

WORLD SYSTEM THEORY

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The roots of the World System Theory can be traced to the writings of Lenin. In his monumental work, *Imperialism—The Highest Stage of Capitalism*, Lenin contended that imperialism created a two-tier structure within the capitalist world economy. He identified the dominant structure as the ‘core’ and the less developed structure as the ‘periphery’. It is the location of the states within this capitalist world economy, which determines the patterns of interaction and relation of domination and dependence between them. Galtung (1971) and Wallerstein (1974) further developed this theory and provided powerful insights into the working of the world capitalist economy. Among other proponents of this theory, the noteworthy were Andre Gunder Frank (*Capitalism and Underdevelopment in Latin America*, 1967), Raul Prebisch’ (1963), the first Executive Director of the United Nations Economic Commission for Latin America, John Gallagher and Ronald Robinson” (1953), and Gunnar Myrdal (1957), the

author of Asian Drama.

The main line of argument of the World System theorists is that the dependency situation of the developing countries is the direct result of the economic exploitation by the advanced countries. They define the situation of dependency, as a “situation in which a certain number of countries have their economy conditioned by the development and expansion of another..., placing the dependent countries in a backward position exploited by the dominant countries”.

Dependency theorists not only reflect upon the external factors like foreign states, MNCs, international banks, multilateral lending institutions, foreign control of technology and an international bourgeoisie as causes of dependency but also highlight the internal constraints on development such as patterns of land tenure, social structures, class alliances, and the role of the state. These internal factors strengthen and reinforce the instruments of

foreign domination. As a result of the interplay between these internal and external factors, the nature of development or underdevelopment of society will vary.

With this line of thinking in mind, some of the World System theorists use Marxist terminology and Leninist insights to explain this situation of dependency. Here is a structural theory of dependency, it be discussed below.

## Immanuel Wallerstein and His World System Theory

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Wallerstein represents the most powerful exposition of the modern World System theory in his seminal work Modern World System: Capitalist Agriculture and the Origins of the European World-Economy in the Sixteenth Century (1974). Tracing the emergence of capitalism in the sixteenth century Europe, he examines its evolution into a world capitalist system that contains a core, a periphery and a

semi-periphery .The 'core' has come to constitute historically the most advanced economic areas, which are engaged

in activities like banking, manufacturing, technologically advanced agriculture, ship building and others. The 'periphery' has been providing raw materials such as minerals and timber to support the core's economic expansion. Unskilled labour is repressed and the peripheral countries are denied advanced technology from the core countries in those sectors where they may give the core countries a tough competition. The semi-periphery is involved in a mix of production activities, some associated with core areas and others with peripheral areas. It also serves as an outlet for investment when wages in core economies become too high. Over the time, particular regions of the world may gravitate between core, peripheral and semi-peripheral status. Class structure in each zone varies depending on how

the dominant class relates to the world economy.