

World Systems Theory

1. The Approach

World-system theory is a macrosociological perspective that seeks to explain the dynamics of the “capitalist world economy” as a “total social system”. Its first major articulation, and classic example of this approach, is associated with Immanuel Wallerstein, who in 1974 published what is regarded as a seminal paper, *The Rise and Future Demise of the World Capitalist System: Concepts for Comparative Analysis*. In 1976 Wallerstein published *The Modern World System I: Capitalist Agriculture and the Origins of the European World-Economy in the Sixteenth Century*. This is Wallerstein’s landmark contribution to sociological and historical thought and it triggered numerous reactions, and inspired many others to build on his ideas. Because of the main concepts and intellectual building blocks of world-system theory –which will be outlined later–, it has had a major impact and perhaps its more warm reception in the developing world.

Where is world-system theory positioned in the intellectual world? It falls at the same time, 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. This combination makes the world-system project both a political and an intellectual endeavor. Wallerstein’s approach is one of praxis, in which theory and practice are closely interrelated, and the objective of intellectual activity is to create knowledge that uncovers hidden structures and allows oneself to act upon the world and change it. “Man’s ability to participate intelligently in the evolution of his own system is dependent on his ability to perceive the whole” (p. 10).

World-system research is largely qualitative, although early on Wallerstein rejected the distinction between nomothetic and idiographic methodologies to understand the world. For Wallerstein, there is an objective world which can be quantitatively understood, but it is, no matter for how long it has existed, a product of history. But to the most part, his methods are associated with history and with interpretive sociology. His work is methodologically somewhere in between Marx and Weber, both of whom were important inspirations for his own work.

1. Background

1.1 Immanuel Wallerstein

World-system theory has been closely associated with Immanuel Wallerstein, and understanding the intellectual context in which this body of knowledge is positioned, means also understanding Wallerstein, so let us begin by talking about him.

Immanuel Wallerstein was born in 1930 in New York, where he grew up and did all his studies. He entered Columbia University, where he obtained his BS, MA and PhD degrees. He remained a faculty member in Columbia’s Department of Sociology from 1958 to 1971.

His passage through Columbia occurred at a time when “[Columbia’s] cosmopolitanism and rebelliousness stood in sharp contrast to the genteel established liberalism of Harvard and Yale. His primary mentor was C. Wright Mills, from whom, according to Goldfrank, Wallerstein learned his historical sensitivity, his ambition to understand macro-structures, and his rejection of both liberalism and, to a lesser degree, Marxism. While being a faculty Member at Columbia, Wallerstein got interested in Africa and along the way, he spent time in Paris. In Paris he was exposed to two major intellectual influences, the *Annales* group of historians, and also to what by the time were radical political ideas. Paris was the center for political and intellectual radicalism among Africans, Asians and Latin Americans, and the locus of the major challenges to AngloAmerican liberalism and empiricism. In Africa he did field work that exposed him to the Third World, and he wrote his dissertation on the processes of national formation in West Africa. Here, Goldfrank tells us, he started to build his world view of “creative selfdestruction”, of rise and demise. His exposure to the third world had a great impact on his work. In his introduction to *The Modern World System*, Wallerstein, in a revealing statement, says that “In general, in a deep conflict, the eyes of the downtrodden are more acute about the reality of the present. For it is in their interest to perceive correctly in order to expose the hypocrisies of the rulers. They have less interest in ideological deflection.” (p. 4).

1.2 Aims

Wallerstein’s work developed at a time when the dominant approach to understanding development, modernization theory, was under attack from many fronts, and he followed suit. He himself acknowledges that his aim was to create an alternative explanation (Wallerstein, 2000). He aimed at achieving “a clear conceptual break with theories of ‘modernization’ and thus provide a new theoretical paradigm to guide our investigations of the emergence and development of capitalism, industrialism, and national states” (Skocpol, 1977, p. 1075). Criticisms to modernization include (1) the reification of the nation-state as the sole unit of analysis, (2) assumption that all countries can follow only a single path of evolutionary development, (3) disregard of the world-historical development of transnational structures that constrain local and national development, (4) explaining in terms of ahistorical ideal types of “tradition” versus “modernity”, which are elaborated and applied to national cases. In reacting to modernization theory, Wallerstein outlined a research agenda with five major subjects: the functioning of the capitalist world-economy as a system, the how and why of its origins, its relations with noncapitalist structures in previous centuries, comparative study of alternative modes of production, and the ongoing transition to socialism (Goldfrank, 2000; Wallerstein, 1979).

1.3 Building Blocks

There are three major intellectual building blocks of world-system theory, as conceived by Wallerstein: the *Annales* school, Marx, and dependence theory. These building blocks are associated with Wallerstein’s life experience and exposure to various issues, theories, and situations.

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 (think of Braudel's *The Mediterranean*), attention to rural history, and reliance on empirical materials from Braudel. The impact of the *Annales* is at the general methodological level.

From Marx, Wallerstein learned that (1) the fundamental reality is 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. Wallerstein's ambition has been to revise Marxism itself.

World-system theory is in many ways an adaptation of dependency theory (Chirot and Hall, 1982). Wallerstein draws heavily from dependency theory, a neo-Marxist explanation of development processes, popular in the developing world, and among whose figures are Fernando Henrique Cardoso, a Brazilian. 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 worldsystem research, are Karl Polanyi and Joseph Schumpeter. From the latter comes worldsystem 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.

3. What is a world-system?

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" (Wallerstein, p. 347). 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 (Goldfrank, 2000).

In his own first definition, Wallerstein (1974) 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 and it leads to the existence of two interdependent regions: *core* and *periphery*. These are geographically and culturally different, one focusing on labor-intensive, and the other on capital-intensive production. (Goldfrank, 2000). 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 (Skocpol, 1977).

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 (Chase-Dunn and Grimes, (1995). 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 (Skocpol, 1977). This is what Wallerstein called *unequal exchange*, the systematic transfer of surplus from semiproletarian sectors in the periphery to the high-technology, industrialized core (Goldfrank, 2000). 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 (Goldfrank, 2000). 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.

4. Research, Applications, and Prospects

The current hub of research on world-systems is SUNY Binghamton, at the Fernand Braudel Center for the Study of Economies, Historical Systems and Civilizations. Although some researchers pursue this approach around the country, it has had its greatest impact among intellectuals in the third-world, where Wallerstein is regarded a first-rate intellectual and contributor to the understanding of world-dynamics. Most publications take place in

the *Journal of World Systems Research*, and in the *Review* published by the Fernand Braudel Center. Within the American Sociological Association, there is a chapter on the Political Economy of the World System. In addition, Wallerstein was president of the International Sociological Association between 1994 and 1998. Although his attention has moved more towards the philosophy of the social sciences, Wallerstein continues to be the major figure in world-system research.

After legitimizing historical sociology for its own sake, world-system research has inspired numerous research programs, with perhaps the most notorious one to date being the study of long-term business cycles. In addition, it is an approach widely used to talk about development dynamics and to understand the relationships between the first world and the third world. As an interdisciplinary theory, it has also drawn the attention of scholars from several disciplines in the social sciences: history, anthropology, cultural studies, economic history, development studies.