

A.G. Frank, Dependency Theory *and* Canadian Capitalism

by GREGORY ALBO

The theory of dependency that formed in the 1960s played a more crucial role than any other conceptual framework in developing a critique of the world market supportive of liberation and anti-capitalist movements in Africa and Latin America. The general theme of dependency theory can be captured by the idea (first stated by Paul Baran in the late 1950s) that the economic surplus generated in post-colonial societies is appropriated by foreign interests and domestic elites in a way that reinforces a pattern of economic backwardness. In its starkest formulation, development in the North and underdevelopment of the South are not opposites, but a common process.

ACADEMIC VAGABOND

Andre Gunder Frank, who was born in 1929 in Germany and passed away in May of this year, was one dependency theory's foremost proponents. Frank did much to develop and translate the radical *dependencia* analysis being developed in Latin America through the 1960s to a wider audience, particularly in the English-speaking world. This was of no small irony. The argument of dependency theory was that capitalist markets produce inherent structural inequalities. But Frank had completed his doctoral work in economics at the University of Chicago, working with Milton Friedman and others who championed above all else the thesis that capitalist markets are self-regulating, produce maximum economic efficiency and provide the most fertile ground for democracy. The irony turned into dark tragedy when Frank and his wife, Marta Fuentes, had to escape from Chile in 1973 with the overthrow of the democratic government of Salvador Allende, to whom Frank was both friend and advisor. With the dictatorship of General Augusto Pinochet, the "Chicago Boys," including Frank's former teachers, also came in to begin the first radical experiments in neoliberal austerity.

Blocked in this period from re-entering the U.S. for his political views (although raised in the U.S. since 1941, after his family fled the Nazis), Frank became an academic vagabond, with fleeting appointments in Britain, Mexico, Germany, the Netherlands and many other places. In some ways, this was a perfect match for his personal iconoclasm and for being a key contributor to "world-systems theory," along with Immanuel Wallerstein, Samir Amin and Giovanni Arrighi. World-systems theory became well known, of course, for its contention that the capitalist market must be conceived as a whole on a world scale, and for its pessimism that any nation-based developmentalism dependent on global exchange could be successful.

Frank's writings, in particular, emphasized how the powerful metropolitan countries of Europe and North America that came to dominate the world market imposed export-oriented capitalist development in basic commodity production. Such a place in the world system actively produced underdevelopment in satellite countries. The former colonial economies in Africa, Latin America and elsewhere were explicitly created for cheap export production back to the centre. Imbalanced development for these countries persisted from declining terms of trade in primary commodities, debt burdens, bankrupt *comprador* elites and liberal economic policies enforced by international economic institutions. These themes cut across Frank's most significant books: *Capitalism and Underdevelopment in Latin America* (1969); *Latin America: Underdevelopment or Revolution* (1970); *World Accumulation, 1492-1789* (1978); and *Crisis in the World Economy* (1980). These texts still bear reading for their ferocity of argument against mainstream development theory that dominates policy-making even today.

GUNDER FRANK AND CANADA

Dependency theory (and Frank himself, with his frequent visits to Canada, his teaching post in Montreal in the late 1960s and his long stay in Toronto later in his life) came to play a not-insignificant role in Canada, and Quebec, as well. Indeed, dependency theory provided a key theoretical orientation to the "left-nationalist" politics that formed the 1970s Waffle Movement in Canada, and the most radical period of the Quebec sovereignty movement.

It was contended that Canadian dependency in the world market produced a truncated industrial structure over-reliant on raw-materials exports at the expense of a developed manufacturing sector, extensive foreign ownership dominating an independent national capitalist class, and the role of political satellite to a dominant U.S. imperial centre. Robert Laxer's *Canada, Ltd.: The Political Economy of Dependency* (1973), Cy Gonick's *Inflation or Depression?* (1975), Wally Clement's, *Continental Corporate Power* (1977) and Pierre Fournier's *The Quebec Establishment* (1978) being some of the best known texts applying aspects of dependency theory to Canada.

By locating Canada clearly in the constraints of the world market, this position rebutted the long-standing Communist Party of Canada position of seeing Canada as an integral national space in which a two-stage transformative project depended initially on an alliance with an extant national capitalist class. It also had the advantage over other stale political formulations that simply treated Canada as a rival imperial centre to the U.S. and European powers, avoiding examination of the precise nature of the Canadian economy, and leaving the Left unarmed programmatically.

FATAL FLAWS

But like Frank's theoretical position in general, dependency theory in Canada had a number of fatal flaws. Conceptually, it located capitalist exploitation in the exchange relations of the world market. What this means is that for Canada, as for Latin America, the dynamics and social inequalities of capitalist development stemmed from a system of surplus transfers from "unfair trade." Yet, it is the social relations of class (and the production of surplus value) formed at the workplace, in the labour market and in particular political communities that determine class struggles and socio-economic outcomes. The same economic patterns of resource-led development, international trade and capital flows can produce quite distinct development outcomes in Latin America and Canada. National class structures and strategies are obviously more crucial to determining long-run economic growth and national development trajectories than dependency theory allowed.

Similarly, dependency theory identified the lack of a domestic entrepreneurial class to turn economic surpluses into investments in a competitive manufacturing sector as a critical blockage sustaining distorted industrialization. The failings of the national bourgeois-

sie to compete on the world market made the case for both an anti-imperialist politics and a strategy of remaking — and even de-linking countries from — the international trading system. The organizational, economic and political capacities that this entailed, given the complexities of the world market, made this a demanding proposition. Indeed, this led some — as in the pages of *Canadian Dimension* — to insist upon the necessity of a rupture with capitalism on the basis that there was no section of Canadian capital that did not see its future as tied to the American Empire.

Perhaps, however, dependency political strategy veered more often toward using the state to build a competitive industrial sector through an alliance of "progressive forces" with domestic capitalist classes (an alliance position of "progressive competitiveness" politically held by the NDP and liberal nationalists in Canada to this day, and re-gaining particular resonance with the current Martin-Layton *entente* in Parliament). Critiques of this position were best expressed in Canada by William Carroll, as seen in his important recent book, *Corporate Power in a Globalizing World* (2004), and in the writings of Leo Panitch in his edited collection on the Canadian State (1977), and in essays by Panitch and David McNally in *Studies in Political Economy* (Number 6, 1981).

The dependency theory that Gunder Frank helped develop, and toward which many turned in the examination of the particularities of Canadian capitalism, did much to cut through the cant of the liberal modernization theories of development. Apart from neoliberals, no one today would dare say that capitalism will inevitably foster economic development or democratic independence.

These theories still have much to offer in the way of critique of contemporary neoliberal globalization. It should be no surprise that many dependency theorists have been at the centre of anti-globalization resistance, both in Canada and beyond. But an adequate theory of the class dynamics of capitalism and the forces of imperialism shaping the inequalities of the world market has had to move beyond dependency theory. So, too, have the political strategies for re-forming a viable socialist politics and a program for democratic sovereignty in today's complex world order. ■

GREGORY ALBO teaches political economy at York University. He is a member of CD's Editorial Collective.

TONY CLARKE is the director of the Polaris Institute in Ottawa, which actively works with civil society groups and social movements in other countries on global trade issues through the Our World Is Not For Sale network.

DOUG CUTHAND writes weekly columns for the *Saskatoon Star Phoenix* and the *Regina Leader-Post*, where his article in this issue was originally published.



YVES ENGLER is the author of two recently released books: *Canada in Haiti: Waging War on the Poor Majority* and *Playing Left Wing and From Rink Rat to Student Radical*. Both books are published by RED/Fernwood.



JESSICA KOROSCIL is a recent grad from the University of Manitoba, Fine Arts Honors program. She currently divides her time between *The Manitoban* (student newspaper at the U of M), GOSA (gallery of student art at the U of M) and some freelance illustration work. Born and raised in Brandon, Manitoba, she now calls Winnipeg her home.



PETER KULCHYSKI is a member of CD's Editorial Collective and a professor of Native Studies at the University of Manitoba. His newest book, *Like the Sound of a Drum: Aboriginal Cultural Politics in Denendeh and Nunavut*, will appear with the U of M Press in November.



Originally from northern BC, **TYLER ALLAN MCCREARY** is currently studying geography at the University of Saskatchewan, exploring identity formation and shifts in a colonized contemporary Canadian landscape.



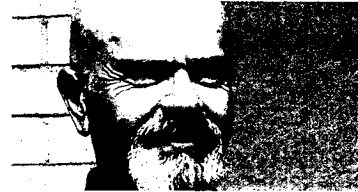
SARAH MEEHAN is a writer, producer and talk-radio host based in Toronto. She maintains an idealistic perspective that should have been annihilated the second she set foot in a newsroom, and is currently working on a book for children.

Winnipeg's **JULIE MOORE** is a journalist student currently studying in Vancouver.

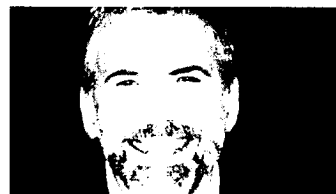
DAVID F. NOBLE is the author of *America by Design, A World Without Women, The Religion of Technology and Digital Diploma Mills*. His most recent book is *Beyond the Promised Land*, published by Between the Lines. A scholar and activist, Noble teaches at York University in Toronto.

CHRISTOPHER PHELPS teaches history at The Ohio State University at Mansfield. He wrote the introduction to a new edition of *The Jungle* (Bedford/St. Martin's), which includes the report of the two inspectors President Theodore Roosevelt sent to Chicago to investigate author Upton Sinclair's claims. He can be reached at pelps.51@osu.edu.

JOE ROBERTS taught political science in the U.S. for forty years and at the University of Regina from 1966 to 1998. His political convictions were not confined to the classroom. Like Jack Warnock he still practices critical engagement with the capitalist order near and far.



After receiving a master's degree in economics from Simon Fraser University, **SID SHNIAD** became research director at the Telecommunications Workers Union, where he has worked since 1980. Active in a number of political and social causes, including StopWar.ca, the Lower Mainland's anti-war coalition, Sid is a founding member of the Trade Union Committee for Justice in the Middle East (TUCJME).



BARRIE ZWICKER is a journalist and political activist. He was director of the five-day International Citizens' Inquiry Into 9/11, held at the University of Toronto in May, 2004.