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IN MEMORIAM: ANDRE GUNDER FRANK
Was bleibt von der „Entwicklung der Unterentwicklung"?

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Andre Gunder Frank's Legacy in Contemporary International Relations

1. Introduction

Andre Gunder Frank had more than a passing interest in the study of International Relations. He was a member of the International Studies Association as well as the British International Studies Association, and attended their annual conventions regularly. That Frank maintained throughout his life close association with the field of International Relations should come as no surprise. Although known primarily for his seminal contribution to development studies, he was interested in the capitalist system as a planetary socio-economic phenomenon and in the role of states in maintaining this system. Yet, Frank was no friend of traditional International Relations. From realism, to constructivism to so-called post-structuralism, he was a vocal critique of those theories that sought to reduce the field of International Relations to the study of the relationship between states.

Considering that Frank was a prolific writer, and most of his writing is concerned with issues that could be classified under the international studies heading, a comprehensive and systematic treatment of his contribution to International Relations scholarship is beyond the scope of an article of this size. I would like, therefore, to return to his seminal work on underdevelopment and ask whether it had any lasting impact on contemporary theories of international relations. The argument I put forward is controversial – not least, I believe, it would not have been approved by Frank himself. My argument is that dependency theorists generally, and Frank specifically, had a lasting contribution to International Relations because more than any other approach, they have instigated a process that has led to questioning the very meaning of “international relation”. Frank demonstrated persuasively that the division of the world into sovereign nation-states is not necessarily the most important factor in the study of International Relations. Frank not only sought to combine a theory of capitalism, as a general theory of exploitation, with a theory of the state system, but he added crucially, a third element to the mix, the geo-economic factors that sustain, he argued, a world wide system of exploitation. Contemporary International Relations, particularly in the shape of the sub-field of International Political Economy, radicalises Frank’s ideas and develop a novel geo-economic conceptualisation of the relationship between capitalism and the state system.

2. Theoretical Spaces

Notwithstanding debates in the philosophy of the social sciences, most scholars tend to assume that academic disciplines arise in response to some pre-existing reference point that provides a natural boundary of their discipline. Sociology, for example, is viewed as the study of society, or social order; political science is the study of political society or the state, psychology is the study of the subject and the mind. International Relations is considered by the same token to be the study of relationship between states. This naturalising attitude is typical of Anglo-Saxon positivism. As Guy Oakes notes: “On this view, all science is concerned with the explanation of data, the status of which may be regarded as unproblematic and given. Thus the only interesting and important methodological issue is the question of the conditions that must be satisfied by the explanation of these data” (Oakes 1988: 25).

In opposition to this, “common sense” positivism, the hermeneutics traditions considers the historical constitution of the spatio-temporal given as one of the key theoretical (and ideological) underpinnings of a world-view. A discipline, it argues, must be self-reflective and enquire about the origins of the very terms it uses. For a good example of such hermeneutic treatment of the spatio-temporal reference point treated normally as a natural reality, it is worth dwelling briefly on Martin Heiddeger’s brilliant essay on the emergence of modernity, a process that he identifies closely with Newton’s theories. For Heidegger, the key to the Newtonian revolution was the introduction of the concept of "every body" – a truly momentous epistemological break, as he demonstrates, in Western thought: "Newton axiom being with 'every body'. That means the distinction between earthly and celestial bodies has become obsolete. The universe is no longer divided into two well-separated realms [...] all natural bodies are essentially of the same kind" (Heidegger 1993: 286).

The key to Newton's theory, then, was a theoretical proposition, an axiom that could not be proven this way or that, which removed the conventional distinction between the heavenly and earthly bodies, placing all of them on one homogenous spatio-temporal plane. The results are that "[T]he distinguishing of certain places also disappears. Each body can in principle be in any place. The concept of place itself is changed; place no longer is where the body belongs according to its inner nature, but only a position in relation to other positions" (Heidegger 1993: 286). The Newtonian epistemological break constituted nature "now [as] the realm of the uniform space-time context of motion" (Heidegger 1993: 292). This proposition, in turn, opened new avenues for the investigation of movement and place.

Now, if the very uniformity of nature is founded on theoretical propositions, the same must apply *ipso facto* to secondary theoretical spaces such as the realm that constitutes what we call, International Relations. And indeed, it is not difficult to discern the theoretical assumptions that constitute the reference point that make up modern International Relations. Why, after all, the discipline is called, "Inter-national relations"? And not, say, "inter-state" or "global" relations? The nationalist terminology was not introduced, as often thought, in a fit of absent-mindedness. On the contrary, it reflects a development in thought which occurred in specific historical circumstances which became evident towards the end of the eighteen century, and which gave rise to the believe that nations are the 'real' actors in international affairs (Mairet 1997). The French revolutionary armies, which appealed to national sentiments, proved the most powerful force in European history, persuading social philosophers such as Hegel and Fichte in the reality of the nation as a force in human history (Palan/Blair: 1993). Conventional International Relations is founded, therefore, on the belief that nations and people, organised as states, are the historical entities that make up the fabric of international affairs.

It is worth noting that modernisation theory which has dominated development thinking prior to the rise of dependency theory, arose precisely within the same nationalist epistemology. Ignoring largely the historical circumstances that gave rise to the so-called developing states, modernisation theory takes the view that development is fundamentally the private affair of each nation constituted as state. In a typical nationalist sentiment it assigns an important role to government in the construction of a nation and national spirit in the new post-colonial era. It also takes the view that parliamentary democracy is the best method for ensuring that the "sovereign people" – a new construction that can as well be traced back to the French revolution – manage to rule themselves. Modernisation theory perpetrates, therefore, the myth that the world is naturally divided among people, or nation-states.

3. The Capitalist World Economy

In order to debate the policy prescriptions of modernisation theory, dependency theorists had to question therefore not only its prognosis and suggestions, but more importantly, its epistemology, the naturalising reference point that derives from the nationalist perspective on which it was founded. Dependency theorists had to re-imagine, in other words, the very space that is called International Relations to be able to conceptualise an alternative to modernisation theory. Alain Lipietz understood very well this epistemological shift when he notes in *Mirages and Miracles* (1987) that the unique contribution of Cardoso was to demonstrate that: "[T]here is no metaphysical distinction between internal and external conditions. In other words, the dynamic of dependent countries is one particular aspect of the more general dynamic of the capitalist world" (Lipietz 1987: 18). The use of the term "metaphysical distinction" by Lipietz is entirely apt in this case. Lipietz alludes to the metaphysics which underpins the nationalist perspective, the idea that nations are naturally constituted spiritual entities – and hence that the world is divided most naturally into nations. Once a particular metaphysics is questioned, another one replaces it, again alluded to by Lipietz as the "general dynamic of the capitalist world". Indeed, we need to appreciate that the idea of a unified capitalist world is also a theoretical construction, metaphysics if you like – which is at the heart of the legacy of dependency theory to International Relations.

It may be argued with some justification that dependency theory was not the originator of the epistemological shift that gave rise to this critique. Marxism certainly contained the seeds of a holistic view of a capitalist world economy. Furthermore, a "nationalist" perspective on international affairs, which may have appeared "natural" to Europeans in the late eighteenth century, was less likely to persuade Latin American writers, where the notion of an Argentine or Brazilian nation is far more difficult to uphold. Nevertheless, it is worth remembering that prior to dependency theory, the dominant Marxist tradition in International Relations was an odd synthesis of nationalism with class theory. The idea was that each state is dominated by a certain ruling class, and international relations is an expression of inter-ruling class relations.

This odd synthesis between nationalism and Marxism was questioned elsewhere as well. Bertrand Gross, for instance, captures the problem well when describes the "peculiarities" of the US "imperium": "If this be empire, it is very different from [...]any previous empire [...]. What has often happened, is that the local capitalists have supplanted the old land-owning oligarchies in trying to co-operate with, rather than break with, foreign capital. Instead of 'ugly Americans' and Europeans meddling in their affairs, many Third World regimes are increasingly manned by Americanised Brazilians, Anglicised Indians and Nigerians, and Westernised Saudi Arabians and Egyptians [...]. In fact, external controls are now internalised in domestic institutions, and the new infrastructure may be more powerful than any previous colonial apparatus" (Gross 1980: 37). Gross is at pains to show that things are not what they seem: that a nationalist perspective on the world can be very misleading; Brazilians are not necessarily Brazilians; Indians and Nigerians are better understood in terms of class positions and not their national affiliation or citizenship. It is this gap; the awareness that national affiliation or citizenship does not necessarily provide guidance to politics, which attracted the attention of dependency theorists.

But if the world is not divided naturally into nations, if nations (and states) are historical constructs, as many believe, and the nature of boundaries between societies is also changing, are there any universal characteristics of an international system? In his classic *Capitalism and Underdevelopment in Latin America* (1967), Andre Gunder Frank puts forward precisely such spatio-temporal universals: "Metropolitan centre peripheral satellite relationships, like the process of surplus expropriation/app¬ropriation, run through the entire world capitalist system in chain ¬like fashion from its uppermost metropolitan world centre, through each of the various national, regional, local and enterprise centres" (Frank 1967: 10). This is a powerful vision! In fact, a new metaphysics capable of sustaining, at least in principle, altogether a different theory of International Relations. Frank's metaphysics contains two important propositions. First, he radicalises the anti-nationalist trend in international relations scholarship and proposes in its place a geo-economic theory of equivalence of the processes of accumulation, the latter understood in fairly conventional Marxists terms as process of expropriation/appropriation. In Frank's depiction the processes of exploitation/appropriation in the economy produce a geographical equivalence in the form of the centre and periphery chain-like pattern of relationships. So that capitalist exploitation is replicated in these centre-peripheral satellite relationships. Exploitation and accumulation generates, in other words, an institutional matrix that sustain a geography of exploitation.

This parallel geography serves, then, like a gigantic infrastructure channelling capital from the periphery to the centre, or as it is often depicted, a world-wide process of accumulation – a world system if you like. Superficially, evidence to this "accumulation process" abounds – although Frank's metaphysics renders the argument a tautology. For as long as there are differences in wealth between regions and states, the spatio-temporal depiction of a world as chains of centres and peripheries relations can lead the reader to no other conclusion but that they are expressions of a globally-spanning process of accumulation. By the same token, since the two parallel worlds are of equivalent architecture, the worldwide system of exploitation appears extremely powerful and robust. For, in addition, to the centrality of accumulation and centralisation of power – it produces an equivalent geo-political institutional matrix that maintains and sustains it. Second, in Frank's original formulation, the centre-peripheral satellite relationships run through the entire capitalist system in chain-like fashion – meaning, exploitation is a worldwide process. Although Frank is associated with the theory of "underdevelopment", the gist of his argument is that there are no fundamental differences between centre and periphery; they are both subjects of the same type of forces and dynamics that make up the capitalist system. The implications of his theory are that only if we take a global perspective on accumulation we are able to capture the basic dynamics of the system. He depicts the entire world capitalist economy as consisting of a hierarchical unilinear power structure replicated again and again to build up into a planetary system of exploitation.

But this "molecular" image of global power raises a number of questions: First, are the centre-peripheral satellite relationships the only universals in this system? Are there any counter-veiling or any other forces that should have been taken into consideration? Second, are these, indeed, universals? Can we say that capitalism always establishes such chain-like links? What, in fact, is the role of the state in this configuration? And perhaps most importantly, does the theory of expropriation/accumulation hold water?

Frank never addresses any of these issues in a satisfactory manner. Lipietz has already pointed out that the universals in Frank theory are not universals at all. Dependency theory, he feels, took the example of the world wide division of labour that emerged in the 1930s and survived until the 1970s, whereby "third world" countries exported raw materials and foodstuff in exchange for manufactured goods, and assumed it was a universal characteristics of the capitalist world economy – which it was not. There is a considerable body of evidence to suggest that things have changed dramatically since the 1980s. Why is that?

4. Theories of Capital and the World Capitalist System

Frank's notion of expropriation/app¬ropriation derives from one particular, rather literal interpretation of the labour theory of value as expressed by Marx in *Capital Volume One*. The labour theory of value presents the accumulation process as a mechanical process of extraction. The implication of Frank's theory is that the extraction that takes place in "production" is replicated in a parallel world called "circulation" whereby exchange-value is obtained. According to this view, the capitalist system is not fundamentally different from say, the feudal system. The feudal system was founded on the principles of direct expropriation, whereby bonded labour either worked so many days in the year on the landlord's land, in his mines or factories, or alternatively gave the landlord a portion of its crop. Thus, the lord was able to avoid engaging in manual labour because he expropriated effectively a portion of the labour time of his dependants. The seignieur's wealth was founded, therefore, on the "extraction" and "accumulation" of so many hours and days of labour time of his dependants, passing on certain portion of the "extracted" labour in the form of goods and services to the next lord in the feudal chain. The feudal system of lord/vassal interpersonal relation could be described, therefore, as a pyramidal structure of expropriation and accumulation on a European scale. A whole cosmology, or what Marxists call, ideology, evolved to explain why this system is good and just and, in fact, represents nothing less than God's will on earth.

Marxist theory suggests that a new mode of expropriation represented by capitalism replaces feudalism and operates more cunningly through the money economy. In Marx' words, the wealth of societies in which the capitalist mode of production prevails appears as an "immense collection of commodities" (Marx 1970: 125). But this is only an appearance, if we "disregard the use value of commodity", he reckons, "only one property remains, that of being products of labour" (Marx 1970: 128). So that "[a]s exchange value, all commodities are merely definite quantities of congealed labour time" (Marx 1970: 130) and "the total labour power of society, which is manifest in the values of the world of commodities, counts here as one homogenous mass of human labour power, although composed of innumerable individual units of labour power" (Marx 1970: 129). Since the entire capitalist world economy amounts to an accumulation of definite quantities of congealed labour-time, it follows that the wealth and resources in the "centre", compared with the poverty in the "periphery", could possibly mean only that the centre has managed somehow to accumulate more "congealed labour time" than its due. This means, in turn that the centre manages to "extract" congealed labour time from the periphery. Frank's theory of the development of underdevelopment provides a lively illustration of the mechanism by which this might happen. He notes, in effect, that just as the feudal pyramid-shaped political economy extracted and accumulated congealed labour time and transferred it to the top of the feudal pyramid of Christendom: so the capitalist world economy is a pyramidal-shaped system, consisting of a series or a chain of centres and peripheries relationships. Since the whole process is profit motivated, and profit is purely a money-value, the world of "circulation" unfortunately requires the mechanical process of extraction.

The labour theory of value is a product of classical economics, and it produced in a dialectical fashion its own alternative, Marxism. The latter considers itself a critique of (classical) political economy. But neo-classical economics was the product of different circumstances that called for a different understanding of capital, and again, in a typical dialectical fashion, it also gave rise to its own critique in the shape of the evolutionary economics of Thorstein Veblen and John R. Commons. The argument of the latter is simple but compelling: capitalism never really "matures", and capital itself undergoes profound changes from time to time. Whereby the labour theory of value may have provided an appropriate approximation of the processes of capital formation during a certain period, Veblen believed the period might not have been the nineteenth century as Marx thought, but the eighteenth century craft economy. By the late nineteenth century, capitalism has undergone another one of those profound transformations, which resulted in capital becoming primarily, *but not exclusively*, anticipated future earnings.

The relevant context to the transformation of capitalism in the late nineteenth century appears to be changes associated with two sets of interrelated developments. First, it was the advent of the new type of corporation capable of mobilising huge resources at great distances (Chandler 1990). The new corporations spearheaded a transformation of the economy towards a system standardisation, mass production, industrial research, and scientific management. The second, less discussed aspect of the transformation, was an important development in the legal status of contractual relationships and private property in the U.S. As demonstrated by John Commons, following the business practice, the U.S. Courts have began to accept towards the end of the nineteenth century the principle of "intangible property" (Commons [1924]1959). The concept of intangible property supplements the traditional corporeal concept of property – ownership of things, and incorporeal concept of property – ownership of debts, securities and so on. Here ownership is of intangible values such as "goodwill", "brand", "knowledge" or even "leadership".

The concept of intangible property assigns pecuniary value not only to intangibles such as trademark and patents, but also to concepts such as "goodwill". "Goodwill" is a nebulous concept: when Michael Jordan lends his name to a Nike product, he lends his "good will", something he owns, to the company. Companies who borrow Jordan's "good will" without his permission will be ruthlessly persecuted. There is a value, an "exchange value", as Marxist would call it, to Jordan's "good will" and that value changes over time. When Andrew Carnegie or Bill Gates lends their "business skills" to their respective corporations, US Steel and Microsoft, there is a measurable value attached to their goodwill. The value of such intangible properties is what the market anticipates to be their future profits earning potential (Nitzan 1998). The value of such properties is, therefore, 'subjective' in a sense that it derives purely as a function of potential or anticipated future earnings that may be accrued to the owner. The latter is measured, ultimately, in the ability of business to make business, an ability that in and by itself obtains a pecuniary value. How is this potential for future profits assessed? The critical point is that intangible property is "the kind of property whose value depends upon right of access to a commodity market, a labour market, a money market, and so on" (Commons 1959: 19). The value of 'intangible property' is assessed in terms of the ability of the possessor to exact monopolistic access to any of these markets, whatever the manner the possessor achieves such monopolies. It is the ability to manipulate or "disturb" and "sabotage", as Veblen calls it, any of these markets, which becomes a source of enormous profit. For instance, in today's economy the ability of companies, such as Microsoft, to place their product strategically as the market standard is the principal source of their profits. Brand name, advertisement, corporate alliances, formal and informal "deals", government regulations, etc., are all typical methods for obtaining such monopolistic access. Once intangibles are recognised in law, capital becomes for all intents and purposes, the anticipation of future profits.

These ideas are reflected (or rather refracted) in the marginalist theory, which, in turn, had important implication to a theory of development. The theory is founded on an implicit assumption that (a) capital is anticipated future earning, and consequently (b) anticipated future earnings must be potentially larger where margins are bigger. Combine the two, the theory is that rather than investing in the centre, capital would naturally be interested in the "periphery" because of the heavier margins there. It is a simple equation: If, for instance, I sell a manufactured product in the "centre" but manage to produce it in the "periphery", where wages are low, I can reward myself with higher margins. That there is something in the theory can be seen very clearly with what may be described as the China effect today. Investors are interested in China primarily because of the potential for future earnings its market provide, and only secondarily, because of anticipated short-term profits due to differential wages.

Neo-classical development economics was faced, therefore, with a puzzle: Why capital fails to grasp the great opportunities for profits in the periphery? The answer of the traditional "hydraulic" model of Frank, Arrighi or Wallerstein was that the failure of development had to do with the fact that as capital "invests" in the periphery, at the same time it "extracts" and shifts capital from the "periphery" to the "centre" – so that, paradoxically, greater investment in the periphery results in greater decline. The reason is that as a product of an extraction process, and as an aggregation of commodities in the form of a huge heap of congealed labour-time, there must be "so much capital in the world". If there is more capital in one place, it stands to reason that there is less in another. If capital now pours into China, then it must leave a certain vacuum in the centre. The centre surely would not be happy about its emerging capital deficit and will defend its position in the world. (Indeed, the mere fact that so many people believe in this scenario, in and by itself may lead to an entirely unnecessary but bloody conflict.)

But the theory of development of underdevelopment is no answer to the marginalists. It fails to take account of the mutation of capital and the impacts of intangible properties on capital formation. If capital had become primarily anticipated earnings, then the key issues for development are not how to 'steal' the centre's heap of congealed labour time, but how to ensure the growth of capital through new channels of anticipated future earnings in the periphery. The world credit market is not a closed hydraulic system whereby flow of capital from one place to another generates deficit investment. It is not a case of capital shifting from one place to another, as much as about the creation of capital. In this theory differentials are not so much a hindrance, but a potential source of dynamism and change.

The marginalist answer to the puzzle of underdevelopment consists, therefore, of two components. First, global development is hampered by the lack of real global markets, particularly efficient and open credit market, allocating resources globally. The answer to the lack of development is market integration and market openness. Second, as a global financial market, the so-called Euromarket was established already by the early 1960s, and as trade barriers declined in the 1980s, the marginalists argue that the problem of development has to do with a lack of stable and supportive political and legal infrastructure in the periphery. Hence, the formulation of the so-called Washington consensus, leading eventually to the debate on governance and quality of the state in developing countries.

5. The Evolutionary Answer

Marx stresses on a number of occasions the importance of the national debt to the growth of capitalism. But he was unaware, as John Commons was, of how the future shapes the present. Arguably this is not due to some failing on the part of Marx, but because the system of capital formation as anticipated earnings was still far too rudimentary in his time. In contrast to Marx who sees wealth as an apparent heap of commodities, Veblen notes that in modern times: "Men count their wealth as money-values. So much so that by settled habit, induced by long and close application to the pursuit of net gain in terms of price, men have come to the conviction that money-values are more real and substantial than any of the material facts in this transitory world" (Veblen 1932: 88). Wealth, in other words, no longer necessarily an "immense collection of commodities", modern "capital accumulation" is expressed in pecuniary value, while the actually accumulated commodities (factors of production, manufactured goods, etc.) can turn within five to six years cycle into junk, rather costly to get rid of (Nitzan 1998). This is not to mean that capital growth is purely abstract. Indeed, the somewhat rosy picture painted by the marginalists is pretty much far from the reality on the ground once we probe deeper into the nature of anticipated earnings.

First, we need to bear in mind that labour, as a factor of production and as consumer, plays a critical role in the modern processes of capital "accumulation". To begin with, the cost of labour, or rather, anticipated labour costs are an important component in the calculation of anticipated earnings of any enterprise. As states now play an important role in development, both in the centre and in the periphery, they intervene directly and comprehensively in labour markets. True, intervention is by no means aimed always at reducing labour cost, but traditional class struggle has not been superseded. I am not the first to note that while the markets for goods, services and capital markets are increasingly open, labour markets are not. The continuing salience of a state system serves, therefore, to ensure differentials labour costs between different territories. Differentials are supported by an appeal to nationalism and patriotism, but they are sustained not only, as dependency theorists believed, in order to maintain the wealth of the centre as opposed to the poverty of the periphery, but to maintain profit margins in both – so that diverging wage structures and regulations offer business a real "stick", so to speak, to wave with and threaten both states and labour. How often do we hear that unless labour laws and/or taxation are relaxed, business is likely to relocate to cheaper and more welcoming locations? This means, however, that Frank's basic model was correct on at least two counts. First, there is no fundamental difference between the centre and periphery; they are both part of the same system and are subject to similar types of dynamics. Second, his intuition about the role of politics and vested interests should not be ignored – there are powerful vested interests that gain from the differentials in development between countries – and that is something that marginalists conveniently forget.

Second, anticipated earnings is founded on some sort of rough approximation of the market realisation of goods and services – and that market is more static than the financial market. There can be difficulties of synchronisation between the potential growth in consumption and the market's anticipation of future earnings and hence capital cannot simply grow on future optimism forever. That is why the "rise of China", for instance, may spell problems to its neighbours; the world market, after all, can sustain only so many manufacturers of toys and shoes. Growing competition due to so-called "overcapacity" in production and manufacturing, which results from miscalculation in anticipated earnings, leads to revised anticipated earnings. For Veblen the concept of "overcapacity" is a business concept, it has only meaning in terms of realisation of pecuniary value (Veblen 1932). Nitzan and Bichler (1996) point to the importance of the last wave of merger and acquisition during the era of "globalisation" as evidence to the same rationale. Business (in the Veblenian meaning of the word) is not concerned with growth but with anticipated earnings, and there is a powerful tendency to try and control markets to ensure profit margins. Merger and acquisition which is, therefore, an expression and manifestation of one of the "sabotaging" techniques exercised by business aimed at ensuring that the rose-tinted picture painted by the marginalist is misleading: even if all countries in the world "put their house in order", they are unlikely to attract capital as promised. There is no, nor is there likely to be, a competitive, open and efficient global market. Business makes certain of that.

6. The New Theory of Capital and the State

All this suggests that the state plays an important role in development. But not the role, I am afraid, anticipated by Frank. The state is often treated by dependency theorists as if it was purely an instrument in the hands of the dominant classes. Instrumental state theory has great difficulties explaining some of the most significant events of the past years. For example, as far as I can tell, dependency theorists have never predicted that countries such as

Luxembourg, Ireland, Bermuda or the Cayman Islands would occupy some of the highest positions in the world's ranking of GDP per capita. Yet, each of these states achieved its lofty position by employing its sovereign right to write law, to create a successful offshore economy (Palan 2003). It may be argued with some justification that these are specifically small states and of no great interest or value to the theory of development. The question is, however, how come some states have managed to develop whole new sectors in the economy? How come states that are supposedly ruled by certain alliances of vested interests managed to dream up new sectors from which the existing vested interests do not necessarily benefit? How countries such as Ireland hit upon a new idea and transform themselves into tax havens?

There is an issue that dependency theory has to answer for both with regards to the theory of the state and the theory of capital. As long as we assume that capital is attached to economic sectors, that there are differences between industrial, commercial and financial capital, we will have great difficulties explaining policy innovation. But if capital, or business, is not attached to a particular sector, but is concerned with profit and pecuniary value, than we can allow for the possibility that the "ruling classes" may turn up to be far more agile and versatile than we have anticipated. The absentee owners of 'industrial' corporations are not attracted to a particular sector and there is no particular reason for us to believe that the state they dominate would be attached to some industrial sectors as well. States dominated by business interests and business value is beginning to make them behave like business. In a system of pecuniary value, it may be the case, therefore, that the State perpetuates vested interests not necessarily by sustaining existing patterns of exploitation, but by devising new schemes. It is entirely feasible that the State perpetuates vested interest by innovating in the realm of policy. There seems to be a good measure of evidence for the proposition. In the realm of International Political Economy, the argument about dependency has been replaced by the theory of the Competition State. The idea is that states are increasingly concerned with market competition and market share (Cerny 1991; Strange 1994).

7. Conclusion

The new theories suggest that not only are there no metaphysical distinctions between societies, but holistic theories of the capitalist world economy yield a very different picture from the one presented by Frank. The world as viewed from a business perspective consists of different states that are experienced as “bundles” of regulation, taxation and institutional and political variations. Business, particularly large business, takes advantage of a differentiated world by typically re-allocating production, manufacturing, research, financing, managerial and marketing tasks to different locales. So that, for instance, many of the financial and managerial tasks, such as international lending, bond issuing, self-insurance, holding companies, are placed nowadays in tax havens. The supposedly national character and cultural variations among societies is viewed from a business perspective as simply another opportunity for profit making, as business tries and makes itself appear both global and yet local, and adapts its product and services to cultural variations. Business encounters, therefore, a differentiated world and variations are viewed as opportunities for extracting pecuniary value. States are responding, in turn, by devising strategies for attracting capital to their territory, in other words, like business, they too seek to accentuate the differential advantages and provide business with opportunities for profit making.

This is not a world, I am afraid, that can be reduced to a centre-periphery chain-like relationship of extraction and exploitation; the great dependency scheme of things, which divided the world into core areas surrounded by a vast periphery and buffered by a vulnerable semi-periphery simply does not hold anymore. On the contrary, the dependency model can be seen from today’s vantage point as representing a transitory moment in the development of global capitalism – but as global capitalism deepened its hold, it generated differentiated outcomes exploding the very myth of a “Third World”. We should acknowledge, nonetheless, that our ability to ’see’ the world in these terms is a product, to a certain extent, of the important theoretical work instigated by dependency theory. Once dependency theory questioned in a profound manner the nationalist perspective of world politics, and once it raised the issue of the geo-economics of exploitation, a space was created in which other scholars began to explore the empirical reality of statehood in a context of globalising capitalism.

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Abstracts

Der Artikel geht dem Vermächtnis von Andre Gunder Franks Werk im Feld der internationalen Beziehungen nach. Frank entwickelte eine Theorie des kapitalistischen Systems als weltumspannendes Ausbeutungssystem, das auf den Beziehungen zwischen Zentrum und peripheren Satelliten beruht. Ausbeutung und Akkumulation schaffen demnach eine „parallele Geographie", die als mächtige Infrastruktur betrachtet werden kann und die Kapital von den Peripherien in die Zentren kanalisiert. Der Autor diskutiert zentrale – in Franks Denken als universell geltende – Merkmale des kapitalistischen Weltsystems und gelangt zum Schluss, dass seine Theorie nicht in der Lage war, wichtige Veränderungen im Wesen des Kapitals zu erfassen. Zeitgenössische Theorien im Feld der Internationalen Politischen Ökonomie haben, Franks Ansätze zuspitzend, ein neues geoökonomisches Konzept entwickelt. Diese Beiträge zeigen, dass das Zentrum-Peripherie-Modell ein Übergangsphänomen in der Entwicklung des globalen Kapitalismus darstellt.

The article explores the legacy of Andre Gunder Frank in International Relations. Frank developed a theory of the entire capitalist system as a planetary wide system of exploitation replicating centre-peripheral satellite relationships. Exploitation and accumulation generate a parallel geography that serves like a gigantic infrastructure channelling capital from the periphery to the centre. The author discusses some characteristics of the capitalist world economy assumed as universals and arrives at the conclusion that Frank's theory, however, failed to take count of important changes in the nature of capital as anticipated future earning. Contemporary International Relations, particularly in the sub-field of International Political Economy, have radicalised Frank's ideas. Contemporary International Political Economy has developed a novel geo-economic conceptualisation demonstrating that the core-periphery schema of relationship was a transitory moment in the development of global capitalism.

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