

Criticisms of Rostow's Model

Some of the criticisms of Rostow's model include:

- The model was based on American and European examples, so it did not fit countries of nonwestern cultures or noncapitalist countries.
- The model encouraged the exploitation of less developed countries (LDCs), and some LDCs could get trapped in a state of dependency with highly developed countries.
- The model suggested linear change, always in the direction of progress. However, LDCs often need the assistance, money, and technology of developed countries in order to develop. And in some cases, countries might regress in economic development.
- The model suggested all countries have the potential to develop, but there are significant differences among countries, such as the physical size, population, natural resources, relative location, political systems, and climate, which could affect their ability to develop.
- The model assumed that everyone could eventually lead a life of high mass consumption, but failed to consider sustainable development or the carrying capacity of the earth.
- The model failed to recognize that most of the countries that reached the stage of high mass consumption did so by exploiting the resources of lesser developed countries. Countries that were still developing would have difficulty finding other countries to exploit.

Despite these criticisms, the Stages of Economic Growth model continues to provide one way to view the changes countries have been going through over the past two centuries. Part of its value was that it prompted others to think about economic and social change in a global context, and it challenged them to provide their own framework.

Wallerstein's World System Theory

In the 1970s, historian Immanuel Wallerstein proposed an alternative view to Rostow's on economic development, which he called the **World Systems Theory**. It is a **dependency model**, meaning that countries do not exist in isolation but are part of an intertwined world system in which all countries are dependent on each other. Because the World Systems Theory includes both political and economic elements, it is sometimes viewed as a political theory and sometimes as an economic theory.

Wallerstein divided countries into three types: core, semiperiphery, and periphery. As a result, his theory is sometimes referred to as the **Core-Periphery model**. The traits of each type of country are identified in the following chart.

WALLERSTEIN'S WORLD SYSTEMS THEORY

Category	Characteristics	Examples
Core	<ul style="list-style-type: none"> • Includes the economically advantaged area of the world and the center of world businesses and finances; headquarters of most large multinational companies are located in core countries • Focuses on higher skill, capital-intensive production • Promotes capital accumulation • Dominates periphery and semiperiphery economically and politically, and by paying low wages and exploiting weak environmental laws • Benefits greatly from international trade 	<ul style="list-style-type: none"> • United States • United Kingdom • Japan • Australia • Germany
Semi-periphery	<ul style="list-style-type: none"> • Includes the middle-income countries • Sometimes known as the emerging economies • Provides the core with manufactured goods and services that the core once provided for itself, but no longer does 	<ul style="list-style-type: none"> • India • Mexico • South Africa • Brazil • China
Periphery	<ul style="list-style-type: none"> • Includes the least-developed countries • Has a high percentage of jobs in low-skill, labor-intensive production and extraction of raw materials • Provides the core and semiperiphery with inexpensive raw materials, labor, and agricultural production • Receives jobs but few profits from manufacturing • Often have weak laws protecting workers and the environment 	<ul style="list-style-type: none"> • Afghanistan • Zimbabwe • Peru • Kenya

Core Dominance. The core countries achieved their initial dominance through the industrial production of goods, which led to political control through colonization. As countries successfully won their political independence, the style of colonialism nearly vanished.

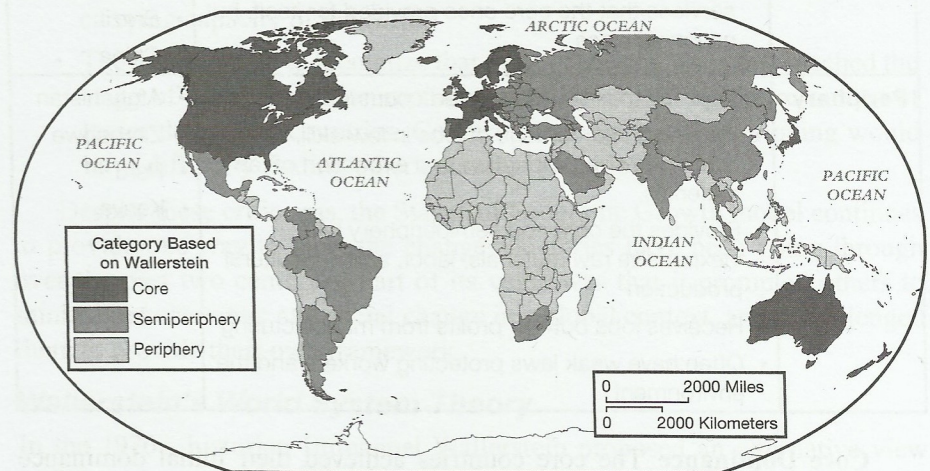
But core countries continued to maintain their supremacy by controlling the production of goods in countries in the semiperiphery and periphery. This new form of control, which relied on economic and cultural influence rather than political power, was called neocolonialism.

Private corporations worked closely with governments under both colonialism and neocolonialism. Large multinational companies, which are often headquartered in core countries, have had significant influence over the economies of periphery and semiperiphery countries.

Changing Categories Unlike Rostow's model, Wallerstein's model does not suggest that all countries can reach the highest level of development, nor does it explain how countries can improve their position. In contrast, it indicates that as a result of the nature of dependency, the world system will always include a combination of types of countries. But countries can change categories:

- In 1750, the British colonies in North America were part of the periphery. But by 1870, at least one former colony—which had become the United States—was part of the core.
- In 1900, Argentina was a core country. By 2000, it had become part of the semiperiphery.
- In the past few decades, the BRICS countries—Brazil, Russia, India, China, and South Africa—have challenged the dominance of the core countries. With new virtual and just-in-time business models transforming the world economy, predicting the change in economic power among countries is challenging.

THE WORLD SYSTEM



Labor Trends Wallerstein's model provides a framework for analyzing where sectors of workers in new international division of labor live and work:

- Peripheral countries are often where primary sector workers engaged in the extraction of raw materials are located.
- Semiperipheral countries are often home to many workers in the secondary sector (such as factory workers) and in the tertiary sector (such as call center staff).
- Core countries include most quinary and quaternary sector workers, such as the senior managers and research staffs of transnational companies.

Systems Theory at the Country Scale While Wallerstein built his model for a global scale, geographers apply the concepts of core, semiperiphery, and periphery to smaller scales, such as a country. In the United States, the core would be the major cities, such as New York and Chicago. The semiperiphery would be the manufacturing belt in the Midwest and parts of the South. The periphery would be the rural areas of the Great Plains and the West.

Criticisms of World Systems Theory The World Systems Theory has its detractors. Criticisms of Wallerstein's model include the following:

- It downplays the role of culture. For example, it focuses heavily on U.S. economic influence (investments and purchases of raw materials), but it pays little attention to the pervasive influence of U.S. culture (movies, music, and television).
- It is somewhat outdated. It was based on industrial production, but many countries are postindustrial. Core economies have transformed into high-tech, high-skilled tertiary economies.
- It is of limited practical use. It suggests that countries can change their status, but it does not explain how.
- It fails to recognize the role of nongovernmental organizations. It discusses countries, but not the role of influential UN agencies or private nonprofit charitable groups such as the ones in the chart below.

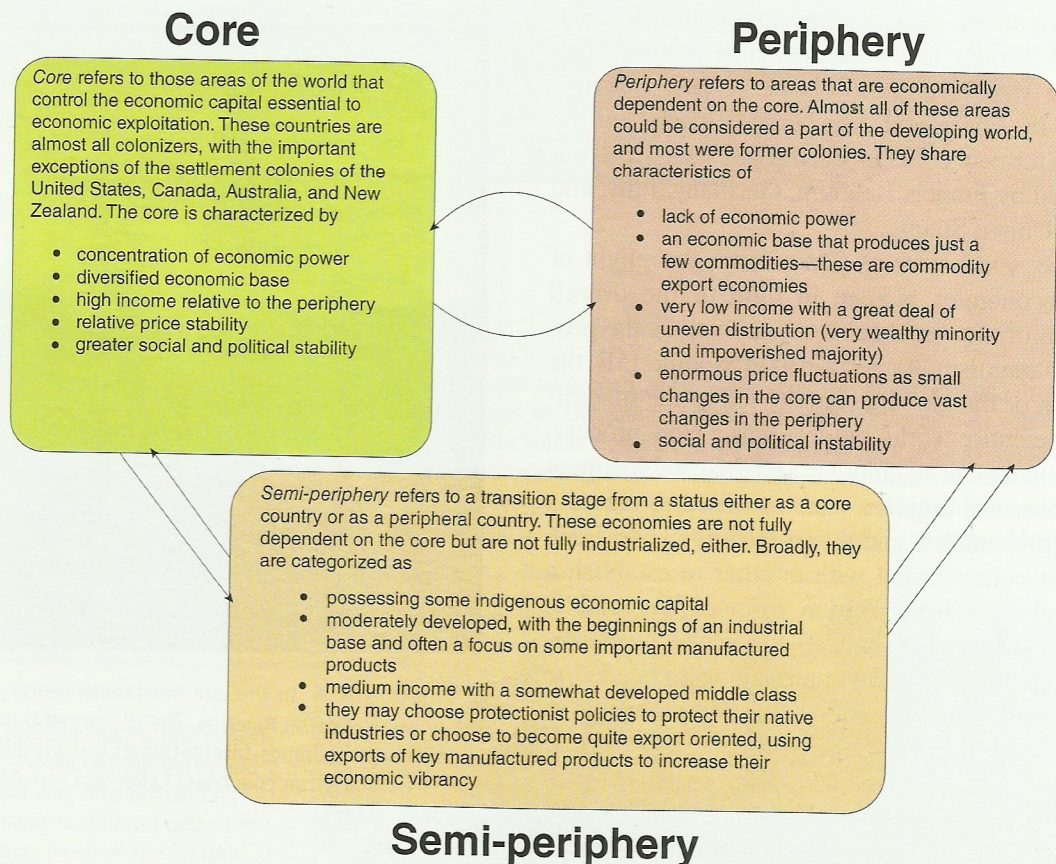
TEN LEADING NGOS		
Name	Headquarters	Mission
Brac	Bangladesh	Promote economic development
Medicins Sans Frontieres (Doctors without Borders)	Switzerland	Provide health care and respond to emergencies
Skoll Foundation	United States	Promote economic development
Danish Refugee Council	Denmark	Protect human rights
Ashoka	United States	Promote economic development
Mercy Corps	United States	Distribute humanitarian aid
Oxfam	United Kingdom	Overcome global poverty
Handicap International	United States	Support for people with disabilities
Landesa	United States	Promote rural development
Acumen	United States	Promote economic development

Source: Adapted from NGO Advisor, "Top 20 NGOs in the World.," ngoadvisor.net.

One of the main theorists of the world systems approach, Immanuel Wallerstein, has categorized the world in terms of core, periphery, and semi-periphery. It is important to keep in mind that these are somewhat fluid categories and that there is some ambiguity as to which countries belong in each category.

Third, in the modern world economy, many countries have tried to shift away from the export of raw materials alone as a mainstay. In addition, several of these countries have turned toward the advantages of cheap labor in manufacturing production. In Module 16F, we discussed the global production line, in which production of a good takes place over several countries. Poor countries furnish many of the raw materials, but they may also furnish the inexpensive labor. Higher-end processes are conducted within the core countries.

Fourth, this model of a world system is intended to be dynamic. Over history, countries have shifted their positions as core, periphery, and semi-periphery. The significance of the **semi-periphery** is that these countries contain aspects of both core and periphery. They also demonstrate a transitional stage. Wallerstein points out that many of the important cities of Mediterranean Europe moved into semi-peripheral status as England and Holland took over the world economy in the seventeenth century. In the nineteenth century, the United States was clearly a part of the semi-periphery but moved into the core in the twentieth century. Now several Southeast and East Asian countries, once part of the periphery, have entered the semi-periphery. The fast-growing economies of China and India, while still quite poor by per capita income standards, have become more involved in manufacturing finished products, which are then exported to the core. China, in particular, has become the major manufacturer of clothing, toys, and many other items. India, in addition to manufacturing, now provides many services that are available more cheaply there than in wealthier countries. Countries such as South Korea and Singapore have arguably moved into the ranks of the core, as they now possess enough industrial and economic power to be able to finance their own futures.



▲ **Figure 18C.5** We can observe several interesting aspects of the world systems model. First, the positions of countries are considered relative to each other. Peripheral countries could not exist unless there also existed a set of core countries. Therefore, the economies of **core** and **periphery** are interdependent. Second, as the global economy has changed, the types of items that are produced and exchanged between economies has shifted as well. Most economies in the periphery were at one point primarily involved in the export of a few raw materials. Bananas, cotton, coffee, jute, nickel—these were the types of commodities exported to core countries, which then used them in manufacturing. This relationship continues to exist in some cases.