

# Capitalist World Economy

by Sophia Tutorial



## WHAT'S COVERED

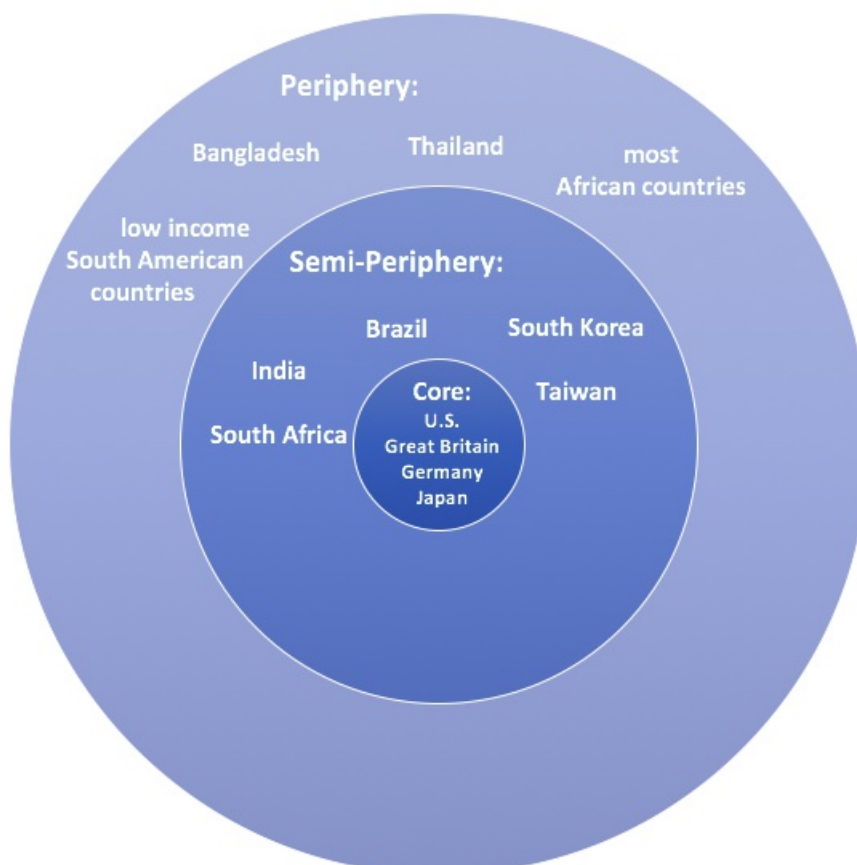
This tutorial will cover the capitalist world economy, through the definition and discussion of:

1. Core, Periphery, and Semi-Periphery Countries
2. Capitalist World Economy (World Systems Theory)

## 1. CORE, PERIPHERY, AND SEMI-PERIPHERY COUNTRIES

**Immanuel Wallerstein** was an American sociologist influenced by dependency theory and Karl Marx.

Wallerstein theorized that the world was divided into core countries and subsequent layers, a periphery and a semi-periphery.



The rich countries inside the **core countries** category include the United States, Great Britain, Germany, Japan, etc. Wallerstein theorized that with colonial expansion--beginning some 500 years ago--world powers were spreading all over the globe and setting up their empires, which structured the world economy that you see today.

It integrated **periphery countries** into an economic system whereby they would supply the core's need for the raw materials--i.e., things needed for production, like cotton, copper, tin, coal, etc. The core, through colonization, extracted these resources from the periphery and sent them back home where they were used for economic development and assembled into new goods, products and services.

The core had heavy industry, which provided people with jobs--they had an advanced division of labor. The core would take the raw materials from the periphery, assemble them into products--shirts, for example, if their industry was textiles--and then send those products back to the periphery, saying, in essence, "Why don't you buy our shirts--the very ones you could have produced yourselves, but we didn't let you?" This was the end result of European colonization, and Wallerstein recognized that periphery countries were in a relationship of dependence with the core.

Now, the **semi-periphery countries** benefit from a marginally closer connection with the core. They're a bit richer, because they benefit from the exploitation of the periphery as well. In the semi-periphery, you would find Brazil, and perhaps China, as examples today.



#### THINK ABOUT IT

Where do countries like Bangladesh or Mauritius fit, for example? If you look at where your shirt is produced, it might be in a periphery country.



#### TERMS TO KNOW

##### Core Countries

Powerful countries that economically, politically, and culturally control most of the world system.

##### Periphery Countries

Weak countries that have been integrated into the world system in a dependent position.

##### Semi-Periphery Countries

Countries in the middle that benefit from close relationships with core countries in the exploitation of periphery countries.



#### PEOPLE TO KNOW

##### Immanuel Wallerstein

American sociologist who developed World Systems Theory (Capitalist World Economy) to explain global economic stratification.

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## 2. CAPITALIST WORLD ECONOMY (WORLD SYSTEMS THEORY)

The central point of Wallerstein's is that the **Capitalist World Economy**, also known as the Worlds Systems

Theory, is fundamentally exploitative, and consists of the core exploiting the periphery, enriching themselves at the expense of the periphery.

This is rooted in colonialism as countries became integrated into the world economy:

- The core exploited the periphery through its extraction of raw materials
- These raw materials were used to make products in the core
- The periphery buys the products back at first world prices that they potentially couldn't afford

This process induced debt, and debt is a key way to ensure that the periphery continues to be enslaved or entrapped by the core, due to their large amounts of debt. The rich countries in the core hold much of the debt of periphery countries, thereby putting them under obligation to the core. It's not that the periphery countries were somehow lagging in their ability to develop in the same fashion as the core countries.

The world systems theory holds that in reality, they can't develop in the same way, because the world is united in one economic system, having roots in colonialism where the core exploited the periphery. Therefore, they can't develop in the same way, which was a hugely influential idea in sociology. History matters, it's hard for it to be undone.



LEARN MORE

These are the central ideas of the theory, but there is much more covered in the four books that Wallerstein wrote, outlining world systems theory.



TERM TO KNOW

### Capitalist World Economy (World Systems Theory)

A theory that holds that core countries are intimately connected with peripheral and semi-peripheral countries in a world system, and that the core exploits the periphery.



SUMMARY

Today you learned about American sociologist Immanuel Wallerstein and his **world systems theory**, or **capitalist world economy**, which holds that core countries are intimately connected with periphery and semi-periphery countries in a world system, and that the core exploits the periphery.

Source: This work is adapted from Sophia author Zach Lamb.



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