# World Capitalist system: A.G. Frank

**Frank argued that a world capitalist system emerged in the 16th century which progressively locked Latin America, Asia and Africa into an unequal and exploitative relationship with the more powerful European nations.**

This world Capitalist system is organised as an interlocking chain: at one end are the wealthy ‘metropolis’ or ‘core’ nations (European nations), and at the other are the undeveloped ‘satellite’ or ‘periphery’ nations. The core nations are able to exploit the peripheral nations because of their superior economic and military power.

From Frank’s dependency perspective, world history from 1500 to the 1960s is best understood as a process whereby wealthier European nations accumulated enormous wealth through extracting natural resources from the developing world, the profits of which paid for their industrialisation and economic and social development, while the developing countries were made destitute in the process.

Writing in the late 1960s, Frank argued that the developed nations had a vested interest in keeping poor countries  in a state of underdevelopment so they could continue to benefit from their economic weakness – desperate countries are prepared to sell raw materials for a cheaper price, and the workers will work for less than people in more economically powerful countries. According to Frank, developed nations actually fear the development of poorer countries because their development threatens the dominance and prosperity of the West.

**Frank identities three main types of neo-colonialism**

Firstly, the terms of trade continue to benefit Western interests. Following colonialism, many of the ex-colonies were dependent for their export earnings on primary products, mostly agricultural cash crops such as Coffee or Tea which have very little value in themselves – It is the processing of those raw materials which adds value to them, and the processing takes place mainly in the West

Second, Frank highlights the increasing dominance of Transnational Corporations in exploiting labour and resources in poor countries – because these companies are globally mobile, they are able to make poor countries compete in a 'race to the bottom' in which they offer lower and lower wages to attract the company, which does not promote development.

Finally, Frank argues that Western aid money is another means whereby rich countries continue to exploit poor countries and keep them dependent on them – aid is, in fact, often in the term of loans, which come with conditions attached, such as requiring that poor countries open up their markets to Western corporations.