

Copyright Notice

Staff and students of this University are reminded that copyright subsists in this extract and the work from which it was taken. This Digital Copy has been made under the terms of a CLA Licence which allows you to:

- Access and download a copy
- Print out a copy

This Digital Copy and any digital or printed copy supplied to or made by you under the terms of this Licence are for use in connection with this module or course of study. You may retain such copies after the end of the course, but strictly for your own personal use.

All copies (including electronic copies) shall include this Copyright Notice and shall be destroyed and/or deleted if and when required by the University.

Except as provided for by copyright law, no further copying, storage or distribution (including by e-mail) is permitted without the consent of the copyright holder.

The author (which term includes artists and other visual creators) has moral rights in the work and neither staff nor students may cause, or permit, the distortion, mutilation or other modification of the work, or any other derogatory treatment of it, which would be prejudicial to the honour or reputation of the author.

Title of extract: **Introduction**

Name of Author: **Nkrumah, K.**

Title/Author of book/edition (if applicable): **Neo-Colonialism: The Last Stage of Imperialism**

Name of Visual Creator or other acknowledgement (if applicable):

Journal details –title/Vol/Year (if applicable):

Publisher: **Heinemann**

Pages scanned: **ix - xx**

Course of Study (Module name and number): **Sustainable Development in an Era of Globalisation? CSPH4028**

Name of Designated Person
authorising scanning: **E.L. Hamis**

Date authorised: 15.11.16.

Moodle/Powerpoint

Introduction

THE neo-colonialism of today represents imperialism in its final and perhaps its most dangerous stage. In the past it was possible to convert a country upon which a neo-colonial regime had been imposed—Egypt in the nineteenth century is an example—into a colonial territory. Today this process is no longer feasible. Old-fashioned colonialism is by no means entirely abolished. It still constitutes an African problem, but it is everywhere on the retreat. Once a territory has become nominally independent it is no longer possible, as it was in the last century, to reverse the process. Existing colonies may linger on, but no new colonies will be created. In place of colonialism as the main instrument of imperialism we have today neo-colonialism.

The essence of neo-colonialism is that the State which is subject to it is, in theory, independent and has all the outward trappings of international sovereignty. In reality its economic system and thus its political policy is directed from outside.

The methods and form of this direction can take various shapes. For example, in an extreme case the troops of the imperial power may garrison the territory of the neo-colonial State and control the government of it. More often, however, neo-colonialist control is exercised through economic or monetary means. The neo-colonial State may be obliged to take the manufactured products of the imperialist power to the exclusion of competing products from elsewhere. Control over

government policy in the neo-colonial State may be secured by payments towards the cost of running the State, by the provision of civil servants in positions where they can dictate policy, and by monetary control over foreign exchange through the imposition of a banking system controlled by the imperial power.

Where neo-colonialism exists the power exercising control is often the State which formerly ruled the territory in question, but this is not necessarily so. For example, in the case of South Vietnam the former imperial power was France, but neo-colonial control of the State has now gone to the United States. It is possible that neo-colonial control may be exercised by a consortium of financial interests which are not specifically identifiable with any particular State. The control of the Congo by great international financial concerns is a case in point.

The result of neo-colonialism is that foreign capital is used for the exploitation rather than for the development of the less developed parts of the world. Investment under neo-colonialism increases rather than decreases the gap between the rich and the poor countries of the world.

The struggle against neo-colonialism is not aimed at excluding the capital of the developed world from operating in less developed countries. It is aimed at preventing the financial power of the developed countries being used in such a way as to impoverish the less developed.

Non-alignment, as practised by Ghana and many other countries, is based on co-operation with all States whether they be capitalist, socialist or have a mixed economy. Such a policy, therefore, involves foreign investment from capitalist countries, but it must be invested in accordance with a national plan drawn up by the government of the non-aligned State with its own interests in mind. The issue is not what return the foreign investor receives on his investments. He may, in fact, do better for himself if he invests in a non-aligned country than if he invests in a neo-colonial one. The question is one of power. A State in the grip of neo-colonialism is not master of its own destiny. It is this factor which makes neo-colonialism such a serious threat to world peace. The growth of nuclear weapons

has made out of date the old-fashioned balance of power which rested upon the ultimate sanction of a major war. Certainty of mutual mass destruction effectively prevents either of the great power blocs from threatening the other with the possibility of a world-wide war, and military conflict has thus become confined to 'limited wars'. For these neo-colonialism is the breeding ground.

Such wars can, of course, take place in countries which are not neo-colonialist controlled. Indeed their object may be to establish in a small but independent country a neo-colonialist regime. The evil of neo-colonialism is that it prevents the formation of those large units which would make impossible 'limited war'. To give one example: if Africa was united, no major power bloc would attempt to subdue it by limited war because from the very nature of limited war, what can be achieved by it is itself limited. It is only where small States exist that it is possible, by landing a few thousand marines or by financing a mercenary force, to secure a decisive result.

The restriction of military action of 'limited wars' is, however, no guarantee of world peace and is likely to be the factor which will ultimately involve the great power blocs in a world war, however much both are determined to avoid it.

Limited war, once embarked upon, achieves a momentum of its own. Of this, the war in South Vietnam is only one example. It escalates despite the desire of the great power blocs to keep it limited. While this particular war may be prevented from leading to a world conflict, the multiplication of similar limited wars can only have one end—world war and the terrible consequences of nuclear conflict.

Neo-colonialism is also the worst form of imperialism. For those who practise it, it means power without responsibility and for those who suffer from it, it means exploitation without redress. In the days of old-fashioned colonialism, the imperial power had at least to explain and justify at home the actions it was taking abroad. In the colony those who served the ruling imperial power could at least look to its protection against any violent move by their opponents. With neo-colonialism neither is the case.

Above all, neo-colonialism, like colonialism before it, postpones the facing of the social issues which will have to be faced by the fully developed sector of the world before the danger of world war can be eliminated or the problem of world poverty resolved.

Neo-colonialism, like colonialism, is an attempt to export the social conflicts of the capitalist countries. The temporary success of this policy can be seen in the ever widening gap between the richer and the poorer nations of the world. But the internal contradictions and conflicts of neo-colonialism make it certain that it cannot endure as a permanent world policy. How it should be brought to an end is a problem that should be studied, above all, by the developed nations of the world, because it is they who will feel the full impact of the ultimate failure. The longer it continues the more certain it is that its inevitable collapse will destroy the social system of which they have made it a foundation.

The reason for its development in the post-war period can be briefly summarised. The problem which faced the wealthy nations of the world at the end of the second world war was the impossibility of returning to the pre-war situation in which there was a great gulf between the few rich and the many poor. Irrespective of what particular political party was in power, the internal pressures in the rich countries of the world were such that no post-war capitalist country could survive unless it became a 'Welfare State'. There might be differences in degree in the extent of the social benefits given to the industrial and agricultural workers, but what was everywhere impossible was a return to the mass unemployment and to the low level of living of the pre-war years.

From the end of the nineteenth century onwards, colonies had been regarded as a source of wealth which could be used to mitigate the class conflicts in the capitalist States and, as will be explained later, this policy had some success. But it failed in its ultimate object because the pre-war capitalist States were so organised internally that the bulk of the profit made from colonial possessions found its way into the pockets of the capitalist class and not into those of the workers. Far

from achieving the object intended, the working-class parties at times tended to identify their interests with those of the colonial peoples and the imperialist powers found themselves engaged upon a conflict on two fronts, at home with their own workers and abroad against the growing forces of colonial liberation.

The post-war period inaugurated a very different colonial policy. A deliberate attempt was made to divert colonial earnings from the wealthy class and use them instead generally to finance the 'Welfare State'. As will be seen from the examples given later, this was the method consciously adopted even by those working-class leaders who had before the war regarded the colonial peoples as their natural allies against their capitalist enemies at home.

At first it was presumed that this object could be achieved by maintaining the pre-war colonial system. Experience soon proved that attempts to do so would be disastrous and would only provoke colonial wars, thus dissipating the anticipated gains from the continuance of the colonial regime. Britain, in particular, realised this at an early stage and the correctness of the British judgement at the time has subsequently been demonstrated by the defeat of French colonialism in the Far East and Algeria and the failure of the Dutch to retain any of their former colonial empire.

The system of neo-colonialism was therefore instituted and in the short run it has served the developed powers admirably. It is in the long run that its consequences are likely to be catastrophic for them.

Neo-colonialism is based upon the principle of breaking up former large united colonial territories into a number of small non-viable States which are incapable of independent development and must rely upon the former imperial power for defence and even internal security. Their economic and financial systems are linked, as in colonial days, with those of the former colonial ruler.

At first sight the scheme would appear to have many advantages for the developed countries of the world. All the profits of neo-colonialism can be secured if, in any given area,

a reasonable proportion of the States have a neo-colonialist system. It is not necessary that they *all* should have one. Unless small States can combine they must be compelled to sell their primary products at prices dictated by the developed nations and buy their manufactured goods at the prices fixed by them. So long as neo-colonialism can prevent political and economic conditions for optimum development, the developing countries, whether they are under neo-colonialist control or not, will be unable to create a large enough market to support industrialisation. In the same way they will lack the financial strength to force the developed countries to accept their primary products at a fair price.

In the neo-colonialist territories, since the former colonial power has in theory relinquished political control, if the social conditions occasioned by neo-colonialism cause a revolt the local neo-colonialist government can be sacrificed and another equally subservient one substituted in its place. On the other hand, in any continent where neo-colonialism exists on a wide scale the same social pressures which can produce revolts in neo-colonial territories will also affect those States which have refused to accept the system and therefore neo-colonialist nations have a ready-made weapon with which they can threaten their opponents if they appear successfully to be challenging the system.

These advantages, which seem at first sight so obvious, are, however, on examination, illusory because they fail to take into consideration the facts of the world today.

The introduction of neo-colonialism increases the rivalry between the great powers which was provoked by the old-style colonialism. However little real power the government of a neo-colonialist State may possess, it must have, from the very fact of its nominal independence, a certain area of manoeuvre. It may not be able to exist without a neo-colonialist master but it may still have the ability to change masters.

The ideal neo-colonialist State would be one which was wholly subservient to neo-colonialist interests but the existence of the socialist nations makes it impossible to enforce the full rigour of the neo-colonialist system. The existence of an

alternative system is itself a challenge to the neo-colonialist regime. Warnings about 'the dangers of Communist subversion' are likely to be two-edged since they bring to the notice of those living under a neo-colonialist system the possibility of a change of regime. In fact neo-colonialism is the victim of its own contradictions. In order to make it attractive to those upon whom it is practised it must be shown as capable of raising their living standards, but the economic object of neo-colonialism is to keep those standards depressed in the interest of the developed countries. It is only when this contradiction is understood that the failure of innumerable 'aid' programmes, many of them well intentioned, can be explained.

In the first place, the rulers of neo-colonial States derive their authority to govern, not from the will of the people, but from the support which they obtain from their neo-colonialist masters. They have therefore little interest in developing education, strengthening the bargaining power of their workers employed by expatriate firms, or indeed of taking any step which would challenge the colonial pattern of commerce and industry, which it is the object of neo-colonialism to preserve. 'Aid', therefore, to a neo-colonial State is merely a revolving credit, paid by the neo-colonial master, passing through the neo-colonial State and returning to the neo-colonial master in the form of increased profits.

Secondly, it is in the field of 'aid' that the rivalry of individual developed States first manifests itself. So long as neo-colonialism persists so long will spheres of interest persist, and this makes multilateral aid—which is in fact the only effective form of aid—impossible.

Once multilateral aid begins the neo-colonialist masters are faced by the hostility of the vested interests in their own country. Their manufacturers naturally object to any attempt to raise the price of the raw materials which they obtain from the neo-colonialist territory in question, or to the establishment there of manufacturing industries which might compete directly or indirectly with their own exports to the territory. Even education is suspect as likely to produce a student movement and it is, of course, true that in many less developed

countries the students have been in the vanguard of the fight against neo-colonialism.

In the end the situation arises that the only type of aid which the neo-colonialist masters consider as safe is 'military aid'.

Once a neo-colonialist territory is brought to such a state of economic chaos and misery that revolt actually breaks out then, and only then, is there no limit to the generosity of the neo-colonial overlord, provided, of course, that the funds supplied are utilised exclusively for military purposes.

Military aid in fact marks the last stage of neo-colonialism and its effect is self-destructive. Sooner or later the weapons supplied pass into the hands of the opponents of the neo-colonialist regime and the war itself increases the social misery which originally provoked it.

Neo-colonialism is a mill-stone around the necks of the developed countries which practise it. Unless they can rid themselves of it, it will drown them. Previously the developed powers could escape from the contradictions of neo-colonialism by substituting for it direct colonialism. Such a solution is no longer possible and the reasons for it have been well explained by Mr Owen Lattimore, the United States Far Eastern expert and adviser to Chiang Kai-shek in the immediate post-war period. He wrote:

'Asia, which was so easily and swiftly subjugated by conquerors in the eighteenth and nineteenth centuries, displayed an amazing ability stubbornly to resist modern armies equipped with aeroplanes, tanks, motor vehicles and mobile artillery.

Formerly big territories were conquered in Asia with small forces. Income, first of all from plunder, then from direct taxes and lastly from trade, capital investments and long-term exploitation, covered with incredible speed the expenditure for military operations. This arithmetic represented a great temptation to strong countries. Now they have run up against another arithmetic, and it discourages them.'

The same arithmetic is likely to apply throughout the less developed world.

This book is therefore an attempt to examine neo-colonialism not only in its African context and its relation to African unity, but in world perspective. Neo-colonialism is by no means exclusively an African question. Long before it was practised on any large scale in Africa it was an established system in other parts of the world. Nowhere has it proved successful, either in raising living standards or in ultimately benefiting the countries which have indulged in it.

Marx predicted that the growing gap between the wealth of the possessing classes and the workers it employs would ultimately produce a conflict fatal to capitalism in each individual capitalist State.

This conflict between the rich and the poor has now been transferred on to the international scene, but for proof of what is acknowledged to be happening it is no longer necessary to consult the classical Marxist writers. The situation is set out with the utmost clarity in the leading organs of capitalist opinion. Take for example the following extracts from *The Wall Street Journal*, the newspaper which perhaps best reflects United States capitalist thinking.

In its issue of 12 May 1965, under the headline of 'Poor Nations' Plight', the paper first analyses 'which countries are considered industrial and which backward'. There is, it explains, 'no rigid method of classification'. Nevertheless, it points out:

'A generally used breakdown, however, has recently been maintained by the International Monetary Fund because, in the words of an IMF official, "the economic demarcation in the world is getting increasingly apparent." The breakdown, the official says, "is based on simple common sense."

In the IMF's view, the industrial countries are the United States, the United Kingdom, most West European nations, Canada and Japan. A special category called "other developed areas" includes such other European lands as Finland, Greece and Ireland, plus Australia, New Zealand and South Africa. The IMF's "less developed" category

embraces all of Latin America and nearly all of the Middle East, non-Communist Asia and Africa.'

In other words the 'backward' countries are those situated in the neo-colonial areas.

After quoting figures to support its argument, *The Wall Street Journal* comments on this situation:

'The industrial nations have added nearly \$2 billion to their reserves, which now approximate \$52 billion. At the same time, the reserves of the less-developed group not only have stopped rising, but have declined some \$200 million. To analysts such as Britain's Miss Ward, the significance of such statistics is clear: the economic gap is rapidly widening "between a white, complacent, highly bourgeois, very wealthy, very small North Atlantic élite and everybody else, and this is not a very comfortable heritage to leave to one's children."

"Everybody else" includes approximately two-thirds of the population of the earth, spread through about 100 nations.'

This is no new problem. In the opening paragraph of his book, *The War on World Poverty*, written in 1953, the present British Labour leader, Mr Harold Wilson, summarised the major problem of the world as he then saw it:

'For the vast majority of mankind the most urgent problem is not war, or Communism, or the cost of living, or taxation. It is hunger. Over 1,500,000,000 people, something like two-thirds of the world's population, are living in conditions of acute hunger, defined in terms of identifiable nutritional disease. This hunger is at the same time the effect and the cause of the poverty, squalor and misery in which they live.'

Its consequences are likewise understood. The correspondent of *The Wall Street Journal*, previously quoted, underlines them:

'... many diplomats and economists view the implications as overwhelmingly—and dangerously—political. Unless the

present decline can be reversed, these analysts fear, the United States and other wealthy industrial powers of the West face the distinct possibility, in the words of British economist Barbara Ward, "of a sort of international class war".'

What is lacking are any positive proposals for dealing with the situation. All that *The Wall Street Journal's* correspondent can do is to point out that the traditional methods recommended for curing the evils are only likely to make the situation worse.

It has been argued that the developed nations should effectively assist the poorer parts of the world, and that the whole world should be turned into a Welfare State. However, there seems little prospect that anything of this sort could be achieved. The so-called 'aid' programmes to help backward economies represent, according to a rough U.N. estimate, only one half of one per cent of the total income of industrial countries. But when it comes to the prospect of increasing such aid the mood is one of pessimism:

'A large school of thought holds that expanded share-the-wealth schemes are idealistic and impractical. This school contends climate, undeveloped human skills, lack of natural resources and other factors—not just lack of money—retard economic progress in many of these lands, and that the countries lack personnel with the training or will to use vastly expanded aid effectively. Share-the-wealth schemes, according to this view, would be like pouring money down a bottomless well, weakening the donor nations without effectively curing the ills of the recipients.'

The absurdity of this argument is demonstrated by the fact that every one of the reasons quoted to prove why the less developed parts of the world cannot be developed applied equally strongly to the present developed countries in the period prior to their development. The argument is only true in this sense. The less developed world will not become developed through the goodwill or generosity of the developed

NEO-COLONIALISM

powers. It can only become developed through a struggle against the external forces which have a vested interest in keeping it undeveloped.

Of these forces, neo-colonialism is, at this stage of history, the principal.

I propose to analyse neo-colonialism, first, by examining the state of the African continent and showing how neo-colonialism at the moment keeps it artificially poor. Next, I propose to show how in practice African Unity, which in itself can only be established by the defeat of neo-colonialism, could immensely raise African living standards. From this beginning, I propose to examine neo-colonialism generally, first historically and then by a consideration of the great international monopolies whose continued stranglehold on the neo-colonial sectors of the world ensures the continuation of the system.