**SYSTEM THEORY**

University/college

Department

Course no. & students name

Due Date

**World-System theory**

World-System theory is the work of one Immanuel Wellerstein. The system theory is an attempt by Wellerstein to detail the complex yet exploitive and impoverishing world economic relationship which exist in our modern world (Wellerstein, 2000). The System theory was conceived at a time when the dominant approach to understanding development (modernization theory), was under attack from different fronts (Carlos & Martinez, 2001).

The World-System theory is a socio-economic and political approach that explains the economic development and dynamics of capitalistic world economy analysing the mechanism of international market trade, economic division of labour between the core and the periphery regions, and the interests of capitalistic class in markets (Coccia, 2019).

For Wallerstein, "a world-system is a social system, one that has boundaries, structures, member groups, rules of legitimation, and coherence (Wallerstein, 1978). The world system, has its life 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 advantate. The world system has the characteristics of an organism, that is, it has a life-span over which its intergral features change in some respects and remain stable in others. Life within the system is largely self-contained, and the dynamics of its development are largely internal (Wallerstein, 1978). 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 singlecenter forever (Goldfrank, 2000).Kakkar (2017), according to the world-systems analysis the origin and expansion of capitalism and simultaneously, the international division of labour divided the world economy into four economic zones namely, core, periphery, and the semi-periphery. This stratification of the world economy reflects on the Marxian and Weberian analysis of class. For Marx, class is based on ownership and non-ownership of means of production and forces of production while Weber understood class in relation to both ownership and occupational skill in the production process (Kakkar, 2017).

The three economic zones of the world economy, the core, semi-periphery and periphery hold distinct economic and class positions in the world economy, by virtue of which they accrue advantages and benefits or suffer from disadvantages and exploitation (Kakkar, 2017).

The core countries are the producers of manufactured goods rather than raw-material. They are the vanguard of all technological innovations and industrial development (Kakkar, 2017). The core are the countries that focus on the capital intensive production and have benefitted maximum from the capitalist economy. These countries have a locally strong dominant bourgeoisie class that enable them to obtain control over international commerce and extract capital surpluses from this trade for their own benefit (Kakkar, 2017).According to Kakkar (2017), the core countries exercise significant influence over non-core countries. They draw significant advantages by dominating and exploiting the periphery countries. They are markets for plathora of unprocessed or semi-processed raw material and cheap and affordable labour from the periphery countries (Chirot, 1986)..

As if this is not enoight, the core extract huge profits from the periphery countries by selling their manufactured goods and commodities at a high cost (Kakkar, 2017). Further, they draw enormous profits by making capital investments in the periphery countries, which makes the latter dependent and vulnerable.

The prepheries often lacking strong governments institutions, are primary exporters of unprocessed raw material to the core nations and which they do so cheaply. The peripheries engage in labour-intensive production and rely on coercive labour practices often set externally by the governments of the core countries (Kakkar, 2017). Investors from multinational and transactional corporations expropriate much of the surplus generated through the unequal trade. The peripheries have a small bourgeoisie class, which perpetuates this economic exploitation by forging connections with the multinational and transnational corporations.

The history of world of capitalist system is replete with examples whereby, core countries have sought to establish their monopoly over a periphery country to maximize their profits and benefits from it (Kakkar, 2017). In this context, Wallerstein’s concepts of trade concentration and investment concentration, whereby periphery country trade with and receive investments from a few core countries (or only one) becomes relevant (Wellerstein, 2000). A high trade and investment concentration adds to the vulnerable status of the peripheral country. The periphery country would be hard hit, economically, in case the core country decides to end trade and investment transactions with it (Wellerstein, 2000).

From analytical point of view, world system theory recognizes internal inequalities within nation states than other development theories. This recognition arises from the fact that, the primary focus of the system theory is not the state but labour as a element of economic production.

The colonial legacy of the European countries through the historical export of capitalism through institutionalized colonialism is the genesis of the endemic poverty prevalent in modern day developing world. Wellerstein (1974) distinguished between two types of world-systems, world-empires and world-economies which complemented each other in role. However, the difference is the presence in the former of a single political structure over a vast area (Kardulias, 2010). The operation of a world-economy requires the presence of core states and peripheral areas. The core states possess complex political structures (stratified class systems with large bureaucracies) and, by means of superior technology, exercise control over the major facilities of production, transportation, and communication (Kardulias, 2010). Political organization in peripheral areas is at the pre-state or incipient state level and is usually relatively weak compared with that in core states. As aforementioned, core states manipulatively and coercingly incorporate peripheral areas into the capitalist world-economy because these marginal regions often contain important natural resources. This is how the history colonialism by the European states came into being. Through political and economic control of the system, Wallerstein (1974), notes that, the core states exploit the labour and material resources of peripheral areas and receive a disproportionately large share of the surplus or benefits. He argues further that European states, through colonization, competed among themselves for control or access to peripheral areas in order to increase profits. Half a century later, the theory succeeds in telling the genesis of the economic problem.of the developing world including India and Brazil.

The world system theory legitimizes historical socialogy. Furthermore, the theory clearly depicts the relationship between the first world and the developing world. It point to the genesis of the interdependence, dependence, exploitation and the conditioning of the development of the third world at the behest of the development of the first world. The theory is an interdisciplinary in mature and thereby since it's formulation it has drawn the attention of scholars from several disciplines in the social sciences: history, anthropology, cultural studies, economic history, development studies (Carlos & Martinez, 2001).

According to Wallerstein (1974), the modern world is a capitalist world-economy that has engulfed a large geographic zone of the world. The world economy has a well defined division of labour and multiple cultural and political systems. The division of labour is rooted in the production processes that demarcate the world into core and periphery zones. There is an exploitative relationship between the two zones as surplus moves from the periphery to satisfy the needs of the core. By postulating this, the world-system theory is key in analyzing the growth of global inequality and the effects of global capitalism (Kilembe, 2010).

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