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CONCLUSION

Preparing for future analysis

Patrick Manning

In the aftermath of World War II, three groups of economic analysts competed for intellectual and political space. The first group consisted of “neoclassical-neoliberal analysts,” who focused on the leading sectors of wealthy countries and conducted their analyses in terms of formal economic theory. Second was the group of “socialist-world analysts,” based in the Soviet Union and its allies, who analyzed through eclectic central planning to build a system expected to expand by maintaining both efficiency and equity. The third school of thought may be called “world-economy analysts” — they analyzed in terms of a wider and more complex framework and offered critiques of the other two approaches from a position usually marginal to policy-making. This concluding chapter offers brief comments on the first two and then turns to discussion of the third.

Socialist-world analysis maintained its significance in the overall discourse on the world economy for about thirty years, but then lost its impetus in the 1970s through a mixture of internal weakness and external pressure. Whether the recent initiatives in socialist-led countries of China and Venezuela amount to a renewal of that tradition is a question of interest, but it will be left aside here.

Neoclassical analysis, in contrast, grew spectacularly in influence in the immediate postwar years. Its emphasis on economic growth and modernization gained great influence in those years of rapid growth, the era of Keynesian hegemony. Then from the 1970s came an overlapping neoliberal analysis: its shift to focus on monetary and financial issues gained a welcoming reception in the corporate world. Business schools and their MBA degrees, proliferating from their Ivy League origins, provided the technical and especially ideological training for the business elite worldwide. Rational-choice theories and a belief in the dependable efficacy of unrestricted markets as the best solution to all problems of allocation gained hegemony in this economic marketplace of ideas. Salaries of economists grew steadily, but the earnings of stockbrokers grew even more rapidly. The study of economic history was absorbed into departments of economics as it developed quantitative sophistication, but there it was marginalized as a curiosity.

Despite the upbeat ethos among the neoclassical-neoliberal crowd, periodic economic downturns revealed weaknesses in their understanding. At such moments, Keynesian theorists spoke up to contest the growing neoliberal dominance of the economics profession (Stiglitz 2002, 2010). Theory and ideology became confounded, and leaders in business and economics lost touch with the larger picture. The horrendous financial crash of late 2008 provided a wake-up call, but did not necessarily cause much change in the outlook or actions of those who took a neoliberal approach to the world economy. The purpose here is not to devote much energy to describing or castigating the errors and failures of neoclassical-neoliberal economics and business practices. Nor is this an attempt to argue that there exists a sharp dichotomy or an absence of communication between neoclassical-neoliberal and world-economy approaches. Indeed, there are important examples of the use of standard economic theory by critical economic analysts, and of the recognition of research results in global political economy by standard economists. The field of economic history is important as one of the main areas of interchange between the two approaches (O’Rourke and Williamson 1999).

The focus here is on the world-economy analysts. They formed a much smaller and more diverse group than the neoclassical-neoliberal analysts. Many of these analysts had political sympathies with the socialist-world analysts but their critical interests went beyond defending the existing socialist order. Members of this group were mostly academics, yet these scholars — spread across the continents and across disciplines — found ways to communicate and build on each other’s arguments. As seen within their perspective, the world economy is an immense but worthy topic. It encompasses past and present, the lives of rich and poor, the experiences of every region of the globe, the influences of the natural world as well as human agency, and interactions among these. The tentacles of the world economy are seen to extend to the politics of empires, nations, and localities; to divisions and conflicts by social class, race, and ethnicity; to gendered divisions of labor and decision-making power; and to the psychology of decisions at all levels. Yet even as the world economy encompasses this vast web of factors, it functions through a hierarchy of variables and interactions. That is, for all the topics into which study of the world economy extends, it centers on economic relations: reproduction of the economic order, production of goods and services, exchange, consumption, and economic institutions. Maintaining an appropriate balance among the key variables, the dominant interactions, and the complexity of other significant factors is the task of the analyst of the world economy.

Although the neoclassical-neoliberal approach benefited from substantial resources, the balance of intellectual factions in economic analysis has shifted over the past six decades from admiration to critique of this “standard” framework. World-economy analysis has gained strength through its increasing depth and sophistication and also as it has expanded its spatial and temporal scope. The
specific historical and analytical assertions emerging from world-economy analysis are gaining appreciation outside as well as within the group. The occasional involvement of neoclassical-neoliberal scholars in historical and global analysis and their periodic concern with social and institutional aspects of economic life now resonates with the more systematic work of world-economy analysis in these fields (Austin and Sugihara 2011; Acemoglu et al. 2002; Reinhart and Rogoff 2009; Ferguson 2009).

In the view of world-economy analysts, the “world” is the whole world (rather than some privileged segment of it) – and that includes the historical world as well as the present moment. The framework encompasses great advances in knowledge about topics and sub-systems within it. For instance, the contributions to this volume address a wide-ranging though not necessarily exhaustive sample of those topics and sub-systems. This concluding chapter reviews some of those advances, identifies topics in need of additional study, and offers comments on likely directions and relevant priorities of further work.

Most generally, the approach of world-economy analysis assumes the existence of a global economic system and a historical world economy. Using this approach, scholars have balanced studies of the world economy of today successively against analyses of industrialization, the economic systems of early times, and the early modern era. The work of Frank, Wallerstein, Arrighi, Amin, and Chase-Dunn and Hall has been outstanding in this regard. The emphasis on the overall economic system and its operation includes distinctions between core and periphery, cycles in economic and political variables, and transformations over time. The dynamics of core and periphery have now undergone thorough and successful exploration. In addition, analyses have given increasing attention to a range of scales (e.g. from local to global) in topic, space, and time. For each scale, overall analysis requires attention to key variables and key interactions, as well as to the nuances that come from considering the economic system in its full complexity. As Robert Denemark in particular has emphasized, the analysis gives fundamental attention to the accumulation of wealth and resources over the long term – and to its concomitant of growing inequality (sometimes expressed in terms of entropy) (see Chapter 3).

Analysis of the world economy necessarily distinguishes sub-topics and explores their dynamics and interactions. There is no dependable hierarchy into which to set these topical dimensions or sub-systems of the world economy, because of their complex inter-relations. Here, however, is a brief listing of some important sub-topics, working from those that are most strictly economic to those mixed with political, social, cultural, and ecological variables, with notations on how they have been discussed in recent studies including those within the covers of this book. Commerce has been the principal focus of studies in the world economy, for instance in Guder’s (1998) ReOrient and in the chapters in this volume addressing that study (Chapters 2 and 3). For recent centuries in which data are more precise, it has been possible to link commerce to money and finance. The remarkable continuity of the world’s money system, dominated by silver from the seventeenth century, is under close study. Studies of finance are expanding, and the recent crisis makes clear that much more study is needed of worldwide patterns of finance and investment going far back in time (see Chapters 4–6 and 9). Economic cycles – with both short and long periods – have received recurring attention, though with less definitive results. Of all the transformations, understanding the changing nature of capital and capitalism remains a central task – at the present moment but also for many moments in the past (see Chapter 9).

Systems of production and labor receive varying levels of attention in studies of the world economy. Scholars experimented with the macro-level framework of modes of production for a time, then set it aside. More immediately productive have been studies of individual commodities – textiles, metals, foodstuffs – which reveal the continuities and transformations in inter-regional economic linkages. Technology has not been a major focus in studies of the world economy. Somewhat more attention has been given to the labor system, especially the substantial importance of slavery as well as wage labor, and many other forms of impressments. Studies of consumption have not been central in the macro-level focus on the world economy, but there has been substantial and growing attention to the issue of distribution – within societies and across societies – of income and wealth. Overall, such analysis emphasizes long-term growth and short-term fluctuation in economic inequality (see Chapters 10–13).

In the interpretation of governance in the era of empires, world-economy analysts have moved past Eurocentrism to show the place of Asia, Latin America, and Africa in economic affairs of each period. In the revised view, European hegemony of the nineteenth and twentieth centuries is acknowledged (though set in context); but European economies are shown to have grown later and more rapidly than previously argued. Asian economies, in contrast, are now seen to have grown for many centuries, to have led in production for global trade through the eighteenth century, and to have weakened precipitously in the nineteenth century. And each of these transformations is now explained through interactions rather than through the inherent and enduring qualities of one civilization or another (see Chapters 6, 8, 11, and 12). The history of the economic hegemony of great nations, past and present, is gradually being replaced by the history of a worldwide, interconnected economic system within which leadership is disputed by competing social and political interests (see Chapters 2–4, 6–8, 11, and 12).

Social dimensions of the world economy include social classes, community structures, social movements, commercial and productive institutions, and the recent expansion of interstate and global organizations (see Chapters 5–8 and 12). Migration studies have made clear that diaspora communities have parallel importance but different dynamics from national communities. Anthropological perspectives remain important in analysis of the world economy, by revealing the impact of the changing world economy on families, systems of production, changes in consumption patterns, and decay of ecological systems. The analysis of ecology, widely recognized for its importance in principle, is increasingly gaining attention in practical studies of the world economy (see Chapters 10 and 13).
What is to be the destiny of the world economy? The current wave of economic fluctuations, in the context of immense population growth and successive instances of exhaustion of natural resources, raises the likelihood that big changes in the economic system are at hand. Four alternative scenarios come under consideration in writings on the world economy. First is that future generations may experience more of the same: that is, the possibility that the preceding experience of accumulation with large and small cycles punctuated by hegemonic shifts will continue into the foreseeable future. Frank and Chase-Dunn and Hall have done most to show that an extension of previous system change is a possibility. The second scenario is capitalism: that social movements may seize the initiative and reconstruct the world economy with a dramatic shift toward equality. Chase-Dunn and Hall, along with Amin and Wallerstein, articulate the possibility and the benefits of a transition to socialism. The third scenario is that of a dramatic shift toward inequality, in which a tiny elite expropriates and controls the rest of humanity. Amin labels this as "barbarism": in this volume he poses sharply the alternatives of socialism and barbarism, and makes clear that barbarism – a system of extraordinary and vigorously enforced inequality – is one possible consequence of the present crisis. The fourth scenario is that of chaos – a wholesale transformation or even collapse of the system because of financial, ecological, or other disasters.

Studies at the level of Big History, considering the experience of other species, show that there are precedents for a chaotic sequel to the present crisis. That is, it may be that the destiny of human society and the rest of the biosphere has already been decided by natural forces.

No unified theory for the functioning and evolution of the world economy has emerged, but world-economy analysis has developed an increasingly coherent research agenda and a broadly shared approach to the study of economic interactions and transformations. No single factor provides the essential motor of change or the unique threat to human economic welfare. Rather it is the interaction of numerous factors – each with its characteristic dynamics – that sets the trajectory of the world economy.

Where is this work headed? One way to respond to this question is to identify problems in the contemporary economy or in current analysis that are in need of further study. Certainly the recent wave of financialization requires exploration through a historically deep and geographically wide-ranging analysis of money and finance. At the other end of the social scale, labor requires continuing and imaginative study, getting beyond the recent preoccupation with wage labor to include the interplay of household labor, various sorts of forced labor, the substantial informal sector, and the growth of professionalized labor. Studies of ecology, which have advanced dramatically in recent years, need to be linked more closely to the world economy. And the state, which has undergone endless study, is in need of still more study, but now more closely tied to an improved understanding of the world economy.

For both state and civil society, we should assess the importance of policy and ideology in determining the direction of systemic change. Quijano and Beverley, in Chapters 7 and 8, respectively, have shown the importance of ideas in structuring social systems and policy responses.

A more practical and less programmatic way to trace the trajectory of scholarship on the world economy is to read and reread the work of the next generation of scholars, notably as seen in Chapters 10–13 of this volume. These authors contest the neoclassical-neoliberal theories that have previously held sway. They systematically list the complications and details of the situations they investigate, yet insist on big-picture questions and interpretations. Aaboe (Chapter 10) on the dilemmas of resource-exporting economies shows that the analysis has been biased toward focus on state interests. Harris (Chapter 11) shows the economic policy of the Iranian Revolutionary government to have been relatively successful, in effect "following Gunter Frank's advice one decade at a time." Song (Chapter 12) shows, through the case of South Korea, that "national development" depends not simply on national policy but on the momentary conjuncture of the global economic system. Taylor (Chapter 13) on Honduran families traces their migrations and the transformation of their home life and finds implications at once in culture, ecology, and labor. To summarize concisely, Aaboe's analysis linking wide spaces; Harris explores Iranian revolutionary policy and the evolution of Gunter Frank's ideas over three decades of time; Song argues that Korean growth depends on a wide range of issues, both national and global; and Taylor considers the lives of rural Honduran families in several places and from several perspectives. These scholars, and others working within the world-economy framework, show a methodological dexterity and an interpretive breadth that can build on the accomplishments of the past sixty years to advance the understanding of the world economy.

Gunter Frank, in his early work, demonstrated that the economies of Latin American and European regions interacted more deeply than had previously been argued. In his final decade, he was able to document economic dynamics at the planetary level, especially through interactions and shifting roles among Asian and European economies in the eighteenth and nineteenth centuries (see Chapter 2). He thus played a substantial role in the development of the world-economy approach. At the same time, this volume's celebration of Gunter's life, work, and legacy extends logically to the generation of scholars who joined during the 1960s and 1970s in analysis of large-scale economic issues. The giants of critical economic analysis – Frank, Wallerstein, Amin, Arrighi, and quite a few others – had by the end of the 1970s established frameworks for an approach that was to survive and thrive. Indeed, the initial success of their critique of capitalism and colonialism clearly invites comparison with the earlier and somewhat parallel critique by writers who scrutinized worldwide economic issues in the early twentieth century: Hobson (1938), Hilferding (1910), Lenin (1920), Luxemburg (1951), and Schumpeter (1991). But the critical works of the early twentieth century took the form of insightful individual investigations carried out during a two-decade era of imperial collision: these critiques of empire and capitalism focused on the authors' own time and mostly on their home countries.
In contrast, the group that began work in the 1960s and 1970s was able to carry on at length and generate an expanding corpus of investigation. That is, in addition to making a mark on the era of the 1960s and 1970s, Gunder and his colleagues created a tectonic shift in scholarly work. They made a mark for all time by elevating economic analysis beyond regional economic systems to explore a global system and to launch the systematic analysis of its character and evolution. The evolution of their work during long lives meant that, at maturity, they had established the world economy as a comprehensive if not unitary field of study.

From this perspective, there is no doubt that Gunder’s work will go on. His achievements and research questions remain on the agenda for world-economy analysis. Yet how was it that Gunder’s work facilitated this advance? Were there certain key types of analytical insight that advanced thinking about the world economy? Did Gunder’s method of presenting his analysis rely on particular techniques? Were there certain especially prominent effects of Gunder’s work? Here are some suggestions as to the characteristic nature of his approach:

Robert Denemark characterizes Gunder’s analytical approach by listing four main emphases, starting with Gunder’s focus on historical continuity and his investigation of “horizontally integrated macrohistory” (see Chapter 3). Gunder was able to link specific, neglected regions to the understanding of the world economy. He did so most obviously for Latin America early in his career and for East Asia in his later years; in between he made an incisive intervention on the centrality of Central Asia. Second, Denemark emphasizes Gunder’s “inventive empiricism” — he liked theories but preferred facts. Third was the focus in his many commercial studies on “multi-angular multi-linearity” or what Bergesen calls “Frankian triangles” and what Gunder called “location, location, location.” Fourth was Gunder’s emphasis on “entropy,” the presumption of a social entropy parallel to thermodynamic entropy, such that expanding wealth brought poverty and growing order brought disorder (see Chapter 2). In addition to these points one may note Gunder’s attention to multiple economic linkages and long-term cycles. Further, in his two-volume study of 1970s economic crisis, he sought to sketch out a comprehensive analysis of the world economy (Frank 1980, 1981).

Without a doubt, Gunder’s succession of research tactics and strategies provides models for continuing scholarship on the world economy.

In his mode of presentation, Gunder was a phrase-maker. Part of his phrase-making was simply his joy in toying with words; part of it was a determined search to come up with language that would draw attention to key elements of an argument. Not all of his phrases worked. Although Gunder’s research and underlying analysis emphasized complex interactions, in reporting his results Gunder usually tried to boil his complex analyses down to simple points: the development of underdevelopment, the Asia-centered world economy of past and future, and his developing skepticism about the concepts of capitalism and imperialism. In these cases, he was ready to leave nuance aside to convey a major point. Increasingly, Gunder presented his ideas through vigorous debate and reversal of previous positions. Through forceful debate, Gunder’s work facilitated broader discussions.

For instance, his views encouraged the rise of thinking about “dependency” in several areas of cultural studies. Gunder was an explicit ally of popular social movements — most effectively early on in Latin America but continuing to his later years.

What is necessary for prolonging this work is expanded collaboration. For scholars of the present and for future generations, the topic of the world economy appears as an immense set of inter-related historical, regional, and functional sub-systems. There exists a solid platform of data, analysis, and debate on which to base future research. Energetic individual scholars can and surely will define and complete large projects within this framework, yet collaboration has become essential. Academic collaboration functions most basically through pairs and triads of scholars working together to handle issues, either sharing the same range of specializations or dividing their labor between different specialties. More generally, collaboration encourages openness to a range of voices — to researchers and analysts from every corner of the world and from any ideological outlook.

(As a measure of progress along that line, the program of the 2008 conference in Gunder’s memory had seventy-four participants based in fifteen different nations.) Further, collaboration extends to creating institutions for discussion of common issues — such as the Fernand Braudel Center, the Institute for Research on World Systems (IROWS), the Council for the Development of Economic and Social Research in Africa (CODESRIA), and the Global Economic History Network (GEHN). Collaboration among disciplines is gradually expanding, though the social-science disciplines that encompass the study of the world economy have been slower to develop cross-disciplinary and collaborative work than either the natural sciences or the humanities and arts.

Gunder’s own approach to collaboration was multifaceted. Most of his publications had a single author. He never was at the heart of a major, collaborative university department. Yet in most of his work, collaboration of one sort or another was central to its design and execution. Perhaps the essential point is that, whether working on his own or in association with others, Gunder had a probing and eclectic individual mind that dug into every corner of the world economic system.

Finally, there is one more important element of world-economy analysis to emphasize, as it has been practiced by Gunder Frank: the need for unsparring critique of the current world economic order. The point is not to be oppositional in principle, but to resist incorporation into the inertial tendency of any big institution to rationalize its current practices and downplay the error, inequity, and oppression that result from its existence and actions. On this point the stakes are surely higher than ever. Samir Amin (see Chapter 5) and Immanuel Wallerstein (at the 2008 conference) expressed forceful views on current and future developments. Other contributions in this volume, in greater or lesser degree, express critique of deficiencies in the world economic order and in policies governing it. Gunder’s widely circulated essays on the world, 2000–2005, provide more of the same. Gunder, who believed only in material change, made a difference in
our understanding of processes in the material world and also in our ideas. His political critique of the looming crisis in financial and monetary affairs—sent off in his last months—centered around one of his favorite metaphors for misdirected leadership, the emperor’s new clothes (Frank 2005).

Notes

1 Among the most skilled and best known of these economists were the Polish economist Oskar Lange and the Soviet economist Evsei Liberman. See Lange and Taylor (1938); Liberman (1962).
2 The term “world-economy analysts” is of my own choosing and does not represent any self-conscious school, and the differences among scholars I have grouped here are significant. Nonetheless, I believe there is some validity to the broad groupings I am sketching here.
3 Milton Friedman also recorded an often re-broadcast 1980 television series, Free to Choose, broadcast by U.S. Public Television.
4 For critique of neoliberalism in theory and policy by authors especially in the United States and Argentina, see Harvey (2005), Firmenich (2004), and Gatti (2004).

References
