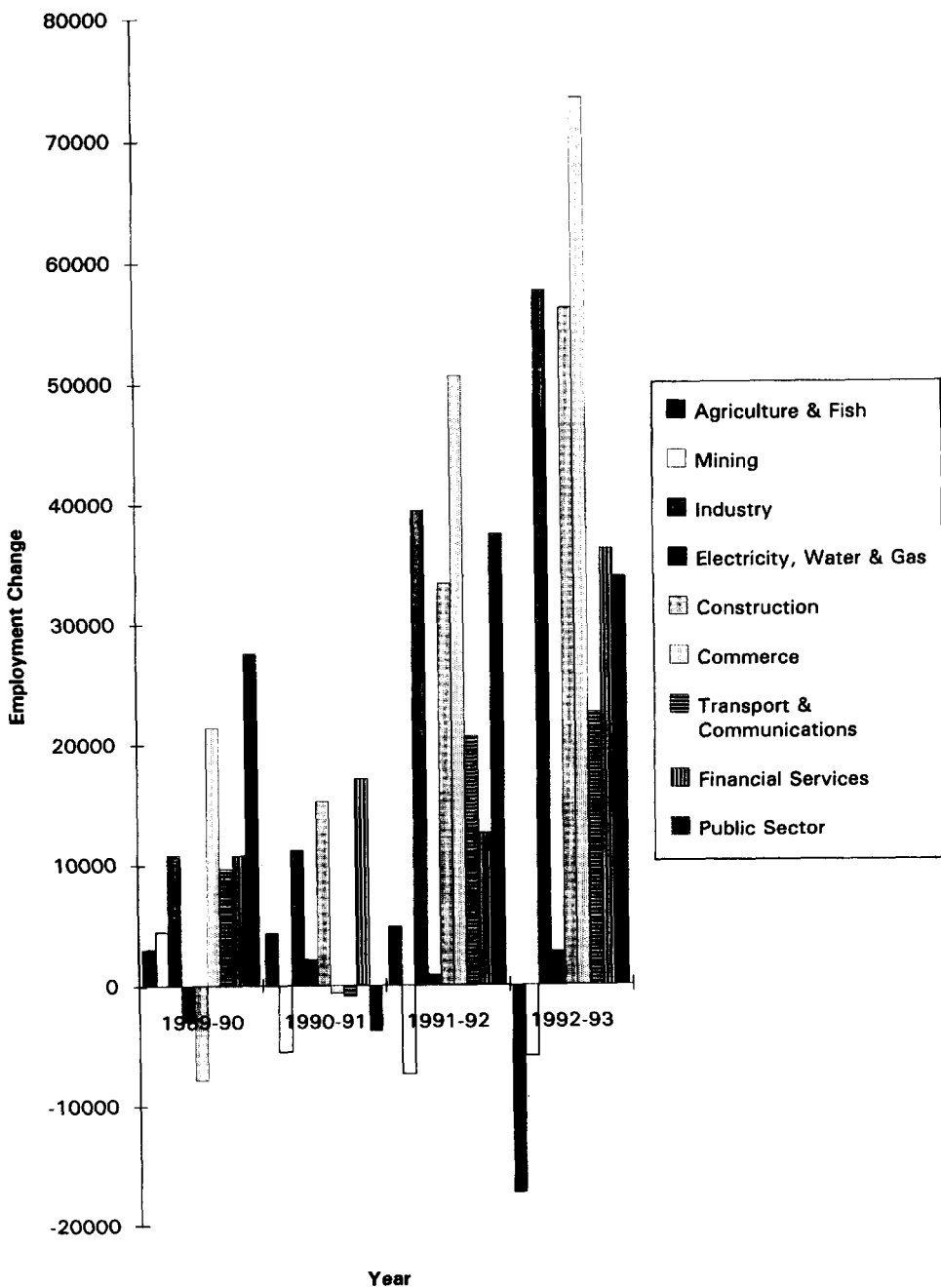


FIGURE 1 Employment change by sector in Chile, 1989-93.