

WORLD SYSTEM THEORY

Introduction

- The **world systems theory**, developed by sociologist Immanuel Wallerstein, is an approach to world history and social change that suggests there is a world economic system in which some countries benefit while others are exploited. Just like we cannot understand an individual's behavior without reference to their surroundings, experiences, and culture, a nation's economic system cannot be understood without reference to the world system of which they are a part.

CHARACTERISTICS OF THEORY

- The main characteristics of this theory, which will be discussed in more detail throughout the lesson, are:
- The world systems theory is established on a three-level hierarchy consisting of core, periphery, and semi-periphery areas.
- The core countries dominate and exploit the peripheral countries for labor and raw materials.
- The peripheral countries are dependent on core countries for capital.
- The semi-peripheral countries share characteristics of both core and peripheral countries.
- This theory emphasizes the social structure of global inequality.

Core Countries

- According to the world systems theory, the world is divided into three types of countries or areas: core, periphery, and semi-periphery. **Core countries** are dominant capitalist countries that exploit peripheral countries for labor and raw materials. They are strong in military power and not dependent on any one state or country. They serve the interests of the economically powerful. They are focused on higher skill and capital-intensive production. Core countries are powerful, and this power allows them to pay lower prices for raw goods and exploit cheap labor, which constantly reinforces the unequal status between core and peripheral countries.
- The first core region was located in northwestern Europe and made up of England, France, and Holland. Today, the United States is an example of a core country. The U.S. has large amounts of capital, and its labor forces are relatively well paid.

PERIPHERY COUNTRIES

- **Periphery countries** fall on the other end of the economic scale. These countries lack a strong central government and may be controlled by other states. These countries export raw materials to the core countries, and they are dependent on core countries for capital and have underdeveloped industry. These countries also have low-skill, labor-intensive production, or, in other words, cheap labor. Periphery countries are commonly also referred to as third-world countries.
- Eastern Europe and Latin American were the first peripheral zones. An example from today is Cape Verde, a chain of islands off the west coast of Africa. Foreign investors promote the extraction of raw materials and the production of cash crops, which are all exported to core countries.

SEMI-PERIPHERY COUNTRIES

- **Semi-periphery countries** fall in the middle of the economic spectrum. These countries share characteristics of both core and periphery countries. These are core regions in decline or periphery regions attempting to improve their economic position. These countries are sometimes exploited by core countries, but they also may exploit periphery countries themselves. For example, India is largely dependent on core countries for capital, but India has a growing technology industry and an emerging consumer market.