



ANDRE GUNDER FRANK

THE UNDERDEVELOPMENT OF DEVELOPMENT

Resumen. Esta autobiografía es un bosquejo del ensayo “El desarrollo del subdesarrollo: notas en honor de André Gunder Frank, editado por Sing Chew and Robert Denemark, publicado por [Thousand Oaks: Sage Publications 1996, 427 pp. ISBN 0-8039-7261-X [paperback].

Abstract. This autobio/bibliographical essay is a draft of chapter 2 of the 18 chapter festschrift THE UNDERDEVELOPMENT OF DEVELOPMENT: ESSAYS IN HONOUR OF ANDRE GUNDER FRANK. The edited published version also has an additional introductory paragraph outlining the 'history' of this essay, which was first written in 1990 and published in 1991, but revised in two ways for the 1996 book: The original was shortened by about one half by the editors, but it was also brought up to date [1995] by the author.

I intend to undertake a political sociology of knowledge of the study of development based on my own experience and perspective. I review the three varieties of development economics; neo-classical (right), Keynesian (center) and Marxist (left) and autobiographically my own participation in all of them. Perhaps I can also clarify how on further reflection my choice for the study of development is now none of the above. I would not wish to find myself in any of these camps when H.W. Arndt (1987: 162-3) can write:

Are we then to conclude that Adam Smith, Karl Marx, Gunnar Myrdal and Peter Bauer, all proponents of material progress, must be regarded as 'Right' and A. G.

Frank, Dudley Seers, the Ayatollah Khomeini, and the pope as 'Left'? Or is it the other way around? Clearly there is something wrong, certainly in relation to economic development as a policy objective, with these labels. I offer this essay as my own 'contribution' to the agonizing reappraisal of development in general and to the discourse on development undertaken in this book.

From the Crisis of Development Towards a Conceptual Introduction

The 1988 Congress of the International Society for Development in New Delhi, 1000 strong, was dominated by the theme of crisis. There was a sensation of total bankruptcy in development policy, thinking, theory and ideology. Little wonder. In Latin America per capita income and/or product had fallen by 10 to 15 percent, equivalent to the level of more than a decade before. In Africa, per capita national income had fallen over 25 percent to a level below that at the time of Independence. These averages also hide the worsening distribution of resources, as the poor pay more of this decline.

The Socialist countries first seemed to do well, but then they were also caught in the vice of crisis. Socialist national product and income had also fallen 25 percent in a four year period in Poland. Economic and political crisis went from bad to worse in Stalinist Rumania (lights out), worker-management Yugoslavia (threat of army intervention), not to mention liberated Vietnam (chaos and reprivatization). 25 percent of Hungarians lived in poverty. The Brezhnev period in the U.S.S.R. was re-baptized as one of 'stagnation.' Many economic sectors and social indices deteriorated. The Revolution of 1989 was the result.

In the short run, not development, but crisis management has become the order of the day in much of the South and East (with significant partial exceptions in India, China and the East Asian NICs). Neither advocates of neo-classical capitalist stabilization and adjustment, nor neo-structuralist advocates of reformist structural change, or even of perestroika and glasnost promised a credible solution to the crisis, much less for development. Even so, many prefer to masquerade their own

ideological, theoretical and policy bankruptcy behind the newly fashionable neo-liberal phrases of promoting economic growth (= development?) by letting 'the magic of the market' 'get the prices right.' For the longer run, the environmental costs of past and present development styles have become increasingly ominous. The need for ecologically Sustainable Development (Redclift 1987) has become more urgent than when the Club of Rome referred to *The Limits of Growth*. Similarly, there is greater consciousness of how in the long run economic 'development is bad for women' and largely at their expense.

Capitalist and socialist development orthodoxies turn out to share more in common on all these and other scores than the differences their advocates have so long fought about. Further, each of these alternatives is represented or promoted by one or more social movements. Some are reactionary against, and others progressive beyond, the postwar development orthodoxy/ies. Islamic and various indigenous revivalists and other ethnic groups combat Western (including Marxist socialist) modernization and promote a variety of cultures instead. Environmentalists try to reverse or at least suggest ways to avoid further ecological degradation. Countless community and small-is-beautiful groups seek to protect their members' livelihood and identity. Feminists and other women fight to change the gender structure of society. Thereby, they also improve the de facto conception and de jure definition of development. Their conceptions of equity, efficiency and economy in development are altogether different from those measuring development by growth rates of GNP.

FROM DEVELOPMENT OF DEVELOPMENT THINKING TO ITS UNDERDEVELOPMENT

Development was the foremost concern of all classical political economists from Petty and Hume, via Smith and Ricardo, to the Mills and Marx. These same economists were also concerned with equity distribution and efficiency allocation in development. Indeed, this concern with equity and efficiency in development long dominated economics. Then the neo-classical marginalist (counter)revolution of the

1870s subtracted both distributional equity and economic development to leave only allocational efficiency in economics. This was just as the world economy was going into a long Kondratieff B phase crisis and its British hegemonic center was beginning its decline. One result was the growth of more monopoly capitalism (while marginalists focused on the efficiency of competition). Another result was renewed colonialism and the drain of resources and capital from South to North (while marginalists deleted development from their menu). Before this 'marginal' counterrevolution, the above cited distinctions among varieties of (development) economics would have been hard to make.

It took another Kondratieff B phase crisis in the world economy and the Keynesian response to put economists back on track. Even then, they only did so for particular Western countries. There they put macroeconomic problems, some considerations of macro-equity and development by another name (stagnation a la Hansen) back on the agenda. Development elsewhere was only of interest insofar as it might pose a competitive threat to the West. Thus, Folke Hilgerdt studied Industrialization and Foreign Trade in The Network of World Trade for the League of Nations (1945, 1942). The Keynesians (though perhaps not Keynes) continued to accept the neo-classical tenets of (non)equity through perfect competition at the micro level and to exclude world and third world development from the agenda.

Another Kondratieff B phase crisis has led to the total bankruptcy of all neo-classical micro theory and (post)Keynesian macro theory and policies. This new crisis has put on the economists' agenda the remarrying of macro and micro economics in a new union of world political economic development. However, economists' by now congenital short sightedness prevent most from seeing either the crisis or how to resolve it. Demand side macro economics must divest itself from the unrealistic assumption of a supply curve which is infinitely elastic until it becomes totally inelastic at a mythical full employment level. Supply side microeconomics must divest itself from the unreal assumption of perfect competition and foresight.

Macro- and micro-economics must form a union which takes account of the macro economic effects of individual (firm) microeconomic decisions and vice versa, the macroeconomic influences on these same microeconomic decisions. Both must devote special attention to supply side decisions and policies of technological change and to the demand side conditions under which they are made. Moreover perhaps following Pasinetti (1981), we must reinsert the classical political economists' considerations of distributional equity, sectoral imbalance and dynamic development into this new demand-and-supply-side union. Finally, all these must be united in face of a single world economy whose political economic development is the final arbiter of all this economic theory and policy; although it is itself hardly subject to either.

If anthropology was the child of imperialism and colonialism (Gough 1968, Asad 1975), then new development thinking was the child of neo-imperialism and neo-colonialism. It developed as an instrument of the new postwar American hegemony. American ambitions extended over the ex-colonial world in the South and against both the real old Western colonialism and the perceived threat of new Eastern colonialism and imperialism. At the end of World War II, the 'newly emerging' 'young nations' - like millenarian China and India! - came of post semi/colonial age. Simultaneously and not independently, the United States, ascended to neo-imperial hegemony. That is when development studies came into their own, and the new development ideology swept the world.

The Chinese Communist peasant victory among one quarter of the world's population in 1949 put the fear of God in many minds. They feared its extension or indigenous repetition in newly independent India, self-liberated Korea, and elsewhere. A decade later, the Cuban Revolution would revive this same fear. Developing a more harmless alternative became a matter of the greatest urgency for the newly hegemonic United States. Of course, the new American development of development theory also partook of American pragmatism and empiricism.

'Science is Measurement' was engraved on the cornerstone of the University of Chicago building where I studied economics. Development became increasingly equated with economic development, and that became equated de facto if not de jure with economic growth. It in turn was measured by the growth of GNP per capita. The remaining 'social' aspects of growth = development were called 'modernization.' Development meant following step by step in our (American idealized) footsteps from tradition to modernity. The measure of it all was how fast the modern sector replaced the traditional one in each dual economy and society. That is, as long as there were no far-reaching structural reforms, let alone political revolutions. Of course, American instigated and supported counter-revolution and even invasion in Guatemala in 1954, Lebanon in 1958, etc. were OK. That is where I demurred.

FROM AUTOBIOGRAPHICAL BACKGROUND TO CHICAGO ECONOMICS

My pacifist novelist father had taken me out of Nazi Germany when I was four years old in 1933. I went to Ann Arbor High School and then to Swarthmore College. There, in part under my father's influence, I studied economics and became a Keynesian. In 1950 I started a Ph.D. in economics at the University of Chicago. I took Milton Friedman's economic theory course and passed my Ph.D. exams in economic theory and public finance with flying colors. Despite that, I received a letter from the Chicago Economics Department advising me to leave, because of my unsuitability or our incompatibility.

I went on to the University of Michigan and studied with Kenneth Boulding and Richard Musgrave. I wrote a paper on welfare economics, which proved that it is impossible to separate efficiency in resource allocation from equity in income distribution. (Ian Little would become famous for doing the same thing.) I took the paper, for which Boulding had given me an A+, back to Chicago to get at least an MA out of them. First they made me cut out the heart of the argument, and then they gave me a C for it. Then I dropped out altogether. I became a member of the beat generation at the Vesuvius Cafe in San Francisco's North Beach before Jack

Kerouac arrived there *On the Road*. I was introduced to 'development' and re-entered Chicago through the back door via the availability of a research assistantship in Bert Hoselitz's Research Center in Economic Development and Cultural Change. During Bert's leave, acting director Harvey Perloff hired me only to tell me later and to his dismay that I was 'the most philosophical person' he ever met. He put me to work evaluating the early World Bank reports. I gave their reports on Ceylon, Nicaragua, and Turkey barely passing marks (1955a,b).

For reasons of financial circumstance, I spent an interval at Chicago working on the Soviet economy (in a research project whose final client was the U.S. Army Psychological Warfare Division!). As a result, I subsequently wrote my Chicago economics Ph.D. dissertation on a comparison of productivity growth between agriculture and industry in the Soviet Ukraine (summarized in 1958). In this thesis, I independently worked out the concepts and measures of general productivity, which later came to be known as total productivity. I stressed its role in measuring the contribution of 'Human Capital and Economic Growth' in a journal edited and published at University of Chicago (1960a). According to H.W. Arndt (1987:62), the idea of human capital was 'almost single-handedly introduced into economics' by the then chair of the Chicago economics department, T.W. Schultz, who subsequently was awarded the Nobel Prize.

At the University of Chicago I spent more and more of my time studying and associating with anthropologists. This helped me come to the same conclusion as my friend Bert Hoselitz (but I thought, independently of him) that the determinant factors in economic development were really social. Social change, therefore, seemed the key to both social and economic development. I wrote about social conflict and favorably reviewed Albert Hirschman's *Strategy of Economic Development* (1958). I conferred with him and Bob Lindblom about our convergent conflict studies. Hirschman would later recall this (Meier and Seers, eds. 1984).

In 1958 I spent three months as visiting researcher at MIT's Center for International Studies (CENIS) and met Ben Higgins, W.W. Rostow and the others. Rostow wrote his *Process of Development* (1952) and *Stages of Growth: A Non-Communist Manifesto* (1962). Although Rostow and company dealt with Keynesian type macro economic and even social problems, they did so to pursue explicitly the neo-classical counter revolutionary, and even counter reformist, cold war ends. The quintessential modernization book, David Lerner's (1958) *Passing of Traditional Society*, appeared while I was there. At the same time, Everett Hagen wrote his *On the Theory of Social Change* (1962), David McClelland his *Achieving Society* (1961), and Ithiel de Sola Pool his right libertarian/authoritarian political works.

In 1959, I gave a paper on social change and reform through social conflict at the American Anthropological Association meetings in Mexico. I co-chaired the anthropological theory sessions with Margaret Mead. At a subsequent anthropology conference, Maggie especially congratulated me on my delivery of a paper later published as '*Administrative Role Definition and Social Change*' (1963). Both papers were based on my earlier analysis in '*Goal Ambiguity and Conflicting Standards: An Approach to the Study of Organization*' (1958-59). From this idea about social change it was but a short step for me to conclude that the really important factors in development are political. Since political change seemed difficult if not impossible to achieve through reform, the obvious answer therefore seemed to be the need to start change through political revolution. It became increasingly clear to me that all development studies and thinking of U.S. origin, including my own, were not at all part of the solution to development problems. Instead they were themselves really part of the problem, since they sought to deny and obscure both the real problem and the real solution, which lay in politics.

To find out more about that, I went to Cuba in 1960, looked at political change in Kwame Nkrumah's Ghana (where I was disappointed to find little) and in Seku Toure's Guinea (where I mistakenly thought that I had found more). Then, I decided to be consequential: I quit my assistant professorship at Michigan State

University and went to find (out for) myself from the 'inside' in the 'underdeveloped' 'Third' World. Since I decided I could never become an African, I went to Latin America, where acculturation seemed less daunting.

In 1962, in Mexico, I wrote about the 'Janus faces' of Mexican inequality (reprinted 1969). I saw internal colonialism there instead of separate sectors in a 'dual' economy or society. *In Peru, Anibal Quijano arranged for me to meet Marta Fuentes in Chile. We shared our concern for social justice, which would guide our concern for development with equity before efficiency. We married and had two children with whom, as with each other, we spoke Spanish. Together, but without consulting our children and at their cost, we embarked on the long journey 'to change the world.'*

To begin with, I wrote a critique of an article on **land reform by Jacques Chonchol** (reprinted 1969). He counseled, and later practiced, slow land reform. I argued for **the necessity of fast agrarian and other revolution, to forestall counter-reform**. This was probably my first explicit critique of reformism from a more radical perspective. I also foretold that any economic integration of Latin America would help foreign investors more than local ones. I increasingly saw the reformist house as no more than a remodeled capitalist one. I thought it was necessary to replace this one by a socialist house instead. Just how much tearing down and rebuilding this change might involve was less than clear.

I still welcomed any proposed reforms, but considered them insufficient if not altogether unworkable, and put my confidence instead in the Cuban way. Of course, Cuba was developing socially and visibly improving education, health, reducing race and gender discrimination, etc. It was not yet clear that this was the main forte of the Cuban way. No one yet knew that this social development was not being matched by or grounded on a concomitant development of its economic base. The inadequate or incorrect Cuban development of this economic base would ultimately make the continued social development dependent on the aid of

massive foreign subsidy. This Cuban experience seems to disconfirm the Schultzian thesis (and then also mine) about the necessity and sufficiency of investment in 'Human Capital and Economic Growth' (1960).

After the 1962-63 Sino-Soviet split and their lengthy document debates, I also accepted the Chinese line, because it appeared more revolutionary. The line and praxis of the Soviet and Soviet aligned Latin American Communist parties were too reformist. Indeed, in praxis they were hardly distinguishable from 'national bourgeois' and ECLA/CEPAL reformism. The only big difference was that the former did, and the latter did not, refer to American imperialism as an obstacle to development in Latin America and elsewhere in the Third World. I wrote an article on 'Aid or Exploitation?' (reprinted 1969). It countered the claim of Lincoln Gordon, the American ambassador to Brazil (later implicated in the 1964 military coup) that foreign aid helped Brazil much. The article also rebutted the more reformist reply that aid only helped a little, as Roberto Campos, the Brazilian ambassador to the United States had replied. My article contained the then radical proposition and figures to show that Brazil and Latin America in fact were net capital exporters to the United States, which far from aiding them, thereby exploited them. The leading Rio daily *Jornal do Brasil* gave my article a whole page and created a political storm that led to my invitation to the Brazilian Congress by Leonel Brizola.

We had moved to Brasilia for jobs in the new university there. In Brazil I wrote an article on the foreign investment '**Mechanisms of Imperialism**' (reprinted 1969) to counter the gospel according to which the Third World needed foreign investment and capital. Received theory was that the principal obstacle to development was the shortage of capital. I countered this universally accepted supply side theory with the essentially Keynesian demand side argument that the real economic obstacle was insufficient market demand for productive national investment. The same kind of Keynesian and structuralist argument also underlay the policies of Brazilian and other nationalists, like Celso Furtado. However, I criticized Furtado, the founder of SUDENE, who was then Minister of Planning before the military

replaced him with Campos. I argued that his and others policies of structural reform were insufficient to expand the internal market and generate development.

At the University of Brasilia, **Ruy Mauro Marini, Theotonio dos Santos, and his wife Vania Bambirra** were my students; and Marta was Vania's. None of us had yet thought of what would become our dependence theory. Of course, neither could we then know how Latin American and our political developments would later entangle our personal, intellectual and political paths.

FROM DUALISM TO DEPENDENCE

I wrote my first three theoretical works in Brasilia and later in Rio, where our first son was born in 1963. They were directed at once against development theory and policy derived from neo-classical and monetarist development theory; against Keynesian and structuralist explanations; and against CEPAL/ECLA, Alliance for Progress, and orthodox Marxist and Communist party theory, policy and praxis. I put them all in the same sack. The reason was that, whatever their differences, they all shared the view that underdevelopment was original or traditional. They all posited that development would result from gradual reforms in dual economies/societies, in which the modern sector would expand and eliminate the traditional one. Like Foster-Carter (1976), Diana Hunt (1989:172) regards my critique **as 'an archtypal example of a paradigm switch.'** She wonders whether I had read or even heard of **Kuhn's book**. I had not. I quarreled with these orthodoxies more about their vision of underdevelopment than with their idea of development itself. I did not then find it remarkable that all also shared an essentially similar vision of capital accumulation through industrial growth = development. So did I! One of the subsequent critiques of my dependence paradigm change from Rostow to Gunder Frank was that I only turned orthodoxy on its head. Doing so evaded and rendered impossible any fundamental other sideways critique and reformulation, which I now regard necessary.

The first of the three works argued against dualism. It went into battle especially against the then left-right-and-center dominant version according to which Brazilian and Latin American (traditional) agriculture is feudal and that therefore capitalist reform was on the order of the day. The second work in 1963 was a much farther ranging critique of received theories. After a dozen rejections, it was finally published in 1967 under the title **'Sociology of Development and Underdevelopment of Sociology.'** I rejected the notion of 'original' underdevelopment, 'traditional' society, and subsequent 'stages of growth,' and the analysis of development through neo-Parsonian social pattern variables and neo-Weberian cultural and psychological categories.

The third work in 1963 sought to develop an alternative reading, interpretation, and theory of the development of underdevelopment. I saw it as the result of dependence and as the opposite side of development within a single world capitalist system. All of these ideas and terms were in the original 1963 manuscript, which was not published until 1975 as *On Capitalist Underdevelopment*. It was quite a task to pose these questions, then to rethink the answers, and finally to persuade others to rethink both. In 1963, I also wrote a letter to Rodolfo Stavenhagen in which I criticized his work and set out the alternative dependency analyses I wanted to develop. Stavenhagen made a place for me (without pay) at the UNESCO sponsored Research Center in Social Sciences in Rio, of which he was then a director. There I wrote my 1963 manuscript. At this Institute in Rio also, my name became Andre Gunder Frank. A librarian there asked me if the bibliographic references she had to publications by Andrew and to Andres were to the same person. I decided to avoid such problems in the future by dropping the last letters. The 'Gunder' I had already acquired as a (slow) track runner in high school. My teammates so nicknamed me by cruel comparison with Gundar Haag, the Swede who then held five world records. Unfortunately I did not know how the name was spelled.

In 1963 at the Brazilian Anthropological Society meetings in Sao Paulo, I criticized views on dual society and development and argued for an analysis of the relations among these socio-economic sectors and of their dependence on the outside. On July 1, 1964, back in Chile, I wrote an also still available 12 page mimeographed letter to a dozen friends in the United States recounting my political change of heart and my theoretical change of mind up to that time. I also set out a program of research and writing for the future, some but not all of which came to pass. This private letter, along with the published article on mechanisms of imperialism, were subsequently cited in a letter to me by the U.S. Government as the ideological reason and supposedly legal grounds for which I was then, and for 15 years more after that, inadmissible to the United States. The upshot of all these theoretical and political reflections - and maybe of the unpleasant experiences in and with reformist institutions - was that continued participation in the same world capitalist system could only mean continued development of underdevelopment. The political conclusions, therefore, were to de-link from the system externally and to transit to self-reliant socialism internally (or some undefined international socialist cooperation) in order to make in- or non-dependent economic development possible. I hardly considered and left for crossing-that-bridge-when-we-come-to-it how such post revolutionary economic and social development would then be promoted and organized, not to mention guaranteed. I also gave short shrift to how the necessarily not so democratic (pre) revolutionary means might or not promote or even preclude the desirable post revolutionary end.

These early general ideas on dependent underdevelopment in the world as a whole were my guides to more specific analyses. **'The Development of Underdevelopment in Chile'** was written in 1964 for the Socialist Party magazine Arauco. The issue was instead devoted to a collection of Salvador Allende's speeches.

My essay remained unpublished for several more years. In 1964 I submitted an article to La Ultima Hora predicting an imminent military coup in Brazil, but they

published instead one by their own editor-owner Clodomiro Almeyda (later to become Allende's foreign minister) saying that all was well in Brazil. The coup came three weeks later. We went to Mexico and in 1965 I wrote 'The Development of Underdevelopment in Brazil.' In 1966 I wrote the more general 'The Development of Underdevelopment,' whose original title continued '...and the Underdevelopment of Development.' The essays on Chile and Brazil, along with some others, became my first book *Capitalism and Underdevelopment in Latin America* (1967).

FROM GENERALIZATION TO CRITIQUE AND APPLICATION

In Mexico I initiated three new departures. I was the first professor at the National School of Economics of the National Autonomous University of Mexico to teach a course on economic (under)development of Latin America. I was the first person to publish an accounting of Latin America's external payments and receipts which distinguished between services and goods. With this new accounting I clearly demonstrated that the Latin American current account deficit was due to a large deficit on service account, especially from financial service payments. These exceeded Latin America's surplus on commercial account of excess exports over imports of goods (reprinted in 1969). My 'unorthodox' novelty subsequently proved to be particularly useful in the now standard calculations of the ratio of debt service to export earnings. My third initiative was to organize prominent progressive Latin American economists to sign a statement on 'The Need for New Teaching and Research of Economics in Latin America,' (reprinted 1969).

In Mexico, I engaged in a number of debates about theoretical and political issues of development. I criticized Pablo Gonzalez Casanova's recently published book *La Democracia en Mexico* for being scientifically and politically unacceptable (reprinted in 1969). I also debated about capitalism or feudalism (my title was 'With what Mode of Production does the Hen Lay its Golden Eggs') in the Sunday supplement of a national newspaper with my colleague Rodolfo Puiggros. My main message was that 'if we are to understand the Latin American problematic we

must begin with the world system that creates it and go outside the self-imposed optical and mental illusion of the Ibero-American or national frame' (1965 translated in 1969: 231). Then along the same lines, I began to work on a 'History of Mexican Agriculture from Conquest to Revolution.' However, I wrote up only the first century. My then still very controversial thesis was that since the Conquest, Mexican agricultural (under) development was commercially driven and affected by transatlantic economic cycles. In Mexico also, our second son was born. I met Jim Cockcroft, and with our mutual friend, **Dale Johnson**, we wrote the triple barreled **Dependence and Underdevelopment: Latin America's Political Economy**.

My friends were then also writing their own dependence books. Cardoso and Faletto (1979) wrote their Dependence and Development in Latin America. Later some 'historians' and commentators outside Latin America would jump to the unwarranted conclusion that my writings were inspired by them, and others that their book was written in answer to mine. Neither was true, although Enzo Faletto had read my chapter on Chile in 1964. Dos Santos wrote various articles on dependence. However, Theotonio always maintained rather reformist leanings. Nonetheless, others called his writings and mine, and later also those of my other Brasilia friend Ruy Mauro Marini, 'new' dependence writings. Supposedly, they led to more 'revolutionary' conclusions than Cardoso and Faletto's version of dependence. They and Quijano were working in departments of ECLA/CEPAL (and ILPES), whose inwardlooking Latin American industrialization program was running out of steam. Therefore, Prebisch himself now recommended more radical reforms, and his younger co-workers all the more so.

In 1968 via 'May 1968' in Paris, where I first met **Samir Amin**, I returned to live in Chile and work on an ILO project. On arrival at the airport, I was detained and taken into town to see the head of the political police and his almost foot high file about the supposedly subversive threats I posed. **He told me that 'sociologia' and 'socialismo' were all the same to him** and sent me back out to the airport to be put on the next plane out. None left, however, before Pedro Vuscovic from

CEPAL/ECLA (and later the controversial Economics Minister of Allende) brought the latter out to the airport to bring me back in under his authority as President of the Senate and therefore second in command in the country. After repeated additional interventions by Allende, I received permission to remain in Chile.

From the Production of Dependence to its Consumption

Dependence 'theory' prospered, despite early and continued rejection, resistance, and attacks. This 'alternative' approach found little favor with the orthodox right, some of the structuralist reformist left, the Soviet aligned Communists, Trotskyists, and soon also the Maoists. Nonetheless, dependence was 'consumed' in Latin America and elsewhere. In Latin America, dependence (and I) were enshrined at the Latin American Congress of Sociology in Mexico in 1969 under the presidency of Pablo Gonzalez Casanova. At the congress of Latin American economists in Maracaibo, Venezuela, resistance was much fiercer. Indeed, I was run out of town. Dependence theory and writing, including mine, also made a notable impact on and through the 'theology of liberation,' which was and still is spread through Catholic Church groups in Latin America. Although we have never met, the Peruvian 'founder' of liberation theology, Gonzalo Gutierrez, acknowledged this influence in writing.

Back in Chile in 1968-69, I sat down to write the theoretical introduction to the ill fated 'Reader on Underdevelopment' (Introduction and Contents in 1984). It addressed various critiques of dependence. Then I recast the whole question in terms of the historical development of the world system as a whole. Since the Reader was unpublishable, I decided to convert its theoretical 'introduction' into a separate book. I rewrote it several times until the military coup in Chile put an end to my endeavors. Until 1978 no one was willing to publish this world system manuscript either. It was finally divided into two parts, published separately as *World Accumulation 1492-1789* and *Dependent Accumulation and Underdevelopment* (1978a and b). The first title traced the development of the

capitalist world system from the Discovery of America to the French Revolution. In doing so, it laid great stress on the role of long world economic cycles and crises of capital accumulation in shaping world development and underdevelopment. The second title concentrated on the role of the dependent Third World in world system capital accumulation over the past 500 years. Almost nobody except Eric Wolf (1982) and Albert Bergesen (1982) took notice.

As I completed my writing in Chile, I received a draft of the first volume of Wallerstein's (1974) *Modern World-System*. The publisher asked me to write a blurb for its dust jacket. I did and said the book would become an instant classic. It did. Dos Santos also said that we (in the Third World) have to study the whole system ourselves and proceeded to write on contemporary American imperialism. Samir Amin (1974) published his *Accumulation on a World Scale*, of which **he had written a draft for his Ph.D. 15 years before**. These studies on accumulation in the world system reflected the ongoing changes in world development.

FROM SOME LESSONS OF THE CHILEAN EXPERIMENT VS. DEPENDENCE.

In Chile in the meantime, Allende's attempt to introduce socialist reform and reformist socialism came and went. It had my active but altogether undistinguished small time participation. It was time to express political sentiments and to put dependence theory to practice. Our house in Chile became a place of refuge and of discussion for companeros from near and far.

The Allende government drew substantially on dependence thinking and tried to introduce anti-dependence measures. Allende also sought, but failed to receive, support from the Soviet Union. To achieve equity and efficiency was more difficult in praxis than in theory. To begin with, as President Allende never tired of pointing out, he was in government but not in power. That is why I thought the peaceful reformist way would not do. Even to capture and redirect the 'potential surplus' was not so easy. Also, it turned out that improving equity by redistributing income was not so easy. The resulting change in the structure of consumer demand did not

translate into a new structure of production. Thus, efficiency did not increase, except through lower unemployment. However, equity and social development took leaps and bounds as the people gained dignity and popular education. Political participation and democracy mushroomed like never before.

At CESO, my institute at the University of Chile, Dos Santos, Marini, Pio Garcia, Marta Harnecker and many others debated the ins and outs of the transition to the transition to socialism. I made myself unpopular by warning that we should rather worry about the coming reaction and the possible transition to fascism.

At the University of Concepcion, Nestor D' Alessio, Francisco Brevis, **Ruy Mauro Marini**, **Theotonio dos Santos Vania Bamberra** and many others like **Nelson Gutierrez** debated the Chilean experimental laboratory. Of course, neither could we then know how Latin American and our political developments would later entangle the personal, intellectual and political paths of many scholars.

In 1972, at the UNCTAD III meetings in Santiago, I heard 'development of underdevelopment' sloganized by establishment Third World delegates from afar. So I decided it was time to move on. In the same 'UNCTAD' building a few months later, I gave a paper at **the Latin American Congress of Sociology**. It was entitled 'Dependence is Dead, Long Live Dependence and the Class Struggle' (reprinted 1984). The message was that dependence itself was alive and kicking, but that the usefulness of dependence theory for political action had come and gone. That was true at least in Latin America. More and better class struggle was supposed to be on the agenda. Of course, more class struggle certainly would come. But it hardly became better, since it came in the form of military coups and repression. A few months later still in 1972, I went to Rome via Dakar. I stopped off in Dakar for a conference at which Samir Amin wanted to introduce dependence theory to Africans. Then in Rome in 1972, I announced that the world had entered a new Kondratieff B period of crisis. Giovanni Arrighi had put me on that track. I said that the socialist countries were starting to reintegrate in the capitalist world

economy. I also repeated that not dependence theory but the analysis of the world crisis of capital accumulation was then on the analytical and theoretical agenda (reprinted in 1981b). I would spend the next 20 years full time on this agenda, writing several crisis books (1980, 1981a and b, 1982, 1983/4, 1988a), and countless articles (e.g. 1986, 1988c). All seemed to no avail.

TO THE REACTION AND CHICAGO BOYS IN CHILE

The Chilean experimental laboratory has also been exemplary in more recent times. Chile was again important in development theory, praxis, my own experience and thinking, and the connection among all of these. Dependence theory and policy was dead indeed. General Pinochet decapitated it with his sword on September 11, 1973. **Then he instituted an ultra-right counter-revolution and counter-reform.** Still confined at home by the 24 hour post coup curfew before we left for Germany, I made several predictions: a) politically, it would be very bloody. However, the reality of 30,000 dead, and countless disappeared and tortured to this day exceeded even my worst expectations. b) economically, Chilean agriculture would become another California if that is efficiency. Now I have seen Chilean fruit in supermarkets in Amsterdam, Tokyo, Hawaii, and in California itself. In terms of development theory and praxis, Chile became a major example of export led growth (albeit not much in manufactures, except for cluster bombs for sale to Iraq in its war with Iran).

The midwife for this transformation was Milton Friedman's monetarism carried to Chile by himself, Arnold Harberger and the Chicago Boys. The new policies were imposed by General Pinochet as equilibrium on the point of a bayonet. That was the subtitle of my *Economic Genocide in Chile* (1976). Pinochet gave the Chicago Boys free reign over Economic policy. *Free to Choose* Friedman argued that the magic of the market (efficiency?) comes first and freedom (equity?) later. He was awarded the Nobel Prize for economics, not for peace. The World Bank still gives

Chile pride of place for its model. For us, it has cost the assassination of literally countless personal friends, some still very recently.

Monetarist and neo-classical supply side reactionary theory and the magic of the market policy swept around the world. They were enshrined in Reaganomics (which was actually started by Jimmy Carter in 1977) and Thatcherism, which was actually started by James Callaghan in 1976 (see 1980). These same theories and policies spread elsewhere. The four tigers in East Asia became the export led growth model. However, the economic and political importance of the state in South Korea and its political repression went largely unmentioned until they made world headlines when Seoul hosted the 1988 Olympics. If export led growth has been efficient there and in Taiwan, it is also thanks to the prior increase in the equity of the distribution of income and the domestic market. These improvements were due to the land reforms forcibly imposed after the war by the United States. Unlike the World Bank and others, I took account of these exceptional political and strategic factors. They make these NICs more of a unique experience than a copyable model. I was also unable to recommend their hardly equitable political repression. However, I perhaps underestimated their capacity for technological upgrading and new participation in the international division of labor (1981a).

In 1974 (reprinted in 1981b) I wrote that the Third World response to the new world economic crisis would be exports to the world market. I also predicted how and why this (economically efficient?) model would be ushered in and supported by military coups, martial law, emergency rule, etc. These are the other (inequitable) political side of the coin of this economic model. In many cases the political repression worked, but the export led growth led to a depression worse than in the 1930s and to the Third World debt crisis (see 1981a, chapters 4, 6 and 7).

FROM THE CHICAGO BOYS TO DEBT CRISIS

Unlike many of my friends, I had never regarded the multinational corporations and their foreign investment as the bugaboo. Many had hoped that the replacement of

the multinationals' direct foreign investment by foreign loans and bank debt would reduce if not eliminate dependence. The new debt crisis certainly proved them wrong. It vastly increased foreign dependence, even of 'sovereign' national states. Their trade, monetary, fiscal and social or 'development' policies are even more constrained now by foreign debt than they were before by foreign investment.

The debt is an instrument of neo-colonization and drain of 'surplus' from part of the South. By my calculation, this loss of capital from South to North has been on the order of US \$100 billion per year. The flow was over US \$500 billion from 1983 through 1986. \$200 billion were through debt service, over \$100 billion through capital flight, \$100 billion through the 40 percent decline in the South's terms of trade, and \$100 billion through normal remission of profits and royalty payments.

Through 1989 this South to North capital flow has been another \$400 billion or so. Thus, the Third World countries (and the East European 'socialist' ones too) made de facto payments of more than the total of the debt owed. Yet in the meantime this total nearly doubled once again de jure. Hungary paid the amount of its debt three times over, and in the meantime the amount still owed doubled! Under 'bourgeois' law in any 'normal' capitalist country, of course, bankruptcy proceedings or 'Chapter 11' debt relief would have been instituted long ago for 'the common good.' However, this benefit of the 'First' world's civilization is not extended to the 'Second' and 'Third World.'

Through much of the 1980s, the annual Third World debt service has been about 6.5 percent of its GNP. Even German war reparations in the 1920s only averaged 2 percent and rose to 3.5 percent in 1929-31, before they contributed to the rise of Hitler, who abrogated them (1987, 1988a). In my reading of history, this drain is not new, but has always increased somewhere in the South during each (Kondratieff B phase) economic crisis in the North (for some evidence see 1978 a and b). The result is not development, but the development of underdevelopment. This time it is with disinvestment in productive infrastructure and human capital and with the loss

of competitiveness on the world market. As already observed above therefore, another result is that economic growth = development has practically disappeared from all but the most academic discussions. In the real world, the order of the day has become only economic or debt crisis management instead.

FROM DEBT CRISIS TO WORLD ECONOMIC CRISIS, WEST, EAST, AND SOUTH.

In September 1973 I arrived back in my birth place Berlin as an exile from Pinochet's Chile exactly 40 years after I had left it as an exile from Hitler's Germany. From 1974 to 1978 I worked in Germany. I was never able to get a professorship in Germany. The Minister of Culture, an ex police chief who now exercised his political judgment as arbiter of all appointments, told one university president who wished to hire me that **'this Frank will never get a professorship here.'** So I left Germany in 1978. By contrast in England, Rhys Jenkins and Chris Edwards, who published several serious critiques of my writings, nonetheless urged me to compete for and then welcomed me as Professor of Social Change in the School of Development Studies at the University of East Anglia. By this time my more or less fifteen year old sons had cut to the heart of many of the issues with which I had for so long been concerned. One day out of the blue, Paulo made his own discourse on imperialism and underdevelopment. Paulo concluded with "if Latin America was a colony, it could not have been feudal"! It took me years to figure this out, and I never arrived at so clear and convincing a statement of it.

About the same time in 1979 soon after we had arrived in England from Germany, my younger son Miguel observed 'England is an underdeveloping country.' I ran to my class to tell my British students, who were incredulous. After several years of British deindustrialization under the government of Mrs. Thatcher, I repeated Miguel's earlier observation to a later generation of students, who then reacted 'of course.' I wrote two books on the dynamics of the global crisis during this period. *Crisis: In the Third World* (1981a) is the extension of its companion volume *Crisis:*

In the World Economy (1980). Other related occasional articles of mine were collected together in Reflections on the Economic Crisis (1981b). A reviewer would comment:

Andre Gunder Frank's trilogy does no less than attempt to historically trace and analyze this global crisis in the context of a long-term structural crisis of capital accumulation. Frank was a lone Marxist voice, anticipating the dangers and potentialities of the deep-rooted crisis which now, 10 years later, engulfs the capitalist, socialist and Third World regions of the world. In this trilogy, Frank expands his original insight into a comprehensive, complex, scientific, and passionate treatise (Shank 1982)

The recession that began in 1989 in the United States was the longest lasting and in many respects the most serious of the present world economic crisis. After 1967, each subsequent recession in 1969-70, 1973-74, and 1979-82 had in turn been worse than the one before. I argued this was because the underlying structural crisis problems had not been resolved, but that inappropriate policies had instead aggravated them and paved the way for the next recession.

In 1986 I wrote that the recovery that began in 1983 generated many new problems, especially the replacement of real production, investment and productivity growth by growing financial speculation and debt as well as the exacerbation of imbalances among the United States, Japan, Western Europe, Eastern Europe, the Third World, and within these regions. This was mostly confirmed by events since the end of the recovery in 1989.

The recourse by policy makers to anti-recessive economic policies to promote and sustain recovery rendered these instruments less available when they are needed to combat the next recession. Examples in domestic monetary policy included the accommodation of monetary policy and lower interest rates by the Federal Reserve. Examples in domestic fiscal policy included increased public (defense)

expenditures, reduced taxes, and a bigger budget deficit. Examples in international economic policy are exchange rate intervention and trade policy. Therefore easy recourse to these and similar economic policies to assure a soft landing in, let alone provide for a sustained recovery from, the next recession are likely to be, and have since 1989 indeed been less available, effective and adequate. In particular, the recourse to reflation, which is so dear to some economists and to policy-makers hearts, was not likely to be an adequate policy remedy in the next recession.

All of these economic possibilities and policy options would sharpen already existing economic and political conflicts of interest (and of economic and monetary policy as other paragraphs explained) among the United States and its Japanese and European allies as well as with Third World countries. The United States, Japan and Western Europe could turn increasingly toward neo-mercantilism and/or the formation of regional blocs. These blocs might be centered on the United States in the Americas, Japan in Asia, and Germany in Western Europe and perhaps Eastern Europe. These could also promote the creation or extension of a European bloc in Western Europe or in all of Europe, including Eastern Europe. This policy to extend detente into a pan-European entente was also proposed in my *The European Challenge: From Atlantic Alliance to Pan-European Entente for Peace and Jobs* (1983/4).

My study of the world economy in crisis increasingly included the socialist countries. I had already seen the beginnings of the reincorporation of the socialist countries in the capitalist world economy in 1972 (reprinted in 1981a). I analyzed the rapid progress of this process in detail in 1976 under the title 'Long Live Transideological Enterprise! The Socialist Economies in the Capitalist International Division of Labor and West-East-South Political Economic Relations' (1977 and 1980, chapter 4). I argued that the 'Socialist Second World' occupied an intermediate position in this division of labor between the industrialized 'First World' and the underdeveloped 'Third World.' However, until the mid 1980s I still did not

see clearly enough that the 'import led growth' in the East European socialist NICs was essentially the same as 'export led growth' in the capitalist NICs. The former export to import, and the latter import to export. Almost all amassed foreign and domestic debts. The difference has been that NIC growth in Eastern Europe has been less successful than in East Asia. The latter outcompetes the East Europeans.

In 1990 (d) I wrote that economic crisis, stagnation, recession and even depression also visited some socialist countries of Eastern Europe. In part, they were home grown problems of transiting from extensive to intensive growth. In part, they reflected a conjuncture in the built in political investment cycle. In part, they were the result of the importation of economic crisis, inflation, and debt from the West through the 'import led growth' of the 1970s. All these strands became entangled in the early 1980s. They demonstrated that these socialist economies were not or no longer immune to the vagaries of the world capitalist economy. The Revolutions of 1989 were the effect.

The economic crisis in Eastern Europe and the Soviet Union was almost certain further to deepen in the short run. I argued that both deepening crisis and the marketization response would result in even greater shortages, new unemployment, rampant inflation and the disruption of the welfare state. All of these, and particularly the latter, will be at the special cost of women and their children, whose already disproportionate burden will thereby increase still further.

In Eastern Europe also economic restructuring was bound to involve transitional economic dislocation in different degrees and forms. It will be absolutely the most severe in Poland, as well as in the South and East in Yugoslavia and the ex-Soviet Union, which have the weakest and recently most weakened economies. Rumania was also weakened, especially by Ceausescu's policy of exporting all to pay off the debt. Ceasing to export so much food can offer temporary relief, some resurrection of agriculture but not of industry. I suggested that East Germany faced, and it has

indeed become the victim of, immediate 'Ausverkauf' sell out to West Germans (who have 'carpetbagged' the entire East German economy and society by closing down its industries that were quite productive and competitive, precisely because they were so! (1992, 1994a). The integration of East Germany into the West German state left the East Germans with scarce political economic bargaining power in Germany, the EC and Europe. Czech and Hungarian state power may offer more competitive bargaining power and benefits to (parts of) their populations. Everywhere, the first steps toward productive integration were the sale of East European productive assets to West European firms and others, for hardly anyone in Eastern Europe itself has the means successfully to bid for 'privatized' assets. Only some small ones could be run as 'cooperatives,' which are in reality firms that must compete in the market as well.

Marketization and privatization engenders another more automatic economic and social polarization of income and position, also between the genders, and among class and ethnic groups and regions. A minority float to the surface of a perhaps first ebbing and then rising tide; and the majority will be sunk even further below the surface. This polarization is likely to progress both ethnically and nationally, and internationally.

Therefore, it will further exacerbate ethnic and national tensions, conflicts, and movements within and among states. The now already more competitively privileged regions and peoples are likely to improve their positions further, perhaps even by closer economic and political relations or even integration with neighbors to the West and North.

Underprivileged minorities in these, and underprivileged majorities elsewhere are likely to become increasingly marginalized. The dream of joining Western Europe may thus be realized for the few. At best, some parts of the East may become another Southern Europe, albeit at the cost to both of competing with each other, which has already raised fears in the South of Europe. The many in Eastern

Europe and perhaps in the southeastern parts of the ex-Soviet Union, however, face the real threat instead of Latinamericanization, which has already befallen Poland. East European countries faced domestic inflation and foreign devaluation, and then and currency reform by shock treatment. The social costs are certain, but the economic successes thereof are not, as repeated failures in Argentina and Brazil have recently demonstrated. In some cases, particularly in the ex-Soviet Union, even economic Africanization and political Lebanization - now Bosnianization - is a serious threat. In the short run, any break up of the 'Second' World may permit some of its members to join the (capitalist) 'First' World, but most will be relegated to the (also capitalist) 'Third' World.

Alongside the much heralded failure of 'really existing socialism' in the East, nobody seems to see the same failure of 'really existing capitalism' in the South. (These are compared in 1990c and 1990d). All things considered, the East European model was still politically less repressive and inequitable (except partially in Rumania) than in the successful East Asian and the unsuccessful South American capitalist NIC areas. In 1989 Jeanne Kirkpatrick turned out to be wrong: The 'totalitarian' countries in the East changed more than the 'authoritarian' ones in the South. Looking ahead, proposals to resolve the debt crisis in both abound. However, hardly anyone ever asks how to make the South American and East European NICs competitive against the East Asian ones and others. The debt service has made the former lose out in technological and other competition on the world market. Ironically in Marxist terms, socialism had promoted superstructural political liberation in the Third World without ever being able to offer any infrastructural economic alternative. All this was the case and written before the Revolutions of 1989. These and other recent reflections on the world economic crisis and its political implications were collected together in Spanish (1988a). In English, no one was interested.

FROM NATIONAL OR CAPITALIST/SOCIALIST DEVELOPMENT TO ONE WORLD DEVELOPMENT

The idea of one world development (as is) received an unexpected helping hand from the Soviet leader Mikhail Gorbachev at the United Nations on December 7, 1988:

The existence of any 'closed' societies is hardly possible today. That is why we need a radical revision of views on the sum total of the problems of international cooperation as the most essential component of universal security. The world economy is becoming a single organism, outside which no state can develop normally, regardless of the social system it might belong to or the economic level it has reached.... (Gorbachev 1988).

Though we may wish to regard some of these as high sounding words, we cannot deny or evade the verity and importance of the central thrust of what Gorbachev said. Moreover, it has direct relevance to our present concern with development, if we use this word where he speaks of 'progress' and 'security.' I would argue that this verity is nothing new. World development, sorry - evolution, has been a fact of life for a long time. For a while, I thought that it started with the birth of the world capitalist system five centuries ago. However, I now believe in applying the rule of the American historian of China John King Fairbank (1969) to study historical problems by pursuing them backwards. Therefore, I now find the same continuing world system, including its center-periphery structure, hegemony-rivalry competition, and cyclical ups and downs has been evolving (developing?) for five thousand years at least (1990a, 1991, Gills and Frank 1990, Frank and Gills 1993). In this context, the mixtures and variations of different 'modes' of production or of social systems are much less important than the constancy and continuity of the world system and its essential structure (1991b). Gorbachev dismissed the

relevance of these variations among supposedly different 'systems'; to this real world system development.

In this world system, sectors, regions and peoples temporarily and cyclically assume leading and hegemonic central (core) positions of social and technological 'development.' They then have to cede their pride of place to new ones who replace them. Usually this happens after a long interregnum of crisis. During this time there is intense competition for leadership and hegemony. The core has moved around the globe in a predominantly westerly direction. With some zig zags, the core has passed through Asia, East (China), Central (Mongolia), South (India) and West (Iran, Mesopotamia, Egypt, Turkey). (The latter is now called the 'Middle East' in eurocentric terminology). Then, the core passed on to Southern and Western Europe and Britain, via the Atlantic to North America, and now across it and the Pacific towards Japan. Who knows, perhaps one day it will pass back all the way around the world to China.

In the social evolution of this world system in recent centuries, there has also been a development of the capitalist and patriarchic system in the world. At the sub-system levels of countries, regions or sectors, 'development' has occurred through and thanks to their (temporarily) more privileged position in the inter'national' division of labor and power. We therefore need a more rounded, dynamic and all-encompassing supply and demand side economics to analyze, if not to guide, world economic and technological development.

My historical work (some also in collaboration with Barry Gills) is on 5,000 years of world system history in Eurasia/africa (Afroasia/europe) and the incorporation of the 'new world' since 1492. A major purpose is to offer an alternative to Eurocentism, which is not Afro-, Sino-, Islamo- centered, but humanocentric instead. My principal 'theoretical handle' is to extend the study of the WORLD SYSTEM (Wallerstein 1974, Frank 1978, Abu-Lughod 1989, Kohl 1989) back as far as it will go. So far that is 5,000 years; but I do not exclude going farther back,

following Fairbank's admonition that historical work should begin at the end and work backward as far as it will take us.

I rely on five theoretical pillars in this work. The first is the world system itself. In my present view and per contra Wallerstein (1974), the existence and development of the world system in which we live stretches back at least five thousand years (1990, 1991a, 1993; Gills and Frank 1990/91, 1992; Frank and Gills 1992, 1993).

The second pillar is the process of capital accumulation as the motor force of [world system] history. Wallerstein and others regard continuous capital accumulation as the *differentia specifica* of the 'modern world-system.' I argue that in this regard the 'modern' world system is not so different and that this same process of capital accumulation has played a, if not the, central role in the world system for several millennia (see especially 1991b and Gills and Frank 1990/91 as well as replies by Amin 1991 and by Wallerstein 1991, the latter also on the difference a hyphen [-] makes, which are also included in Frank and Gills 1993).

The third pillar is the center-periphery structure in and of the world [system]. This structure is familiar to analysts of dependence in the 'modern' world system and especially in Latin America since 1492. I now find that this analytical category is also applicable to the world system long before that.

The fourth pillar is the alternation between hegemony and rivalry or the regional hegemonies and rivalries to succeed the previous hegemon. The world system and international relations literature has recently produced many good analyses of alternation between hegemonic leadership and rivalry for hegemony in the world system since 1492, for instance by Wallerstein (1979), or since 1494 by Modelski (1987) and by Modelski and Thompson (1988). However, hegemony and rivalry for the same also mark world [system] history long before that (Gills and Frank 1992,

Frank and Gills 1992). We have also discovered that hegemony has been both very rare and quite temporary.

The fifth pillar is the long (and short) economic cycles of alternating ascending (sometimes denominated 'A') phases and descending (sometimes denominated 'B') phases. In the real world historical process and in its analysis by students of the 'modern'; world system, these long cycles are also associated with each of the previous categories. That is, an important characteristic of the 'modern' world system is that the process of capital accumulation, changes in center-periphery position within it, and world system hegemony and rivalry are all cyclical and occur in tandem with each other. I analyzed the same for the 'modern' world system under the title *World Accumulation 1492-1789 and Dependent Accumulation and Underdevelopment* (1978a,b).

However, I now find that the world system cycle and many of its features also extend back long before 1492 to at least the 3rd millennium B.C. These long cycles are identified and dated particularly in the papers entitled 'World System Cycles, Crises and Hegemonial Shifts 1700 B.C. to 1700 AD' (Gills and Frank, 1992, also in Frank and Gills, 1993) and 'Bronze Age World System Cycles' (1993). Two other authors' independent empirically based tests offer substantial confirmation, and that of a third one is equivocal, of the existence of these cycles and their datings. Economic and political crisis, or at least my analysis of it, has a central role in these ancient, as well as modern (post 1500) and contemporary cycles.

It is important to add a brief word about some implications which this 'five thousand year world system' approach does and does not have. It does imply a strong counter to the still all too common Eurocentrism that exists both in general and with regard to the study of modern world history. Eurocentrism has also come under attack in other ways, e.g. academically by Bernal's *Black Athena*, Amin's Eurocentrism and more popularly by Afro-, Islamo-, and other 'centrisms' and 'multiculturality.' However, these otherwise welcome critiques mostly seek to

replace one centrism by another and do so on a largely cultural/ideological level. Seeking the origin of the world system five thousand years ago in Asia instead of five hundred years ago in Europe adds further dimension to the critique of Eurocentrism by providing a longer real-world-historically-based 'humanocentric' alternative, and a real base for denying three further widely held and related presumptions. These include the idea that the world system began in Europe, that the 'Rise of the West' was based on European 'exceptionalism,' and that Europeans 'incorporated' the rest of the world into their own 'capitalist modern world-system' after 1500. I argue instead that 'the rise of the west' followed (from) the 'decline of the east' through a shift in the center of gravity from east to west, in which the west took advantage of the existing riches of the East (and specifically bought into the flourishing eastern market by using gold and silver that Europe pillaged from the Americas. Even with this competitive advantage, Europe did not succeed in the sixteenth, seventeenth, or even most of the eighteenth centuries, but not until 1775-1800 (1994b,d, 1995, Frank and Gills, 1994). Western dominance has only been very recent (and led to the eurocentric re-writing of history as part of nineteenth century colonialism), and is likely to be short lived what with the continued westward shift of the world center of economic gravity back toward parts of Asia. This longer and wider historical perspective also places (the underdevelopment of) 'development' in a different light.

At least two implications have been wrongly attributed to the idea of the 'five thousand year world system,' which I think it does not merit. (For others see 1994c.) The first is that capitalism is five thousand years old, and that that proposition is absurd. Immanuel Wallerstein and Samir Amin (both 1991) argue that after 1500 the need for ceaseless capital accumulation and the functioning of the 'law of value' make for a sharp break in the nature of social processes. 'Capitalism' had taken hold. My position is that capital accumulation neither began nor became 'ceaseless' after 1500, but has been the motor force of history throughout. There was no sharp break around 1500. Gills and I (1993) argue that the rules of the game are not altered so much as the positions of the players. The

techniques of competition change, but competitive capital accumulation remains, as it had always been, the ultimate determining process. Much of the debate centers on the definition of the terms 'system.' We contend that a hierarchy of core-periphery complexes, in which surplus is being transferred, implies the existence of a global division of labor. From this perspective, Wallerstein and Amin appear to follow Polanyi and Finley in under-estimating the importance of capital accumulation via trade and the market prior to 1500. They then mistakenly seek the post 1500 'incorporation'; of societies into a system which we contend they have long since been part of. Their search for mechanisms by which societies might escape is therefore likewise misspecified.

Far from arguing that capitalism is five thousand years old, I suggest that we should dare to abandon our belief in capitalism as a distinct mode of production and separate system. Why? Because too many big patterns in world history appear to transcend or persist despite all apparent alterations in the mode of production. It therefore cannot be the mode of production that determines overall development patterns. Our search for any supposed 'transitions' between 'modes' further obscures both the essential continuity of the system and the nature of change.

World history since 1500 may be less adequately defined by 'capitalism' than by shifts in trade routes, centers of accumulation, and the existence/non-existence and location of hegemonic power. I therefore conclude that the very terms and concepts of 'Feudalism, Capitalism, Socialism. . . [are] Transitional Ideological Modes' (Frank and Gills, 1993) and are best abandoned for their lack of real or 'scientific' basis. They obscure more of the fundamental continuity of the underlying world system than they supposedly clarify.

Another wrong conclusion is that nothing ever changes, and there is nothing to be done about it. This is not so. We do live in the same world system that began to 'develop' more than five thousand years ago, but the system is not the same, or not everything is the same in the system. There have been many changes. Some of

the 'structural' features of the world system (inequality, cycles, etc.) themselves seem endogenously to generate processual and evolutionary changes in the system itself. Moreover, although the structure of the system imposes limits on 'voluntaristic' action and policy to transform the system itself (e.g. from-to the supposed feudalism-capitalism-socialism-comunism), alternatives are possible and many popular struggles are necessary. World system history is however quite clear about what will not work.

Real world system evolution has never been guided by or responsive to any global and also not to much local 'development' thinking or policy. Each temporarily leading people probably considered itself as the 'developed' civilization and regarded others as 'barbarians.' Global evolution has never been uniform and has always centered in one or a few places. These places and peoples temporarily enjoyed privileged cultural, social, economic, technological, military, and political positions relative to other 'dependent' ones. That is, general and especially uniform global development was and remains impossible.

Lower order national / regional / sectorial / group / individual development policy can only marginally affect but not transform the stage of global evolution. Moreover, it can only take place within the possibilities and constraints of that global evolutionary process, which it only helps to shape. Therefore, any development 'policy' for a particular country, region, sector, group or individual must identify and promote some selected 'comparative' advantage within the world economy. The 'policy' is to find one or more niches in which to carve out a temporary position of 'comparative' monopoly advantage in the international division of labor. Then, it may be possible to derive some temporary monopoly rent from the same. Some specialization is necessary, because advantageous and even loss avoiding presence on all industrial and technological fronts is impossible today. Of course, it is advantageous to do so in a newly leading industry or sector, which is itself able to command temporary monopoly rents. However, each such sector, and even more so each such region or group operating within it, must count

on soon losing this advantage again. For soon they will be displaced by competition from others on the world market. This fact of life contradicts all postwar development thinking and policy. Moreover, Gorbachev also pointed out that a 'development' policy of de-linking is now unrealistic. I now also believe that such de-linking is impossible. That is contrary to my own previous view.

AND TOWARD MARGINALIZING DUALISM ?

What is a realistic prospect, however, is the growing threat to countries, regions and peoples to be marginalized. That is, they may be involuntarily de-linked from the world process of evolution or development. However, they are then de-linked on terms which are not of their own choosing. The most obvious case in point is much of sub-Saharan Africa. There is a decreasing world market in the international division of labor for Africa's natural and human resources. Having been squeezed dry like a lemon in the course of world capitalist 'development,' much of Africa may now be abandoned to its fate. However, the same fate increasingly also threatens other regions and peoples elsewhere.

In other words, a dual economy and society may now indeed be in the process of formation at this stage of social evolution in the world system. This new dualism is different from the old dualism I rejected. The similarity between the two 'dualisms' is only apparent. According to the old dualism, sectors or regions were supposedly separate. That is, they supposedly existed without past or present exploitation between them before 'modernization' would join them happily ever after. Moreover, this separate dual existence was seen within countries. I correctly denied all these propositions. In the new dualism, the separation comes after the contact and often after exploitation. The lemon is discarded after squeezing it dry. Thus, this new dualism is the result of the process of social and technological evolution, which others call 'development.' I myself seem to have come full circle from prioritizing determinant economic, to social, to political back to the determinant economic factors in development. However, now I see them in world economic development.

TOWARD ALTERNATIVE SELF-DEVELOPMENT

By now it is sadly clear that none of the now available 'models' of development are adequate for the present, let alone for the future. This inadequacy is true of all these models, however they may (seem to) differ among each other. This inadequacy characterizes the magic of the world and domestic market, Western top down political democracy, Eastern top down economic democracy, and recent attempts at self-reliant national state de-linking. However hopes are illusory for a capitalist new international economic order, or for the non-existent and ever less available alternative socialist division of labor / international economic order. Nor does any thing else on the horizon offer most of the population in much of this Third World any chance or hope for equity or efficiency in economic development. This is true at least as long as we, and especially they, define development in any of the orthodox more-of-the-same ways. However it is unfortunately equally true also of the heterodox more-or-less-the-same ways so far reviewed above. As a result by the 1980s for instance, the grand old men Gunnar Myrdal and Raul Prebisch significantly radicalized their views and public statements shortly before they died.

So armed we can pursue some other development alternatives, or Another Development, as the Dag Hammarskjold Foundation called it. First, like these disadvantaged peoples themselves, we can do battle with anti-development or underdevelopment of development as it affects all sorts of 'minority' peoples.

However, on further inspection these disadvantaged minorities turn out to be in the majority. Minorities would not demand and merit their own and others' special attention qua minorities, if they did not suffer from discrimination and worse at the hands of 'the majority.' Ethnic, national, linguistic, racial, social, sectoral, age, vocational and other minorities are all subject to the inequity and inefficiency of economic development. Adding them all up, they surely constitute a numerical

majority both globally and nationally. The biggest 'minority,' (which admittedly overlaps with these others) is women. They assuredly constitute a statistical majority of the world's and probably all countries' population. Moreover, it has belatedly been statistically confirmed that women do most of the work in the world. They do all the unpaid and much of the low paid reproductive work. They also do much of the productive work. Women do most of the agricultural work in Africa and in many other parts of the world, including the now formerly socialist countries. Women also do much low paid industrial and service work everywhere. Adding in these other minorities, probably almost all of the work, and especially the hard part of it, is done by 'minorities.'

Other costs of anti-development and underdevelopment of development subtract further from the welfare of this vast majority of 'minorities.' Ever developing threats to peace and the environment are cases in point. The Scandinavian headed Palme Commission and Brundtland Report and the United Nations special session on Development and Disarmament have drawn world wide attention to and sought to mobilize action on these problems and their connections. Although strong peace movements are more visible in the North, the problem of hot war is particularly important in and for the South. During the past four decades of accelerated Third World 'development,' every war in the world has taken place in the South, and every year there have been several wars going on there simultaneously. Any break out of peace, such as in 1988, is therefore a real (contribution to) development. Similarly, although environmental degradation may be more (locally) visible in the North (including the East), the world's most serious environmental anti-development is now probably taking place in the South. Important instances are the deforestation of Amazonia, Indonesia, the Himalayan slopes, etc., and the dessertification in Africa and Asia. 'Minority' regional, local, peasant, native, tribal and other environmental movements are mobilizing to protect their own sources of livelihood. However, thereby they are also protecting ecological survival for all of us through another and a sustainable eco-development (Redclift, 1987).

Then, what is the 'majority,' and what does it do? It is the elite that has and uses power also to define and promote (its own) 'development.' The majority of these 'minority' people do not benefit from (equity and efficiency in) economic development. Since 'development' is largely the result of work by and for (the welfare of) the majority, it should see this benefit. Since the real majority do not, there must be something wrong, both in the real world and in our 'majority' - but really minority - thinking about it!

The praxis of this struggle increasingly occurs in and through social movements. In the 'ten theses on social movements' (Fuentes and Frank, 1989) that conclude the original essay by Marta and I in our contribution to *Transforming the Revolution: Social Movements and the World-System* (Amin, et. al. 1990) we had placed our bets on old 'new' social movements as the most hopeful instruments and harbingers of progressive change.

RECENT DEVELOPMENTS IN SOCIAL, NATIONALIST, AND ETHNIC 'MOVEMENTS'

In 1992 Marta and I wrote that of late in the West, peace and womens movements had certainly abated, and the labor movement had been notably weakened (Frank and Fuentes 1994). Now the peace movements mostly shine by their absence regarding the fighting in the former Yugoslavia and Soviet Union - not to mention Somalia and other parts of the Third World - as they also mostly did during the 1990-91 crisis and war in the Gulf (1991c). The war itself set progressive social movements back West, East and South and sharpened rabid racism instead. Womens and feminist movements, if anything, have become rather defensive against the abovementioned anti-feminist backlashes. The labor movement seems altogether defenseless. Environmental movements still survive, more, although they seem not to mobilize people very much.

In the Third World South, defensive movements of protest and for survival have also continued unabated and in rural areas also take the form of ecological/environmental defense movement. The participation and leadership of women in these defensive movements continues or still increases. At the same time, there has been a marked growth of defensive and even offensive movements among indigenous minorities. Similar movements also grew on previous occasions at the same time as, or even in relation to, earlier peasant movements.

Apart from these 'sectoral' movements however, the previously progressive political content or direction of social movements seems to be turning rightward. In Latin America, right wing evangelical fundamentalism is replacing more progressive community organization around the theology of liberation and other popular currents in the Catholic Church. In South Asia, right wing Hindu and Buddhist communalism and populism is capturing increasing popular allegiance. In the Muslim world, right wing fundamentalism is on the rise. At the same time, the economic crisis continues and worsens and the liberal democratic and other regimes prove powerless and/or incompetent even at minimal crisis management. Thus, in several regions and many countries round the third world and now in the thirdworldized former 'second' world as well military takeovers threaten soon to replace democratic regimes and thereby also to alter the 'political opportunity structure' for social protest movements again (Frank and Fuentes, 1994).

Moreover, the course and (mis)management of the economic crisis generated shifts in positions of dominance or privilege and dependency or exploitation among countries, sectors, and different social, including gender, and ethnic groups. All of these economic changes and pressures generate social discontent, demands, and mobilization, which expresses themselves through enlivened social (and ethnic/nationalist) movements with a variety of similarities and differences among them. It is well known that economically based resentment is fed by the loss of 'accustomed' absolute standards of living as a whole or in particular items and by related relative shifts in economic welfare among population groups. Most

economic crisis are polarizing, further enriching, relatively if not also absolutely, the better off; and further impoverishing both relatively and absolutely those who were already worse off, including especially women.

This change may also generate resentments and mobilization in both groups. The less privileged mobilize to defend their livelihood and its ravage by 'the system' and by those who benefit from it through corruption or otherwise. The more privileged also develop resentments against the 'system,' which obliges the richer to 'carry' or 'subsidize' at their own 'expense' their 'good for nothing' 'lazy' poorer neighbors, which contributed to the breakup of Yugoslavia.

The population at large, beyond its particular(ist) ethnic, national, and other groups, also mobilizes, or at least is more readily mobilizable, in support of demands, which arise out of increasing economically based resentments. However, these demands easily become politicized to extend to and be expressed by the participatory exercise of economic, political and civil democracy, not to mention (again) the ethnic and nationalist demands into which they can also be easily reformulated. These recently augmented economic(ally based) resentments throughout Eastern Europe and the former Soviet Union are indisputably a major factor in generating (and accounting for) the widespread popular mobilization through social (and ethnic/nationalist) movements here and now (1990b, 1994a).

Thus the very social movements, which first served as vehicles of liberation, could then threaten the same political democratic processes they themselves launched. Indeed, in the throes of economic and political crisis, derivative or other social movements could become vehicles of ethnic, nationalist, and class strife and rivalries - with unforeseeable consequences, which could include dictatorial populist backlashes against the newly won democracy.

I hope the systematic analysis of the relations I see and suggest are at least implicit among the three concerns of international political economy, world system

history, and social movements exemplified above. However to give only one short explicit statement of these relations, in 1992 I commented on an article in *The Atlantic* about 'Jihad vs. McWorld' by Bernard Barber. Barber missed the essential point: The centripetal 'McWorld' globalism and the centrifugal 'Jihad' tribalism are not two distinct and opposed tendencies. The future and the past, as well as East and West Asia, Eastern Europe and Northern Ireland are all inexorably connected if not united in the present McWorld economic and therefore political crisis. The centrifugal national, ethnic, religious and other outbursts are the direct result of globalizing centripetal pressures and the resultant simultaneous crisis in this process. The centrifugal manifestations are in the words of Robert Reich the 'counter-reaction' to the painful centripetal exigencies. Jihad is the response to the fact that, as Barber points out, 'all national economies are now vulnerable to the inroads of larger, transnational markets.' For the market, resource, ecological and information-technological imperatives of globalization themselves generate the fragmentation and Lebanonization - now Bosnianization - of the world. The reason is that, although 'each of the four imperatives just cited is transnational, transideological, and transcultural,' they do not apply 'impartially' and McWorld does not 'deliver peace, prosperity and relative unity.' On the contrary, globalization itself generates economic polarization into haves and have-nots, both on a global scale and within particular societies. Thereby, globalization also generates demands for particularist cultural identity in both. Moreover, during recurrent world economic crises like the present one, the have nots are economically immiserated by absolute as well as relative loss of income. As the Bible correctly observed, 'to those that hath shall be given; from those that hath not, shall be taken (what little they hath).'

Therefore, 'McWorld is (not) in competition with (but itself generates) the forces of global breakdown, national dissolution, and centrifugal corruption,' in short Jihad Lebanonization -- (or now Bosnianization and 'ethnic cleansing'). Therefore, Barber's second option of bottom up grass roots 'strong' democracy in civil society - or 'civil democracy' as Marta Fuentes and I have termed it - offers many

alternative ways of participatory organization and mobilization simultaneously to pursue economic and identity ends. Unfortunately in today's world, economic, political, social, cultural, and ideological crisis, grass roots social movements and their populist leaders also opt for less than civil democratic appeals, positions, and actions and Jihads, and also growing rightist, racist, and 'ethnic cleansing' expressions around the world. The socio-political manifestations also include the threat to the Maastricht process of West European unification, which are posed by the present world economic recession before its resultant political institutional manifestations in the Danish NO vote and other second thoughts elsewhere. That is not to mention the other balkanization process in Europe, which includes the Lebanonization already of Yugoslavia and the Caucasus as previews of what may spread to other parts of Europe, Africa and Asia, as well as to other regions in our single but polarizing and fragmentizing McWorld.

Barber's 'guess is that globalization will eventually vanquish retribalization.' However, it has already and repeatedly failed to do so during the last 50 years of the 'American century' or the last 500 years since Columbus 'globalized' us all. Moreover, Gorbachev recently observed that the market is far older than capitalism. This market unifies but does not homogenize and instead simultaneously polarizes and thereby fragmentizes. Therefore, this 'McWorld' market has failed to vanquish retribalization also during the last 5,000 years since 'national economies' in Egypt, Levant, Anatolia, the Transcaucasus, Mesopotamia, Persia, India and Central Asia all became 'vulnerable to the inroads of larger, transnational markets,' which joined them all in a single world system. Today, we all still live and struggle in this same system, and as per the lemma of the peoples of the former Portuguese colonies: 'A Luta Continua!' - the struggle continues.

*This autobiographical historical essay has a history of its own, which merits brief summary. The title is an inversion of my 1966 essay 'The Development of Underdevelopment.' However, the original manuscript title already concluded with 'And Underdevelopment of Development' before these words were deleted to shorten the title for publication. So for me, this idea is not new. Writing the essay itself began in 1989, before the Berlin Wall came down, as my contribution to another festschrift -- for my friend Ben Higgins. Therefore, the present essay retains some of his 'equity and efficiency' problematique and terminology. Moreover, the editors of the present volume also follow the lead of his (Savoy, ed. 1993), in opening it with a wide-ranging essay by the 'guest of honor.' I revised this essay for separate publication in (Frank 1991). For present purposes but under the cloud of the illness and death of my wife Marta Fuentes, I extended it in the years since 1989. Hence, this essay incorporates passages written over five eventful years and sometimes uses the present tense or makes future predictions to refer to events and times now long since past. Under the circumstances, Robert Denmark then generously and efficiently undertook the task of cutting the essay down to size (by about two-thirds), improving its sequence and style or presentation, indeed virtually re-writing it. He graciously also accepted and incorporated my comments for 'correction' and further revision.

The remaining demerits are mine, and much of the merit is his. Therefore, Bob merits the reader's thanks as much as mine. I am also grateful to the other editor Sing Chew, first for initiating this project when he did not yet know what he was letting himself in for, and then in cooperation with Bob for persevering in arranging the preparation, timely (and sometimes not so) receipt, editing and publication of so many excellent topically thoughtful and at the same time personally heart-warming contributions by my friends and colleagues, all of whom I take this opportunity to thank as well.

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