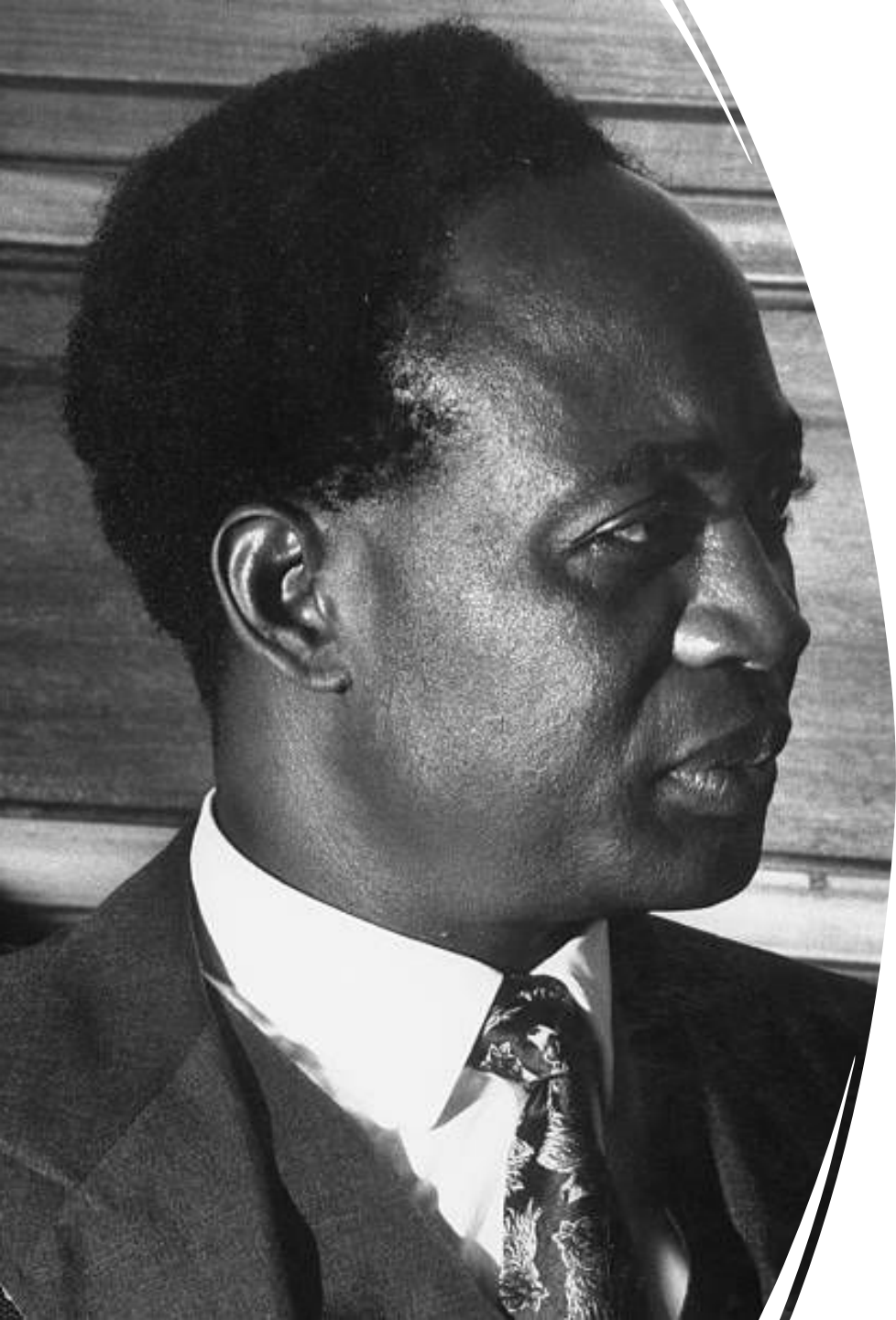


# Europe and Its Neo-colonial Relationships

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“Neo-Colonialism”

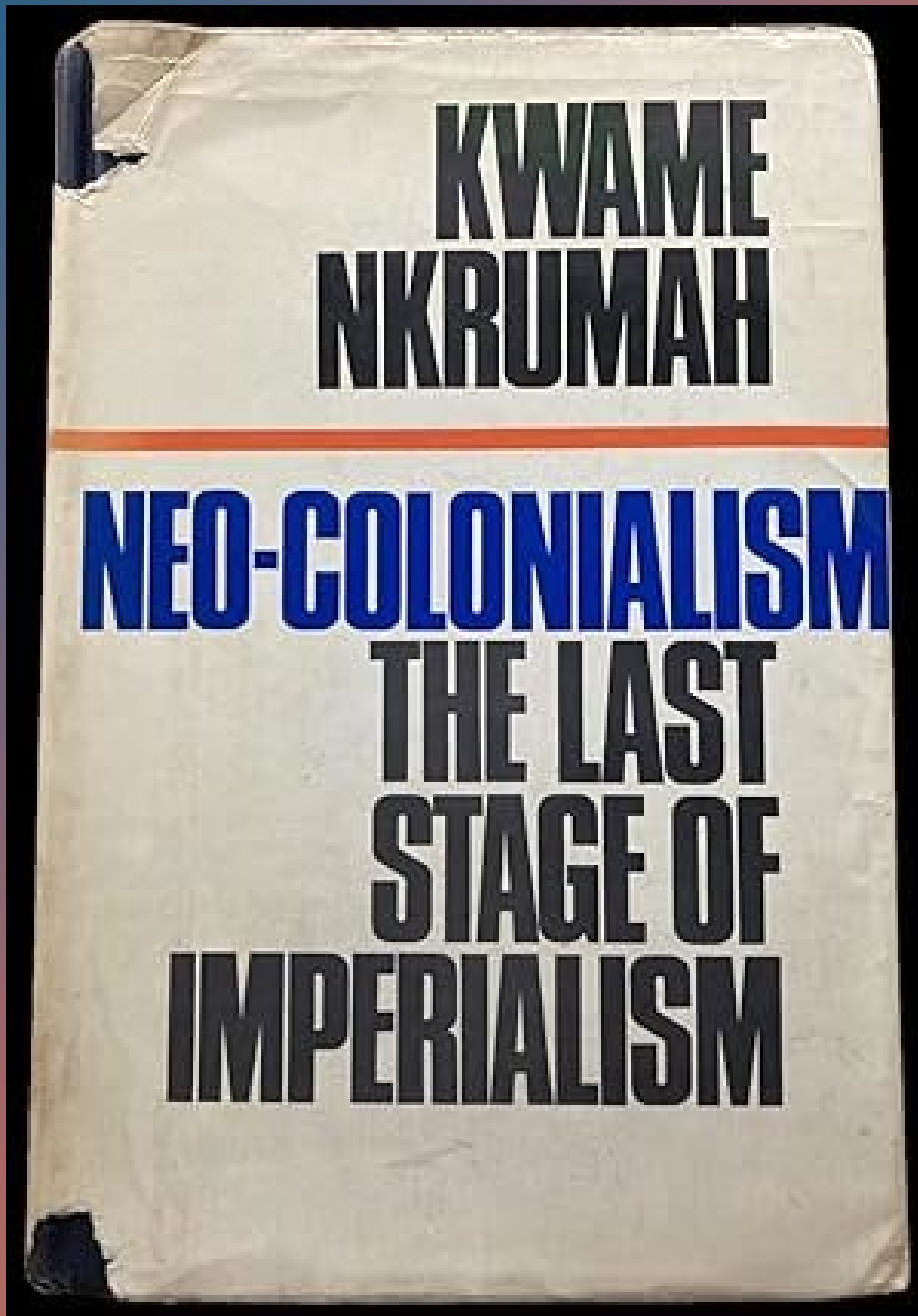
By Kwame Nkrumah



# About Kwame Nkrumah (1909-1972)

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- One of the leading figures in African independence movements against European rule in the 20<sup>th</sup> century
- Instrumental in the independence of Ghana, then known as Gold Coast, from Britain. (1957)
- Became the first president of Ghana
- Pan-Africanist in his vision
  - Advocated for the creation of a federated African state
  - Supported other African nations in their independence struggles
- Pursued a policy of industrialization, access to education and infrastructure development Ghana.
- Adopted a position of non-alignment in the Cold War (geo-political tension between the US and Western European allies, and the then Soviet Union and Eastern Europe)
- Increasingly became dictatorial. Declared Ghana a one-party state in 1964.
- Was deposed in a coup, in 1966, while on a visit to Hanoi, Vietnam.



## *Neo-colonialism: The Last Stage of Imperialism (1965)*

- “Neo-colonialism”
  - Used by Kwame Nkrumah in his book as a concept that encapsulates the ways in which Western powers, including the United States, maintain socio-economic and political control over former colonized countries even after the latter have formerly gained independence.



# *Neocolonialism*

- Nkrumah's Thesis:
  - Kwame Nkrumah He argues that even though colonization was in decline, independent countries continued to be subtly exploited by former colonial powers, who controlled their fragile economies and political systems to their disadvantage.

# European Neocolonial Relationships

## 1. Military control

- Military bases of imperial powers on foreign soil

## 2. Economic or Monetary Control

- Unfair trade practices
- Financial support toward running of government and provision of civil servants
- Control over banking system and foreign exchange

## 3. Investment in formerly colonized countries by expatriate corporations

# How Neocolonialism Works

- Nascent nation states are ill-equipped to confront the powerful countries that dictate the terms of trade.
- These newly independent countries are transformed into producers of raw materials for industries in Europe and the United States.
- Prices are determined by the powerful countries who pay a paltry sum for raw materials.
- Manufactured goods on the other hand come back to the formerly colonized countries at much higher prices, once again determined by the industrialised countries.
- Profits from foreign investments are repatriated.
- Formerly colonized countries remain indebted to former colonizers through high-interest loans.

# How Neocolonialism Works

- “We constantly read about the high prices that are earned for copper, tin, zinc and so forth. What is little understood is that these are the prices for the commodities on the industrial market in their processed forms. The metals leave the countries of their origin mainly in their primary condition of ores or concentrates and sometimes in the first stage transformation, which fetch merely token returns to these countries. The returns are even more paltry when measured against the values that are added the moment the materials are placed on board the transportation carrier at the point of exit.” (Nkrumah, *Neocolonialism* p. 184)

# How Neocolonialism Works

- “Further profits are forced out of Africa in the form of the inflated cost of finished goods, equipment and services she is forced to buy from the monopoly sources that extract the prime materials. This is the big squeeze in which Africa is caught, one that grew tighter from the eve of the first world war. It was estimated by United Nations experts that the dependent countries had to pay \$2.5 to \$3 billion more for their imports of manufactured goods in 1947 than they would have had to pay if price ratios were the same as in 1913. For the period from 1950 to 1961, according to the Food and Agricultural Organisation of the U.N., the index of returns for primary materials fell from 97 to 91 (70 for cocoa, coffee and tea), while that for manufactured goods rose from 86 to 110.” (Nkrumah, *Neocolonialism* p. 185)



# How Neocolonialism Works

- “Over 50 per cent of the Congo’s national income went regularly to European residents and foreign firms. The rest remained to be distributed over the various sectors of the economy. It is not surprising that the territory’s 14 million inhabitants live in the extremest poverty. In Gabon one-third of the income goes to the non-African population. Two-fifths of Liberia’s total income accrues to foreign firms (U.N. Report E/CN.14/246, 7 January 1964). And when independent African countries attempt to establish a certain rectification by levelling taxes on company profits, they draw resentment that is echoed in dire warnings in the imperialist press that they will stifle foreign investment if they continue such encroachments upon expatriate rights..” (Nkrumah, *Neocolonialism* p. 184)

# How Neocolonialism Works

- “Another technique of neo-colonialism is the use of high rates of interest. Figures from the World Bank for 1962 showed that seventy-one Asian, African and Latin American countries owed foreign debts of some \$27,000 million, on which they paid in interest and service charges some \$5,000 million. Since then, such foreign debts have been estimated as more than £30,000 million in these areas. In 1961, the interest rates on almost three-quarters of the loans offered by the major imperialist powers amounted to more than five per cent, in some cases up to seven or eight per cent, while the call-in periods of such loans have been burdensomely short.” (Nkrumah, *Neocolonialism* p. 188)



# Outcomes of Neocolonial Relationships

- 1. Foreign capital used to exploit rather than “develop”
- 2. Foreign investments increase the gap between rich and poor.
- 3. Neo-colonialism fragments rather than creates unity among the previously colonized.
- 4. Neocolonialism creates relationships of exploitation without responsibility.