

# *Theory Talks*

*Presents*

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## THEORY TALK #13

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### IMMANUEL WALLERSTEIN ON WORLD-SYSTEMS, THE IMMINENT END OF CAPITALISM AND UNIFYING SOCIAL SCIENCE

#### Theory Talks

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**Citation:** Schouten, P (2008) 'Theory Talk #13: Immanuel Wallerstein on World-Systems, the Imminent End of Capitalism and Unifying Social Science', *Theory Talks*, <http://www.theory-talks.org/2008/08/theory-talk-13.html> (04-08-2008)

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## THEORY TALK #13 – IMMANUEL WALLERSTEIN ON WORLD-SYSTEMS, THE IMMINENT END OF CAPITALISM AND UNIFYING SOCIAL SCIENCE



Theory Talks proudly presents a *Talk* with historical sociologist Immanuel Wallerstein. Wallerstein is duly known for his world-system theory, with which he offers a critical alternative to realist systemic approaches to International Relations. One could say that where Realists part from the system to analyze and predict history, world-system theory parts from history to analyze and predict the system. In this comprehensive *Talk*, Wallerstein – amongst others – explains why capitalism is worn out, why '68 was more important than '45 or '89, and why we need to overcome artificial divorces between different arenas in social sciences and, more generally, between philosophy and science.

**What is, according to you, the biggest challenge / principal debate in current IR? And what is your position or answer to this challenge / in this debate?**

My analysis of the modern world-system argues that we are in a structural crisis, that the system is in fact unable to survive, and that the world is in a chaotic situation, which we will be in for twenty to forty years to come. This crisis has to do with the lack of sufficient surplus-value available and thus with the possible profit one can make. The system is bifurcating – referring to a situation in which there are two alternative ways of getting out of the present crisis in order to create a new, stable, world-system.

The most important current struggle is that between the two hypothetical alternative routes the world will actually choose. It's very difficult to define very narrowly these two directions, but basically there will be people trying to create a new world-system which will replicate certain basic features of the existing system but not be a capitalist system. It would still be hierarchical and exploitative. The other direction would be to create an alternative system that is relatively democratic and relatively egalitarian. These are all very vague terms because one can't define in advance the structural details of such a future world-system. But obviously one solution would be from my point of view a better world-system, and the other would be at least as bad as or perhaps worse than the world-system we presently have. So it's a real political struggle.

Again, it's intrinsically impossible to predict what the outcome will be; the only thing we can be sure of is that the present system won't survive and that some outcome will occur. We shall create, in the famous phrase of [Ilya Prigogine](#), order out of chaos. That's my basic theoretical position.

**How did you arrive at where you currently are in IR (people who inspired you, books, events, how did you conceive your ideas)?**

The most important political event in my lifetime has been what I call the world revolution of 1968. For me, it was a fundamental transformative event. I was at Columbia University when the uprising there took place, but that's only a biographical footnote to what happened politically and culturally.

I've tried many times to analyze what happened exactly at that time, and what were its consequences, I'm convinced that 1968 was more important than 1917 (the Russian Revolution), 1939-1945 (the Second World War) or 1989 (the collapse of the Communisms in east-central Europe and the Soviet Union), years people usually point out as the crucial events. These other events were simply less transformative than the world revolution of 1968.

If you would ask me for the persons who influenced me, I'd have to name Karl Marx, [Fernand Braudel](#), [Joseph Schumpeter](#), Karl Polanyi, Ilya Prigogine, and [Frantz Fanon](#).

### **What would a student need (dispositions, skills) to become a specialist in IR or understand the world in a global way?**

I think it's really not an easy task, but it's not impossible either. Simply 'getting a PhD', as other contributors to your website may have answered, is not sufficient for me.

A deep plunging in historical knowledge of the modern world-system – which is at least the last five hundred years – is a condition sine qua non; knowledge of the epistemological questions that have plagued modern social science is important; and then some basic understanding of how the capitalist world-system has operated as a system (including as an interstate system) over several hundred years is fundamental.

Then there is a perhaps even more important issue, which has to do with reading classics. True enough, everything classical writers say has to be re-analyzed because it's constrained by the world in which they lived and thought. But one of the real problems for the students is that they don't usually actually read Adam Smith, Marx, or Freud. Rather they read books *about* them. When they say 'Marx said X', they actually mean, 'this author said that Marx said X'. Such statements are not only statements via a filter but also three-quarters of the time simply wrong or at least distorted. These reporters of views of the classical authors often cite them out of context, or cite their views too meagerly, or sometimes simply misinterpret an original text. If you try hard enough, you can make Marx into an advocate of capitalism and Smith into a Marxist. So the important rule for students is that anyone interesting enough to study is worth reading in the original.

Then there is the linguistic problem. Students, especially in the United States, should master many more languages than they do now, because translating these people is a famous problem. Marx and Weber have been mistranslated many times, as have most other important figures in social science. One of the things I say to students is 'learn the languages', despite the cultural bias that exists in the West. If you really don't want to or can't, then at least read in translation the originals.

### **Is the world more equal now than it was 500 years ago?**

No. People who argue that look at the top 20% of the world population in terms of real income, it is true that they're doing a lot better than previous generations. But if you look, as I do, at the differences between the top 1%, the 19% below that and the remaining 80% at a world level, you get a different picture. Since, for example, 60% of the Swiss population belongs to the top 20%, it is true that Switzerland is a more egalitarian country than it was a hundred years ago. But worldwide, it's quite the opposite: the gap has grown enormously between the top 20% and the bottom 80%, and is continuing to grow.

It is also true that the gap between the top 1% and the next 19% was going down for a while. But one of the things neoliberalism did, and intended to do, was to restore the gap between the 1% and the 19% below it. That's what electorates in the West (where most of this 19% live) are complaining about these days - that their real incomes are going down while this top 1% is getting filthy rich.

**Aristotle has been said to have written that 'law is mind without reason'. If law is already mind without reason, then what is the market, which does not even acknowledge law for its inherent values?**

In the first place, I don't agree, because law is always interpreted. Sure, once law is fixed and consecrated, it is supposedly unchangeable and insensitive to circumstances. But there's always the human factor which consists of applying law to concrete situations. Law is always and must always be interpreted, and because of that it is malleable. And therefore controversial.

As for the market, one has to distinguish between the hypothetical market and the real market. The hypothetical market operates according to purely objective laws of supply and demand that put pressure on prices and thus behavior of rational and egoistic individuals. But in fact, this hypothetical market has never existed and most certainly does not exist in the capitalist world-system. Indeed those most opposed to the hypothetical market are the capitalists themselves because, if the hypothetical market would actually be in operation, they wouldn't make a penny. The only way capitalists make serious money is if they have quasi-monopolies. To obtain quasi-monopolies, they need intervention by the state in multiple ways and capitalists are totally aware of this. Talk about this hypothetical market is, subsequently, ideological rhetoric. The market doesn't actually work that way and any sane and wealthy capitalist will tell you that. Free market economists won't tell you that, but no capitalist believes in the autonomy of the market.

**The revolution of 1968 brought, as you argued, the intellectual idea of centrist liberalism to an end. Since then, however, liberal capitalism has become even more deeply anchored in the world. How would you reflect on the changes the world has gone through in big lines referring to that point of view?**

Before 1968, the ideology of what I call 'centrist liberalism' had dominated the intellectual, economic and political world for a good hundred-odd years, and had marginalized both conservative and radical doctrines, turning them into avatars of centrist liberalism. Now what happened in the world revolution of 1968 is that this automatic assumption that the only plausible view of the world was centrist liberalism was shattered and we returned to a world in which there are at least three major ideological positions: true conservatism, true radicalism, and the third is centrist liberalism which of course is still there – but now as one of three options rather than being considered the only viable intellectual position.

Now when you talk about 'liberal capitalism' you are referring to what is often called 'neoliberalism,' which is not at all the centrist liberalism that had dominated the world before. It is rather a form of conservatism. It has been pursuing a standard attempt to reverse the three trends that are negative from the view of world capital: the rising cost of personnel, the rising cost of inputs, and the rising cost of taxes. And neoliberalism – which goes under many names, including globalization – is an effort to reverse these trends and to reduce these costs. In this, it has been partially successful, but as all these attempts have shown (and I say 'all', because in the last five hundred years there have been quite a few), you can never push the costs back as low as they were previously. It is true that the costs of personnel, inputs, and taxes went up from 1945 to 1970 and have gone down from 1970 to, say, 2000, but they never went back down to the 1945 level. They went up two points and went back just one point. Now that's a standard pattern in history.

I think the day of neoliberalism is absolutely at an end; its effectiveness is quite over. And globalization as a term and as a concept will be forgotten ten years from now because it no longer has the impact it was meant to have, which is to persuade everyone to believe Mrs. Thatcher's preaching: 'There is no alternative'. This was always an absurd statement, since there always are alternatives. But a large number of countries succumbed to it anyway, at least for a while.

The rhetoric about neoliberalism as the only way has now become clearly empty. Look at Europe – just look at President Sarkozy of France, who is clearly a protectionist. You won't be able to give me the name of one European country willing to give up the subsidies to its farmers, because this is both politically totally impossible at the domestic level and completely contrary to the neoliberal logic. Mandelson wants to reduce subsidies at the European level, but he hasn't got the necessary political support, which Sarkozy made very clear to him.

One has to distinguish between talk and reality. The reality is that European countries are not only protectionist, but they are increasingly protectionist and will be very much more so in the next ten years, as will Japan, China, Russia, and the United States. Alternating between protectionism and the free flow of factors of production has been a cyclical process for the last 500 years, and every 25 years or so we move from one direction to another, and right now we are moving back into a protectionist era.

**Your world-systems theory talks about a certain dialectic which reached a climax in the modern, capitalist, world-system. Is there an end to this dialectics or will it continue forever?**

No, this can't go on forever, because no system goes on forever. All systems are historical – that's true for physical and chemical systems, biological systems, and *a fortiori* for social systems. They all have lives: they come into existence at a certain point, they survive according to certain rules, and then they move far from equilibrium and can't survive anymore. Our system has moved far from equilibrium. So the processes, which one can describe, that maintained a moving equilibrium for five hundred years no longer function well, and that's why we're in this structural crisis.

So no, it won't go on forever, it won't even go on for more than forty or fifty years, and furthermore those years will be very unpleasant.

I've already described the three basic costs for capitalists: personnel, input, and taxes. They always have to pay all three, and would always like to keep them as low as possible. There are

structural forces that have steadily increased the cost of these factors as a percentage of sales prices over five hundred years, until the current point where they're so high that you can't really accumulate capital to any significant degree anymore, which makes the game not worth the candle. This means capitalists are no longer going to be interested in capitalism because it doesn't work for them anymore. They are therefore already looking around for serious alternatives in which they can maintain their privileged position in a different kind of system. After five hundred years of successful functioning, the fluctuations of this system are now so great and uncontrollable that no one can handle them anymore.

**You argue that social scientists in the 21<sup>st</sup> century should focus on a unified understanding of the dynamics of history, and let go approaches that focus solely on economics or politics, and might even need a whole new vocabulary in order to do so. Can you give any clues as in how to approach this daunting task?**

If I knew how to get rid of the separate vocabularies of politics, economics, and culture, I'd be much further ahead. Unfortunately, I'm socially constructed just like everyone else.

There are separate issues here which one shouldn't confuse. The first is that social science divides the real world into three arenas – politics, economics, and socio-culture. This distinction was an invention of classical liberalism, subsequently imposed upon the world of knowledge, and now forms the basis of contemporary social science. It is, however, a very unfortunate mode of approaching social reality, because it divides the unique human experience into artificial spheres that each claim importance over the others, and underplaying the inseparable links of each with the other. The way out here is to arrive at a vocabulary that doesn't always push us into these separate categories for politics, economics, and the socio-cultural – something difficult to achieve but obviously very necessary.

The bigger question is the so-called divorce between philosophy and science, which is equally profoundly embedded in all our cultural institutions, including institutions of knowledge such as the university, and which determine our understanding of the world. This division between the scientific mode and the humanistic/hermeneutic mode of analysis was invented as recently as the mid-eighteenth century! Before that, no one would dare to separate knowledge in general into two artificial categories. Aristotle certainly didn't believe that: he was ready to write books on ethics, economics, science, and he didn't think he was violating any rule of separation of fields of knowledge. Even Kant, whom we now consider to be a philosopher, in the late 18<sup>th</sup> century gave courses at the University of Königsberg on international relations, poetry, astronomy and law. To Aristotle and Kant it didn't occur that there is a need for distinct epistemologies depending on what you're talking about.

We've been dominated by this artificial distinction for two hundred years now; this double epistemology has been seriously challenged only in the last thirty years, and the coming thirty or so years should be dedicated to overcoming once and for all this distinction between antagonistic, scornful, and warring epistemologies and returning to a single epistemology of knowledge.

Now the first issue fits within this bigger question: I'm simply insisting on the fact that we are experiencing everything in a singular mode, We live in a singular world, so the historical social system should be analyzed as a single arena – I don't see where the state ends and the market starts, or where the market ends and civil society starts.

**You've asserted in an earlier interview that ethnicity is a very important force in history and that it is, if anything, more present than before, but also that it's highly arbitrary. The only constant is that there's one so-called 'ethnic' group in a high stratum and another in a lower one. Can one from this statement deduce your objective, namely fighting difference, and fighting for equality?**

If we talk about value-systems, I am fairly convinced that a more egalitarian world is a better one; I would like to see a more egalitarian world than the present one (which is highly *inegalitarian*). But then again, inequality has been a constant throughout known human history. Perhaps 100.000 years ago, when small groups roamed the earth, there was more equality, but the most important issue for us is that the modern world-system has become increasingly unequal. The social, economic, and political polarization of humankind is much greater than it was one, two, or three hundred years ago. I think it is possible that there could be improvement; I simply don't say we inevitably *will* see it. History is on nobody's side. There is no inevitable progress, but there is possible progress.

**One of the most known concepts is that of the relation between core and periphery. In his *magnum opus*, Manuel Castells argues that globalization, a term you dislike, represents the fragmentation of Core and Periphery. Would you agree with that?**

I don't agree with Castells, because he's misusing the terms core and periphery, which do not refer to countries. We use it that way as shorthand, to say things quickly, but it's not exact. Core–periphery is a relationship of production: there are core-like processes and peripheral processes, and they both exist in all countries. But in the United States there are, of course, more core-like processes and in Paraguay most of the processes are peripheral. A key element here is monopolization versus competition: the more competitive a product is, the more peripheral it is, because the less money you can make on it. The more monopolized a product is, the more core-like it will be, because you can make more money on it. So if given kinds of production spread out to more countries, that's because they have become less profitable within the original loci of production, not because these countries to which the processes spread are successfully 'developing.'

This has always been true, and products have always shifted from being core-like to being peripheral, because monopolies are self-liquidating. After about twenty to fifty years, no product can maintain a monopoly; it's too difficult to prevent others from trying to get in on a winning product. Products inevitably become peripheral. When they do, if former monopolists wish to make money in the world, they have to find a new product that they can monopolize for a while, and not think: everyone needs shoes, so I can always make money selling shoes. And that has been true over the past four centuries – so in that sense nothing has changed and Castells presents something intrinsic to the capitalist system as something new.

**Last question. Before the millennium, you've argued that East Asia will be the new hegemonic power. At this point, the so-called BRICs (Brazil, Russia, India and China) are growing. Is the rise of these newly industrializing powers to be analyzed as a definitive movement in the 100/150 year hegemonic cycle, or will some other part of the world take over from the United States (as you've asserted, in about 50 years)?**

Well here we have to deal with different dynamics. First of all, there's what I call a structural crisis affecting the whole capitalist mode of production. If, as I've indicated before, even capitalists are

looking for alternatives to the system named after them because it is simply too difficult to make serious money out of production, then a new system should arise. The growth of the BRICs is interrelated with this structural crisis of the capitalist system because they are expanding the number of people who are sharing the global surplus-value. There simply isn't enough surplus-value to go around, and give the top people significant income. The world simply can't sustain a situation in which 30-40% of the world population is living at the income level of, say, Denmark – and that's what the BRICs are pressing forward on. The fact that they succeed in itself will add to the crisis of capitalism, while it is of course good for them at this point. If we wouldn't be in this crisis, East Asia might continue to increase in power as it is doing right now to form within about seventy-five years the new hegemonic power, succeeding to the United States. But the capitalist world-system is not going to last another seventy-five years.

**Immanuel Wallerstein is Senior Research Scholar at Yale University, the former President of the International Sociological Association (1994-1998), and chair of the international Gulbenkian Commission on the Restructuring of the Social Sciences (1993-1995). He writes in three domains of world-systems analysis: the historical development of the modern world-system; the contemporary crisis of the capitalist world-economy; the structures of knowledge. Books in each of these domains include respectively *The Modern World-System (3 vols.)*; *Utopistics, or Historical Choices for the Twenty-first Century*; and *Unthinking Social Science: The Limits of Nineteenth-Century Paradigms*.**

#### *Related links*

- [Wallersteins' Faculty Profile at Yale](#); read especially his auto-biographical essay on his intellectual position (bottom of page)
- Check out this elaborate website on Wallerstein's world-system theory [here](#)
- Read Wallerstein's monthly commentaries on world politics (and much more) [here at the Fernand Braudel Center](#) (besides English, in many other languages)
- Read, listen or view this [1999-interview with Wallerstein](#) on cultural globalization. Although the site is elaborate, some video links do not work.
- View the video of the French conference Wallerstein gave in 2006 on *Questions sur les États-Unis et le Monde : Les États-Unis face à leur déclin* [here](#)
- Read Wallerstein's *New Revolts Against the System* (New Left Review, 2002) [here](#) (pdf)
- Read chapter 1, *World networks and the politics of the world-economy*, of Wallerstein's 1991 book *The Politics of the World-Economy: The States, the Movements and the Civilizations* [here](#) (pdf)