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There have been only two types of world system: the world empire (e.g., ancient Rome) and the modern capitalist world-system.

A socialist world government is a possibility.

Three types of geographical areas in the capitalist world-system:

1. Core: dominates the world-system and exploits the rest of the system
2. Periphery: provides raw materials to the core and is exploited by it
3. Semiperiphery: residual category of areas somewhere between exploiting and being exploited

World-systems theory is a variant of the dependency perspective, which explains global inequality in terms of the historic exploitation of poor societies by rich ones.

The modernization perspective explains global inequality in terms of technological and cultural differences among societies.
What is capitalism?

Capital: accumulated wealth that is invested with the objective of self-expansion

Before capitalism it was not easy to invest capitalism because not all elements of the circuit of capital were commodified.

Under capitalism, capitalists who don’t attempt to expand capital go bankrupt.

“Historical capitalism, is, thus, that concrete, time-bounded, space-bounded integrated locus of productive activities within which the endless accumulation of capital has been the economic objective or ‘law’ that has governed or prevailed in fundamental economic activity.” (p. 18)

Capitalism began in late 15th Century Europe and expanded to cover the entire globe by late 19th Century. It was brought into existence by Europe’s upper strata since feudalism was crumbling.

Phenomena explained by capitalism: racism, sexism, technological advances, universalism (belief in progress, meritocracy, etc.), the nation-state

Capitalism is absurd.
Capitalism and the State

The struggle for the benefits of capitalism has revolved around capturing control of nation-states, which are the most effective levers for changing the allocation of surplus.

1. States control the movement of goods, capital and labor across their borders
2. States determine rules governing social relations of production
3. States have the power to tax, resulting in three ways to redistribute rewards
   a. Official subsidies from tax income
   b. “Abscondings” of public funds
   c. Individualization of profit, but socialization of risk
4. States attempt to have a monopoly on the use of force

Ideological myths regarding the nation-state

1. Capitalism involves entrepreneurs freed from state interference
2. States have real sovereignty (in fact, they are really part of an interstate system)

Reasons why there hasn’t been a world empire under capitalism

1. With a constant incentive to enter competition, there is always a dispersion of profitable activities
2. Capitalists need other states to balance the power of their own state

Anti-systemic movements (labor-socialists, nationalist) attempt to seize state power, but once they do, they are constrained by the interstate system. These seizures result in “reforms” that change the balance of the power, not the system itself.
Proletarianization and Semi-Proletarianization

For capitalists, semi-proletarianized households are better than proletarianized households because wage laborers can be paid with less than a living wage

Capitalism correlated the division of labor with the valuation of work. Only money-earning work is “productive.”

Thus, capitalism has institutionalized sexism, extended childhood and created retirement, all by redefining work as non-work.

So why has proletarianization happened at all?

During crises of “overproduction,” some capitalists have attempted to change the pattern of commodity chains and nation-states.

During these crises, workers have pushed for greater proletarianization and the system has expanded to search for low-cost labor.
Commodity chains

Commodity chains involve long lines of transactions necessary to make a commodity.

Most transactions don’t involve a marketplace because of:

1. Monopolies
2. Vertical integration

Commodity chains tend to move across national borders from periphery nations to core nations. Each transaction involves an allocation of profit.

Profits tend to go to the core because:

1. Vertical integration
2. More capital in the core leads to mechanization, new products, etc.
3. Stronger core states enforce the system

This process is hidden because it appears to be based on markets.