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Chapter 4

Class System Theory (Globalism, Radical, Neo-Marxist)

The next system-level theory is what we have termed *class system theory*. This paradigm is also known as the radical, globalist, or neo-marxist theory. "Class system" seems a particularly good title, since advocates of this theory contend that it is classes, and the divisions between them, that define and determine the course of international politics.

Class system theory is based on four important concepts. First, proponents contend, economic factors are the driving force of international politics. Political and military power are the direct result of the underlying economic strength of the dominant class. Second, class system theory focuses on the development of the capitalist world economy and how it both creates and perpetuates uneven development between advanced capitalist states and poor, less developed states. Third, theorists point to an international class structure in which the advanced industrialized states in the center of the world capitalist system dominate and exploit poorer states, occupying the periphery of this system. Finally, transnational class coalitions represent the primary actors in international politics. States are important, but only as agents of the dominant class. Nonstate actors, most notably multinational corporations, allow capitalist elites to maintain the exploitative economic links that bind core countries with those on the periphery.

Economic forces, then, are a key part of the framework of class system theory. Unlike economic liberals, however, class system theorists emphasize the exploitative nature of international economic ties between states. They believe there is a systemwide hierarchy of classes and states that is rooted in the unequal distribution of wealth. According to class system theory, the structure and process of international relations is largely the result of the struggle between rich and poor countries over the control and distribution of economic resources. The tension between rich and poor countries is often referred to as the **North-South conflict**. The North represents the wealthy industrialized states that lie primarily in the northern hemisphere, while the South depicts the less developed countries, generally located in the southern hemisphere.

When conflict arises among states, it is caused, according to class system theory, by the clash of opposing economic interests—namely, the clash between capitalist and noncapitalist states. War is the result of capitalist states attempting to increase their wealth and power through imperialist foreign policies—policies in which strong capitalist states seek to exploit weaker noncapitalist states. Presumably, these conflicts will continue until the international status quo is radically altered, socialism replaces capitalism as the dominant socioeconomic system, and a more equitable distribution of wealth among nations is attained. However, beneficiaries of the "capitalist world system," the dominant capitalist class, certainly have a stake in preventing such radical change and preserving the current arrangement: keeping the rich wealthy, while the poor remain poor.

Class system theorists acknowledge that states are important actors, but they also emphasize that the dominant class exerts significant influence and often controls government policymakers. Unlike realism, which holds that states pursue national security interests, class system theory argues that states act in accordance with the wishes of the dominant economic class within the state. If the dominant class is capitalist, a state's foreign policy will be oriented to enhance the wealth and influence of the capitalist class.

With the diminished position of individual states, or groups of states, and emphasis on class conflict, class system theory also attributes a greater role to nonstate actors, such as multinational corporations and international institutions. These non-state actors are important because they

foster transnational class coalitions. The idea of **transnational class coalitions** suggests that economic classes form close ties across national boundaries. It is important not to confuse the notion of transnational class coalitions with the liberal theory presented in the previous chapter. Unlike liberals, who focus on the positive aspects of increasing international economic linkages, class system theorists emphasize the exploitative nature of the global economic system and the role that transnational actors, such as multinational corporations, play in this exploitation.

Multinational corporations (MNCs) are companies that have production facilities or branches in several countries. With headquarters in the advanced states, MNCs are the mechanism by which the capitalist class penetrates the poor countries. Rather than assisting in the development of these poor countries, multinational corporations exploit lesser developed countries as a source of cheap labor and inexpensive natural resources. MNCs then transfer profits from the lesser developed states to the base of operations in advanced capitalist states. These profits enable the capitalist class to increase global influence and sustain a dominant position in the world.

At this point, we might ask why the dominant class of a capitalist society doesn't exhibit a more selfless, "share the wealth" attitude. More broadly, why are some countries rich ("core" states) and some poor (periphery or semi-periphery states)? Here, we see some similarity to realism in that class system theory also suggests that human nature tends toward self-interest and the need to dominate others. However, unlike the realists, most class system theorists believe that if society were based more on an equal distribution of wealth, the aggressive and negative aspects of human nature might be reformed and perfected.

Marxism

Most class system theorists rely on the fundamental assumptions of marxism, and on its critique of capitalism, as the intellectual basis for their theories about international relations. Karl Marx was not an international relations scholar but a German social and economic theorist. Together with his lifelong collaborator Friedrich Engels, Marx wrote *Manifesto of the Communist Party* (1848) and *Das Kapital (The Capital)*, (1867), providing a social and economic doctrine that served as a basis for many theories of international relations. Marx and Engels created a body of political, social, and economic prescriptions that formed the ideological foundation of modern communist parties and strongly influenced many twentieth-century socialists and class system theorists.

According to Marx, the driving force of history is the struggle between economic classes. He termed this condition **dialectical materialism**. The dialectic, as it is called, suggests that history moves through stages—from feudalism to capitalism to socialism and, finally, to communism. The transition from one stage to the next is often prompted by the struggle between economic classes, as we have pointed out, as well as by the development and spread of technology. Politics, then, both domestic and international, would be best understood in terms of the structure and interaction of economic classes.

In the capitalist phase of Marx's dialectic, human interaction is characterized by the strong exploiting the weak, the struggle between the oppressed and the oppressors. He contends that capitalist society is divided into three basic classes. The dominant class, made up of wealthy capitalists, owns and controls the means of production, that is, factories and land. Although the capitalist class represents the smallest percentage of society, it is this ownership of both the factories and the land that enables it to control and exploit the other classes and amass even greater wealth and power.

The second class consists largely of workers living in the cities and working in these capitalist-owned factories. Marx wrote that the workers, or **proletariat**, are nothing more than "wage slaves," paid subsistence wages and exploited by capitalist factory owners whose sole motivation is greed. In a similar plight, the third class is made up of peasants who work the land. Capitalist land owners exploit peasant farm labor in return for allowing the peasantry to live on their land.

The division of society into these three classes represents the core of marxist theory, emphasizing the history of society as the history of class struggle, in which the oppressed worker

and peasant classes attempt to free themselves from the domination of the wealthy capitalist class. As competition for wealth increases among the capitalists, this clash, leading from capitalism to socialism, is, according to Marx, inevitable. A redistribution of wealth within society would take place under the leadership of the proletariat.

Imperialism

John A. Hobson, a British economist and journalist, wrote *Imperialism: A Study* in 1902, focusing on the imperialist policies of the European colonial empires. Classical **imperialism** is the policy of expanding a state's power and authority by conquering and controlling territories called colonies. Hobson stripped away any notion of imperialism as *noblesse oblige*, that is, a wealthy nation's duty or noble obligation to "assist" poorer, less developed nations. According to Hobson, imperialism is an extension of the capitalist search and competition for cheap labor and raw materials, and occurs when wealthy states exert political and economic control and influence over weaker nations or territories. Such a pattern is often sanctioned, even facilitated, by the powerful state's government and foreign policy. Hobson argued that imperialism was designed to increase the wealth and power of strong states at the *expense* of weaker states.

Hobson said that far from any selfless desire to promote growth in these underdeveloped areas, capitalists invest abroad because of the potential for higher profits. Reinvestment at home would not yield the same benefits as exploitation of raw materials and cheap labor in these colonies. The foreign and domestic policies of a state are often guided by the ruling class—the wealthy capitalists—and, therefore, facilitate this system of imperialism.

V. I. Lenin, founder of the Communist Party of the Soviet Union, used Hobson's writings as the basis for his notion that imperialism is, in fact, "the highest stage of capitalism." He contended that international politics was simply the "internationalization of the class system." Lenin asserted that in order to survive, capitalism needed to expand constantly. Having exploited the workers in their own states, European capitalists sought new markets, cheap raw materials, and greater profits. The acquisition of colonies fulfilled these requirements.

The problem with this "scramble for colonies" was that, by the late nineteenth century, most areas in the world were already colonized. Once this occurred, the expansion of one imperialist power could come only at the expense of other imperialist powers. This process, according to Lenin, led to world war between the great European imperialist states. World War I, he reasoned, was simply the final stage of capitalist imperialism.

This link, between imperialism and the inevitability of war due to imperialism, is one of Lenin's fundamental contributions to international relations theory. We now see that, although their explanations are quite different, both class system theorists and neo-realists view the causes of war as coming from the nature of and conditions in the international system itself. For neo-realists, the problem is anarchy; for class system theorists, it is imperialism and economic dependence.

Dependency Theory

Dependency theory, as part of the class system paradigm, is discussed in the article by Immanuel Wallerstein. He developed dependency theory to explain the uneven development in wealth between poor and rich countries. **Uneven development** is defined as the propensity of capitalism to create and perpetuate an unequal dispersal of global wealth and prosperity. **Dependency theory** asserts that trade, foreign investment, and even foreign aid between advanced, industrialized countries and poor, less developed states is inherently exploitative, works to the disadvantage of the poor nations, and perpetuates the dependency of these less developed countries.

With respect to dependency theory, Wallerstein suggests that relations between states in the international system can be classified as part of a system of dependency and exploitation. The term **neo-imperialism** is used to describe the less overt control now exercised by the North over exports and raw materials in developing nations. Though distinct from the imperialist practices of

the European colonial empires, the economic and political influence exercised by advanced capitalist powers over less developed countries is simply a new, more subtle form of imperialism.

In conjunction with dependency theory, Wallerstein also developed the notion of a **capitalist world system**, dividing states into three categories: core (wealthy), periphery (poor), and semi-periphery (less developed). In many ways, the relationship between these three categories of countries parallels that between different classes within capitalist society. Dominant core nations are wealthy, with economies geared more toward technologically or economically advanced businesses—from high technology manufacturing to banking and global finance. These countries control the global means of production. Machinery for manufacturing, tools for agricultural production, and world monetary systems are in the hands of these core nations.

To support their dominant position, core nations depend on the raw materials and cheap labor of periphery, or poor, states. Like the underclass or the proletariat in a capitalist society, periphery states depend on the orders and work provided by core countries for their survival. Indeed, core countries exploit the cheap labor and raw materials to maintain a high profit margin and to sustain their own dominant position in the international system. Semi-periphery states, or less developed countries, are important when the cost of labor in core countries becomes too high, and they also serve as markets for excess production and investment capital.

Using Wallerstein's outline of the capitalist world system, let us look at the positions of core, periphery, and semi-periphery countries with respect to one another; this should help to explain why and how such a system is maintained. This theory not only describes the hierarchical international system in which the rich states continue to dominate poor, less developed states but also provides an explanation for the uneven rates of development between the North and the South.

Dominant core countries have a stake in preserving this cycle of dependency and exploitation that exists with periphery and semi-periphery states and pursue foreign and domestic policies to further that goal. Poor and less developed countries are virtually locked into a position of dependency. As we discussed earlier with regard to transnational class coalitions, class system theorists suggest that strong capitalist nations have allies in these poor nations. Small groups of capitalist elites in the peripheral states act as liaisons to and partners with leaders, policymakers, and business executives in the core countries. These elites have more in common with the capitalists of foreign nations than with the underclass of their own state. They too, then, have a stake in preserving the status quo—the dependency and exploitation—of their own country.

Contemporary Class System Theory

The selection by Fred Halliday provides us with an example of how the major assumptions of class system theory can be used to develop an innovative and provocative explanation for the collapse of the Soviet Union and the end of the Cold War. His analysis emphasizes the vitality of Western capitalism and the inability of the Soviet Union to compete effectively.

Realist theoreticians treated the Cold War as a continuation of traditional power politics, but Halliday focuses on the ideological and socioeconomic aspects of superpower conflict. He argues that the structure of the international system is actually the result of specific historical conditions. The conditions that prevailed in the Cold War environment depended on the dominance of two contending political, economic, and ideological systems locked in a struggle for ascendancy.

Though Halliday's analysis of the Cold War acknowledges that the United States and the Soviet Union were engaged in a broad bipolar conflict, that conflict was actually motivated and propelled by competition on three distinct levels. Two of these, socioeconomic and ideological, were at least as important as, if not ultimately more important than, the third, traditional military competition. Despite his mistrust and criticism of capitalism, Halliday, unlike many class system theorists, at least acknowledges the vitality of capitalism as a dynamic economic and social system.

The last article is written by Noam Chomsky, one of the most prominent political dissidents and leftist theorists of the last several decades. Chomsky presents a class system analysis of the U.S. war against terrorism. The author contends that American armed intervention in Afghanistan and

previous U.S. military actions could equally be classified as terrorist acts. Chomsky urges Americans to reassess the long-term implications of America's military attacks abroad and change U.S. policy accordingly.

A Critique of Class System Theory

Like the proponents of all our system-level theories, class system theorists tend to emphasize the unique contributions of their own paradigm as a model to assess and interpret international relations. This theory does, indeed, have certain strengths. While both realism and liberalism tend to focus primarily on the interaction of wealthy, powerful states, only class system theory examines the so-called pattern of dependence that distinguishes the relationship between rich and poor countries.

Perhaps, for this reason, class system theory, though out of favor in Western circles, remains popular and widely accepted by scholars in less developed nations. Today, many prominent class system theorists are, in fact, from Latin America. This theory, with its emphasis on the North-South conflict and problems of development, poverty, and other social-welfare issues, is one of the few paradigms that tries to provide an explanation for the disparities in wealth and development worldwide.

Class system theory must be credited with at least some success in providing an explanation for these and other problems facing less developed states. Certainly, poor countries are more vulnerable to shifts in the international marketplace, relying on exports of primary products—raw materials and natural resources—to sustain themselves economically. Moreover, class system theory contains a valuable critique of the excesses of capitalism and its impact on less developed countries. It is difficult to deny that some vestiges of imperialism are still in place today. Many people living in less developed parts of the world resent not only the economic but also the cultural penetration of their countries. Capitalism, from their vantage point, is closely linked to Western—particularly American—culture and viewed as a threat to indigenous cultural traditions and ways of life.

Though there is merit to the arguments in favor of class system theory, critics are not without ammunition. Many critics argue that class system theory exaggerates the role of the world capitalist system in limiting development and ignores the impact that policies adopted in the less developed states have on their own economic development.

Specifically, class system theory fails to address the impact that different development strategies have had on various countries facing similar problems with economic development. Dependency theory can account only for those countries that have failed to develop. How could, for example, Immanuel Wallerstein explain the remarkable economic growth of many countries occupying what he describes as the semi-periphery? Rapid and successful industrial development in Taiwan, Singapore, Hong Kong, South Korea, and Brazil is difficult for class system theorists to explain or dismiss. These newly industrialized countries (NICs) are the rising economic powers of the late twentieth century and already compete successfully with major capitalist powers in the North. Clearly, these countries illustrate that, contrary to the suppositions of class system theory, capitalism can be beneficial and bring prosperity to developing countries.

In addition to ignoring the progress of these economically vibrant nations, some class system theorists have been criticized for being ahistorical—a potential trap for any theorist of international relations. Critics point out that class system theorists rely on case studies that conform to and confirm their particular paradigm while ignoring states that fall outside these parameters.

This theoretical blind eye is especially true with respect to weaknesses of communist nations. While focusing on North-South relations, class system theorists fail to account for a significant percentage of the globe. The former Soviet Union and Eastern European states, even China, present some difficulties for the class system paradigm. Certainly, during the Cold War era, the Soviet Union maintained policies of imperialism in the subjugation and exploitation of Eastern Europe. Imperialist domination of other states is, evidently, not limited solely to capitalist powers.

Class system theory also falls short in explaining the failure of marxist principles and communist doctrine in the former USSR and Eastern Bloc nations, as well as the capitalist reforms now under way in these countries. Though advocates might suggest that true marxist doctrine was never fully implemented in the region, surely this cannot be considered true of communist China. Even in this most ideologically committed nation, the Chinese government has turned to free enterprise and open markets to stimulate its formerly stagnant socialized economy.

Despite these flaws, class system theory still provides important insights into the economic development process and remains a highly popular explanation of global politics, particularly among scholars in less developed countries. Like any theory, it is important for students to decide for themselves which explanation, if any, provides the most accurate description of international relations.

Key Concepts

Capitalist world system is a concept of class system theory that focuses on the exploitative nature of the global spread of capitalism. This system divides states into three categories: core (wealthy), periphery (poor), and semi-periphery (less developed). Core nations are wealthy, advanced powers that control the global means of production and use their wealth and power to exploit and dominate those states residing in the semi-periphery and periphery of the global economic system.

Class struggle is the marxist theory that history is a story of struggle between economic classes in which the oppressed worker and peasant classes attempt to free themselves from the domination of the wealthy capitalist class.

Dependency theory is a concept associated with class system theorists that asserts that trade, foreign investment, and even foreign aid between advanced industrialized countries and poor, lesser developed states is inherently exploitative and works to the disadvantage of the poor nations.

Dialectical materialism is a theory developed by Karl Marx positing that history moves through stages—from feudalism to capitalism to socialism and, finally, to communism. The transition from one stage to the next is often prompted by the struggle between economic classes as well as by the development and spread of technology.

Imperialism is the policy of expanding a state's power and authority by conquering and controlling territories, called colonies.

Neo-imperialism is the process of the international system in which the advanced industrial states' control of exports and raw materials in developing nations is simply a more subtle form of domination than the previous imperialist practices of the European colonial empires. The economic and political influence exercised by the advanced capitalist powers over less developed countries is simply a new, more insidious form of imperialism.

North-South conflict is a phrase used to characterize the tension between rich and poor countries. *North* represents the wealthy industrialized states that lie primarily in the northern hemisphere, while *South* is the term used for the less developed countries mainly located in the southern hemisphere.

Proletariat is a marxist term for industrial workers living in urban areas and working in capitalist-owned factories. Marx wrote that the workers are nothing more than "wage slaves," paid subsistence wages and exploited by capitalist factory owners whose sole motivation is greed.

Transnational class coalitions is a concept of class system theory contending that economic classes form close ties across national boundaries. Unlike liberals who focus on the positive aspects of increasing international economic linkages, class system theorists emphasize the exploitative nature of the global economic system and the role that transnational actors, like multinational corporations, play in this exploitation.

Uneven development is the propensity of capitalism to create and perpetuate an unequal dispersal of global wealth and prosperity.