World-System Theory
Outline

- Background
- Key aspects & application
- Strengths & weaknesses
- Post-transition vision
- Discussion: Today’s relevance
Background

- Immanuel Wallerstein (*1930)
- French Annales School (Braudel: Longue durée)
- Dependency School
- Core questions:
  - East Asia’s economic growth
  - Crisis among socialist states
  - Crisis concerning US capitalism (1970s)
Key aspects of World-System Theory (1)

- Progress not necessarily good or unidirectional
- Analysis as historical social science
- Unit of analysis: historical system

<table>
<thead>
<tr>
<th>Mini-system</th>
<th>World empires</th>
<th>World economy</th>
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<tbody>
<tr>
<td><img src="image1.png" alt="Mini-system" /></td>
<td><img src="image2.png" alt="World empires" /></td>
<td><img src="image3.png" alt="World economy" /></td>
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Key aspects of World-System Theory (2)

- Trimodal system (core, semi-periphery, periphery)
- Distinct mechanisms concerning development
  - Periphery $\rightarrow$ semi-peripheral status
  - Semi-periphery $\rightarrow$ core status
## Modernisation vs. World-System Theory

<table>
<thead>
<tr>
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<th>Modernisation Theory</th>
<th>World-System Theory</th>
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<tbody>
<tr>
<td><strong>Unit of analysis</strong></td>
<td>Nation state</td>
<td>World-system</td>
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<tr>
<td><strong>Methodology</strong></td>
<td>Transformation of Third World nation states; general patterns, universal trends, prospects</td>
<td>Historical dynamics of the world-system (cyclical rhythms and secular trends)</td>
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<td><strong>Theoretical structure</strong></td>
<td>Bimodal: traditional vs. modern societies</td>
<td>Trimodal: core, semi-periphery, periphery</td>
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<td><strong>Direction of development</strong></td>
<td>Upward mobility</td>
<td>Possible upward and downward mobility</td>
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<td><strong>Research focus</strong></td>
<td>On Third World nation states</td>
<td>On all three spheres and the world economy</td>
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Application

- Often used as general framework in various disciplines (economy, political science, history, anthropology etc.)
- Comparative development: Dynamics and relationships
- Van Hamme & Pion (2012): Core-peripheries division still structures economic flows
- Example: Information Flows (Golan, Himelboim 2016)
Trade Openness (2000)
Country Income

Country Income Groups
- Low income - $1,045 or less
- Lower middle income - $1,046-$4,125
- Upper middle income - $4,126-$12,735
- High income: nonOECD - $12,736 or more
- High income: OECD - $12,736 or more

Year: 2016
Source: The World Bank Group
Gini Coefficient
Strengths & weaknesses of World-System Theory (1)

Strengths

- Inclusion of concept of semi-periphery (as for many countries it has proven to be stable condition, more than a transitional phase)
- Holistic perspective allows for more abstract conclusions
- Mirrors interdependency of spheres (not only inter-connection of single states)

Weaknesses

- Development measured on questionable criteria → core status will most likely stay with same actors
- Development of peripheries depends upon core countries (internal factors are rather neglected)
- Specialisation in low-tech production may produce profits in the short term, but this is at the cost of long-term development.
Strengths and weaknesses (2)

Strengths

- Critic of the benefits of foreign investment in peripheral countries (rather extraction of profits without investing in long-term industrial infrastructure)

Weaknesses

- Trade is asymmetrical (poorer countries depend more on trade with core countries than vice-versa)
- Research findings are mixed
- Almost any action can be interpreted as “serving the interests of global capitalists” (no useful predictions)
- Is causality correct? “Dependency leads to being trapped in state of underdevelopment” could be the other way round: Poverty leads to a state of dependency (poorer countries are only able to trade commodities)
What happens after the transition?

Wallerstein: Radical transformation of the world system
→ global socialist revolution
  = re-distribution of resources and power
Discussion: Relevance
Are the so-called crises (such as the capitalist crisis) exaggerated and the capitalist system is actually working quite well?

Is Mr. Hannan proving Wallerstein’s point concerning environmental quality, i.e. core states having the power to shift environmental problems to other spheres?
Bibliography (1)


Bibliography: Images

- Cave painting, retrieved 13 November 2016 from <https://de.pinterest.com/explore/h%C3%B6hlenmalerei-961032393371/>