TESTING THE WORLD-SYSTEMS THEORY: CAN IT STILL EXPLAIN GLOBAL ORDER OR IS IT OUTDATED?

CASE STUDY: U.S. – BRAZIL TRADE RELATIONS 2001-2014

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INTRODUCTION

In this thesis, the research question "*Does the world-systems theory still have validity to explain the trade relationship between Brazil and the U.S. from 2001 until 2014?"* will be researched. The world-systems theory is a well-known theory that is used in the academic world of International Relations. The theory is a model, based on the inter-regional and transnational division of labor, to better understand the relations between developed and less developed economies. The theory works with a framework that divides the countries of the world into three main categories: core countries (highly developed countries), semi-peripheral countries (in between core and periphery), and peripheral countries (developing countries). As stated by Immanuel Wallerstein, who invented the theory, the economies of core countries focus on capital-intensive production, and the semi-periphery and the periphery mainly focus on labor-intensive production and the export of raw materials. According to Wallerstein, this system of three categories constantly reinforces the dominance and power of the core countries (Wallerstein I. , 2004). Moreover, according to Wallerstein's world-systems theory, the division of the world system in those three categories needs to be maintained, since this framework keeps the system of world trade and world politics as we know it running. However, the theory was first established in the second half of the 20th century, and thus it might have lost its validity to explain the current global reality. Therefore, this study explores whether the world-systems theory is still a useful model to explain today's political and economic global reality, or that it needs to be adapted or that it even has to make place for an entirely new framework. A case study of trade relations between the U.S. and Brazil between 2001 and 2014 will be used to analyze this question.

This research is very useful, because it might give important insights in how the world-systems theory deals with the changing global order, and if not, what adaptions or changes in the theory could be effectuated to make the theory more relevant and correct for the changing world system. Also, this research can tell us a lot about how already existing theories in general cope with significant global changes, and if such theories can actually become outdated in the first place. Besides this, the case study of Brazil – U.S. relations between 2001 and 2014 is very interesting, as this complex relationship is a clear representation of the world-system's theory core-periphery relation. Despite the fact that global power relations have been studied for centuries, this research is unique since it will be studied from a different angle. By researching if the world-systems theory still has validity to explain Brazil – U.S. trade relations between 2001 and 2014, a new light will shine on the issue of relations between the world's core and the world's periphery but also on the basic validity of the world-systems theory in the modern world.

In order to answer the research question, the world-systems theory and various critiques, Brazil's economic rise, its emerging South-South cooperation, and U.S. – Brazil trade relations during the period from 2001 until 2014 will be analyzed. First, using process tracing, trade numbers between Brazil and the United States in the period from 2001 until 2014 will be obtained and analyzed. After this, it will be linked to the world-systems theory. In this way, this study can test if this theory is still valuable when explaining Brazil - U.S. trade relations from 2001 until 2014. The given timeframe is highly relevant for answering the research question, since O'Neill first wrote about Brazil in the BRIC concept in 2001. From 2001 onwards, rising Brazil as part of the BRIC countries got more significant attention by academics and scholars, since its stature in international politics was taken more seriously after this. The end of the timeframe, the year 2014, is relevant because Brazil's economy still grew significantly. From 2015 onwards, the country's economic growth stagnated because of the economic and political crises the country is currently facing.

The first chapter provides a basic understanding of several, for this study relevant theoretical concepts: North-South divide, South-South cooperation, and the world-system theory. After this, in the second chapter, the thesis gives a broad historical context, in order to provide background information on Brazil's economic emergence and growing stature in the international arena and therefore the country's changing trade relations with the rest of the world. This historical background is needed to be able to fully understand the analysis. Subsequently, in the analysis, which is the third chapter, this study provides information on Brazil – U.S. trade relations, including information on Brazil's main import and export products, the country's main import origins and export destinations, and Brazil's main import from and export to the United States. which will then be placed in the context of the world-systems theory. At last, in the conclusion, the world-systems theory will be tested and the research question will be answered, using all information provided in this thesis.

1. Theoretical Framework

1.1. The North-South divide and its decline

In order to fully understand the concept of South-South cooperation and the world-systems theory, it is important to first get a grip on the historical global North-South divide and its decline over the last two to three decades. "The basic North-South divide is structured around the assumption that most of the developing countries are located in the southern part of the globe and that the more developed countries are located North of the equator" (Reuveny & Thompson, 2007, p. 557). Reuveny and Thompson (2007, p. 557) argue that, if you take into account the logical assumption that the North Pole is placed at the top of our planet, the majority of the less developed states are located in the southern part of the world and south of the richer and the more developed countries, which are mostly placed in the northern part of the earth.

Nonetheless, the terms "global South" and "global North" are not just geographical concepts. Therefore, there are some problems with the concepts which causes tumult in the academic spheres when trying to define the actual North-South divide. Reuveny and Thompson (2007, p. 557) argue that several states belonging to the global North, are located in southern parts of the world (for example Australia and New Zealand). Moreover, Russia, a country that always belonged to the less developed states before the prosperity kicked in because of its natural resources, is located north of the equator. Furthermore, the authors state that there are people that live north of the equator which are poorer than some people that live south of the equator. In other words, the individual situations of citizens do not align with the traditional North-South divide. Nonetheless, they also argue that the concepts "global North" and "global South" work "as long as no one assumes a high degree of homogeneity in the two zones" (Reuveny & Thompson, 2007, p. 557). This is why the concepts of the "global North" and the "global South" are rather socioeconomic instruments to measure world politics and interstate relations than geographically correct.

According to Thérien (1999, p. 723) the North-South divide was traditionally the most important concept to explain differences in wealth between both individuals and countries. He argues that from the beginning of the 1960s until the late 1980s, the divide between the Northern countries and the Southern states influenced policy makers and scholars worldwide. In this context, international policies were mostly designed to reform international institutions so that the countries from the global South could catch up with the developed nations from the global North. Moreover, in the academic world, the division between the global North and the global South formed the basis for many studies that focused on international relations, and the global political economy. This is also the case in Wallerstein's world-systems theory, which will be

explained in the next paragraph. In short, In the past century, for a long period of time, the division of the world into developed states and developing states formed the framework of the understanding the global and political economy (Thérien, 1999, p. 723).

However, according to the World Bank (1994, p. 5) the traditional North-South divide is becoming less important and not as evident as it once was, as the economies of the countries from the global South have been growing at a faster pace than the economies of the industrial northern states. Moreover, the World Bank states that "large net capital flows keep flowing into developing countries" (World Bank, 1994, p. 5). After this statement of the World Bank, more academics expressed their support for the assumption that the North-South divide could no longer shape global debates on, for instance inequality and poverty. As a consequence, shifting economic relations between the global North and the global South created a new balance of power between the developed and developing countries. (Arrighi, Silver, & Brewer, 2003).

Many scholars argued that the North-South divide is becoming less visible, and this argument has gained support among well-known academics that focus on globalization and International Relations (Harris, 1986; Hardt & Negri, 2000; Robinson & Harris, 2000; Hoogvelt, 1997; Held, McGrew, Goldblatt, & Perraton; Burbach & Robinson, 1999). According to these academics, the global changes and the shift that caused some sort of international restructuring during the past thirty years wiped out the traditional divide between developed and developing countries. Burbach and Robinson (1999, p. 28) argue: "Worldwide convergence, through the global restructuring of capitalism, means that the geographic breakdown of the world into North-South, core-periphery or First and Third worlds, while still significant, is diminishing in importance". These authors also state that the tendencies between the core and periphery are still in operation, but rather within states than between them. Moreover, Hoogvelt (1997, p. 145) states that the relations between the core and periphery are becoming more focused on social ties than on the geographical ties.

However, the basic Marxist literature, which suggests that the transnational global system is rising because of world market capitalism, states that the tendencies between the global North and the global South take place on a global level, and not per se within countries, although domestic situations can derive from the international dynamics. Gonzalez-Vicente and Carroll (2017, p. 2) affirm this by arguing that changing situations within the nation-state, such as the rise of populism and nationalism appear to be a result of the "social disembedding of markets and the pre-eminence of world market capitalism" (Gonzalez-Vicente & Carroll, 2017, p. 2). They also stress that the current political crises in many countries derive from global changes. For instance, nation-states that first focused on national development strategies now have a new focus on

transnationalism, which is increasingly influenced by competitive global economic market dynamics (Gonzalez-Vicente & Carroll, 2017, p. 2).

Besides this, Thérien (1999, p. 726) stresses an important matter. There are also ideological shifts that contributed to the decrease of the gap between the global North and the global South. The reason for these ideological changes is the fact that crucial information about traditional North-South relations was questioned by both scholars and politicians. According to the author, one of the things that was assumed being a simple fact, was that the global South would consist of a well identified and homogeneous group of states. However, this particular view could not be maintained after the beginning of the shift in the world order in the 1980s and the 1990s, because in the past two to three decades, the gap between countries within the global South have been widening. For instance, high-performance economies of East Asia and the stagnating economies of sub-Saharan Africa are different worlds, and therefore they could no longer be grouped into one group called "global South". This heterogeneity that arose within the global South, but also the shifts that took place in the traditional global North show that the descriptive value of the "North-South" concept becomes more unclear every day.

Nevertheless, there exist scholars who argue that the North-South gap is actually getting bigger in all but some of the Third World countries. Broad and Melhorn Landi (1996, p. 7) stress that the World Bank did not use enough data to give strength to the assumption of the narrowing gap, since it only uses "aggregate data" and since it provides data from just one to three years. They state that "a closer and longer look at North-South data reveals that, while the gap may be closing between a few developing countries - particularly the 10 big emerging markets pin-pointed by the US Department of Commerce and the industrial countries, the vast majority of Third World countries are slipping further behind the North" (Broad & Melhorn Landi, 1996, p. 7).

Thérien (1999, p. 724) explains that the parameters of the debate about the traditional North-South divide have changed in unprecedented ways. This is why shifts have been taking place within this divide in the last two to three decades. It is difficult to designate one specific reason for this shift, since there is no total consensus between scholars that study the decline of the North-South divide. For some scholars, the traditional divide is declining because of "the rise of a more mature partnership between nation-states" (ul Haq, 1995, p. 204), while others state that the global South cannot longer be seen as a homogeneous group of countries in current world affairs (Gilpin, 1987, p. 304). Also, some of the academics argue that the developed countries of the North have created an own "internal South", and that this internal South is a "layer of society" that is totally integrated into the global North (Cox & Sinclair, 1996, p. 531). Regarding this, it is

impossible to offer a clear representation of why changes took place, therefore it can rather be seen as a set of different factors that caused the shift (Thérien, 1999, p. 724).

Carlsson's (1982) argues that the most significant change in global politics since the 1970s is that the basic structure of the international economic system transformed. He states that the traditional division of the world into two parts, a center and a periphery, made place for a new sort of tripolar division, with the addition of a middle category, which Wallerstein calls the "semi-periphery". The rise of the so-called semi-periphery causes a growing hierarchization of the global South. According to Carlsson, it is one of the most significant phenomena of the modern world economy.

1.2. South-South cooperation

Linked to the traditional North-South decline, as explained in the previous paragraph is the rise of South-South cooperation and a tripartite division of the world. Not only is it possible to see the emergence of the political ties of countries in the global South, but the commercial contacts between these countries have also been increasing in the past couple of decades. These commercial contacts between southern countries, that are formed by trade and capital flows between states, were not as present in the beginning of the 19th century, when the international economy and the traditional division of labor was based on traditional North-South contacts. Therefore, extensive relations with the South were largely excluded (Carlsson, 1982, p. 10).

South-South cooperation, or the cooperation between (semi-)peripheral countries of the global South is a mechanism through which countries of the global South can strengthen their economic and political ties in order to become less dependent on the industrialized core countries of the global North (de la Fontaine & Seifert, 2009, p. 2). As Carlsson (1982, p. 45) argues, "South-South cooperation allows developing nations to construct relations with other developing nations to overcome underdevelopment and in order to construct regional advantages for every country involved".

However, there exist several problems with the concept of South-South cooperation in the academic environment. Some scholars state that the concept is imprecise and that it can be used to define any kind of relations between countries of the global South. Moreover, linked to this problem is that South-South cooperation is not being used consistently by different scholars and policymakers and that the concept has been changing significantly over the past decades (de la Fontaine & Seifert, 2009, p. 3). Moreover, Carlsson (1982, p. 48) points out that the concept of South-South cooperation does not take into account the traditional economic asymmetries and the possible dependencies between states from the global South. His exact words were: "the most serious problem is not connected with the actual establishment of intra-South trade, but it's

general effects on the development prospects of its participants" (Carlsson, 1982, p. 48). This means that the traditional economic asymmetries between the global North and the global South can be repeated within the relatively new relations between countries of the global South, which could cause the exclusion of the weaker economies of the South.

1.3. World-systems theory

The world-systems theory first came into existence in the second half of the twentieth century as a part of the modern world system. After 1945, economic cooperation between countries changed dramatically, and as a consequence, the entire global system changed in very important ways. As a result of the global changes, academics looked for new and different manners to explain economic, social and political reality. According to Immanuel Wallerstein, there are three important occurrences in the second half of the past century that played a large role in the emergence of new academic theories. First of all, the United States became the world's hegemonic power. As the hegemonic power of the world system, the U.S. university system automatically became the most influential one. Secondly, the developing part of the world became the breeding ground of "political turbulence and geopolitical self-assertion" (Wallerstein I. , 2004, p. 9). The last important change is the fact that the world economy was expanding very fast and "the increasing democratizing tendencies of the world university system" (2004, p. 9) grew accordingly. These three significant changes weakened the traditional International Relations theories that were developed over a hundred years ago. Already established theories became useless for policy makers in the West, since scholars who were able to analyze political issues in the Global South rather than scholars who could only study their extinct languages or the way of life of their ancestors were needed. In fact, the newly established modern world-system asked for new ways of studying global issues and international matters. This is when Wallerstein's world-systems theory got more attention and support from scholars and academics all over the world (Wallerstein I. , 2004).

The world-systems theory, first coined by Immanuel Wallerstein, is referred to as a new perspective to explain social and economic reality. The basic framework of the world-systems theory is that the world can be divided into three different stages of domestic economic development within the current world system and within the global political economy. The different stages are the following: the core (highly developed economies), the semi-periphery (economies in between the core and the periphery), and the periphery (developing economies). Countries are placed into one of the categories by determining the different political and economic roles of the state or the geographic area within the overall world system and world economy.

The transnational division of labor in the capitalist world economy is crucial to adequately explain the world-systems theory's framework of different categories (Petras, 1981). In the world-systems theory, the relation between core countries, semi-peripheral countries, and peripheral countries is the degree of profitability of the production processes. In other words, the core-periphery relations are based on the transnational division of labor, which is part of the modern capitalist world-economy. Wallerstein (1975) argues that the transnational division of labor forms the framework for explaining the value flows from the periphery to the core. Wallerstein explains that the value flows from the periphery towards the core is needed to "keep the monopoly forms of capitalism in the core" (Petras, 1981, p. 149). Wallerstein's world-systems theory accepts unequal change and therefore world inequality in general. According to the world-systems theory, these are simply crucial factors of historical capitalism.

The transnational division of labor divides production processes into core-like production processes (mostly in core countries) and peripheral production processes (mostly in peripheral countries) (Wallerstein I. , 2004, p. 28). Core-like production processes are processes which are almost always controlled by a small amount of core countries. These production processes can easily be monopolized, as developing economies do not possess the core-like production and labor skills (Straussfogel, 1997, p. 120). Unlike core-like production processes, the peripheral production processes are characterized as highly competitive. They require less skilled and more extensive labor (Straussfogel, 1997, p. 120). Some economies possess an almost even distribution of core-like and peripheral production processes, these kinds of countries are called semi-peripheral. However, according to the world-systems theory, it does not make sense to define the semi-peripheral production processes (Wallerstein I. , 2004).

Regarding these differences, it is important to keep in mind that the modern world system is characterized by a global shift. This means that what is defined as a core-like production process now, can be seen as a peripheral production process tomorrow (Wallerstein I. , 2004, p. 29). Wallerstein gives a clear to explain this phenomenon: the production of textile was very innovative and exclusive in 1800 and it was exclusively produced by a small number of core countries. However, 200 years later, in the year 2000, the production of textile became normal and a large amount of (semi-)peripheral states adopted the production process. The production of textile was not only relocated to (semi-)peripheral countries because the process would be cheaper because of the lower wages in these states, but also because the core regions of the world are busy exploring new core-like and innovative production processes, which will, in the end, experience the same cycle as the production of textile.

Wallerstein (2004) explains that when exchange between core products and peripheral products takes place, the products that derive from peripheral production processes are mostly in a weak position, whereas the core products are in a strong position. The consequence of this is that there exists a "constant flow of surplus-value from the producers of peripheral products to the producers of core-like products" (Wallerstein I. , 2004, p. 28). This is what we call "unequal change". According to Wallerstein (2004, p. 28), quasi-monopolies are often dependent on the patronage of core states, and thus they are largely located within such states. Also, Wallerstein makes clear that "core-like processes tend to group themselves, physically, juridically, and also in terms of ownership, in a small number of states" (2004, p. 28). However, he stresses that "the peripheral processes are scattered among a large number of countries" (2004, p. 28). These geographical differences between core-like and peripheral production processes affect the relations between the core states and the peripheral states, and Wallerstein argues that "this is why we talk about core states and (semi-)peripheral states, when we are really talking of the relationship between production processes" (2004, p. 28) .

As explained, Wallerstein (2004, p. 29) argues that the role of every state in the world system is different because of the production processes depending on the mix of core-like or peripheral processes within it. Core states often try to stress their role of protecting quasi-monopolies of the core-like processes. However, the "weaker" states, that can be categorized into the periphery do not have the ability to affect the axial division of labor, since they are very much forced to accept the role they have been given by the core states. Wallerstein also argues that it can be said that the economies of the semi-peripheral states, which consist of both core-like and peripheral production processes, are placed in the most difficult situation. This is because the countries belonging to the semi-peripheral category feel pressured by the core states, while the semi-peripheral states are putting pressure on the peripheral states at the same time (2004, p. 29). Thus, the first priority of semi-peripheral states is not to fall into the peripheral category and to do everything in their power to keep developing in order for those countries to enter the core category. Besides this, semi-peripheral states are the ones that make use of the protectionist policies in order to "protect the national production processes from the competition of stronger firms on the other side of the borders" (Wallerstein I. , 2004, p. 29). At the same time, the focus lies on improving the efficiency of the domestic firms to be able rival better in the global market. Most semi-peripheral states are recipients of the relocation of certain leading, mostly manufactured, products as well and this is often seen as an impulse for further economic development. However, Wallerstein (2004, p. 29) also states that the semi-peripheral states that receive those leading products have to compete with other countries in the semi-periphery, since those countries are also trying to develop by receiving the same high-end products. However, the leading products can impossibly be exported to all semi-peripheral states that wish to import it,

and neither can the same amount of these products be exported to all of those countries. In short, according to Wallerstein's world-systems theory, "all semi-peripheral countries are countries with strong enterprises that export products to peripheral zones, but that also regularly relate to core zones as importers of more advanced products" (2004, p. 30).

In this research, it is important to keep in mind that in the already existing literature, Brazil is mostly allocated in the semi-peripheral category. Also, it is as important to stress that the existing literature about the world-systems theory and about global order and politics in general, mostly defines the United States as a core country, although it is not necessarily directly put in these exact words. Wallerstein himself also allocated the United States in the list of core countries (Wallerstein I. M., 1979, p. 101), since he argues that the U.S. economy is based on industrial production processes, which stimulates the production of high-end end products. Moreover, Brazil is on the list Wallerstein himself made to sum up the countries belonging to the semi-periphery (Wallerstein I. M., 1979, p. 100). Besides this, Babones (2005) claims that the majority of other scholars and academics who attempted to allocate the countries of the world into the Wallersteinian categories allocated Brazil in the semi-peripheral category and the United States in the core category as well. The different literature in which Brazil and the United States are allocated into Wallerstein's framework, all result in roughly similar groups of countries in the core, the periphery, and the semi-periphery, even though they did not use similar methods and data to divide the countries into the three zones of the world system. "Analyses of patterns of trade, network analyses of economic, political, and military relationships, or analyses of different income levels in certain countries were used to categorize the states" (Babones, 2005, p. 29). According to Babones (2005, p. 29), The fact that the results are still roughly the same could confirm the basic validity of Wallerstein's world-systems model.

However, although at first sight, the world-systems theory seems very complete and accurate, it has undergone several academic critiques already. For instance, Straussfogel (1997, p. 118) argues that the theory lacks basic theoretical unity, because scholars who do research from a world-systems theory approach often use the theory's concepts for their personal interests. In other words, there are scholars that twist concepts for their own benefits, and Wallerstein allows them to do so, since the world-systems theory was not accurately defined. Straussfogel also states that the result of this lack of theoretical congruence is a rich academic literature on various aspects of the history of capitalism's influence in many places, but she also argues that there is an inconsistency in the definition and the application and ambiguity as to what the world-systems theory is really about. Moreover, Straussfogel explains that it is sometimes unclear if the world-systems theory can be seen as "an organizing and explanatory framework for the past history of

world capitalism or an aid to our understanding of the current global economy" (Straussfogel, 1997, p. 118).

The vagueness of the theory is mentioned by more academics. Arrighi and Drangel (1986, pp. 13-14) also question the theory's conceptual shortcomings. For instance, the semi-peripheral zone does not have a clear definition other than "economy's somewhere between the core and the periphery". Terlouw even states that the semi-periphery is a "blurred zone on the continuum between core and periphery" (Terlouw, 1993, p. 87), which means that what is between the core and the periphery is completely unclear. Arrighi and Drangel (1986, p. 14) also stress that the list of countries that belong to the semi-periphery that Wallerstein made, does not contain much science. They argue that the list just includes basically all countries that have an intermediate position in the global arena, because of their income levels or their power in the world system. According to the authors, there is no clear connection between the concepts of income level and power, since power is a relative and unclear concept. In other words, a list like this should have been created without referencing to the concept of power, or by using concepts that are logically connected in order to make sense.

It is also very important to make clear that the way in which world-systems theory defines its categories might not align with how the current global economic hierarchization works. The traditional division between peripheral production processes and core-like production processes does not necessarily represent the current economic hierarchies in the world, because many manufacturing industries were moved to the emerging economies because of the cheaper labor. This of course caused a decrease of the prices of industrial products and an increase of the natural resource prices. Therefore, it could, in some situations, be quite problematic to use the traditional division of the world-systems theory in order to explain the current global economic inequalities.

2. HISTORICAL FRAMEWORK

2.1. BRAZIL'S ECONOMIC GROWTH

It was not until the 2000s that the Brazilian economy started to emerge and grow at a very fast pace. Although Brazil already went through important political changes, especially when the country returned to a democratic regime in the late 1980s, the domestic development was still dependent on the financial and policy commitments to the IMF. According to Erthal Abdenur, this is why the Brazilian economy was not able to boom until the 2000s, and thus why Brazil experienced "stagnant or negative economic growth and why the country's socioeconomic equality increased sharply" during this period (2014, p. 1881). However, in the beginning of the 2000s, the Brazilian economy started to emerge significantly and Brazil started to become a serious global economic power. One of the most important incentives for this growth was the increasing Chinese demand for Brazilian natural resources, such as iron ore and soy, which was needed for the Chinese newly industrialized economy.

The enormous potential of the Brazilian economy did not remain unnoticed. In 2001, O'Neill, was the first to write about the concept "BRIC" (O'Neill, 2001). BRIC was an abbreviation for a group of countries that has the potential to become the largest economies in the global arena in just twenty years. O'Neill's BRIC includes the economies of Brazil, Russia, India, and China. In O'Neill's working paper, he argues that the economies of the BRICs countries are very capable of surpassing the G7 economies. The economic importance and power of the BRIC countries can be dedicated to the collective geographical size of the states. Together, the economies consisted of 43% of the entire world population, and 18% of the world's GDP. According to Nayyar (2016, p. 575), the BRIC countries did not only obtain power through the collective economic size, but they also became more important because of the collective voice they possess in the world, where the balance of power has been shifting from the global North towards the global South since the 1980s.

After his groundbreaking article attracted attention from both scholars and academics, the perception that economic power is shifting from the West to "the rising rest" arose further. The idea that emerging southern countries are assuming more important roles in the international economy became very popular among a lot of important academics and scholars (Cooper & Antkiewicz, 2008; Cox M. , 2007; Hurrell, 2006; Hurrell, 2010; Ikenberry, 2008; Mahbubani, 2008). The fact that Brazil was mentioned by O'Neill as a partaker in the BRIC and that many scholars adopted the view of Brazil as a power that could shake up the Western world is highly relevant for this research, since it shows that Brazil is a very serious and important actor in the global shift away from the traditional core countries from the traditional global North.

Hurrell (2006) is one of the many scholars who absolutely agreed with the idea that the BRIC countries could rise and surpass the traditional Northern global powers at a fast pace. According to Hurrell, the rising BRICS countries all possess some sort of economic, military and political power recourses. He also states that these countries all have "the capacity to contribute to the production of international order, regionally or globally" (Hurrell, 2006, p. 1). Furthermore, he explains that these countries have "some degree of internal cohesion and capacity for effective state action" (Hurrell, Hegemony, liberalism and global order: what space for would-be great powers?, 2006, p. 1). Also important is that all of the emerging BRICS countries "share a belief in their entitlement to a more influential role in world affairs" (Hurrell, 2006, p. 2), and that there is a strong development of political and economic relations between and among the BRICS states.

Years later, in 2014, Brazil can be seen as the leader of the entire Latin-American region, and according to Das and Das, it is now "one of the world's largest democracies, achieving an impressive 7,5% growth rate in 2010, a record high since 1986" (2014, p. 13). Nevertheless, in 2014 Brazil's economy was still largely based on the export of raw materials. This was already the case in the colonial period (in the 16th century), when sugar was Brazil's main export product (Das & Das, 2014, p. 13). The Brazilian economy was also still based on the country's agriculture in 2014.

2.2. The rise of Brazil's South-South cooperation

The rise of Brazil's South-South cooperation can be seen within the framework of the country's rising economic importance of the past two decades. The change in Brazil's foreign policy from the 1990s onwards can be characterized by the decline of the isolated position that Brazil had within the world system, as until the 90s, Brazil was governed by the military forces (1964 – 1985) and the country focused on industrialization in order to be able to substitute imports (Import Substitution – ISI) (de la Fontaine & Seifert, 2009, p. 5). During the period from roughly 1930 until roughly 1980, the import substitution industrialization model was one of the key components of Brazil's economy, in which the state played a central part. The result of the state's influence in the national industrial policy was the fact that it had the "discretionary power to influence many variables and prices in the economy" (Guimarães, 2010, p. 49). According to Guimarães (2010, p. 50), this strategy did produce important results for the Brazilian economy, since it helped Brazil to create "a more advanced and more complex industrial infrastructure". However, Guimarães also makes clear that the period of Import Substitution Industrialization in Brazil caused serious limits for the country's economy, as it was a breeding ground for inflation and it caused problems with the balance of payments. The limitations of the system therefore caused the fact that the development of a modern capital goods industry and the promotion of advanced technological capacity failed at last (Guimarães, 2010, p. 50).

After the period of Brazil's military government, and after the crisis of Brazil's import substitution development model, it was president Collor de Mello who pleaded for a more liberal economy, that would be less dominated by the state government. Moreover, he also opted for Brazil's regional integration and he focused on the country's position within the global economy. Although Collor de Mello was the first Brazilian president who actively focused on international integration and cooperation, his ideas were mostly adopted and worked out by his successors president Franco, Cardoso, and Inácio Lula da Silva (de la Fontaine & Seifert, 2009, p. 5).

Both former president Collor de Mello and former president Cardoso focused on the county's position within world market by emphasizing Brazil's economic ties with core countries such as the United States and countries from the European Union. However, it was the popular president Lula da Silva who really began to focus more on South-South relations and stronger regional bonds with other Latin American countries (Vigevani & Cepaluni, 2007). Saraiva (2007) argues that there exists a difference between Brazil's old South-South cooperation and its new South-South cooperation. The author states that in the beginning, Brazil's previous governments focused on increasing the relations with the global South because of economic issues on a regional level. A clear example of this kind of regional South-South relations is the creation of the Common Market of the South (Mercosul) in 1991. However, especially when president Lula da Silva came into office and the Brazilian economy began to grow substantially, Brazil began to focus more and more on strengthening its economic, political, technical and cultural relationships with other developing nations outside of Latin-America. Examples of Brazil's relatively new South-South cooperation are its international relations with other states from the BRICS initiative, including countries from outside the region, and Brazil's rising development assistance to developing countries in Africa.

When in 2006, the national oil company Petrobras discovered large oil reserves in the South Atlantic Brazilian coastline, the Brazilian economy gained an extra impulse. Combined with the leftist Lula government which focused firmly on diversifying the international relations, this also caused an increase in Brazil's South-South cooperation (Erthal Abdenur, 2014, p. 1882). Also, when analyzing Brazil's rising South-South cooperation, it is essential to mention the emerging ties between Brazil and the Latin American region in general and China. Erthal Abdenur and Marcondes de Souza Neto (2013, p. 69) explain that China's relations with Brazil and the rest of Latin America only emerged in the past ten years, not only because of the growing trade relations between China and the region, but also because of "political, cultural, security, and technical ties". According to the authors, this cooperation between Brazil and China has caused a lot of benefits, as China is now Brazil's most important trade partner. China imports raw materials from Brazil, and exports industrial products to Brazil. Besides these commercial benefits, this relatively new

established Southern cooperation also caused new global dynamics between countries with regards to economic competition (Erthal Abdenur & Marcondes de Souza Neto, 2013, p. 71).

Another factor that contributed to Brazil's international focus is the fact that since the 1990s, Brazil's national companies began to internationalize at a fast pace, and the Latin American region and the global South in general became more important in terms of global trade and international politics. Flynn (2007) even states that Brazil had gained a "sub-imperialist position" with the internationalizing private markets. Moreover, Oliveira and Pfeifer (2008, p. 391) explain that in the 1990s an opening of Brazil's foreign policy system emerged. Reasons for this were the country's general democratization process, economic liberalization and privatization. These processes gave national businesses a more important and autonomous role in the domestic and international decision-making processes.

Besides this, it is necessary to stress that, despite the fact that Brazil still remained a recipient of financial and technical aid from mostly core countries, the country became a significant actor in the provision of development assistance to developing countries in the global South, especially during the period that president Lula was in office. According to Dauvergne and Farias (2012, p. 909), president Lula made sure that he kept mentioning Brazil's capacities regarding development assistance towards the global South, by stating that Brazil has always been more than just a Third or Second world country. One of the most important reasons for Brazil's shift from being a recipient of development aid to becoming an important provider of development assistance is the fact the Brazil became a rapidly emerging world economy. However, president Lula's firm emphasis on South-South cooperation plays a big part in this as well. The focus that Lula put on South-South cooperation is stronger than that of any of Brazil's previous government administrations. Yumie Aoki Inoue and Costa Vaz (2012, p. 511) even mention that Brazil's increasing South-South cooperation is one of the main reasons that the country provides technical and financial aid to developing countries in the first place.

Regarding the country's role as a donor of development assistance, it is clear Brazil cannot be seen as just another country belonging to the global South. However, development aid is not the only reason why. During the last two decades, Brazil assumed the unofficial role as "leader of the developing countries from the global South". Logically, the position of Brazil as a significant provider of developmental aid combined with its rapidly emerging economy contributed to the country's strong ties with other countries from the global South in general. Bry (2017, p. 297) explains this by stressing that Brazil's role as an important donor of development assistance is very important for the country's international image and general stature within the global arena.

The author even argues that becoming a donor of technical and financial assistance has helped Brazil to raise its general international stature globally, but also regionally.

Nevertheless, the fact that from 2003 onwards Brazil started to focus more on South-South relations as well as on regional integration and providing development assistance, the country's governments never had the objective to obstruct the country's relations with its developed partners from the core category, especially the ties with the United States and countries from the European Union. According to Flynn (2007, p. 10), Brazil is dependent on the economic and political bonds with these countries, because those core countries form an enormous part of the country's international market for its natural resources. Moreover, the author argues that this "economic foreign policy orientation is triggered by the country's integration into the global capitalist economy" (Flynn, 2007, p. 10).

3. Analysis

3.1. Case Study: Brazil – U.S. trade relations (2001 – 2014)

3.1.1. Export and import products

In order to explain Brazil's allocation within the world-systems theory, and to accurately answer the research question of this thesis, it is of crucial importance to mention, order and analyze the country's most important import and export products within the given timeframe of 2001 until 2014, because the quality, level, and the nature of these products can say a lot about Brazil's general position within the world system and more importantly, within the framework of the three Wallersteinian categories of the world-systems theory. As explained in the first chapter, according to Wallerstein, the production of goods and the degree of industrialization of domestic production processes, and the degree of industrialization of a country's import and export products are crucial when categorizing states into the core, the periphery or the semi-periphery. Table 1 until table 4 show the top 10 Brazilian export and import products in both 2001 and 2014. By comparing the tables with information from 2001 to the tables with data from 2014, a general image can be created of the changes that have occurred during the period between these years. However, although table 1 until table 4 clearly show the type of products that Brazil imported and exported in 2001 and 2014, it forms just a general framework for Brazil's changing position in the world-system, which can later be used for analyzing the country's bilateral trade relations with the United States and for describing how these relations can possibly be linked to the world-systems theory.

As can be seen in table 1, Brazil's total export value was 61.2 billion dollars in 2001. The main export products of Brazil in 2001 were mostly raw materials, such as iron ore, soybeans, raw sugar, meat, and coffee. However, unlike what one would expect from an economy largely driven by agriculture, a significant part of Brazil's exports in 2001 also consisted of high-end industrial goods, such as planes, helicopters, and/or spacecraft, which even accounted for the country's absolute main export product with a contribution of 5,9% of the total exports. Other industrial products such as cars and vehicle parts also contributed significantly in Brazil's total export value in 2001 (Observatory of Economic Complexity, n.d.).

Table 2 shows that in 2014, Brazil's main export products still mostly consisted of raw materials and natural resources, even more than in 2001, when industrial products such as planes, helicopters, and/or spacecraft and cars were still in the top 10 of Brazilian export products. In table 2 it is also clearly visible that the contribution of Iron Ore, Soybeans, and Crude Petroleum to the total export value grew enormously between 2001 and 2014, whereas the industrial

products such as planes, helicopters, and/or Spacecraft, which were a very important part of Brazil's exports in 2001, did not even make the top 10 of the country's export products in 2014. Thus, when comparing table 1 and table 2 it becomes clear that the exports of mineral products such as iron ore and crude petroleum grew substantially and continuously during the given timeframe, whereas the exports of the more technical and high-end products stagnated from 2001 until 2014.

When comparing the country's exports of 2001 to its exports in 2014, the most striking difference is the fact that in the period between these years, Brazil's total export value increased enormously. As pointed out, in 2001 the Brazilian total export value was 61,2 billion dollars, whereas in 2014, the total export value increased to 228 billion dollars. This outraging increase of Brazil's export value is obviously caused by the country's rapid economic growth of the past two decades (as explained in chapter two), but it is also a consequence of the increasing Brazilian focus on international cooperation and international trade between 2001 and 2014 (also explained in chapter two).

Product	**% Total exports ($61,2B)**
1. Planes, Helicopters, and/or Spacecraft	5,9%
2. Iron Ore	5,2%
3. Soybeans	4,5%
4. Raw Sugar	3,8%
5. Soybean Meal	3,6%
6. Cars	3,3%
7. Leather Footwear	2,3%
8. Poultry Meat	2,1%
9. Refined Petroleum	2,1%
10. Sulfate Chemical Woodpulp	2,1%

Table 1: Top 10 Brazilian export products in 2001[1]

Product	**% Total exports ($228B)**
1. Iron Ore	12%
2. Soybeans	10%
3. Crude Petroleum	7,2%
4. Raw Sugar	4,3%
5. Poultry Meat	3,2%
6. Soybean Meal	3,1%
7. Coffee	2,7%
8. Sulfate Chemical Woodpulp	2,5%
9. Frozen Bovine Meat	2,1%
10. Refined Petroleum	1,8%

Table 2: Top 10 Brazilian export products in 2014 [2]

But it is not only the main export products that give a clear framework for understanding Brazil's allocation in the world system. It is also necessary to take a close look at the country's type

[1] Source: Observatory of Economic Complexity. (n.d.). What does Brazil export? (2001). Retrieved from Observatory of Economic Complexity: http://atlas.media.mit.edu/en/visualize/tree_map/hs92/export/bra/all/show/2001/

[2] Source: Observatory of Economic Complexity. (n.d.). What does Brazil export? (2014). Retrieved from The Observatory of Economic Complexity: http://atlas.media.mit.edu/en/visualize/tree_map/hs92/export/bra/all/show/2014/

of import products, since this also forms a part of the description of the country's economy between 2001 and 2014. Moreover, by not only comparing Brazil's most important export products in 2001 and in 2014, but also by comparing Brazil's main import products in both years, a more complete and complex evidence based representation of the country's economy can be created

In 2001, Brazil's total import value was worth 56,9 billion dollars. As pointed out in table 3, Brazil's main import products in 2001 mostly consisted of high-end industrial products, such as machinery, cars, telephones, computers and more. The fact that Brazil's most important import products are mainly manufactured goods says a lot about the degree of the country's domestic industrialization. In this case, Brazil imports these products as for some reason, its own economy does not produce these industrial products. Moreover, Brazil's absolute main import products consist of crude petroleum and refined petroleum. Although Brazil is a big oil producer in Latin America, the country does not produce enough to match the enormous domestic demand, which is why Brazil still needs to import crude petroleum. Also, the Brazilian refining structure is not suitable to process its own oil resources, and therefore Brazil needs to import refined petroleum since the country itself is not able to produce this (Duran, 2013).

Product	**% Total imports ($56,9B)**
1. Crude Petroleum	5,2%
2. Refined Petroleum	4,3%
3. Vehicle Parts	2,7%
4. Integrated Circuits (Machinery)	2,5%
5. Cars	2,4%
6. Telephones	2,4%
7. Gas Turbines (Machinery)	2,3%
8. Office Machine Parts	2%
9. Planes, Helicopters, and/or Spacecraft	1,8%
10. Computers	1,7%

Table 3: Top 10 Brazilian import products in 2001 [3]

Product	**% Total imports ($228B)**
1. Refined Petroleum	7,5%
2. Crude Petroleum	6,1%
3. Petroleum Gas	3,6%
4. Cars	3,4%
5. Vehicle Parts	3,1%
6. Telephones	2,2%
7. Integrated Circuits (Machinery)	2%
8. Packaged Medicaments	1,6%
9. Pesticides	1,5%
10. Broadcasting Accessories	1,4%

Table 4: Top 10 Brazilian import products in 2014[4]

[3] Source: Observatory of Economic Complexity. (n.d.). What does Brazil import? (2001). Retrieved from Observatory of Economic Complexity: http://atlas.media.mit.edu/en/visualize/tree_map/hs92/import/bra/all/show/2001/

[4] Source: Observatory of Economic Complexity. (n.d.). What does Brazil import? (2014). Retrieved from Observatory of Economic Complexity: http://atlas.media.mit.edu/en/visualize/tree_map/hs92/import/bra/all/show/2014/

Table 4 shows that in 2014, apart from the total import value that grew from 56,9 billion dollars to 228 billion dollars, not much has changed with regards to the type of import and export products. The largest contribution to the total import value, besides petroleum and gas, still consisted of industrial products such as telephones, machinery and broadcasting accessories. Besides this, the contribution of imports of pesticides has increased as well, since Brazil's agricultural sector as a part of the economy boomed during the period from 2001 until 2014 (largely due to China's rising demand for Brazilian natural resources), and pesticides are necessary to gain absolute benefits of the agricultural production processes. Besides this, the imports of refined petroleum replaced crude petroleum as the main import product. This could be due to the fact that in the first half of 2008, a new oil field in the pre-salt in the Santos Basin was discovered (Duran, 2013), and because of this, Brazil does not need to import as much petroleum as was needed before this discovery. Refined petroleum keeps being an important contribution to Brazil's total imports in 2014, since Brazil does not process crude petroleum domestically (Duran, 2013).

3.1.2. Export destinations and import origins

Just like analyzing Brazil's main import and export products, it is also indispensable to stress the country's most significant export destinations and import origins, because this provides a clear image of Brazil's basic commercial relations during the given timeframe of this study. Therefore, the top 10 Brazilian export destinations and import origins from 2001 until 2014 are illustrated in table 5 until table 8. These tables show the destinations where Brazil mostly exported to and the origins where Brazil mostly imported from in 2001 and 2014.

As can be seen in table 3, the United States was Brazil's main export destination in 2001. 24% of all Brazilian exports, which had a value of 14,7 billion dollars went to the United States. Moreover, it is remarkable that most of Brazil's exports went to core countries in 2001, such as the United States, the country that accounted for the largest contribution of all Brazilian export destinations, but also Germany, the Netherlands, Italy, the United Kingdom, and Belgium-Luxembourg. However, when looking closely at table 4, it becomes clear that a shift regarding Brazil's main export destinations has taken place between 2001 and 2014. In 2014, Brazil still exported a large value of exports towards the core countries the United States, the Netherlands, and Germany, and although the absolute value that is exported towards these core countries is significantly bigger than in 2001, the relative contribution of these countries to the total Brazilian export strongly decreased.

Nonetheless, the most striking shift in in terms of top Brazilian export destinations between 2001 and 2014 is that the contribution of total exports towards the United States was halved from 24% in 2001 to just 12% in 2014. But the United States' decreasing importance as an

export destination for Brazil is not the only remarkable difference during the period from 2001 until 2014. From table 3 and table 4 it can be concluded that China assumed a significantly more important role as an export market for Brazil between 2001 and 2014. In 2001, 3,2% of Brazil's total exports went to China, whereas in 2014 China is Brazil's main export destination with an amount of 18% of all Brazilian exports that go to China. The cause for this notable shift is the fact that China's rapid economic growth of the past two decades provoked a significant increase in the prices and demand for products such as soybeans, poultry meat, iron ore, and other raw materials, which are largely exported by Brazil. A consequence of the increasing Chinese demand for raw materials is the rapid rise of the economies that are driven by agricultural goods and raw materials, like Brazil. China is thus a very important market to export raw materials to. It is not only the most important export destination for Brazil in 2014, but also for Chile. Moreover, China is also in the top 5 of export destinations for Peru. One of the most important results of the growing Chinese demand for raw materials is that it allows Brazil to diversify its exports to other destinations than the United States, which causes a decrease U.S. influence in Brazil (Sabatini, 2013, p. 10).

Export destinations	**% Total exports ($61,2B)**
1. United States	24%
2. Argentina	8,4%
3. Germany	4,9%
4. The Netherlands	4,5%
5. Japan	3,5%
6. China	3,2%
7. Italy	3,2%
8. Mexico	3,2%
9. United Kingdom	3%
10. Belgium-Luxembourg	2,8%

Table 5: Top 10 Brazilian export destinations in 2001[5]

Export destinations	**% Total exports ($228B)**
1. China	18%
2. United States	12%
3. Argentina	6,3%
4. The Netherlands	4,7%
5. Germany	3,6%
6. Japan	3,3%
7. Chile	2,3%
8. India	2,2%
9. Venezuela	2,0%
10. South Korea	1,8%

Table 6: Top 10 Brazilian export destinations in 2014[6]

In 2001, the United States was not only the most important export destination for Brazil. When analyzing where Brazil mainly imported from in 2001, it can be concluded that a big part of 24% of Brazil's imports came from the United States. This is almost a quarter of Brazil's total

[5] Source: Observatory of Economic Complexity. (n.d.). Where does Brazil export to? (2001). Retrieved from Observatory of Economic Complexity: http://atlas.media.mit.edu/en/visualize/tree_map/hs92/export/bra/show/all/2001/

[6] Source: Observatory of Economic Complexity. (n.d.). Where does Brazil export to? (2014). Retrieved from Observatory of Economic Complexity: http://atlas.media.mit.edu/en/visualize/tree_map/hs92/export/bra/show/all/2014/

import products. Other important import origins in 2001 are, as shown in table 7, Argentina, Germany, and Japan.

As can be seen in table 8, in 2014 the United States still continues to be a significant origin for Brazil's import products. However, China also replaced the United States as the main Brazilian import origin. This is the consequence of China's economic growth and industrialization. Because of China's emerging industrialization, a lot of the industrial production processes have been moved to China, because of cheaper labor. Now that China produces high quality end products. Brazil strengthened its bilateral trade relations with China to be able to create more variety in import markets for industrialized goods. Brazil's focus on South-South cooperation (as explained in chapter 2) also plays a part in this. Besides this, more has changed with regards to the main import origins between 2001 and 2014. As can be seen in table 8, Brazil imports more and more from other countries in the global South. For example, India made the top 10 of import origins in 2014, whereas it was not an important import origin for Brazil in 2001. A reason for this is the tight Southern cooperation of the BRICS countries, of which Brazil is part (as explained in chapter 2), but also India's economic growth and technical advances from the last twenty years. Also, Nigeria became a more important import origin for Brazil in 2014 as well, although this is mostly oil and petroleum based.

Import origins	**% Total imports ($56,9B)**
1. United States	24%
2. Argentina	11%
3. Germany	8,9%
4. Japan	5,4%
5. France	4%
6. Italy	4%
7. South Korea	2,8%
8. China	2,5%
9. United Kingdom	2,2%
10. Spain	2,2%

Table 7: Top 10 Brazilian import origins in 2001[7]

Import origins	**% Total imports ($228B)**
1. China	16%
2. United States	15%
3. Argentina	6,1%
4. Germany	6%
5. Nigeria	3,8%
6. South Korea	3,8%
7. India	2,9%
8. Italy	2,8%
9. Japan	2,5%
10. France	2,5%

Table 8: Top 10 Brazilian import origins in 2014[8]

[7] Observatory of Economic Complexity. (n.d.). *Where does Brazil import from? (2001)*. Retrieved from Observatory of Economic Complexity: http://atlas.media.mit.edu/en/visualize/tree_map/hs92/import/bra/show/all/2001/

[8] Observatory of Economic Complexity. (n.d.). *Where does Brazil import from? (2014)*. Retrieved from Observatory of Economic Complexity: http://atlas.media.mit.edu/en/visualize/tree_map/hs92/import/bra/show/all/2014/

3.1.3. Export to and import from the United States

In order to analyze and test the validity of the world-systems theory when explaining Brazil's trade relations with the United States between 2001 and 2014, studying the type of export and import products from Brazil towards the United States and from the United States towards Brazil in 2001 and 2014 is crucial. By collecting data (see table 9 until 12) of Brazil's main import and export products from and to the United States, a framework for the complex, shifting trade relations between the two countries can be created. Also, gaining knowledge about the type of import and export products from Brazil towards the United States and vice versa is important in order to link the changing trade relations to the world systems theory in order to test the legitimacy of the world-systems theory within this particular case study.

In 2001, Brazil exported a total amount of 14,7 billion dollars to the United States. It already became clear that in this year, the United States was the main export destination for Brazil. But what kind of products did Brazil exactly export to the United States? By studying the data in table 9, it is obvious that one particular type of product stands out from the rest. Planes, helicopters and/or spacecraft are good for 15% of the total Brazilian exports to the United States. Moreover, it is also clear that besides planes, helicopters and/or spacecraft, cars, and broadcasting equipment, most of the exports towards the United States can be categorized as natural resources and raw materials.

In 2014, the total amount of exports from Brazil to the United States almost doubled in the period from 2001 until 2014. Although this is a huge increase in Brazilian trade towards the United States, it is not very significant compared to the increase of Brazil's total export value from, which rose with approximately 272%. In 2014, the main Brazilian export product towards the United States was crude petroleum. This is remarkable, since crude petroleum did not even appear in the top 10 Brazilian exports products to the United States in 2001. Also, as can be seen in table 10, planes, helicopters, and/or spacecraft is still an important export product towards the United States in 2014. As was shown in table 1 and 2, the export of planes, helicopters, and/or spacecraft was Brazil's most important export product in general in 2001, but in 2014, it did not even contribute significantly to Brazil's total export value. The fact that these products do still contribute a big part in Brazil's total exports to the United States is therefore very interesting, as this could indicate that the United States still imports industrialized products from Brazil. However, besides the planes, helicopters, and/or spacecraft, all other export products in the top 10 are raw materials. Thus, it can be stated that Brazil's industrial exports to the United States stagnated from 2001 until 2014, whereas the exports of prime materials increased between these years.

Product	% Total Exports to U.S. ($14,7B)
1. Planes, Helicopters, and/or Spacecraft	15%
2. Leather Footwear	7,4%
3. Refined Petroleum	6,6%
4. Broadcasting Equipment	5,7%
5. Cars	4,1%
6. Gold	2,6%
7. Vehicle Parts	2,4%
8. Sulfate Chemical Woodpulp	2,4%
9. Pig Iron	2,3%
10. Semi-finished Iron	2%

Table 9: Top 10 Brazilian export products to the U.S. in 2001[9]

Product	% Total Exports to U.S. ($27,6B)
1. Crude Petroleum	14%
2. Planes, Helicopters, and/or Spacecraft	7,2%
3. Semi-Finished Iron	5,4%
4. Coffee	4,7%
5. Gas Turbines	3,6%
6. Sulfate Chemical Woodpulp	3,3%
7. Building Stone	2,7%
8. Pig Iron	2,5%
9. Steel Ingots	2,4%
10. Alcohol	1,8%

Table 10: Top 10 Brazilian export products to the U.S. in 2014[10]

Table 11 shows that in 2001, Brazil mostly imported technical industrial products, such as computers, telephones, and machinery from the United States. Whereas, as can be seen in table 12, in 2014 a big part of the total imports from the United States consisted of refined petroleum, petroleum gas, but also products for Brazil's agricultural economy, such as pesticides and mixed mineral of chemical fertilizers. A striking difference between 2001 and 2014 can also be found in the fact that Brazil imported significantly less manufactures goods from the United States. Regarding this, it can be said that Brazil explored other options like the newly industrialized economies of China and India, which could offer the same goods at a lower price rate, to import these kinds of products.

[9] Source: Observatory of Economic Complexity. (n.d.). *What does Brazil export to the United States? (2001)*. Retrieved from Observatory of Economic Complexity: http://atlas.media.mit.edu/en/visualize/tree_map/hs92/export/bra/usa/show/2001/

[10] Source: Observatory of Economic Complexity. (n.d.). *What does Brazil export to the United States? (2014)*. Retrieved from Observatory of Economic Complexity: http://atlas.media.mit.edu/en/visualize/tree_map/hs92/export/bra/usa/show/2014/

Product	% Total imports from U.S. ($13,8B)
1. Gas Turbines	7,5%
2. Planes, Helicopters, and/or Spacecraft	5,2%
3. Office Machine Parts	5,1%
4. Integrated Circuits (Machinery)	4,4%
5. Computers	3,8%
6. Telephones	2,9%
7. Electric Generating Sets	2,4%
8. Aircraft Parts	1,9%
9. Broadcasting Accessories	1,8%
10. Packaged Medicaments	1,6%

Table 11: Top 10 Brazilian import products from the U.S. in 2001[11]

Product	% Total imports from U.S. ($35,3B)
1. Refined Petroleum	14%
2. Gas Turbines	5,2%
3. Petroleum Gas	3%
4. Pesticides	2,7%
5. Coal Briquettes	2,3%
6. Packaged Medicaments	2,3%
7. Wheat	2,1%
8. Mixed Mineral of Chemical Fertilizers	1,9%
9. Medical Instruments	1,8%
10. Human or Animal Blood	1,9%

Table 12: Top 10 Brazilian import products from the U.S. in 2014[12]

3.2. Linking the data to the world-systems theory

When tending to link the obtained data from the previous paragraphs to the world-systems theory in order to test the validity of the theory, it is important to focus on two different, important areas: 1) Brazil's general position in Wallerstein's world system by analyzing the country's top import and export products and its main import and export destinations, and 2) Brazil's trade relations with the United States by analyzing Brazil's most important import from and export to the United States

First of all, when looking at Brazil's general top export products in 2001 and 2014, it became clear that in both 2001 and 2014, the most important export products consisted of raw materials. And, apart from the enormous growth in export and import values, the exports of raw materials, mostly mineral products, grew significantly between 2001 and 2014, whereas the

[11] Source: Observatory of Economic Complexity. (n.d.). *What does Brazil import from the United States? (2001)*. Retrieved from Observatory of Economic Complexity: http://atlas.media.mit.edu/en/visualize/tree_map/hs92/import/bra/usa/show/2001/

[12] Source: Observatory of Economic Complexity. (n.d.). *What does Brazil import from the United States? (2014)*. Retrieved from Observatory of Economic Complexity: http://atlas.media.mit.edu/en/visualize/tree_map/hs92/import/bra/usa/show/2014/

exports of Brazilian high-end and industrial products stagnated in this period. At first sight, in light of the world-systems theory, Brazil, a country that was already allocated in the semi-peripheral category because of its mix of peripheral and core-like production processes, would still not be able to enter the core category, since the country still mainly focused on exporting raw materials in 2014, and instead of developing its industrial economy, the main exports still mostly consisted of agricultural and mineral products, which according to the world-systems theory, can be categorized as peripheral production processes.

Moreover, by analyzing the country's main import products, it became clear that the raw commodities such as petroleum and gas were the most important import products for Brazil in both 2001 and 2014. However, besides these products, the country's main import products mostly consisted of high-end industrial products in 2001, and also in 2014. It can thus be stated that big changes with regards to the type of import products did not take place between 2001 and 2014. According to the world-systems theory, countries whose economies focus on raw materials and peripheral production processes need to compensate the lack of high-end manufactures by importing from countries whose economies are based on core-like production processes and industrial products. When looking at Brazil's main import products in 2001 and in 2014, the world-systems theory would assume that Brazil cannot be categorized into the core category, since the country depends on core states and their industrial economies for the industrial products.

However, it is very important to stress that the way in which the world-systems theory defines its categories might not align with how the current global economic hierarchization works. The traditional division between peripheral production processes and core-like production processes does not necessarily represent the current economic hierarchies in the world anymore, as many manufacturing industries were moved to emerging economies like China or India because of the cheaper labor in those countries. This, of course, caused a decrease of the prices of industrial products and an increase of the natural resource prices. Therefore, an economy based on core-like production processes is not necessarily the richer or stronger economy. This can also be stated for the economies that are focused on peripheral production processes. These economies are, in today's world, not necessarily the poorest or the weakest. For these reasons, it can be quite problematic to use the traditional division of the world-systems theory in order to explain the current global economic inequalities.

Unlike Brazil's main import products between 2001 and 2014, interesting shifts have been taking place regarding the country's main import origins and export destinations. As explained in the previous paragraph, the most important shift during this period is the fact that the United

States, which was Brazil's main import and export destination in 2001, no longer maintained this position in 2014. China replaced the United States by fulfilling this role. In light of the world-systems theory, it is interesting that a "semi-peripheral" country like Brazil becomes less dependent on the core state and world's hegemon the United States, and that Brazil is in the position to explore other (southern) options, like China, for its international trade relations. According to the world-systems theory, the system of the three categories continuously strengthens the dominance of the core states. However, when analyzing Brazil's main import origins and export destinations, it becomes clear that the core state, in this case the United States, loses economic power and influence over Brazil. Therefore, it can be said that this current economic global shift does not really go with how the world-systems theory was first established.

Thus, when studying Brazil's general allocation in the world-systems theory's categories by analyzing the country's top import and export products and its main import and export destinations, according to the world-systems theory, Brazil cannot be categorized as a core state, and neither as a peripheral state. This is because the world-systems theory categorizes Brazil as a semi-peripheral state, due to the fact that the Brazilian economy is based on a mix of core-like industrial products (such as spacecraft and vehicle parts) and peripheral, raw materials (such as iron ore, soy, and coffee). However, it is somewhat peculiar that, in 2014, a country with the 8th largest economy of the world can still not be a part of the world-systems theory's core category. But, when considering the possibility that the traditional division between core-like and peripheral production processes does not exactly represent the current economic hierarchies in the world, it is maybe not so relevant to use the world-systems theory to explain today's global economic power balances at all.

When analyzing Brazil's trade relations with the United States in the previous paragraph, it became evident that, besides planes, helicopters, and/or spacecraft, Brazil mostly exported natural resources to the United States, which, according to the world-systems theory do not necessarily require skilled labor and which can be produced by a large number of semi-peripheral states. It also became clear that Brazil mainly imported technical end products, such as telephones, machinery, and computers from the United States. The data of Brazil's main import and export to the United States shows that the export of Brazilian core-like products stagnated and the export of Brazilian peripheral raw materials increased between 2001 and 2014. It can be stated that Brazil as a part of the bilateral trade relations with the United States, according to the world systems theory and in this particular case study, did qualify as a semi-peripheral country because of its mix of core-like and peripheral production processes, and the United States as core country with its core-like production processes.

However, this can be seen as quite problematic, since the country's general economic growth and the fact that Brazil was on its way to become one of the most important global economies (as explained in chapter 2) does not really align with Brazil being allocated in the world-systems theory's semi-periphery. Also, Wallerstein's argument, that the world-systems theory with its three categories continuously enforces the dominance of the core states could be refuted, since this research showed that Brazil explored other options for its commercial ties, especially with emerging, industrialized countries located in the global South, such as China and India. This means that the United States, according to the world-systems theory the core country in this case study, lost some of its economic power not only in Brazil, but in the entire Latin American region. Thus, it can be said that the world-systems theory does not necessarily enforce the dominance of the core state, partly because states from the global South are increasingly looking for South-South cooperation, which slightly sidelines the core countries from the global North. This shift of economic power towards countries from the global South cannot be adequately explained by the world-systems theory, since this theory just provides a framework of categories to explain the global economy. This means that, as long as states remain in the same Wallersteinian categories as before the shift, as is the case with Brazil and the United States, the industrialization and the rapid economic growth of some (semi-)peripheral countries and the consequential decrease of economic power of some core states in the past two to three decades, do not fit into the world-systems theory.

CONCLUSION

In this thesis, the main research question is "*Does the world-systems theory still have validity to explain the trade relationship between Brazil and the U.S. from 2001 until 2014?"* In order to answer this question, the thesis provided basic theoretical knowledge about the North-South divide, the general rise of South-South cooperation, and it also provided a deeper understanding of the world-systems theory and the academic critiques about this theory. Moreover, this research also gave information about the historical context of this study, such as Brazil's economic rise, the country's increasing South-South cooperation of the last couple of decades, and the basic relations between Brazil and the United States within the given timeframe of 2001-2014. After this, in the analysis part of the paper, data about Brazil's main export and import products, Brazil's most important import origins and export destinations, and Brazil's top import products from and top export products to the United States in 2001 and 2014 was gathered. By analyzing this data and by linking it to the world-systems theory, it gives enough information and knowledge to make it possible to test the world-systems theory by using the basic trade relations between the United States and Brazil between 2001 and 2014.

First of all, after analyzing the data and linking it to the world-systems theory, there is not just one clear conclusion that can be drawn. This is not a complete surprise, due to the fact that the world-systems theory is a very complex and broad theory, as it tends to categorize the entire global economy into just three categories. Logically, a large number of different factors is at play when trying to allocate the economies of the world into the core or the (semi-)periphery. Regarding this, answering the main research question leads to a conclusion that focuses on those different factors as well.

In chapter 1, when setting out the basic structure and the basic theoretical knowledge about the world-systems theory, it was explained that Wallerstein himself and other scholars allocated the United States in the core category and Brazil in the semi-peripheral category of the world-systems theory. Later on, after linking the basic framework of the world-systems theory to the obtained data in section 3.2 of this thesis, it became obvious that even after looking closely to Brazil's main import and export products, the country's most important import origins and export destinations, and Brazil's main import and export products to the United States, it was still theoretically correct to allocate Brazil in the semi-peripheral category and the United States in the core category based on the countries' dominant production processes. Thus, when testing the theory only superficially, one could assume that the world-systems theory still has the basic validity to explain the economic relations between the United States and Brazil, as both countries are still located in the same categories in 2014 as when the theory was first established. However,

this conclusion is only relevant when looking just at the plain data, without rationalizing any further.

The use of the world-systems theory to explain the economies ties between Brazil and the United States becomes somewhat problematic when focusing on three factors that are slightly intertwined: 1) the vague definition of the semi-peripheral category; 2) the basic global shift including the increase of South-South cooperation; and 3) the translocation of industrial production processes towards emerging economies.

As was stated in chapter 1, one of the most obvious shortcomings of the world-systems theory is the vagueness of the concept of the semi-peripheral category. As was explained, Wallerstein never really gave an exact explanation of what the semi-periphery is, and what it means when an economy is allocated in this category. The only thing that becomes clear is that Wallerstein (2004) mentioned that the semi-periphery contains states that focus on both peripheral and core-like production processes. In another statement, he mentions that the semi-peripheral countries find themselves in a difficult situation, as these countries need to focus on not falling back into the periphery and on trying to enter the core category at the same time (Wallerstein I. , 2004, p. 29). However, as was explained earlier, Wallerstein's list of semi-peripheral countries did not make real sense (Arrighi & Drangel, 1986; Terlouw, 1993). It can be concluded that the vague explanation of the semi-periphery is problematic when applying the world-systems theory on the current global economy and on Brazil – U.S. trade relations. As we have seen, rapidly emerging countries from the global South, which once belonged to the periphery, are on their way to becoming important global powers with the potential to surpass the traditional core countries. It feels odd to categorize Brazil, which is one of these states, into such a broad category as the semi-periphery. This thesis made clear that there are different degrees of development, even among the countries of the global South. Therefore, a clearer and more distinguished theoretical definition of Wallerstein's semi-periphery would help to categorize the current global economy into categories and thus make the world-systems theory more accurate and relevant.

But, are the three categories: the core, the semi-periphery, and the periphery still valuable tools to explain today's global economic reality? When analyzing the data about Brazil's main import origins and main export origins, it became obvious that in the relatively short period from 2001 until 2014, China replaced the United States as Brazil's main trade partner. This had everything to do with Brazil's rising focus on South-South cooperation and China's emerging industrialization and its need for natural resources. Although there is some room for global shift in the world-systems theory, this is purely based on shifts in production processes (what is core-

like today will be peripheral tomorrow (Wallerstein I. , 2004, p. 29)). The broader shift in economic ties between states does not really fit in the theory. For instance, the fact that the United States loses some of its economic power in Brazil cannot be explained by using the world-systems theory, since both Brazil and the United States remain inside the same categories according to the world-systems theory. Also, the theory is just a framework for allocating economies into categories by taking into account the transnational division of labor and not for explaining differing relations between countries that stay in the same category, as is the case for the United States and Brazil. Therefore, the world-systems theory fails to adequately explain the shift that takes place in the economic relations between Brazil and the United States.

Another serious problem when using the world-systems theory to explain the current economic relations between the United States and Brazil is closely related to the problem with the global shift. As explained in this research, the production of manufactured goods moved to emerging industrializing economies in the global South, as the production of these industrial products is cheaper in those countries because of lower costs. As already explained, a result of this is that the prices of manufactured goods decrease, and the prices of natural resources increase because of the growing demand. This causes a serious shift in terms of the value of natural resources and the value of manufactured goods, and thus in the value of the corresponding economies that produce these products.

All in all, there is nothing wrong with categorizing economies of the world in order to obtain a deeper understanding of the global economic situation. However, after this research, it can be concluded that the world-systems theory, as it was traditionally created, is outdated and partly unable to explain the economic relations between the United States and Brazil between 2001 and 2014, and the global economic reality of the past thirty years. This is not odd, especially when keeping in mind that over the last half century a lot has changed in our world. Thus, is it necessary to completely ignore this theory when studying the current global order? I would not say so. As mentioned, nothing is wrong with categorizing the world into a framework that makes it easier to understand. However, some adaptions to the theory could be made to make it more complete and accurate for analyzing current times. First of all, a clear and structured definition including different degrees within especially the semi-periphery, but also the other categories would help to give a more complete image of relations between countries from one category (for example South-South cooperation), and among countries from different categories and their shifts inside and between categories. Moreover, the focus on peripheral production processes and core-like processes needs to be revised in order for the theory to be relevant for explaining the current global order, as economies with a focus on production of natural resources are not necessarily weak, and countries that focus on industrial production are not per se stronger economies.

Therefore, it would be better to look at a bigger picture (for instance including trade partners, GDP, and possessions) than to just emphasize the type of production processes when trying to allocate an economy in one of the Wallersteinian categories. In this way, the outcome will be more complex and relevant, and it would explain the current world order in a much more correct manner.

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