

Before colonialism : theories  
on Asian-European relations,  
1500-1750 / M.N. Pearson;  
New York : Oxford University  
Press, 1988 (1-31 p.)

## I

---

### The Modern World-System Theory

The area I have chosen to investigate in these three lectures is approached from a somewhat different perspective than that of several of my distinguished predecessors. Charles Boxer and Holden Furber both discussed areas and times congruent with my own interests when they delivered the Heras Memorial Lectures. My aim is to look at several more general problems and theories. Nevertheless, I do intend to present actual facts, events, and even perhaps people. This empirical data will be derived partly from the work of other scholars in the field, and partly from my own research, but I will do this within the parameters of theoretical work to do with the early European presence in Asia. In this first lecture I intend to present to you the major ideas of the very important contemporary scholar Immanuel Wallerstein, and then go on to discuss some of the general criticisms which have been made of his work. In the second lecture I will test his theories against data concerning the European presence in Asia in the sixteenth and seventeenth centuries. The third lecture will present some alternative general ideas to do with this period. My concern then is to present and test some major theories, especially that of Wallerstein. The end result will, I hope, make the case that a concern with theory is of the essence in our historical work. Only in this way can we ask large and important questions; only in this way will our detailed research transcend antiquarianism.<sup>1</sup>

Given my orientation, I need first of all to convince you that theory is indeed worth considering. There is an endemic tension within the historical profession between those who consider themselves to be social scientists, and those who are humanists and/or antiquarians. Several distinguished authors who work in my area of interest have gone on record on the need to 'stick

to the facts', to 'let the documents tell their own story'. Jean Aubin set out his guidelines for the important occasional publication *Mare Luso-Indicum*, now unfortunately incorporated with a Middle East studies publication, by saying 'Before opening access to general problems, the analysis of the texts leads, first of all, to a reconstruction of the framework of events, to the solving of biographical and topographical identification—trifling questions for the unwary spirit who expects that a great subject can only be dealt with from on high, when from their correct solution depends the validity of the results—and above all to establish a chronology, the bedrock of all historical reflection and the means of control of other modes of investigations.'<sup>2</sup>

George Winius similarly, and with specific reference to my main subject, Immanuel Wallerstein, writes that

Wallerstein is a sociologist—and a Marxist one at that—who reads socio-economic historians, nearly all of whom have written since the 1950s, and fits their ideas into his own matrix. In this respect he is like a cuckoo in reverse who lays his nests on other people's eggs. The authors he quote(s) in his vast *The Modern World-System* would hardly recognize his deductions as coming from their thoughts. But oddly, once you take the trouble to strain out what he is really saying, you find he has sorted out of their writings only those aspects which subserve his model. . . . Indeed any and all building of history around preconceived categories and concepts is dangerous and misleading, and I think it is far safer to approach the past, first for its inherent excitement and strangeness—and even romance—than it is to pillage it for illustration of a notion one holds.<sup>3</sup>

Two more modulated general statements about the nature of historical research, for this is really what I am talking about, can be quoted. Professor A. Jan Qaisar complained, in a review of a book of mine, of my 'habit of first prefacing his articles/chapters with "models" constructed by scholars in other fields, of immediate relevance to non-Indian territories, and then to tack facts onto them or in the vicinity of these "models" . . . I have no intention to denigrate or discourage this style, which in my opinion may be due to a drive towards "universalism"; but there are certain hazards inherent in such attempts because models drawn upon the experience of particular regions with specific cultural *milieu* may not be applicable to other territories. Zest for universal formula in history is not

undesirable, but is it really academically sound?'<sup>4</sup> The warning is valid, but the whole point of these lectures is that yes, indeed it is sound; more, it is essential.

Finally, again with specific reference to Wallerstein, a critic wrote that

There are indeed many good reasons to adopt a skeptical stance toward the possibility of ever devising an elegant theory encompassing the origins of the modern world and its subsequent evolution. Our efforts might more fruitfully be directed toward the elaboration of theories concerning various aspects of the transformation, unified not by a belief in the possibility of delineating a system moved by a singular dynamic, but rather by a shared sense of the fundamental interconnectedness among the disparate strands of human experience and history. However lacking in overall elegance, such disparate efforts do not constitute a waste of time: they can lead to more precise knowledge of some aspects of the transformation and thereby result in a somewhat more coherent understanding of the whole.<sup>5</sup>

This is really what I hope to achieve also—not to deny the validity of theory as such, but to contribute to a refinement and perhaps improvement of existing theory. Those who tell stories should remember that what story they choose to tell, and what documents they choose to base their story on, are both very subjective decisions indeed. Historians, even the most antiquarian, are still creatures of particular times and places, and still have a view of the world and how it has evolved which inevitably will colour what they say. Everyone, in fact, has their own sociology of knowledge. Thus to say that theory should be esewed is really a theoretical statement!

This established, I want now to turn to the Modern World-System of Immanuel Wallerstein. I feel it is worthwhile to discuss this in some detail because his work has, over the years since 1974 when volume I was published, been much discussed. Indeed, I would claim that the three greatest historical enterprises which we have seen since World War II are, in no particular order, Fernand Braudel's great studies of *The Mediterranean* and of *Civilization and Capitalism*; Joseph Needham's huge, and now collaborative, study of *Science and Civilization in China*; and Wallerstein's *Modern World-System*.

The last has now become a vast academic enterprise, which no doubt says something about Wallerstein's entrepreneurial

abilities as well as his scholarship. I have listed in the bibliography which will accompany these lectures several of his own works, of which the most important are the two volumes of the *Modern World-System* (1974, 1980);<sup>6</sup> two more volumes will complete this enterprise. Born only in 1930, we can confidently expect that many more works will appear from his pen. Since 1976, he has been Director of the Fernand Braudel Centre for the Study of Economies, Historical Systems and Civilizations at the State University of New York at Binghamton. This Centre publishes its own journal, called simply *Review*. There are also two series of edited volumes, which appear annually, called 'Political Economy of the World-System: Annuals', and 'Explorations in the World-Economy: Publications of the Fernand Braudel Centre'.

In these collections Wallerstein appears occasionally to issue a programmatic statement and give guidance to others on how to fill in gaps in his great schema.<sup>7</sup> Discussion of his ideas continues in full flood, as my bibliography shows; and indeed this represents only a selection of the literature devoted to the Modern World-System. Last March (1986) a panel at the (American) Association for Asian Studies annual meeting was devoted to 'Wallerstein and Early-Modern Asia: three Perspectives', in which historians discussed his theories with relation to South, Southeast and East Asia. Only last December a major international conference at Tufts University (USA) was devoted to 'South Asia and World Capitalism, c. 1500–2000'. Wallerstein's influence was very apparent. Most of the discussions tend to be critical either on factual or theoretical grounds, yet they also nearly all accept the basic importance of his work.

The best statement on this matter came from a very important early critique of volume I, which stressed that

*The Modern World-System* is a theoretically ambitious work that deserves to be critically analyzed as such... Wallerstein's arguments are too misleading theoretically and historically to be accepted at face value. Because *The Modern World-System* does suffer from inadequacies of reasoning and evidence, there may be hypercritical reviews that will use the book's weaknesses as an excuse for dismissing out of hand any such world-historical or Marxist-oriented approach. With such an evaluation I have no sympathy. Like many other pioneering works, Wallerstein's *Modern World-System* overreaches itself and falls short of its aims.

It is therefore incumbent especially upon those of us who are sympathetic to its aims to subject this work to rigorous critical scrutiny. For the true contribution of *The Modern World-System* will lie, not in the proliferation of empirical research based uncritically upon it, but in the theoretical controversies and advances it can spark among its friends.<sup>8</sup>

The same critical review ends by saying that 'I can't think of no intellectual project in the social sciences that is of greater interest and importance. Even if Wallerstein has so far given imperfect answers about the historical development of capitalism, still he has had the unparalleled boldness of vision to raise all the important issues. Even the shortcomings of this effort, therefore, can be far more fruitful for the social sciences than many minute successes by others who attempt much less.'<sup>9</sup>

So much then to justify a detailed analysis of Wallerstein. His work has to be considered as on the frontiers of social science and historical research today. I want first to discuss two earlier general theories to do with the same subject as his, basically the creation of the Third World, the origins and workings of the modern capitalist system. In the 1950s and early 1960s modernization theory, developed mostly in the USA by such scholars as W. W. Rostow (whose influential book, published in 1960, was revealingly called *The Stages of Economic Growth; A Non-Communist Manifesto*), held sway. A dichotomy between tradition and modernity was found; the two were incompatible. So we were told there was a container of tradition in, for example, India, and this must be replaced by pouring in more and more modernity, until India becomes like say the USA, full of modernity. There is a single path to development for all nation states. The developed capitalist world was the model, the area which had successfully advanced. In a unilineal fashion, the task of the Third World now was to learn what had already been learnt in the developed world, in other words to catch up.

Leaving aside the obvious ethnocentrism of this approach, an important problem with this theory is the lack of transnational analysis. Connections between states, and relations based on political economy beyond the boundaries of the states are ignored. States are presented as self-contained and unaffected by the rest of the world either politically or economically. Thus potentially every state can develop autonomously along the lines laid down by the west.

In the early 1960s Marxists, especially André Gunder Frank, put forward a modified and more holistic vision. Frank saw development and underdevelopment as inextricably linked and related. He found, using mostly South American data, an exploitative relationship between the metropolis and the satellite which began as soon as the Spanish conquered South America. This relationship was designed to extract the surplus from the satellite and move it to the metropolis. And within each satellite he found a mini-version of this same relationship, a replication of this unequal exchange. The problem of Third World countries then is not their poverty, for often they are naturally rich; the problem is that this wealth ends up in the metropolis. (So neither poverty nor traditionalism in the satellites can be blamed for third world underdevelopment; the problem is international capitalism.)

Dependency theory took a holistic view of the problem. It found that underdevelopment, historically, is not to be seen as an early stage of development which can be transcended and ended as the satellite modernizes. Rather, poverty is a product of the historical development of world capitalism; part of this development involves the creation of underdevelopment in the third world. Hence Frank's two provocative catch-cries: 'the development of underdevelopment', and the 'creation of poverty'. More fully, his basic notion was that 'economic development and underdevelopment are the opposite faces of the same coin.... Both are the necessary result and contemporary manifestation of internal contradictions in the world capitalist system.... One and the same historical process of the expansion and development of capitalism throughout the world has simultaneously generated—and continues to generate—both economic development and structural underdevelopment.'<sup>10</sup> The problems are not a result of fate, nor is the basic problem located in the satellites; rather it is in the metropolis.

Frank has been criticized on many grounds, among them that he is essentially ahistorical. For him the effects of capitalism do not change fundamentally; from the sixteenth century onwards (in South America) it causes underdevelopment. But the arrival of Europeans in an area does not necessarily or immediately lead to underdevelopment, a point I will return to. Jan Kieniewicz follows Frank in that he says the 'undeveloped state' in Asia is a result of colonial conquest, and not the other

way around, but he dates this, I think correctly, from the middle of the eighteenth century.<sup>11</sup> Frank's theory seems to be largely static. But there is a solution to the problem, which is socialist revolution. This will not happen as a result of stages of development, in a more or less inevitable way, but rather as a result of deliberate action by people opposed to being underdeveloped.

Wallerstein's work represents an advance on the ideas of the dependency scholars such as Frank. He builds on their work, to be sure, and he also considers himself to be a Marxist. But he would claim to be more historically-oriented, and more holistic even than them.

Normally one could simply recommend key works by the author under discussion, and proceed to analyse them. There are indeed several shorter pieces which set out his basic ideas,<sup>12</sup> but it must be said at once that his style is not always easy, there are contradictions and obscurities in what he says, and, as with any major theory in which new terminology and new concepts are being presented, there is a need to elucidate what he means.

Several critics have complained of this aspect of his work, and indeed it can be inaccessible. As a naval historian noted acerbically, his 'book, whose prose is at times a caricature of academic writing, provides a useful survey of the various hypotheses with which historians have sought to explain the remarkable expansion of the West and Western capitalism from the fifteenth century. It has been described as "one of the most powerful pieces of economic history writing that have appeared this decade". How much more powerful it might have been if the academic jargon had been translated into English.'<sup>13</sup> Consider, as an example, the following sentence, which in a florid and tautological way says the same thing four times. He tells us that India became incorporated into the capitalist world-economy. 'Why, in the course of the incorporation, did India become a formally-subordinated political entity, what juridically we call a colony (that is, a non-sovereign state)?'<sup>14</sup> My first task, then, is merely to try to describe what Wallerstein says.

There are several general features of Wallerstein's work which need to be sketched. In his attempt to explain the rise and expansion of capitalism, he concerns himself, as he must, with several of the major controversies in the intellectual world

today. He discusses modes of production, the evolution of capitalism and its changes in the last five centuries. Specifically, he analyses the transition from feudalism to capitalism. He is concerned with the long wave theories associated with Kondratieff and his successors, and with the notion of historical cycles; thus he finds the period covered by vol. II (1600–1750) to be one of contraction, and finds another and much more serious contraction occurring since 1968. He also discusses the 'general crisis' of the seventeenth century; and the nature of the 'long' sixteenth century. Most basically, he is concerned to describe how the rest of the world was incorporated, and exploited, by the advanced western capitalist countries. A recent study of the incorporation of India into the capitalist world-economy<sup>15</sup> shows Wallerstein's strengths very clearly. He discusses the major historical debates concerning the period; he bases his own analysis on a huge array of secondary sources (this seven-page article has 102 footnotes and a bibliography of 146 titles); and he moulds all this data to fit into his general paradigm.

(A second major contribution is his stress on a multidisciplinary, or holistic, approach. The world is his unit of analysis, and he is unconcerned with, indeed opposed to, disciplinary divisions. There is only one social science, not several, and this includes history. Nor, indeed, should politics and scholarship be separated; all scholarship is political, whether explicitly or not. And to be multidisciplinary is not simply to add all the disciplines together; rather it is to emulate Marx and aim, in Eric Wolf's words, at a 'holistic human science'.<sup>16</sup> As he says himself, he and his collaborators 'assume that the phenomena of the real world cannot be separated into three (or more) categories—political, economic and social—which can be studied by different methods and in closed spheres'.<sup>17</sup>

Third, one immediate result of this approach is that at a theoretical level at least Wallerstein avoids ethnocentric, or especially Eurocentric, explanations, unlike the modernization theorists. The same processes are to be found in Asia, Africa, and Europe. Parts of Europe at different times are also to be seen as underdeveloped, just like the third world. Similarly, and again unlike the modernization theorists, he is not bound by nation states. He thus can avoid the fragmented, partial explanations which too often result from a fascination with political boundaries.

Wallerstein says there are only two possible totalities or social systems, a social system being by definition one in which there is a division of labour, 'so that areas within it can engage in economic exchange. However, not every exchange activity is evidence of the existence of a social system. The goods exchanged must be necessities; if only luxuries are involved then this does not mean the areas involved in this exchange are part of a system. We will return to this basic point and elaborate it later. A common polity or culture is not necessary to have a system. The basis is economic, with other aspects subordinate to this, but contributing to a holistic totality which can only be studied in a multidisciplinary manner.

(The two sorts of social systems are: minisystems, and world-systems. The former were small, and no longer exist. A world-system is largely self-contained. It need not include all the world, but by definition it is bigger than any one political entity. 'The phrase "world-system" also tells us that we believe there is a working social system larger than any state whose operations are themselves a subject of social analysis. How states and parties, firms and classes, status groups and social institutions operate within the framework and constraints of the world-system is precisely what is debated'.<sup>18</sup>

(So far, two sorts of world-systems have appeared: world empires, and world-economies. The latter is bigger than any one single, political entity; indeed, the internal characteristics of a state included in a world-economy may only be explicable in terms of its role in the world-economy. While there may be political or cultural links in a world-economy, the basic linkage is economic. World empires do have single political centres, and they differ fundamentally from world-economies. First, they are really merely mechanisms for collecting tribute. Second, world empires have to have expensive central bureaucracies, while world-economies do not. Third, world empires are inefficient. As one example, a world empire has to provide law and order, such as protection against brigandage and piracy, in its area. A world-economy does not, as a system, have to do this. Thus the great Chinese world empire in the fifteenth and sixteenth centuries spent many resources fighting against Wako pirates; indeed the struggle against these pirates was one reason for the end of a very successful Chinese expansion policy overseas. But Portugal, though a part of a world-economy,

did not have to be concerned with piracy in other parts of the world-economy within which it operated; nor, as another example, with the threat from the Ottoman Turks in eastern Europe at the time Portugal was expanding. Hence, in part, the reasons for Portugal's expansion and the success of this expansion.

(In other words, the world-economy as a whole does not have to concern itself with law and order; this can be left to the states which are part of it. Thus the capitalist world-economy is uniquely efficient in that it can expand and appropriate surpluses without the disadvantage of having a unified political structure which needs to take account of threats anywhere in the total world-system. In the past, several world-economies appeared, but then were transformed into world empires and so collapsed. By implication, it seems that it is possible to have an empire, even a world empire, *within* a world-economy. The British empire apparently was an example, a vast empire within a world-economy which now included the whole globe.)

In the modern world-system, a world-economy has survived for 400 years, but is still not a world empire, thanks to the fact that it is capitalist. The system has expanded and even contracted to be sure, and has deepened its penetration at different times. Nevertheless, analytically it has remained constant over some four centuries. A third possible sort of world-system is a socialist world government. The basic point about the Modern World-System is that it is capitalist: this both explains why it has survived for so long without going into the blind alley of becoming a world empire, and also is the crucial fact in explaining its basic characteristics.

(This means that Wallerstein's definition of capitalism is vital, for most Marxists, as we will see, consider that while *capital* was in existence for many centuries, *capitalism* evolved only in the eighteenth century. According to Wallerstein capitalism is a *mode of production*, and is to be defined as 'production for sale in a market in which the object is to realize the maximum profit'.<sup>10</sup> Since the sixteenth century the European core area has been capitalist; this however is to be distinguished from being industrialized. 'There was a capitalist process going on from the sixteenth to the eighteenth century that made possible the industrial spurt...') (MWS II, 28). Until the mid-eighteenth century this is agricultural capitalism. The market unites the world in a system of exchange relations.

(It is these relations which determine the existence and characteristics of the three segments into which the world-economy can be divided.<sup>20</sup> These are the core, periphery, and semiperiphery.) In each of these are found different modes of labour control, these being determined as to which is best suited for different types of production. But although the whole system is capitalist, only in the core do we find what many consider to be the system of labour control which distinguishes capitalism from other modes of production, that is a private entrepreneur employing free wage labour. So we have three zones and three different modes of labour control, and these differences are necessary in order to get a flow of the surplus from the periphery to the core. It is not necessary to have wage labour in order for an area to be included in the capitalist world-economy; slavery and tenancy are also to be found, but areas where they are dominant are still part of a capitalist world-economy.

This is a crucial and controversial point: the different labour systems are linked, are complementary, and are causal. The periphery must have coerced labour, and must be underdeveloped, precisely so that the surplus can be transferred (this being the object of the whole exercise) to underwrite accumulation in the core. To quote Wallerstein on this important matter: 'Free labour is indeed a defining feature of capitalism, but not free labour throughout the productive enterprises. Free labour is the form of labour control used for skilled work in core countries, whereas coerced labour is used for less skilled work in peripheral areas. The combination thereof is the essence of capitalism. When labour is everywhere free, we shall have socialism.' (MWS I, 127).

(To sum up the basic structure, the core to which the surplus is transferred is characterized by strong states, skilled labour, tenancy or self-employment, and high wages. The periphery is characterized by weak states, or no states at all if they are colonies, unskilled labour, and low wages, or more often by such forms of coerced labour as slavery or 'feudal' labour systems, such as serfs and *encomiendas*. The semiperiphery is characterized by a mix of the two above, and is intermediary between the first two. The method of labour control is normally sharecropping.)

The semiperiphery is not a residual category; rather it is a necessary structural element in the world-economy. (Note that his core is roughly equal to Frank's metropolis, and his periphery

to Frank's satellite.) The semiperiphery acts as a mediator, and has an important political role. Its existence means that too much polarization between the extremes of core and periphery is avoided. Thus the core is not faced with united opposition from the rest of the Modern World-System; rather it is buffered by the semiperiphery, which is both exploited and exploiter. As Braudel put it, the semiperiphery is 'a pericardium (membranous sac around the heart) so to speak enclosing the heart and forcing it to beat faster'.<sup>21</sup>

Three final general points need to be described before we go on to talk about diachronics, actual historical evolution. While Wallerstein claims to be unidisciplinary, he in fact usually gives primacy to economic factors. 'If there is one thing which distinguishes a world-system perspective from any other, it is its insistence that the unit of analysis is a *world* system defined in terms of *economic* processes and links, and not any units defined in terms of juridical, political, cultural, geological, etc. criteria'.<sup>22</sup> And again, 'The economy is "institutionally" rooted; the polity is the expression of socio-economic forces; and "societal" structures are a consequence of politico-economic pressures'.<sup>23</sup> And finally, 'cultures are the ways in which people clothe their politico-economic interests and drives in order to express them, hide them, extend them in space and time, and preserve their memory'. (MWS II, 65). It is true that political factors are at times stressed, as indeed are nation states. Nevertheless, economic factors are still seen as determining. Thus 'Sweden was as strong a state as her economy would permit'. (MWS II, 179). Similarly, he talks of 'the continuous interaction within the interstate system as an expression of economic forces.' (MWS II, 225).

Specifically, British opposition to the slave trade is described in terms of cost and economics, as is social welfare legislation in nineteenth-century England. Decolonization in Asia after World War II was allowed because this made these newly-independent countries more productive within the world-economy.<sup>24</sup> This last claim is of course consistent with his distinction between empires and economies. When India was a British colony, and so part of a world empire, Britain had to worry about say the security of Afghanistan. Now the world-economy within which India is a peripheral area does not have to concern itself with this problem: in a very cost-effective

way, it is left to the 'independent' governments of Pakistan and India.

The second general point to be made about the schema is the crucial distinction between luxury and basic trade, for it will be remembered that exchange of luxury commodities does not mean that the areas concerned form a system; only when necessities are exchanged does this occur. This point needs to be elaborated, as it is an area where I will subject Wallerstein to empirical testing in my second lecture. The distinction is a basic one, for it is the best test of incorporation. Trade within world-systems is quite different from trade between them (remembering that the Modern World-System has been global only since the nineteenth century). Trade between systems 'tends to be trade in luxuries, that is, non-essentials. In value terms, it tends to be equal trade, remembering, however, that each side tends to have different cultural definitions of value (whereas trade within systems tends to be unequal trade). The trade between systems tends to utilize ongoing productive systems rather than to transform them'.<sup>25</sup>

In other words, a luxury trade does not create a systemic relationship. This in turn means that the vital distinction between a peripheral area and an external area largely rests on this conceptual separation of essential from luxury exchanges. (MWS I, 306-7, 397-8). In an area peripheral to a world-economy one gets the production of lower-ranking goods, but this is still an integral part of the whole system, 'because the commodities involved were essential for daily use. The external areas of a world-economy consist of those other world-systems with which a given world-economy has some kind of trade relationship, based primarily on the exchange of preciosities, what was sometimes called the "rich trades".' (MWS I, 301-2). Concretely, Portuguese expansion in the Atlantic and West Africa in the fifteenth century was a search for necessities, and so the affected areas became part of the world-economy. However, in the sixteenth century, Portugal brought back to Europe mostly pepper, and this was a luxury and so did not lead to the incorporation of the Indian Ocean area; rather this remained external to the Modern World-System until the nineteenth century. (MWS I, 39-46).

The third general point to be made is that this is very much a system where things change. As noted, a world-system,

whether it is a world-economy or a world empire, does not have to include the whole world. Areas can be external to it, and indeed the Modern World-System included the whole world only in the nineteenth century. Specifying when an area became incorporated in the world-economy is a difficult task, on which research is being done at present. Two of the criteria being used to test and date incorporation are measures of trade, and degree of freedom of labour. Incorporation appears to be affected by the needs of the capitalist world-economy, and by the ability or desire of the non-incorporated area to resist incorporation<sup>26</sup>. Wallerstein has discussed, cursorily, the incorporation of the Ottoman Turkish world empire into the world-economy in a peripheral status. We need to know, he says more about 'the actual displacement of a redistributive-tributary mode of production by absorption into a capitalist mode'.<sup>27</sup> Recently, he discussed specifically the process by which India was incorporated. Generally, 'There are two kinds of qualitative changes that may be said to constitute incorporation into the capitalist world-economy: the reorganization of productive structures such that they participate responsively in the social division of labour; reorganization of the political structures such that they facilitate this economic participation'.<sup>28</sup> The process is in fact a matter of degree. It was only when an area's involvement in the Modern World-System became more important than its involvement in other systems that it became incorporated.

What was the actual process by which the Modern World-System was created? There have existed in the past many world-economies, most of which became world empires and then failed: 'sooner or later an imperium expanded to fill the geographical space of this economy'. Even around 1500 there were other world-economies, among them one in the Indian Ocean area, which was either a world-economy or a proto-world-economy. However, all these others were outstripped by an initially puny European world-economy, which flourished because of its capitalist development.

Wallerstein finds that the capitalist world-economy emerged in Europe out of the crisis of feudalism between 1300 and 1450. In this crisis, he says that feudal lords found themselves squeezed economically, and in response increased the exploitation of the peasantry. The result was peasant rebellions, and war between

nobles. The nobles then looked to their overlords, or kings, for protection. (MWS I, 15-39, 135-6). To solve this crisis, three factors were crucial; they led to the capitalist world-economy. They were: the expansion of the geographical size of the world in question; the development of different means of labour control for different products and different zones of the world-economy; and the creation of relatively strong state machineries in what would become the core areas. The last two are conditional on the first; the expansion of Europe is then the key prerequisite to the solution of the problem of the crisis of feudalism. (MWS I, 38).

He finds four stages in the Modern World-System, and these correspond to the projected four volumes of his study.

*I 1450-1600*: The European world-economy rises, and survives the attempt of Charles V to turn it into a world empire. This capitalist world-economy has relations with other world-systems, such as the Ottoman and Russian world empires, and the Indian Ocean world-economy. This and II are the stages of agricultural capitalism.

*II 1600-1750*: Recession in the world-economy, and a struggle within the core, seen in mercantalism.

*III 1750-1917*: Industrial capitalism, which is both a sign and cause of England becoming dominant in the core. Now the whole world is incorporated, including the Russian world-system, and in the nineteenth century, Asia and Africa.

*IV since 1917*: The consolidation of the industrial capitalist world-economy. In 1945-65 the USA replaces Britain as the prime core area.

It should be noted that Wallerstein distinguishes between core areas, and states which achieve hegemony in the core. The last has only happened three times so far: the United Provinces between 1620 and 1650; the United Kingdom between 1815 and 1873; and the United States between 1945 and 1967<sup>29</sup>.

As noted, the expansion of Europe, undertaken at first by the Portuguese, was the crucial precondition for the evolution of the capitalist world-economy. The Portuguese expanded for various reasons, but mostly economic. Some have stressed the search for preciosities such as gold and spices, but Wallerstein emphasizes rather the quest for staples, notably food, and also in this analysis includes gold and spices as necessities. Expansion also provided jobs for younger sons, and Portugal



was favoured geographically and had Genoese capital and a stable state structure. The Spanish conquest of South America followed soon after.

A second necessity in the evolution of the capitalist world-economy is the development of strong states in what is to become the core. He finds four methods used to achieve this: bureaucratization; a monopoly on the use of force; the creation of legitimacy, in which all the elite participate; and the homogenization of the subject population, seen particularly in the expulsion by several European states of their Jewish populations.

As to why some areas become a core instead of others, it is considered that they have an 'edge' over their competitors, and over other areas which are incorporated as peripheral or semiperipheral. (MWS I, 102). A more detailed discussion hardly helps to clarify this crucial point: 'thus if, at a given moment in time, because of a series of factors at a previous time, one region has a *slight* edge over another in terms of one key factor, and there is a *conjuncture* of events which make this *slight* edge of central importance in terms of determining social action, then the slight edge is converted into a large disparity and the advantage holds even after the conjuncture has passed'. (MWS I, 98). This is most clearly seen in the case of western as compared with eastern Europe.

The centre of the capitalist world-economy soon moved from Spain and Portugal to north-western Europe. As we will see, Wallerstein is never clear on whether Spain was core or not; but it was the centre for a time. However the state was never sufficiently strongly organized in Spain for it to survive as the centre for long. And it began to take the fatal path towards becoming a world empire. In 1557 Spain, an abortive world empire, was bankrupt. Now there was a balance of power in Europe, and so nation states could come into their own and 'batten on the still flourishing world-economy'. (MWS I, 184). As a result, the move 'From Seville to Amsterdam' occurred, and Spain and Portugal and northern Italy sank to being semiperipheries. This is a good example of the diachronic nature of Wallerstein's model: different areas or different states rise and fall, become the core from being semiperipheral, sink from being core to semiperipheral, or become peripheral after previously being external to the world-economy.

By the end of the sixteenth century the European agricultural capitalist world-economy came to have its core in north-western Europe. Spanish America and eastern Europe (Poland and Hungary) were peripheries, but Persia, the Ottoman and Russian world empires and the Indian Ocean area were external. (MWS I, 68). The world-economy had trade relations with these external areas to be sure, but these were based only on preciosities and so these were not (yet) incorporated. True, Portugal acquired substantial power in the Indian Ocean area, but still her trade now, as compared with her fifteenth-century expansion when Wallerstein stresses the quest for basics, was in luxuries. As for the core areas, Holland, then England and northern France, as they became core more capital flowed in, and greater labour specialization occurred.

Stage (and volume) II covers 1600 to about 1750. This was a period of recession, and the boundaries of the world-system as defined about 1500 did not change until after 1750, except that during this period the Caribbean was incorporated as a periphery. But there was change in the location of the core. Holland had started as dominant, but between 1651 and 1689 this dominance was challenged by England and northern France, especially in the 1651 English Navigation Act, in other words in the form of mercantalism. Once Holland was disposed of in 1689, the battle for dominance in the core was between northern France and England. The struggle ended in 1763 with England clearly ahead; a result in large part of the fact the English state was stronger and her rulers more able to impose their will on others.

✓ In this period of slow down in expansion the peripheries were hit hard; nevertheless they remained part of the world-economy. The peripheries included eastern Europe and Spanish America, and in the seventeenth century the Caribbean islands and the southern-most British colonies in North America, which were newly incorporated. These peripheral areas had no industry. In the semiperipheries, which included Flanders through west and south Germany to northern Italy, there was industry, based on the putting-out system. But this industry was partly under the control of non-indigenous groups and so was unable to get the protectionist legislation which assisted the rise of industry in the core areas. Some areas in the semiperiphery declined in this period of 1650-1730, including Spain,

Portugal, and the area of Flanders through Germany to northern Italy. Other areas gained ground: Sweden, Prussia, Britain's colonies in the northern part of North America (New England and the middle Atlantic states). Thus, concretely, 'Sweden rose to the position to which Spain and Portugal declined—that of a middleman between the periphery and core.' (MWS II, 217). In the early eighteenth century Sweden declined too.

As for Asia, from the late seventeenth century different products began to be imported to the core, such as Indian textiles, silks, chinoiserie, and tea and coffee. But like the earlier pepper and spices, these were still luxuries; trade volume increased but Asia was not yet peripheralized. There was also, in the period to 1730, some increase in core-area political involvement in Asia. However, colonies were only established in North America and the West Indies. Only after the economic upswing from 1750, coinciding with and related to the beginning of industrial capitalism, did peripheralization begin, as shown in the fact that the products exchanged became more basics than luxuries. And even then only the most economically promising areas were incorporated, such as India and Indonesia.

Stages III and IV are yet to be covered in detail. Britain played a leading role in the core for the whole period until 1945; her decline then was in part a result of the inefficiencies consequent on her status as a world empire. When the USA became the core in the last part of the fourth stage, after 1945, decolonization was allowed, as this was more efficient than colonial exploitation. Another major shift apparently occurred around 1965. One result is that the peripheries are now even worse off. Nevertheless, what Wallerstein calls 'anti-systemic' movements have no chance of success. These rebels work within a state structure, and so even if they 'win' in their own country (such as Cuba, Nicaragua, Vietnam) they are still part of the world-system. Today the USSR is entering core status in the capitalist world-economy: the fact of nationalization in this socialist state does not alter the structural fact that this area has to function in a capitalist world-economy.<sup>31</sup>

Nevertheless, there are contradictions in the operations of the capitalist world-economy, notably a crisis over redistribution, and the rising cost of cooptation. There is the possibility next century of a socialist world government, which would constitute a new sort of world-system, to be distinguished

from world empires and world-economies. Let Wallerstein himself conclude this lengthy exegesis of his views with a stirring vision of the future:

We are living in the historic world transition from capitalism to socialism. It will undoubtedly take a good 100–150 years yet to complete it, and of course the outcome is not inevitable. The system may yet see several periods of remission. There may come again moments when capitalism will seem to be in bloom. But in a comparison of life-cycles of social systems, the modern world-system can be seen to be in a late phase. What will replace it will surely not be utopia. But with the end of this peculiar moral aberration that capitalism has represented, a system in which the benefits for some have been matched by a greater exploitation for the many than in all the prior social systems, the slow construction of a relatively free and relatively egalitarian world may at last begin. This it seems to me, and only this, is likely to permit each individual and the species to realize their potential.<sup>31</sup>

Before proceeding to present some of the criticisms which have been made of this theory, one point must be made clear. What I have just sketched is based very much on Wallerstein's own work. But, as I noted, he has attracted a host of followers, and they are doing vital work in fleshing out parts of his theory. Thus one issue of his journal, *Review*, (III, 2, Fall 1979) contains a series of articles on the incorporation of Southern Africa into the World-Economy, 1880–1940. He himself has recently analysed India's incorporation into the Modern World-System.<sup>32</sup> In such works the real system is described, for example the actual process of peripheralization, what it means to be incorporated, and so on.<sup>33</sup> Even whole books have accepted his basic paradigm, such as Moulder's rather problematic analysis of East Asia.<sup>34</sup>

One of the best examples of such work that I have come across is by Hanson.<sup>35</sup> In an exemplary study of the seventeenth century he subjects the paradigm to critical scrutiny, tests and modifies it, and shows how it can elucidate the history of Portugal in the sixteenth to eighteenth centuries. He discusses in detail the actual process by which Portugal readjusted, after a failed attempt at mercantalism, and became a semiperiphery to the core of Holland and later England. He shows, quoting his guru, how Spain and Portugal became 'economic conveyor-belts between Iberian America and north-western Europe'.<sup>36</sup>

This sort of critical but sympathetic analysis provides a model for all of us.

Hanson's article is exemplary in that it both tests and modifies Wallerstein's basic schema. The schema is unclear on the precise role of Spain and Portugal. It is, as we will see, not certain whether these two countries, possibly in alliance with North Italian city states, are truly core states in the earlier sixteenth century. Hanson decides, fruitfully, that during the first century of its existence, these are not true core states. Spain, and possibly also Portugal and France, are central 'in a large primordial core', and were really 'vying would-be world empires' before the emergence of the first true core state, Holland. Given this, he thinks, it may be best to see the period from 1450 to 1560 as a transitional phase between old-style imperium and the emergence of capitalist core states.<sup>37</sup> Other empirical testing has been less theoretical, and perhaps less useful. Blusse claims that, contrary to Wallerstein, in the long sixteenth century (1450–1640) there was a European impact on East Asia in the areas of both economics and politics.<sup>38</sup> To my mind his data does not add up to enough to show that these areas were not external; their involvement in their own systems still far outweighed any minor aspects of incorporation in a European system.

More generally, Wallerstein can often be faulted on points of fact and detail, but there are also some particular, and many general, comments to be made about his theory. This is only to be expected in such a wide-ranging and ambitious work. I will discuss now various general and theoretical criticisms which have been made of Wallerstein's basic ideas. Then I will turn to my own effort at empirical testing of his theories in a particular area, that is Portuguese expansion, the nature of the Indian Ocean world around 1500, and the effects of European activities here in the period 1500 to 1750. In all of this however, I fully support Skocpol's comments which I quoted at the beginning. The theory is worth testing because it is so important. No doubt it needs to be modified, but nothing which follows should be taken as being dismissive of Wallerstein's achievement, or as denying the fruitfulness of a concern with theory in general.

We may note first a thorough-going attack on the whole notion of dependency and the creation of the third world. Bill

Warren, arguing from what he considered to be an orthodox Marxist perspective, claimed that neo-Marxists such as Wallerstein, Frank, and indeed even V. I. Lenin, are wrong. He found that capitalism in fact has worked to advance third world prosperity, and will continue to do so. Dependency theory is wrong both theoretically and empirically. His aim was to correct 'the ideological dominance of the underdevelopment fiction...'.<sup>39</sup>

Leaving aside this vigorous polemic, the first general area I want to investigate is the matter of his distinction between luxury and basic trades, for as we saw this difference is crucial. Exchange of luxuries does not point to the existence of a system including the areas involved in this trade, exchange of basics or necessities does. Wallerstein is not always consistent as regards which goods are necessities and which are luxuries. Thus he needs to show that Portuguese trade in the fifteenth century was a matter of trade in basics, and he includes bullion and spices in this category; 'bullion must be seen as an essential crop for a prospering world-economy'. (MWS I, 44–46; cf II, 109). However, as Asia remains external until the nineteenth century, sixteenth-century trade must, to fit the schema, be in luxuries. He stresses the pepper trade, but now this has become luxury, or at the most a semi-necessity. (MWS I, 333). More confusion appears later when we find that some goods can change into necessities after having been luxuries. (MWS II, 50). The point is of course true—think of coffee and tea in eighteenth-century England—but Wallerstein does not really test these categories rigorously enough. There is also some confusion in his use of terminology here. At different places we have 'Rich trade', 'seminecessities', a distinction between 'luxury' and 'bulk' goods, between 'preciosities' and 'staples', between 'essentials' and 'luxuries', while bullion, we are told, is both 'preciosity' and 'necessity'.<sup>40</sup>

A more theoretical discussion of this important matter has been developed by Schneider,<sup>41</sup> who attempts to show that trade in luxuries was actually of central importance; these were not just trifles of no economic or political importance. Trade in luxuries can produce technological change, and change in leadership, class structure and ideology both in the producing and consuming areas, and in 'relay' populations *en route*. Luxuries also can have a profound symbolic importance, when

used as gifts to lesser people or to clients. Luxuries certainly involve exchange. They do involve large amounts of money. They often have a very large political importance; attempts to monopolize supply of a particular luxury have often involved warfare or coercion on a large scale. She claims that the luxury trade was essential to 'the capture of energy'. Thus exchange of gold and silver, which could be converted into energy resources, is really a disguised trade in essentials, a point which Wallerstein appears to agree with. Similarly, the slave trade is definitely a necessity trade, in that it involves a profound transfer of energy. Slaves eat for ten or even twenty years at home before they are enslaved, so the captor is saved this large input of food. Braudel,<sup>42</sup> on the other hand, seems to take an in-between position between Schneider and Wallerstein when he says the luxury trade was the 'antennae which a conquering world-economy threw out ahead of itself.

If his terminology with regard to luxuries and necessities is at times inconsistent, this is in fact a more general problem. Wallerstein's terminology has often been criticized for being obscure, or used less than rigorously, or for being contradictory. Maybe grand theories cannot be expressed in simple language all the time, yet there is some validity in Padfield's comments which I quoted earlier, and indeed the reason why I felt compelled to present such a long exegesis of Wallerstein's work was precisely because of this sort of problem. An obvious example is his 'world' system which does not cover all the world. He himself is not always consistent. Thus the Indian Ocean area is in one place a world-economy, in another a proto-world-economy.<sup>43</sup>

The discussion of Spain shows both a failure to face the issue of whether or not Spain became a core, and a most disturbing lack of internal consistency in Wallerstein's argument. Consider the following various claims: 'In the core of the world-economy, in western Europe (including the Mediterranean Christian world)...', (MWS I, 100). If certain things had happened, 'then Spain might indeed have had some chance of becoming a core state in the European world-economy. Instead, overextension merely exhausted Charles V and his successors'. (MWS I, 180-1). In the sixteenth century 'Spain started down this path (to becoming a core) and then turned off it to become part of the semiperiphery.' (MWS I, 108). Soon after we are told that

it is hard to tell who was dominating whom in the sixteenth century'. The core was large, but we are not told where it was. (MWS I, 129). Later he says Jews were expelled from western Europe, the core, and increased in numbers in the periphery and semiperiphery in Europe. (MWS I, 148). As is well known, both Spain and Portugal expelled their Jews. Soon after we find that Spain lost its 'pre-eminence' in Europe and became part of the semiperiphery; it failed to become a core state. (MWS I, 178, 180). It was 'central' in geographic and economic terms in the early-sixteenth-century world-economy. (MWS I, 191). In the early seventeenth century, Northern Italy 'completed the transition from core to semiperiphery. We already noted previously (sic) that Spain had been making the same transition at this time'. (MWS I, 221). In volume II we are reminded that Spain was now part of the semiperiphery, and indeed was declining towards periphery status. But in the sixteenth century she had been a centre of manufactures. (MWS II, 179, 181). Spain had reached this position 'by virtue of decline from a former more pre-eminent status' (what, we are not told).<sup>44</sup> One is entitled to ask for more rigour in the use of such basic terminology.

The core-periphery distinction has been discussed critically. One line of objection is that there are often peripheral areas within cores: North Wales and Appalachia are two examples. Wallerstein tends rather to see the cores as overly homogeneous. It is true that occasionally he differentiates areas in say Spain, but he does not do this nearly enough. Similarly, he talks of the Indian Ocean as a unity, but nowhere tests this empirically, something which I intend to do in my third lecture. It must be said, however, that he is much better here than is his great guru, Braudel, who once he leaves Europe abandons all attempt at discrimination and writes of 'the East', the 'deserts of Islam', and so on.

Portugal features prominently as undertaking the expansion which, as we saw, is considered to be essential for the creation of capitalism in Europe. It is not clear however why this is seen as so important. Scammell and Jones have both discussed Portuguese expansion in terms of it being part of a continuum, a culmination of a continuing thrust dating back to around 800 at least.<sup>45</sup> Perhaps more important, Wallerstein himself talks of internal European expansion, that is of the peripheralization of

eastern Europe. Why then was not this process the crucial precondition in the creation of the Modern World-System, rather than the overseas activities of Portugal? These apparently are seen as a precondition, there not yet being any Modern World-System, so that Portugal is not a core area; this however is never coherently discussed. There is an extended discussion of why Spain failed to become a core (though we must remember that, as just noted, he is ambiguous about this point), but Portugal, despite his claim that its expansion was vital in the whole process, is subsequently ignored. (MWS, I 164-223). Yet at least in terms of the criteria of a strong state she was qualified to become a core. We are simply not told specifically what happened so that this failed to occur.

Wallerstein's holistic view of history, the whole concept of the world-economy, has been attacked at times. Sometimes he strains to make places 'fit'. Braudel put forward<sup>46</sup> a more modest schema. He sees a world-economy as having a centre, which is a dominant city, and a hierarchy. The totality is the sum of individual economies, some poor, the one in the middle rich. Different cities dominate at different times, and this system is implicitly different from and bigger than any state. This less global perspective may, by being less grandiose and ambitious, be preferable.

An obvious target has been his claim that since the nineteenth century the whole world has been included in a capitalist world-economy. This has been much debated, especially because he says socialist countries are, the same as all others, part of this system. Thus 'socialist systems do not exist in the contemporary world', and a communist state is 'a collective capitalist form as long as it remains a participant in the capitalist market'.<sup>47</sup> Many would say there are at least two major polarities in the world today: the developed world as compared with the underdeveloped; and the capitalist world as compared with the socialist. After all, one-third of the world is socialist; ideology does matter, both in socialist states, and in nation states all over the world. Worsley<sup>48</sup> prefers to see at least two sectors in the world, which have connections certainly but which are not all part of one capitalist world order. One sector is the very powerful capitalist one, and this is divided into two; the developed industrialized countries, and the dependent agrarian ones. There are, to be sure, world-wide connections, but the

socialist world, which may have a similar internal division, is a quite different sector; it has escaped the shackles of the capitalist world.

Empirical testing has also cast doubt on Wallerstein's claims for an earlier period. Klein<sup>49</sup> is critical of Wallerstein's depiction of the place of Holland in the world-economy. In a fundamental critique, O'Brien analyses the contribution of international trade to the European economy, and shows that 'commerce between core and periphery for three centuries after 1450 proceeded on a small scale, was not a uniquely profitable form of enterprise, and while it generated some externalities they could in no way be classified as decisive for the economic growth of Western Europe. In brief, the commerce between Western Europe and regions at the periphery of the world-economy forms an insignificant part of the explanation for the accelerated rate of growth experienced by the core after 1750'.<sup>50</sup> Thus 'to reify the international commerce of the mercantile era into a "world-economy" is to misapply a contemporary concept which really has relevance only for our own times... for the economic growth of the core, the periphery was peripheral'.<sup>51</sup> Brenner and Rapp<sup>52</sup> similarly denigrate the role of inter-continental trade. The former notes that in the last thirty years of the sixteenth century England exported about 65,000 cloths a year to Northern Europe, and only 10,000 to Asia. Rapp suggests that Dutch and later English dominance in the seventeenth century was a result of their success in traditional, European, markets, not a consequence of their trade to the east and to America.

Several authors<sup>53</sup> have discussed negatively Wallerstein's concept of the basic phenomenon of capitalism; Wolf in fact says Wallerstein makes the same errors as Frank. They say that Wallerstein sees capitalism as based on exchange or trade; rather he should stress the mode of production. In the world-system of the sixteenth to eighteenth centuries production for the market was done on a non-capitalist basis, usually by the use of coerced labour. This is then a mercantilist phase, a pre-capitalist mode of production, which in the late eighteenth century completed the transition to capitalism correctly defined. Before this there was wealth creation to be sure, and capital was accumulated, but this did not reproduce, and so was not capitalism, which begins only around the middle of the eighteenth

century. It is incorrect for him to say that different labour systems in the different parts of the world-economy make no difference; they are still, Wallerstein says, all part of a capitalist world-economy. Leaving aside the very important fact that his three categories of labour control, in the three areas of the world-economy, do not always fit with actual historical experience, many would claim that capitalist relations of production, based on free wage labour, come late, and that areas with coerced labour cannot be part of a capitalist world-economy.

These critics say that his Modern World-System, at least until the late eighteenth century, is based on 'booty capitalism', or simply coerced or forced trade. To call this agricultural capitalism is to obscure the issue. Real capitalism comes only when exchange is replaced by a new mode of production, in which free labourers sell their labour power. Not until this time, that is the late eighteenth century, is mercantile exchange replaced by a means of production and labour power which is now subsumed under a capital which reproduces. And in the peripheries or external areas, it was long after this time that goods produced by non-capitalist modes were replaced by production based on wage labour.

Braudel in his great work *Civilization and Capitalism*<sup>54</sup> presents a clear and important distinction between exchange and capitalism. He finds the connection between what he calls material and economic lives to lie in exchange; markets, stalls, shops. Capitalism however is different. It is superior, more sophisticated, the people involved, and their actions and *mentalities*, are different from those engaged in exchange. There is less free competition, and rather, calculations and speculation, and activities by initiates who accumulate power. As Wolf says, there is a world of difference between the employment of wealth, or capital, to gain a profit, and capitalism.<sup>55</sup> Wallerstein however confuses capital and capitalism.<sup>56</sup>

Marx saw merchant capital emerging in the sixteenth century, but there then were nearly three centuries of transition to capitalism. The capitalist mode of production replaces completely the feudal-mode only when industrial capital dominates all other forms of capital, notably merchant capital. Wallerstein not only ignores the Marxist concept of commercial or merchant capital, preferring instead a very poorly

defined concept of 'agricultural capitalism, but he also, by claiming capitalism emerged in the sixteenth century, fails to discuss the very important transitional period and implicitly denies the epochal significance of the industrial revolution.

In the following key passages, Marx is talking of capital, not capitalism. He says that 'The modern history of capital dates from the creation in the sixteenth century of a world-embracing commerce and a world-embracing market.' 'World trade and the world market date from the sixteenth century, and from then on the modern history of capital starts to unfold.' The events of the sixteenth century were a precondition for later capitalism: 'Modern industry has established the world market, for which the discovery of America paved the way.' Or more fully, in a typically vigorous passage, Marx wrote that 'The discovery of gold and silver in America, the extirpation, enslavement and entombment in mines of the indigenous population of that continent, the beginnings of the conquest and plunder of India, and the conversion of Africa into a preserve for the commercial hunting of blackskins, are all things which characterize the dawn of the era of capitalist production. These idyllic proceedings are the chief moments of primitive accumulation. Hard on their heels follows the commercial war of the European nations, which has the globe as its battlefield.'<sup>57</sup>

All this is not, says Worsley, just a matter of Marxist nit-picking or semantics; the matter is of the essence. If one sees capitalism essentially in terms of production, and not like Wallerstein in terms of the market, then one can explain why colonialism was started by the less developed European powers, namely Spain and Portugal. As Wolf noted, they developed trade, some free but often coerced, but they did not transform their own internal systems of production along capitalist lines. Thus there was no change in Iberia, and so no capitalist impact on the periphery or external areas. Iberia accumulated capital, to be sure, but this did not develop into capitalism.

There are also other, related, problems. The Portuguese empire, based on booty capitalism (virtually piracy), was very different from the Spanish colonies in South America. The expansion of both, however, was not just the impersonal movement of capital, rather it was consciously state-directed. Both Spain and Portugal were feudal, and what they implanted was based on pre-capitalist, unfree labour. The societies they

encountered were very different indeed. Their successes and failures were largely a result of this variable, one which Wallerstein hardly notices.

The Modern World-System theory has been criticized for being overly deterministic, and for giving almost total primacy to economic factors. Wallerstein occasionally notes political, social, cultural matters, yet while these often appear to be important in explaining his theory, he usually brushes them aside and makes it quite clear that he considers economic factors to be the main motivating force to explain human action and his own schema. Despite his commendable attempt to be explicitly unidisciplinary, in practice economics holds sway. As we noted, the end of slavery in England, social welfare legislation in England, and decolonization in Asia after 1945 are all explained in terms of economic costs and benefits, in a cold-blooded and 'neutral' way. As for the last, the aim was to make these former colonies more productive; they remained peripheralized, but political 'freedom' made them more productive, thus further benefiting the core. Braudel<sup>58</sup> takes a rather different angle, despite the fact that the *Annales* school has often been criticized for ignoring politics. He sees the economy, society, culture, and politics as all being important; nor are they necessarily coterminous with the economy, that is with the world-economy. He finds four social 'sets': economics, politics, culture and social hierarchy. All too often this leads him to go off into Gallic flourishes of a distressingly non-rigorous nature; nevertheless, he provides a useful corrective. Not for nothing is his general title 'Civilization and Capitalism'.

Zolberg's 'missing link' is the system of nation states and international politics, which he sees as equally important as economic connections.<sup>59</sup> The aim of Worsley's recent important book is precisely to put culture back into the argument.<sup>60</sup> He stresses the interplay between culture, politics and the economy, and finds capitalism working on an existing cultural base. Even Jones, an economic historian by training, is less 'economic' than Wallerstein. He says 'Neither have I necessarily pinned economic outcomes to pure choices of economic behaviour. The key influences in bringing the European system into being seem to have been political decisions made within a favourable natural environment, this environment imparting a direction but not precise marching orders'.<sup>61</sup> And what of

religion, which can also be important as a link and as a factor which can powerfully affect people and their history, a point I need hardly stress in lectures given at St. Xavier's College and in memory of a great Jesuit! Again I will return to this point in my third lecture.

Worsley also complains that Wallerstein really describes the core and the periphery, but does not explain why they are this way. The problem is his stress on economics; in fact these changes reflect a mix of political, social and cultural, plus economic, reasons. Nor, crucially, does Wallerstein really explain social change; rather everything is seen in terms of long-term impersonal cycles, of the expansion and contraction of the Modern World-System. This really means political activity is irrelevant, or is just a spontaneous outcome of these cycles, which seem to be predetermined, and not open to human input or to class struggle. He fails to consider interrelationships between politics and economics. If one adds politics one gets a rather different view. Thus rulers in the periphery may foster incorporation for their own advantage; this is a political rather than economic decision, even if the results may be largely in the area of economics. Nor are all states at the centre of the capitalist world-economy necessarily also strong states. Conversely, peripheral states are not always weak; the nation state system is world-wide. Thus politics is important. For Wallerstein to tell a third world activist that only a change in the world-economy can end underdevelopment is close to a counsel of despair. Activists have no choice but to work within the bounds of one underdeveloped country; yet they are being told that their efforts are futile. As Marx said, people 'make their own history', even if they do not always make it as they choose. It is important, however, to be clear that Wallerstein is not 'conservative'. Indeed, he foresees and hopes for the 'demise' of the capitalist system. Yet nothing can be done to hasten this.

A rather different current political complaint against Wallerstein must also be noted. Brenner claims that the end result of the notion of both Frank and Wallerstein of the development of underdevelopment, or core-periphery distinctions, is that the aims of Lenin and Trotsky are being denied. They hoped for the rise of 'the international proletariat, in alliance with the oppressed people of all countries, versus the bourgeoisie'. These theorists then are presenting 'a false strategy for anti-

capitalist revolution'. Brenner hopes rather for 'the rebirth of international solidarity'. As Lenin and Trotsky said, there is a 'necessary interdependence between the revolutionary movements at the "weakest link" and in the metropolitan heartlands of capitalism'.<sup>62</sup>

A concrete contemporary example may help to elucidate this very important criticism of Wallerstein. Many would agree that the present crisis in the Philippines is really just a rearrangement of power within a small elite group. There is no possibility of basic, structural reform from President Aquino just as there was not from ex-President Marcos. However, Wallerstein would go further and say that even if the more radical alternative, the left-wing New People's Army, came to power in the Philippines there still would be no chance of meaningful structural change, for the Philippines, regardless of who rules, is still part of the capitalist world economy. Thus the socialist third world, such as Cuba or Tanzania, is as badly off as is say Chile, part of the capitalist third world. Only when the world-economy changes or collapses will the position of any of these countries change in any basic way.

If one gets under the grandiose theorizing, is Wallerstein really saying anything very new? It is, for example, the received wisdom that the crucial transition occurs around 1750 with the industrial revolution and the emergence of capitalism. Braudel, Wolf, Worsley, K. N. Chaudhuri, Marshall Hodgson and a host of others see this as the decisive break both in terms of the core and in terms of its impact on the formerly external areas. We must note, however, that Frank Perlin seems to differ. I say 'seems' because the article in question is not only pretentious but also opaque in the extreme.<sup>63</sup> I gather that he feels that no one, and certainly not myself, has yet satisfactorily analysed relations between Asia and the early Europeans. This is true no doubt, but his subsequent claim that there was more European influence in this early period than has been generally perceived is hardly backed up by any useful data. Wallerstein also seems to find Perlin unconvincing, but claims there is little difference, at least in terms of theory, between them.<sup>64</sup> Leaving aside Perlin's unconvincing revisionist exercise, what is new in Wallerstein on the matter of this great transition is his unconvincing attempt to extend capitalism back to the sixteenth century. Yet even he accepts that the nature of capitalism changed around the middle

of the eighteenth century. Similarly, everyone today knows that a European impact on Asia occurred only from around the late eighteenth century. Wallerstein dresses all this up, perhaps obfuscates the issue, with his flashy terminology about external and peripheral. Take them away and he is saying what is already well known and accepted.

Finally, there are major gaps. As we noted, Wallerstein is primarily concerned with developments in the core, and the contribution of the rest of the world to this core. As Brenner noted acutely, 'Just as Frank and others have sought to find the sources of underdevelopment in the periphery in its relationship with the core, Wallerstein has sought to discover the roots of development in the core in its relationship with the periphery'.<sup>65</sup> Like Braudel, he is very weak on the non-European side. Indeed, so far at least he has taken almost no account of the fact that the nature of states and societies in the external area makes a big difference in terms of how they respond to Europeans. Thus European influence in both South America in the sixteenth century and India in the late eighteenth was contingent on the natures and strengths (in fact at these times weaknesses) of the indigenous rulers. Wallerstein's core focus means he ignores this sort of factor. Nor has he yet said much about the effects of being incorporated or peripheralized. The linkages are well presented, but not the results. While it is true that research on such problems is proceeding under his direction, so far we are told little about how an area is penetrated and absorbed by the world-economy.<sup>66</sup> This indeed is a lacunae that Wolf perceives, and which he consciously aims to make good in his book *Europe and the People without History*. Similarly, Stavrianos essentially tries to flesh out with empirical data the actual impact of the core on the periphery.<sup>67</sup> It is in this area that Wallerstein can be tested and modified, to make his great theoretical structure more real, more in accordance with what we know already about the creation of the third world.