

IMMANUEL WALLERSTEIN'S WORLD SYSTEM THEORY

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World-systems analysis is not a theory, but an approach to social analysis and social change developed, among others by the Immanuel Wallerstein. Professor Wallerstein writes in three domains of world-systems analysis: the historical development of the modern world-system; the contemporary crisis of the capitalist world-economy; the structures of knowledge. The American analyst rejects the notion of a "Third World", claiming there is only one world connected by a complex network of economic exchange relationship. Our world system is characterized by mechanisms which bring about a redistribution of resources from the periphery to the core. His analytical approach has made a significant impact and established an institutional base devoted to the general approach.

World system, core, semi-periphery, periphery, external regions

World-system theory is a macro sociological perspective that seeks to explain the dynamics of the “capitalist world economy” as a “total social system”.

World-system theory is both a political and an intellectual endeavor. It simultaneously falls into the fields of historical sociology and economic history. In addition, because of its emphasis on development and unequal opportunities across nations, it has been embraced by development theorists and practitioners.

Immanuel Wallerstein's name is associated with this approach. He first published the paper *The Rise and Future Demise of the World Capitalist System: Concepts for Comparative Analysis*, in 1974. Then, his most important work - *The Modern World System I: Capitalist Agriculture and the Origins of the European World-Economy in the Sixteenth Century* appeared in three volumes in 1974, 1980, and 1989. This is his landmark contribution to sociological and historical thought and spawned debates lasting three decades over the best way to interpret history, society, and economy in global perspective.

His work is methodologically somewhere in between Marx and Weber, both of whom were important inspirations for his own work.

The time when Wallerstein's work appeared development, modernization theory, was under attack from many fronts. He himself attacked it and tried to create an alternative explanation. He aimed at achieving a clear conceptual break with theories of ‘modernization’ and thus providing a new theoretical paradigm to guide the investigations of the emergence and development of capitalism, industrialism, and national states.

Criticisms to modernization include

- the reification of the nation-state as the sole unit of analysis,
- assumption that all countries can follow only a single path of evolutionary development,
- disregard of the world-historical development of transnational structures that constrain local and national development,
- explaining in terms of a-historical ideal types of “tradition” versus “modernity”, which are elaborated and applied to national cases.

In his *Modern World-System*, Wallerstein mainly draws on three intellectual influences. There is Karl Marx, from whom took over the dichotomy between capital and labor, the staged view of world economic development through stages such as feudalism and capitalism, belief in the accumulation of capital, dialectics and more. Then there is the French historian Fernand Braudel, who had described the development and political implications of extensive networks of economic

exchange in the European world between 1400 and 1800. And also there is the dependency theory, most obviously its concepts of "core" and "periphery"; and — presumably — the practical experience and impressions gained from his own work regarding post-colonial Africa.

From Marx, Wallerstein learned that (1) the fundamental reality of social conflict among materially based human groups, (2) the concern with a relevant totality, (3) the transitory nature of social forms and theories about them, (4) the centrality of the accumulation process and competitive class struggles that result from it, (5) a dialectical sense of motion through conflict and contradiction.

World-system theory owes to the *Annales School*, whose major representative is Fernand Braudel, its historical approach. Wallerstein got from Braudel's his insistence on the long term (*la longue durée*). He also learned to focus on geo-ecological regions as units of analysis, attention to rural history, and reliance on empirical materials from Braudel. The impact of the *Annales* is at the general methodological level.

World-system theory is in many ways an adaptation of dependency theory. Wallerstein draws heavily from dependency theory, a neo-Marxist explanation of development processes, popular in the developing world. Dependency theory focuses on understanding the "periphery" by looking at core-periphery relations, and it has flourished in peripheral regions like Latin America. It is from a dependency theory perspective that many contemporary critiques to global capitalism come from.

Other important influences in Wallerstein's work, still present in contemporary world system research, are Karl Polanyi and Joseph Schumpeter. From the latter comes world system interest in business cycles, and from the former, the notion of three basic modes of economic organization: reciprocal, redistributive, and market modes. These are analogous to Wallerstein's concepts of mini-systems, world-empires, and world-economies.

Historically speaking, the modern world system, essentially capitalist in nature, followed the crisis of the feudal system and helps explain the rise of Western Europe to world supremacy between 1450 and 1670.

Before the sixteenth century, when Western Europe embarked on a path of capitalist development, "feudalism" dominated West European society. Between 1150 and 1300, both population as well as commerce expanded within the confines of the feudal system. However, from 1300 to 1450, this expansion ceased, creating a severe economic crisis. According to Wallerstein, the feudal crisis was probably precipitated by the interaction of the following factors: fall or stagnation of the agricultural production, the reaching of the peak level of the economic cycle of the feudal economy; a change of climate conditions which brought low agricultural productivity and epidemics within the population.

In response to the feudal crisis, by the late fifteenth and early sixteenth centuries, the world economic system emerged. The new capitalist world system was based on an international division of labor that determined relationships between different regions as well as the types of labor conditions within each region.

For Wallerstein, "a world-system is a social system, one that has boundaries, structures, member groups, rules of legitimation, and coherence. Its life is made up of the conflicting forces which hold it together by tension and tear it apart as each group seeks eternally to remold it to its advantage. It has the characteristics of an organism, in that it has a lifespan over which its characteristics change in some respects and remain stable in others...

Life within it is largely self-contained, and the dynamics of its development are largely internal".

A world-system is what Wallerstein terms a "world economy", integrated through the market rather than a political center, in which two or more regions are interdependent with respect to necessities like food, fuel, and protection, and two or more polities compete for domination without the emergence of one single center forever.

His world-systems theory provided a model for understanding both change in the global system and the relationship between its parts. He was among the first to suggest that we depart from the relatively newly developed unit of the nation-state and to study global interaction instead.

In his own first definition, Wallerstein said that a world-system is a "multicultural territorial division of labor in which the production and exchange of basic goods and raw materials is necessary for the everyday life of its inhabitants."

This division of labor refers to the forces and relations of production of the world economy as a whole. Wallerstein proposes four different categories, core, semi-periphery, periphery, and external, into which all regions of the world can be placed. Of them four, two are of the uttermost importance: core and periphery. These are geographically and culturally different, one focusing on labor-intensive, and the other on capital-intensive production. The core-periphery relationship is structural. Semi-peripheral states acts as a buffer zone between core and periphery, and has a mix of the kinds of activities and institutions that exist on them.

The core regions benefited the most from the capitalist world economy. For the period under discussion, much of northwestern Europe (England, France, and Holland) developed as the first core region. Politically, the states within this part of Europe developed strong central governments, extensive bureaucracies, and large mercenary armies. This permitted the local bourgeoisie to obtain control over international commerce and extract capital surpluses from this trade for their own benefit. As the rural population expanded, the small but increasing number of landless wage earners provided labor for farms and manufacturing activities. The switch from feudal obligations to money rents in the aftermath of the feudal crisis encouraged the rise of independent or yeoman farmers but squeezed out many other peasants off the land. These impoverished peasants often moved to the cities, providing cheap labor essential for the growth in urban manufacturing. Agricultural productivity increased with the growing predominance of the commercially-oriented independent farmer, the rise of pastoralism, and improved farm technology.

On the other end of the scale lay *the peripheral zones*. These areas lacked strong central governments or were controlled by other states, exported raw materials to the core, and relied on coercive labor practices. The core expropriated much of the capital surplus generated by the periphery through unequal trade relations. Two areas, Eastern Europe (especially Poland) and Latin America exhibited characteristics of peripheral regions. In Poland, kings lost power to the nobility as the region became a prime exporter of wheat to the rest of Europe. To gain sufficient cheap and easily controlled labor, landlords forced rural workers into a "second serfdom" on their commercial estates. In Latin America, the Spanish and Portuguese conquests destroyed indigenous authority structures and replaced them with weak bureaucracies under the control of these European states. Powerful local landlords of Hispanic origin became aristocratic capitalist farmers. Enslavement of the native populations, the importation of African slaves, and the coercive labor practices such as the *encomienda* and forced mine labor made possible the export of cheap raw materials to Europe. Labor systems in both peripheral areas differed from earlier forms in medieval Europe in that they were established to produce goods for a capitalist world economy and not merely for internal consumption. Furthermore, the aristocracy both in Eastern Europe and Latin America grew wealthy from their relationship with the world economy and could draw on the strength of a central core region to maintain control.

Between the two extremes lie *the semi-peripheries*. These areas represented either core regions in decline or peripheries attempting to improve their relative position in the world economic system. They often also served as buffers between the core and the peripheries. As such, semi-peripheries exhibited tensions between the central government and a strong local landed class. Good examples of declining cores that became semi-peripheries during the period under study are Portugal and Spain. Other semi-peripheries at this time were Italy, southern Germany, and southern France. Economically, these regions retained limited but declining access to

international banking and the production of high-cost high-quality manufactured goods. Unlike the core, however, they failed to predominate in international trade and thus did not benefit to the same extent as the core. With a weak capitalist rural economy, landlords in semi-peripheries resorted to sharecropping. This lessened the risk of crop failure for landowners, and made it possible at the same time to enjoy profits from the land as well as the prestige that went with landownership.

According to Wallerstein, the semi-peripheries were exploited by the core but, as in the case of the American empires of Spain and Portugal, often were exploiters of peripheries themselves. Spain, for example, imported silver and gold from its American colonies, obtained largely through coercive labor practices, but most of this specie went to paying for manufactured goods from core countries such as England and France rather than encouraging the formation of a domestic manufacturing sector.

These areas maintained their own economic systems and, for the most part, managed to remain outside the modern world economy. Russia fits this case well. Unlike Poland, Russia's wheat served primarily to supply its internal market. It traded with Asia as well as Europe; internal commerce remained more important than trade with outside regions. Also, the considerable power of the Russian state helped regulate the economy and limited foreign commercial influence.

Dependency theorists first articulated a relationship of "unequal exchange" in which the rich nations of the world enforced trade relationships with the poor, in which the former extracted surpluses from the latter.

Among the most important structures of the current world-system is a power hierarchy between core and periphery, in which powerful and wealthy "core" societies dominate and exploit weak and poor "peripheral" societies.

Technology is a central factor in the positioning of a region in the core or the periphery. Advanced or developed countries are the core, and the less developed are in the periphery. Peripheral countries are structurally constrained to experience a kind of development that reproduces their subordinate status. The differential strength of the multiple states within the system is crucial to maintain the system as a whole, because strong states reinforce and increase the differential flow of surplus to the core zone. This is what Wallerstein called *unequal exchange*, the systematic transfer of surplus from semi-proletarian sectors in the periphery to the high-technology, industrialized core. This leads to a process of capital accumulation at a global scale, and necessarily involves the appropriation and transformation of peripheral surplus.

On the political side of the world-system a few concepts deem highlighting. For Wallerstein, nation-states are variables, elements within the system. States are used by class forces to pursue their interest, in the case of core countries. Imperialism refers to the domination of weak peripheral regions by strong core states. Hegemony refers to the existence of one core state temporarily outstripping the rest. Hegemonic powers maintain a stable balance of power and enforce free trade as long as it is to their advantage. However, hegemony is temporary due to class struggles and the diffusion of technical advantages. Finally, there is a global class struggle.

The current world-economy is characterized by regular cyclical rhythms, which provide the basis of Wallerstein's periodization of modern history. After our current stage, Wallerstein envisions the emergence of a socialist world-government, which is the only-alternative world-system that could maintain a high level of productivity and change the distribution, by integrating the levels of political and economic decision-making.

As a conclusion, it is relevant to notice what Wallerstein said in an interview on his book *European Universalism*, in March 2008,: "Rather, we have lived in a "world-system" since the beginning of the époque called modernity in the 16th century when the capitalist economy was born in an embryonic form in a small part of the world, Europe. The world is thus a unit of analysis vaster than the state. The capitalist system has gradually succeeded, by its internal

processes, in extending itself to the totality of the world. You can in fact see that, since the end of the 19th century, the whole world has been governed by this capitalist system, to this day. Studying this world-system, in my opinion, makes it possible to enrich the approach of social sciences, by considering states as elements constituting themselves within this system. But they are not the only elements of the system, in which races, classes, nations, households, etc. also exist. All are institutions within this capitalist world-economy. Above all, this concept allows me to show that, like any structure, it has gone through various phases: initially its emergence and establishment, then its development, finally the moment of its structural crisis, before that of its disappearance. I think that we are currently living this moment of structural crisis, and, while I won't venture to guess a precise date or time, we shall witness (perhaps twenty-five to fifty years from now) its disappearance – or rather its replacement by another thing. One cannot say by what, for the time being, but the process is inexorably moving.”

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