

***Immanuel Wallerstein:
World-Systems Analysis: An Introduction.***

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“The longer I spend on Wall Street, the more convinced I am that Marx was right. I am absolutely convinced that Marx’s approach is the best way to look at capitalism.”

~ Alleged words of an economist at “a big Wall Street investment bank”, quoted in an article in the New Yorker magazine, October 1997.¹

Immanuel Wallerstein adapted a quite specific and unique macroscopic point of view to critically study both the reality and the history of the modern world. The theory he developed, called a world-systems thesis, has provoked many discussions, was criticised, and became well-known – especially among the public and scholars concerned with the economic processes of “globalisation”. Probably the best known and most discussed part of his work is his analysis of the core-periphery relation, and the related concept of semi-peripheries. In this book, Wallerstein presents a comprehensive explanation of his world-systems concept.

Before he steps up to his topic, in first chapter Wallerstein discusses the character of modern knowledge: the emergence and development of science, the social sciences, and the humanities. In next part of the book he presents his economic analysis of the modern world-system. The following two chapters explain the impact this economic background has on the way the societies are organised politically, and on culture and ideologies respectively. The fifth and last chapter is an analysis of the present world-system crisis.

The world-systems theory, as explained in the first chapter, is simply an approach, an analytical tool, a basic framework for studying reality. The author’s approach is purely holistic: actors such as individuals, states, firms, etc., “are not primordial atomic elements, but part of a systemic mix out of which they emerged and upon which they act. They act freely, but their freedom is constrained by their biographies and the social prisons of which they are a part.”² This is the point of view for his analysis of the global capitalist economy. For him capitalism is defined as a system that gives priority to the endless accumulation of capital. Other markers are the division of labour, and therefore intensive exchange (trade) and flows of resources.

The second chapter explains the crucial economic aspects of the world-system. Most importantly, Wallerstein argues that the priority of accumulation means that the absolutely perfect market is disadvantageous. This is because in a market where all relevant factors can flow perfectly freely, where there are large numbers of both buyers and sellers and there is perfect information, then competition would be maximal, hence profits minimal. For this reason the perfect free market is not only impossible, but at the same time not suit-

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able for the accumulation of capital. The monopolies, not the perfect markets, offer high profits and, therefore, better conditions for such accumulation. Hence Wallerstein inherited Braudel's view that "capitalism was the 'anti-market'".

While the ideal perfect monopolies are very rare, Wallerstein speaks about *quasi-monopolies*, which are more common. These are sustained thanks to support from the state (patents, restrictions, subventions, etc.). But quasi-monopolies don't last forever: other entrepreneurs see the profitability of the quasi-monopolised business, so they struggle to enter the game. The quasi-monopoly gradually becomes more and more competitive, and consequently less and less profitable. Of course, as the profits become minimal, capital moves to new industries, new types of production offering higher profits and hence better conditions for the accumulation of capital. As the former quasi-monopoly dies in the growing competition, a new one emerges.

This gradual process of de-monopolisation is related to Wallerstein's core-periphery concept, or, more adequately, his approach to this concept. Some might be surprised that the core-periphery is an economic, not a geographical phenomenon. Wallerstein writes about core-like and periphery-like production processes (or simply core-production and periphery-production). Core-periphery is in fact a measure of the profitability of production. Core-production is production in quasi-monopolised industry, i.e. a highly profitable business. On the contrary, periphery-production is production in a competitive, less profitable business, or, I would say, *ex-quasi-monopolies*.

Core-periphery is a relational concept – the core is defined through its relation to the periphery, and vice versa. When trade between core-production and periphery-production occurs (as is highly probable within the capitalist world-system, which is defined by the divisions of labour and trade), the core is in a strong position, while periphery is in a weak one. So the core-periphery relation is unequal in favour of the core, and this inequality is the root of the core-periphery thesis.

Quasi-monopolies depend on the protection of strong states: that is why they usually settle within them. And as they become more competitive, they usually, in a move to reduce the costs of production, relocate to weaker states with cheaper labour and other factors of production. This is exactly how the geographical dimension of core-periphery emerges: we have core-states that host core-production, and periphery-states which host periphery-production. Somewhere between these are several states which have a mixture of core-like and periphery-like production processes – they're called semi-peripheral states.

So the decline of profits in an economic sphere (the shift from quasi-monopolised core production to highly competitive peripheral production) is accompanied by a geographical move (from core to semi-periphery to periphery). For example, while the textile industry was a highly profitable core-like production in the 1800, two hundred years later it has become a minimally-profitable periphery-production.

This gradual disintegration of quasi-monopolies, and their replacement by new ones, creates the cyclical rhythm of the world-economy. Wallerstein incorporates Kondratieff's waves theory: the expansion of the world-economy

(phase A), marked by the existence of quasi-monopolies, is followed by a contraction (phase B, recession), marked by the de-monopolisation of industries and the shift to periphery both in terms of profitability and geography. Peak follows trough in one wave after another.

This “cyclical” quality is the basis of Wallerstein’s concept of a world-system crisis – one of the central points of his work, which is discussed in the fifth, and last, chapter. Wallerstein explains that the priority of endless accumulation of capital brings demand for the continuing expansion of all relevant frontiers. There is constant demand for additional resources: for newly-urbanised (former agrarian) non-organised workers who will accept low pay, for new dumping grounds, for untapped natural resources, for new infrastructure. There is a need for development in science, technology, speed of communication, and so on. However, while this accumulation is supposed to be endless, the resources it is based on are definitely not. So, at one particular point, the maximum, an *asymptote*, is approached – there is no more rural population for urbanisation, there is no more space for dumping, no more natural resources, etc. Then there comes the unavoidable systemic crisis. According to Wallerstein, capitalism has an inherent certainty of crisis, and currently, at the beginning of the 21st century, we are witnessing it.

Leaving aside its analytical value, Wallerstein’s *approach* to the topic also deserves attention. In recent years, much has been written on themes such as globalisation, neo-liberalism, capitalism, development, global injustice, etc. Some might say even too much. I would argue that a significant part of this work was written popularly and is biased – as a clear political message or even as a sort of “wake up call” to appeal to (direct) action. Such works can be labelled “ideological”. The authors don’t hide their values, opinions, and judgements. This agitating character of the texts is accompanied by clear and emotive “us”-vs.-“them” dichotomies. While “them” are the capitalists, politicians, employers, etc., “we” are supposed to be the emphatic critical-thinking readers. Noam Chomsky is representative of this type of writing. Or, an example of a quite moderate, but still “activist” text might be one written by the well-known Czech sociologist and ecological activist, Jan Keller.⁴ Yet the name of that book, which translates to “Down to the Bottom of Prosperity”, is an appeal, a message, a warning. Inside the book, author often uses quite emotive language, often cites alarming statistics, and presents critical evaluations and suggestions. And he writes about “us”, the concerned public, and “them” – economists, political elites, etc.

Wallerstein’s approach is different. First, he never (or nearly never) openly agitates. Even emotive language is very rare. He writes about the alleged contemporary systemic crisis in a cool, calm way. The unequal relations between core and periphery are discussed without any noticeable bitterness or anger. And, more importantly, there are no significant us/them distinctions. In fact, he describes all of the relevant actors – workers, households, firms, states, etc. – in a quite level-headed manner, neutrally and objectively, as rational actors seeking to fulfil their needs. There are no “good” or “bad” guys. Some might also find surprising Wallerstein’s main concern, which is not the inequality and injustice produced by the capitalist world-economy, the suffering of some of the actors. Instead he deals exclusively with the systemic

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crisis. This is all connected with the author's holistic approach – all actors are determined by and act within the framework of the world-system; they all are seen as subjects of anonymous systemic powers, mechanisms, and processes.

In fact, while Wallerstein is politically quite close to “activist writers” like Chomsky and Keller,⁵ his approach to the subject shifts him significantly closer to the mainstream of economics and political-economy scholars. This is not only the case regarding the terminology used; I would say that even some economists would agree with Wallerstein's analysis of particular economical processes. All in all, the book isn't anti-capitalism, instead it is *about* capitalism. Hence, it might be an interesting and thought-provoking read even for pro-capitalist readers, as long as they aren't scared off by the author's “neo-Marxist” label.

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ENDNOTES

¹ Available at: www.laborstandard.org/New_Postings/Prolabor_philosopher.htm.

² Wallerstein, Immanuel (2004), *World-Systems Analysis: An Introduction*. Durham and London: Duke University Press, p. 21.

³ *Ibid*, p. 18.

⁴ Keller, Jan (1993), *Až na dno blahobytu*. Brno: Hnutí duha.

⁵ The entry in *Wikipedia* (www.wikipedia.org) states that Wallerstein is “a grey eminence with the anti-globalization movement (...), along with Noam Chomsky and Pierre Bourdieu”. Available at: en.wikipedia.org/wiki/Wallerstein.