

In modern capitalism, the reason to gain profit is to be able to reinvest it; profit then becomes capital. Notice that in traditional capitalism, there is a natural limit to profit: A standard of living is a real thing and an achievable goal. But modern capitalism has no natural limit because its driving force is simply to make money in order to make more money, in order to make more money, ad infinitum—modern capitalism is defined by capital chasing capital without end. Thus, modern capitalism must continually push for expanding markets, commodification, and exploitation. We'll see that this constant expansion is an integral part of Immanuel Wallerstein's theory.

There are three related and important ideas that come with the idea of globalization. The first is that anytime we are talking about globalization, we are talking about *systems*. You remember that we spent a bit of time tending to the definition of social structure. We need to do the same here, and we also need to recognize that the concept of social structures implies the idea of systems. We've used the idea of structure to consider racial, gender, and class inequalities. But those structures are always understood as existing within a system; the economic, political, and religious systems are good examples that impact inequality. A system, then, "is any pattern of relationships between elements, and is regarded as having emergent properties of its own, over and above the properties of its elements" (Marshall, 1998, p. 621). What's important in approaching a systems analysis is to identify the elements, their relationships, and the emergent properties. The latter sounds more difficult than it is—it simply means that systems have their own laws and processes.

The second idea that comes out of the notion of systems is that systems always exist in environments. For example, animals are biological systems that exist within ecosystems. The important issue here is that systems have boundaries. Biological systems and ecosystems relate to one another, but they are clearly separate. This leads to the third important idea. Generally speaking, when modern sociologists talk about society, they are talking about a bounded system of interrelated structures. The assumption of most sociology is that society is a system with "a nation-state at its centre that organizes the rights and duties of each citizen" (Urry, 2006, p. 168). So, society is a system of interrelated structures whose boundaries are defined by a nation-state. We can thus, for example, talk about the United States as a society and Germany as a separate society.

As I said, the *idea* of globalization isn't new. However, there is something new about today's globalization: the extent of it. When Marx talked about world markets, he had in mind economies situated in different nations participating in global exchanges regulated by national-states. What we are seeing today challenges that picture: "Such challenges arise out of the fact that the global . . . simultaneously transcends the exclusive framing of national states yet partly inhabits national territories and institutions" (Sassen, 2007, p. 3). Saskia Sassen further tells us that contemporary globalization involves two dynamics, both of which call into question the modern idea of society (pp. 5–6). The first is the establishment of distinctly global structures and organizations—so there are elements of the system that do not exist within any nation; the second involves processes that link various nationally based actors and processes—so, while a company may in fact be based in Japan,

CHAPTER 10

World-Systems Theory

Immanuel Wallerstein



Source: Courtesy of Immanuel Wallerstein.

THE BIG PICTURE: GLOBALIZATION

Theorist's Digest

Concepts and Theory: The Dialectics of Capitalism

The Division of Labor and Exploitation

Accumulation and Overproduction

Concepts and Theory: The End of the World as We Know It

World-Empires and World-Economies

Kondratieff Waves

The Modern Crisis

Structural and Cultural Signs of the End

Summary

Taking the Perspective: World-Systems Theory

Building Your Theory Toolbox

The Big Picture: Globalization

The idea of globalization isn't new. In fact, a globally connected economy is inherent in modern capitalism. As Marx (Marx & Engels, 1848/1978) said, "The bourgeoisie has at last, since the establishment of Modern Industry and of the world-market, conquered for itself, in the modern representative State, exclusive political sway" (p. 475). One of the reasons that modern capitalism created world markets is due to its intrinsic characteristic of expansion. People have always created products to sell in order to make a profit. What's distinct about modern capitalism is the *reason* for profit. In traditional capitalism, the profit was used to live, to maintain a standard of living. The motivation behind modern capitalism's drive for profit is investment.

the way it is connected to markets, other companies, and other economic systems involves issues that transcend national boundaries. The point I want you to take away from this discussion is simple yet profound: It's possible that the idea of society as a national system may be an antiquated way to think about social processes.

In this chapter and the next, we are going to look at two very different global systems. Wallerstein will tell us about the processes associated with global capitalism. As you'll see, Wallerstein draws heavily on some of Marx's most important ideas. Our next theorist, Manuel Castells (Chapter 11), will take us in a totally different direction. Rather than systems of institutions and social relations, Castells argues that globalization today is built on networks of communication, mostly structured through the Internet. These networks not only transcend the boundaries of nation; they completely redefine human connections. The globalized network society, then, can only be understood through the logics of computer networks; and in this network, social class, power, politics, meaning, and identities are radically redefined.

THEORIST'S DIGEST

Brief Biography

Immanuel Wallerstein was born in New York City on September 30, 1930. He attended Columbia University where he received his bachelor's (1951), master's (1954), and PhD (1959). Wallerstein has also formally studied at various universities around the globe, including the Université Paris Diderot, Université Libre de Bruxelles, and Universidad Nacional Autónoma de México. His primary teaching post was at Binghamton University (SUNY), where he taught from 1976 until his retirement in 1999. He has also held visiting professor posts in Amsterdam, British Columbia, and the Chinese University of Hong Kong, as well as several other locations. In addition to many professional posts, he has served as president of the International Sociological Association and director of the Fernand Braudel Center for the Study of Economies, Historical Systems, and Civilizations.

Central Sociological Questions

Wallerstein is driven first to critically understand (through a Marxian perspective) how the nations of the world are joined together in a global system of capitalism, and second to find ways to politically act to change that system.

Simply Stated

Because of exploitation and overproduction, the global capitalist economy goes through cycles of expansion and depression. Each cycle is deeper than the previous, and the cycles eventually reach a point where the economy can't rebound. During that last depression, the global system will go through a chaotic period out of which a new system will be born.