

## **4.3 Decolonisation and Independence**

When the Second World War ended, large parts of the world were still under European colonial rule. Over the next two decades most colonies in Asia and Africa emerged as free, independent nations. They were, however, overburdened by poverty and a lack of resources, and their economies and societies were handicapped by long periods of colonial rule. The IMF and the World Bank were designed to meet the financial needs of the industrial countries. They were not equipped to cope with the challenge of poverty and lack of development in the former colonies. But as Europe and Japan rapidly rebuilt their economies, they grew less dependent on the IMF and the World Bank. Thus from the late 1950s the Bretton Woods institutions began to shift their attention more towards developing countries. As colonies, many of the less developed regions of the world had been part of Western empires. Now, ironically, as newly independent countries facing urgent pressures to lift their populations out of poverty, they came under the guidance of international agencies dominated by the former colonial powers. Even after many years of decolonisation, the former colonial powers still controlled vital resources such as minerals and land in many of their former colonies. Large corporations of other powerful countries, for example the US, also often managed to secure rights to exploit developing countries' natural resources very cheaply. At the same time, most developing countries did not benefit from the fast growth the Western economies experienced in the 1950s and 1960s. Therefore they organised themselves as a group – the Group of 77 (or G-77) – to demand a new international economic order (NIEO). By the NIEO they meant a system that would give them real control over their natural resources, more development assistance, fairer prices for raw materials, and better access for their manufactured goods in developed countries' markets. New words Tariff – Tax imposed on a country's imports from the rest of the world. Tariffs are levied at the point of entry, i.e., at the border or the airport. What are MNCs? Multinational corporations (MNCs) are large companies that operate in several countries at the same time. The first MNCs were established in the 1920s. Many more came up in the 1950s and 1960s as US businesses expanded worldwide and Western Europe and Japan also recovered to become powerful industrial economies. The worldwide spread of MNCs was a notable feature of the 1950s and 1960s. This was partly because high import tariffs imposed by different governments forced MNCs to locate their manufacturing operations and become 'domestic producers' in as many countries as possible. Box 4 The Making of a Global World