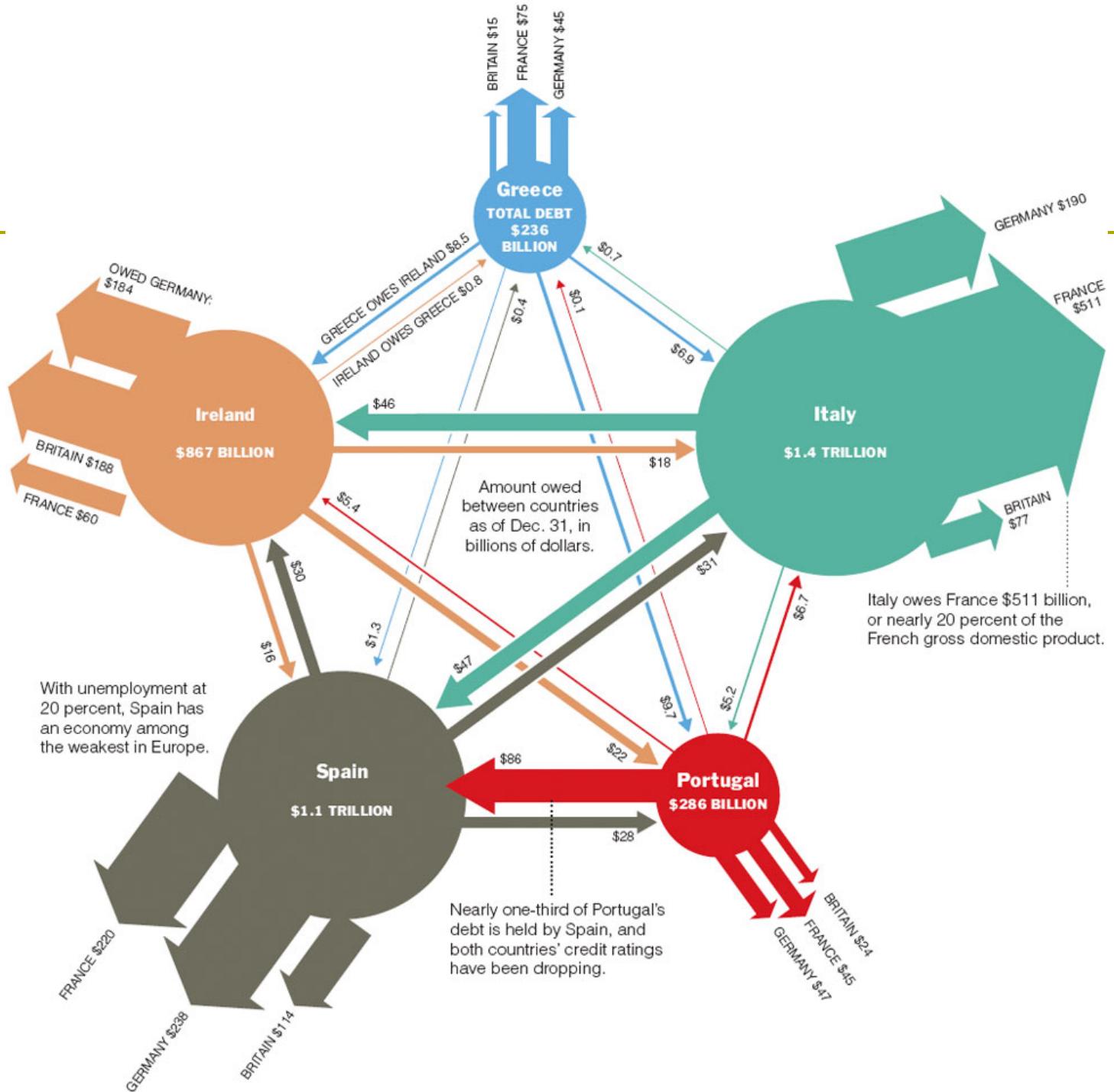


# 7: Colonialism and the Wealth of Nations

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# Question: what is the relationship between these debtors and creditors?

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- E.g., what is the relation between the Greek government and German banks?
- E.g., what is the relation between Greece and Spain?
- E.g., what is the relation between German and French banks?

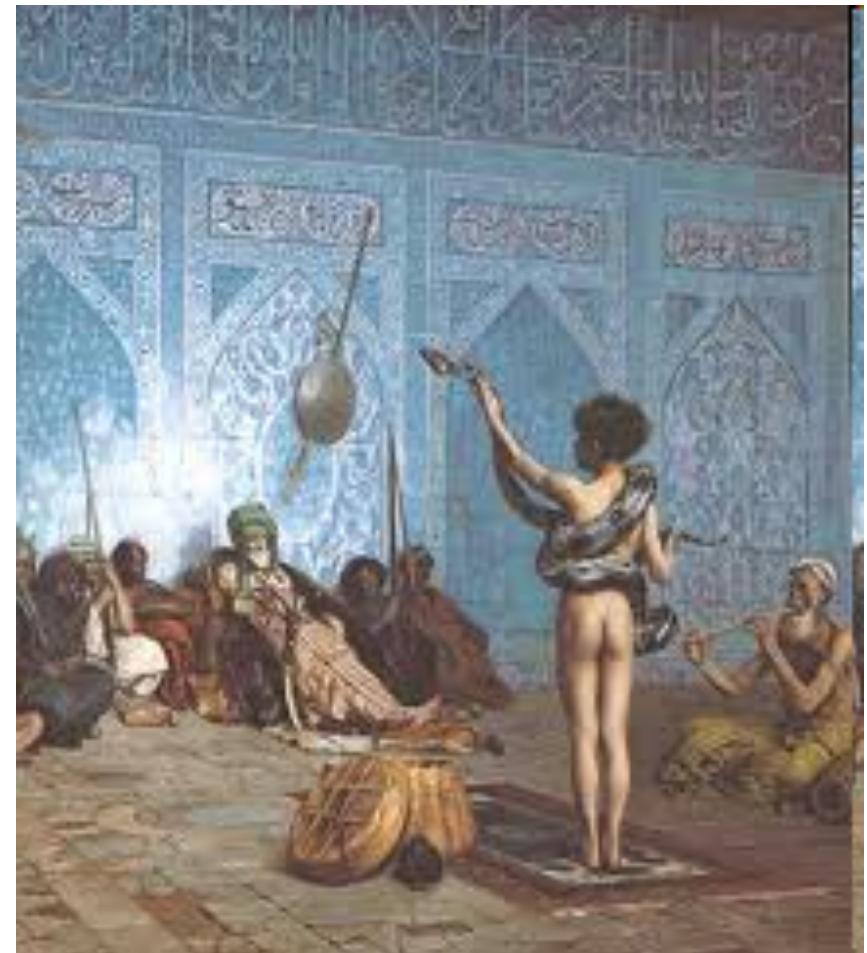


# Today, we will discuss several aspects of social inequality linked to colonization

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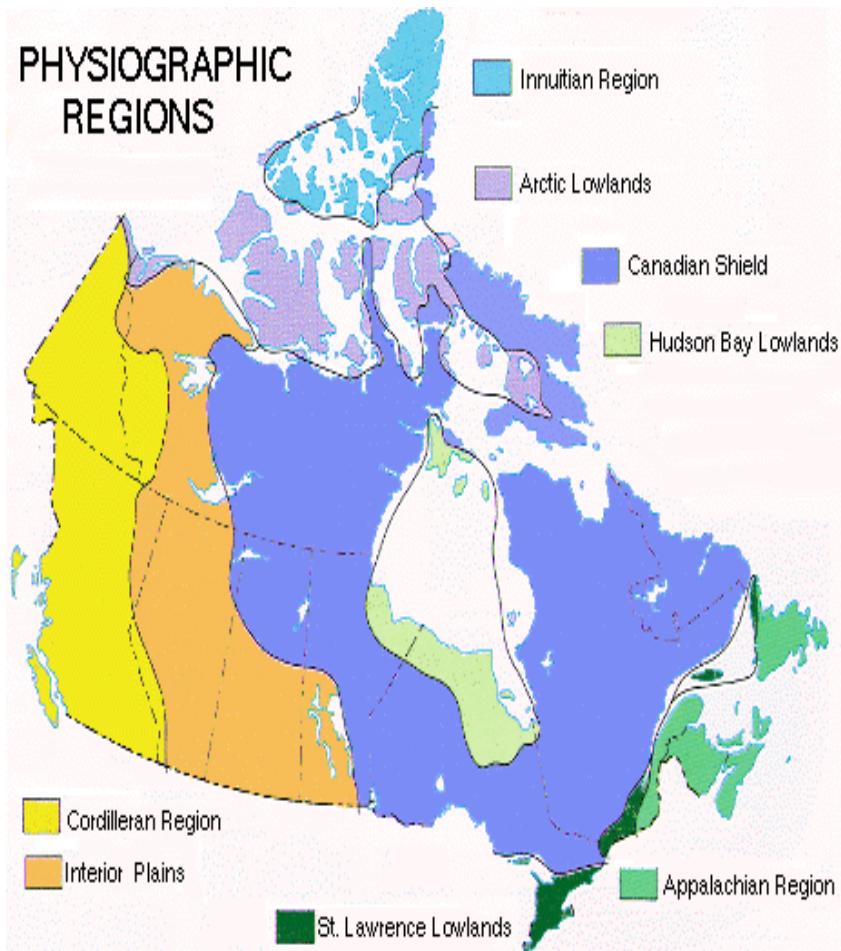
Discussing *colonization* means also discussing:

- Differentiation (as with Orientalism)
- Exploitation (as with class relations)
- Domination (as with gender relations)
- Racialization (as with race and ethnic relations)
- Victimization (as with sexual orientation)



# Some important definitions

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## □ Regions

- mainly geographical, economic, and ecological units
- often share common ecology and common lifestyle and culture

## □ Nations

- mainly political units, and often coincide with "state"
- sometimes within a society, nation is separate from state, e.g. Quebec as French-speaking "nation" within Canada

## □ Empires

- Collections of dominated states and regions
- use a range of approaches to managing colonies e.g., military, economic, and ideological (religion and culture)

# The historic role of colonialism (in Canada and elsewhere)

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- Colonization opens new territories to exploitation
- In time, new nation-states may arise
- However, they may not have a national identity and unity

# Nations often require nationalism to achieve national unity

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- **nationalism** -- an emphasis on the nation-state above all else
  - Implies strong feelings of connection with the nation

Nationalism stresses....

- the superiority of the nation-state over other forms of rule
- the importance of national loyalty in legitimating political power and "citizenship"



# *Ethnic nationalism:* the most extreme version

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Ethnic nationalism is based on the idea of a birthplace as a “motherland” or “fatherland”

- Citizenship is held to be an inherited characteristic – a matter of blood
- People are born into a particular nationality
  - This place of birth shapes their interests, sentiments, and attachment to a particular nation

# Nationalism: a form of parochialism?

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- Some writers suggest that nationalism is a modern religion
  - like what some sociologists have called a **civil** religion
- What do we mean by “religion” and how can nationalism be like a religion: Both have...
  - Rituals and ceremonies
  - Ritual objects
  - Deep emotional attachment
  - A sense of shared fate
  - A sense of meaning through belief

# Religious nationalisms

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- As well, there are specifically ‘religious nationalisms’, associated mainly with Islam and Judaism (e.g., Iran, Israel)
- Religious nationalisms are also evident in the recent histories of Poland and Ireland
  - Here, Roman Catholicism has formed a central element in the national identity
- However, some maintain that nationalism is an essentially *secular* form of consciousness

# Nationalism: the modern source of solidarity

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- Ernest Gellner says that important societal changes demand new forms of solidarity and legitimization
- Diverse urban industrial societies need homogeneous languages and culture in order to work efficiently – c.f., Durkheim
- *Nationalism* is the style of politics best suited to a modern, secular, industrial society



# Nationalism fills the value vacuum

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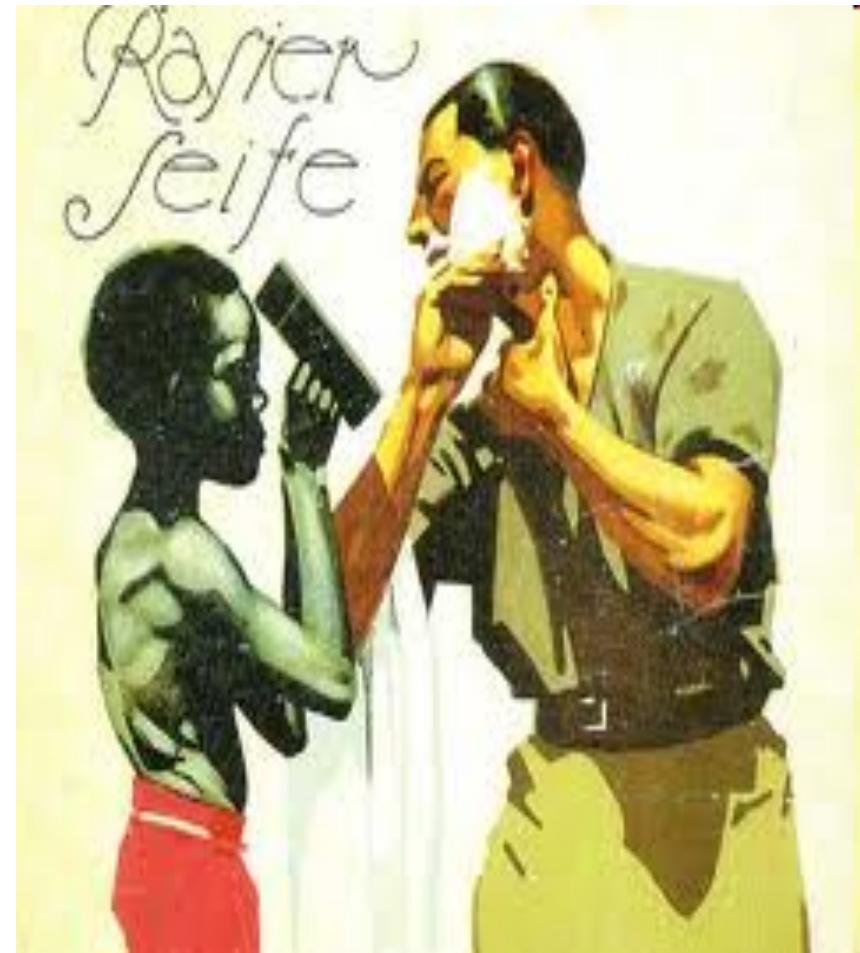


- The post-communist changes in Russia and Central Europe suggest a search for new sources of social cohesion under capitalism
- In particular, the ‘value vacuum’ created by the collapse of official Marxism-Leninism has produced a growth of nationalist and populist ideologies

# When nationalism goes abroad: Defining colonialism

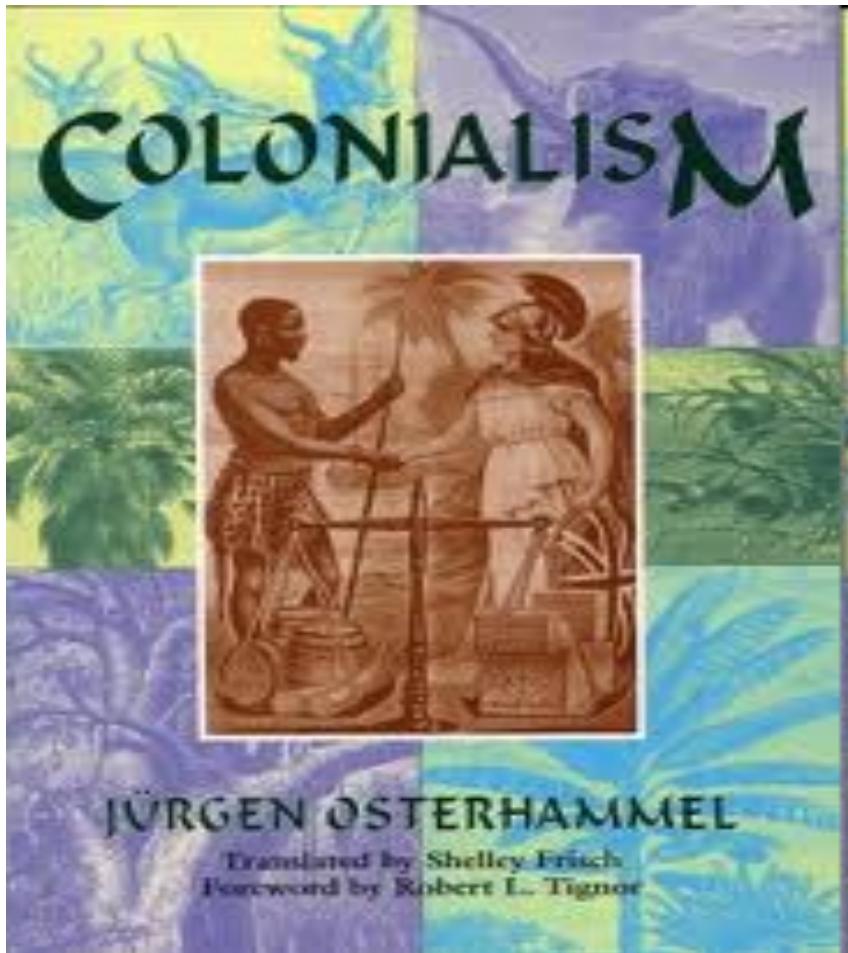
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- **colonialism** -- The establishment by more-developed countries of formal political control over less-developed areas in Asia, Africa, Australasia, and Latin America
- From the 15<sup>th</sup> century onward, modern colonialism was practiced by Spain, Portugal, Britain, France, and the Netherlands
- Colonialism is not the ONLY cause of inequality between nations, but it is an important one



# Colonialism = imperialism

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- Colonialism was usually accompanied by the settling of White populations in these territories and the exploitation of local economic resources for metropolitan use
- *Colonialism* is often used as a synonym for *imperialism*
- However, the term *imperialism* also includes non-military and non-economic mechanisms of control (e.g., religion, residential schools)

# The death of traditional colonialism

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Traditional colonialism ended in the post-1945 period with...

- the rise of nationalist movements demanding independence for colonies
- the exhaustion of the European colonial powers after the Second World War
- New forms of imperial control

# Imperialism: what is it?

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- **imperialism** -- Literally ‘empire-ism’ -- a term originally used in the 1860s to denote the political and military aspirations of Napoleon III in France
- later applied to all rivalry between Great Powers involving warfare and the acquisition of less-developed territories in Africa and Asia
- Now used to refer to any domination of less-developed by more- developed countries



# Theories about the causes of imperialism

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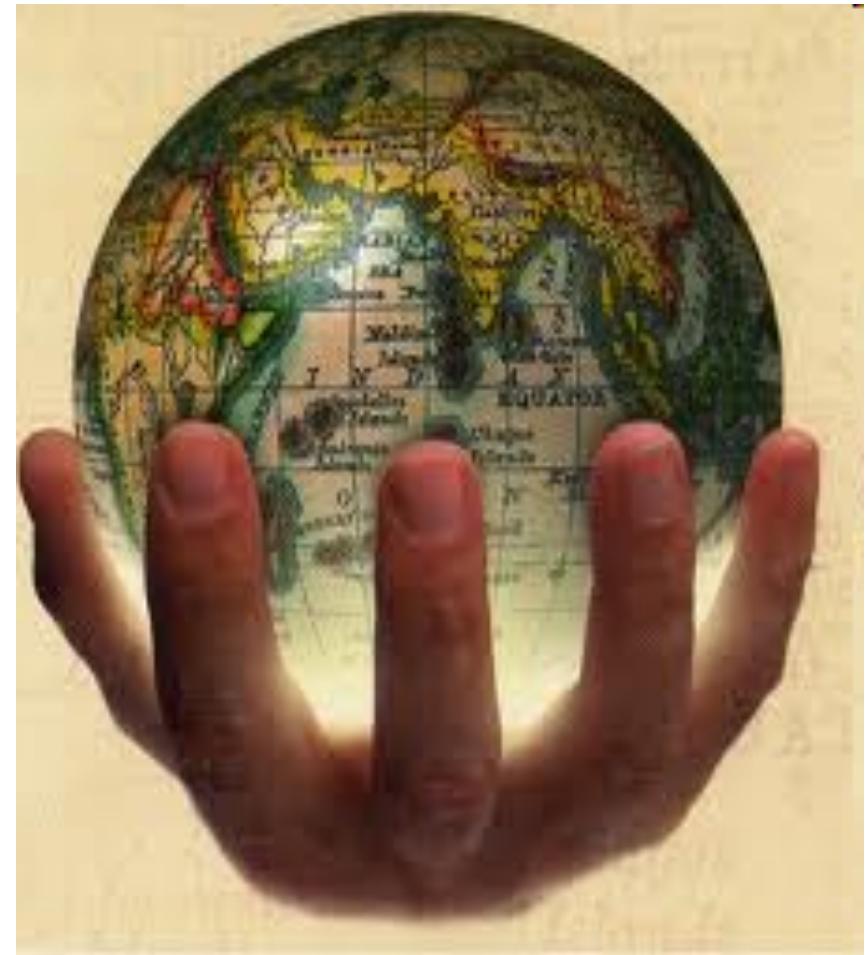
One theory focuses on the *ambition of military classes*

- Joseph Schumpeter sees imperialism resulting from the actions of a pre-industrial, pre-capitalist social stratum within the imperial countries
  - i.e., a link between the military and the landed aristocracy
- Their backward ideals push them toward war-making that is not in the interests of modern capitalism
- Examples: fascist Germany, Italy, Japan 1935-45

# Marxist theories of imperialism

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- By contrast, Marxist theories see imperialism as a necessary outcome of capitalism
- Capitalism requires a search for new markets, for resources in pre-capitalist societies, or for lower wages and higher investment returns
- For Lenin, imperialism (in the sense of colonialism) was the ‘highest stage’ of capitalism



# Strategic or political theories

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- Finally, strategic or political theories of imperialism see colonialism as a search for strategic political advantage
  - E.g., maintaining military bases in countries that have no economic value
- There is nothing specifically economic or capitalist about such colonization
  - E.g., in many parts of Africa and Asia
- This kind of “imperialism” would cover the ancient Persian and Roman empires, as well as the Soviet empire 1920-1990

# Neo-colonialism: A related concept

- **neo-colonialism** -- A term often applied to the economic situation of many former colonies after political independence has been secured
- Even after political decolonization, western societies may continue to dominate the production and marketing of goods in former colonies
  - E.g., the French in North Africa
  - E.g., the British in other parts of Africa



# The centre and periphery

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- The dominant nation is often called the *centre or metropolis*
  - The subordinate nation is often called the *periphery or satellite*
- Under neo-colonialism, the *peripheral nation* continues to
  - Receive capital investment capital from the metropolis
  - Ship profits and raw materials back to the metropolis
  - Rely on Western manufactured goods and services
  - Westernize – that is, emulate the culture of the metropolis

# The role of transnational corporations

- ❑ Transnational or multinational corporations in the Third World are the principal agents of present-day neo-colonialism; they
  - exploit local resources
  - dominate international trade
  - influence national governments to their own advantage



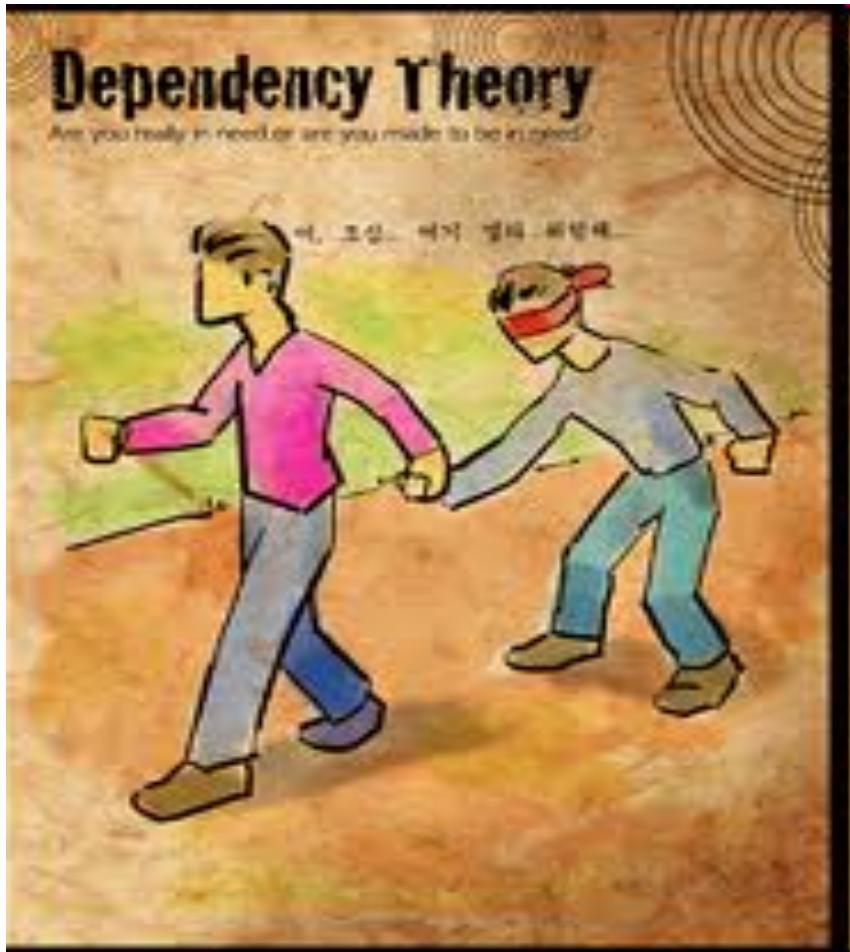
# Dependency theory: a related view



- **Dependency theory** -- argues that the failure of Third World states to achieve adequate and sustainable levels of development results from their *dependence* on the advanced capitalist world
- Western societies have an interest in maintaining their advantaged position
  - Also, have the financial and technical power to do so

# Gunder Frank: the major contributor to dependency theory

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- Andre Gunder Frank, a German economist of development, popularized the phrase ‘the development of underdevelopment’
- He argued that colonialism deformed the economies of the peripheral states by making them dependent on the more- advanced ‘metropolises’

# Underdevelopment

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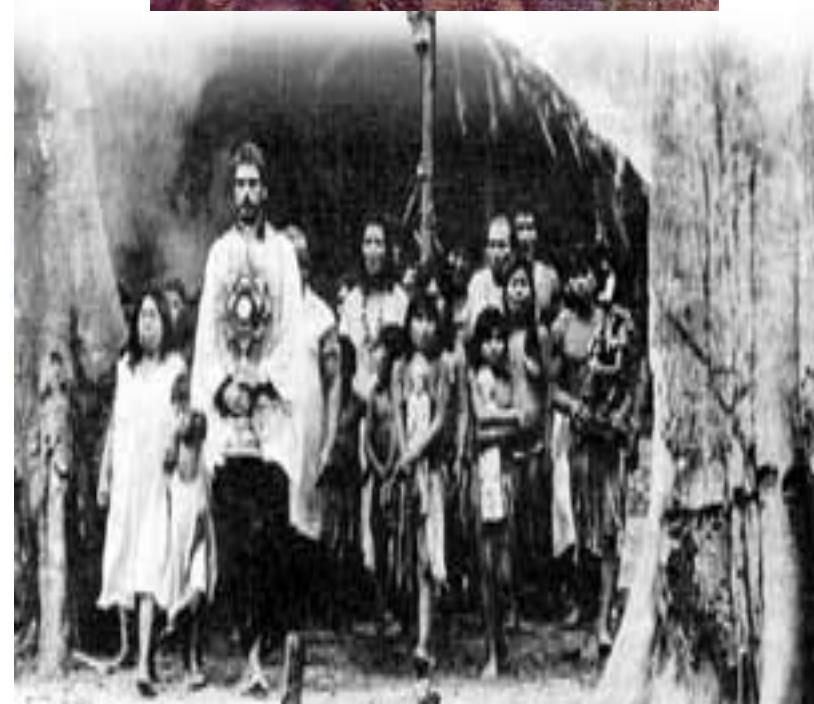
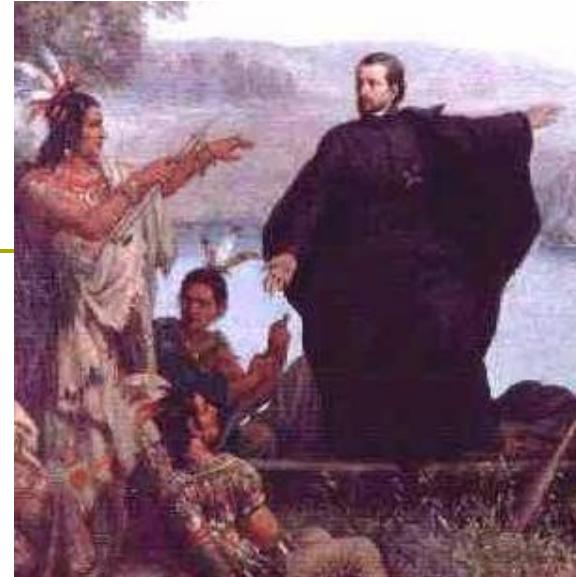


In *Capitalism and Underdevelopment in Latin America* (1969), Frank argued that the Third World was doomed to stagnation

- the surplus it produced was appropriated by the advanced capitalist countries
- Growth could only be achieved by cutting ties with capitalist societies and pursuing independent socialist development strategies, he said

# Major flaws of this theory

- Dependency theory was flawed by an overemphasis on economic factors
  - It assumed a ‘surplus drain’ (extraction and appropriation of profits) from the LDCs to capitalist nations
  - Equivalent to the assumption of Marxist “exploitation” – a flawed concept
- Also like Marxism, it underestimated the role of states and ideas



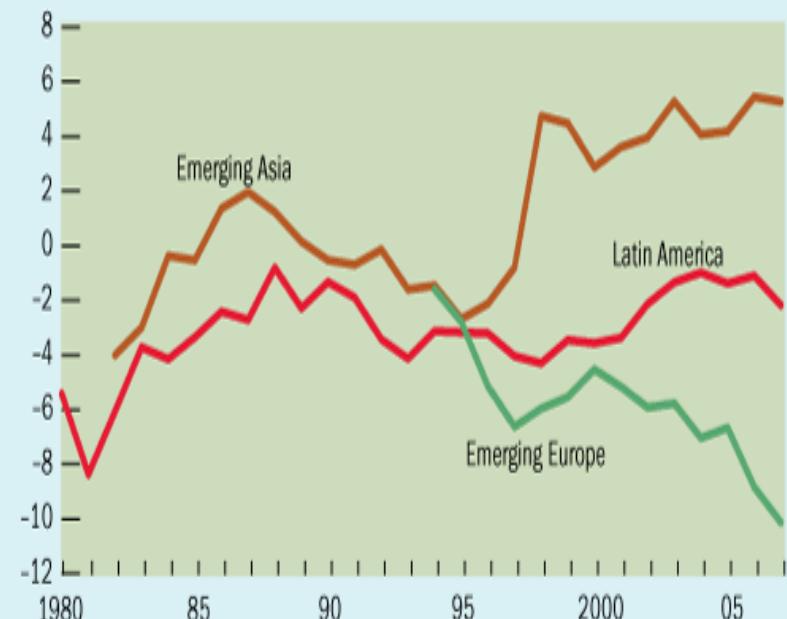
# The Asian tigers: a counter-example

- As well, the emergence of newly industrialized countries (NICs) as a group of *successful late developers* challenged the validity of dependency theory
  - Taiwan, Korea, Singapore, Hong Kong, China, Japan, etc.
- The NICs demonstrated that successful late industrialization was *possible*

## Different patterns

Current account balances began to diverge after 1997—with rising deficits in emerging Europe and growing surpluses in emerging Asia.

(average current account balances; percent of GDP)



Sources: IMF, Balance of Payments Statistics; and IMF staff calculations.

# The dominant ideology since 1980: Neo-liberalism

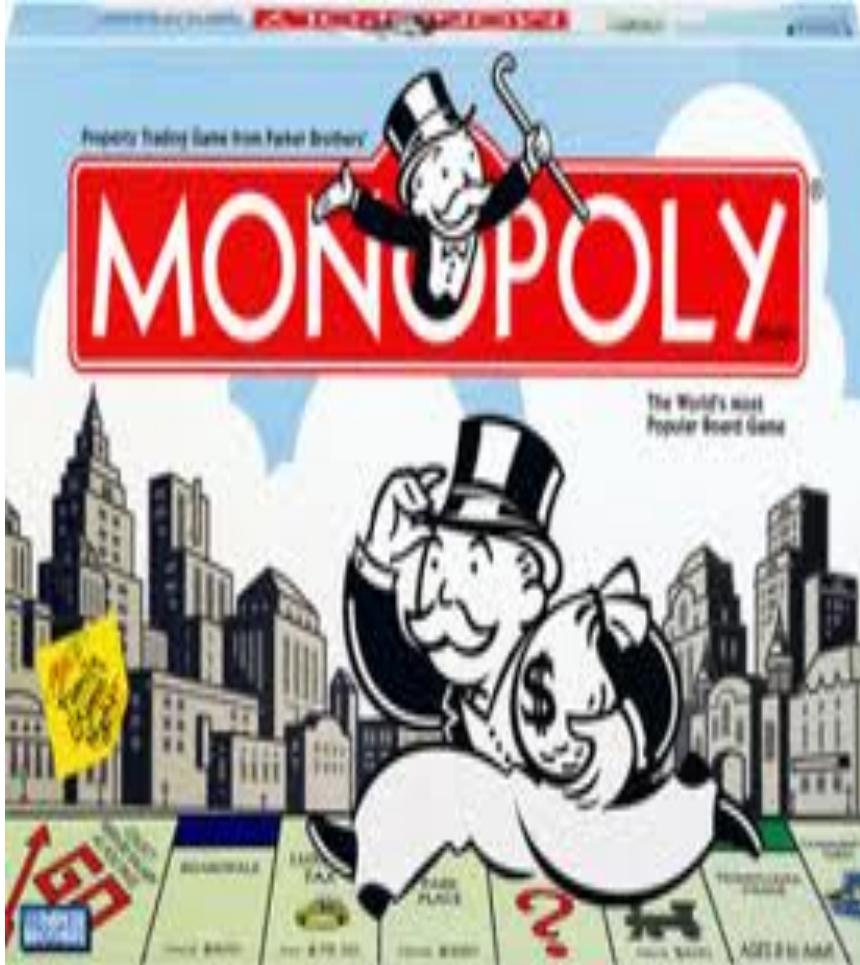
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- ❑ *Neoliberalism* refers to the freeing-up of global markets, achieved largely through reductions of state power
- ❑ In a neo-liberal society, the state is expected to intervene little in the economy.
- ❑ Controls are eased, free trade and free enterprise are emphasized, and markets are assumed to operate rationally to provide the greatest good for the greatest number.



# Back in fashion after 50 years out

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- The neo-liberal system derives from neo-classical economics, which assumes that a free market allocates prices, goods, and services more efficiently than any other method.
- Such beliefs had fallen into disrepute by the early twentieth century – particularly, during the period of the Great Depression
- Then, many of the world's economies came to rely heavily on central planning and governmental stimulation for their recovery from **unregulated capitalism**

# The neo-liberal idea in development

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- Neo-liberal ideas regained support after the Second World War, in connection with the so-called Cold War, which pitted western capitalism against Soviet communism.
- Neo-liberalism opposed Keynesianism, which had dominated the Northern Hemisphere during the Depression, the Second World War, and the postwar period.
- In the developing world, it opposed development strategies aimed at eliminating a reliance on Western imports, i.e., "underdevelopment"



# Neo-liberalism as a management strategy

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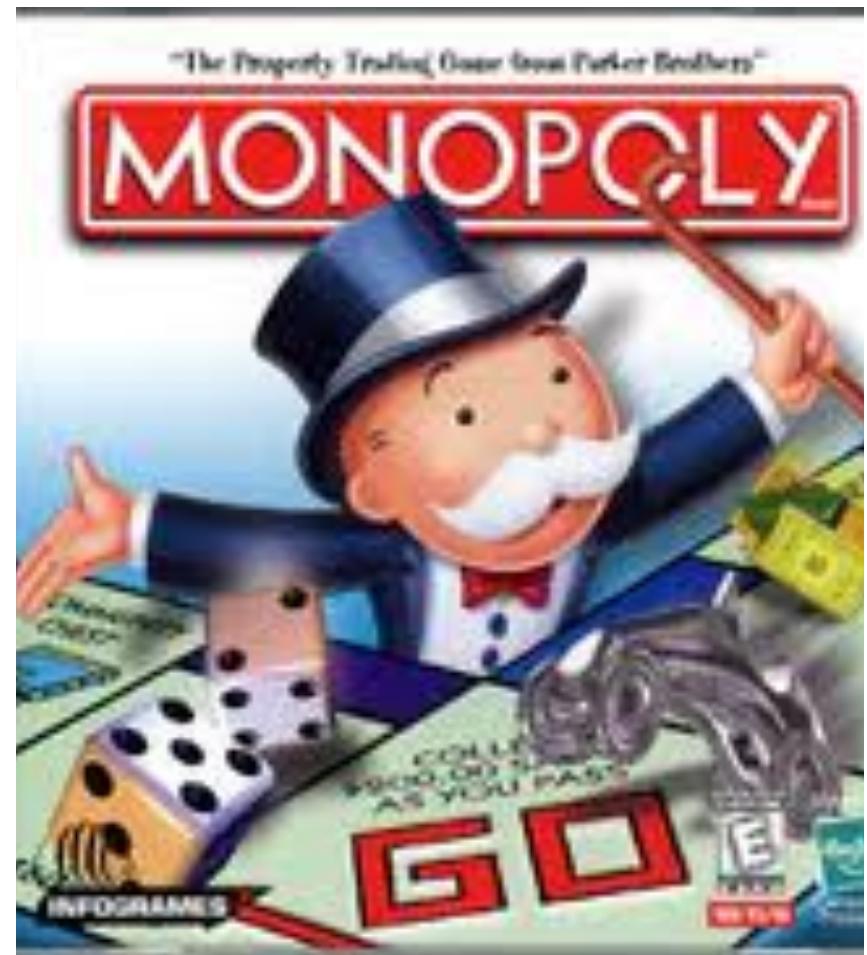


- “neoliberal institutionalism” argues for more international cooperation on the assumption that states are rational actors that seek to maximize their well-being in a chaotic international system
- Transnational institutions (supposedly) help states cooperate by reducing uncertainty, monitoring international behaviour, and providing various types of international assistance

# The inevitable decline of the state

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- Some claim that the decline of the State is an inevitable result of “globalization” and the rise of vast multi-national corporations
- Some neo-liberals might even argue that democracy itself is an irrational force in society that threatens the rationality and effectiveness of the market
- If so, democracy must be controlled to ensure that economic prosperity is safe from interference from above (the State) or below (the masses)



# The end of history and triumph of capitalism

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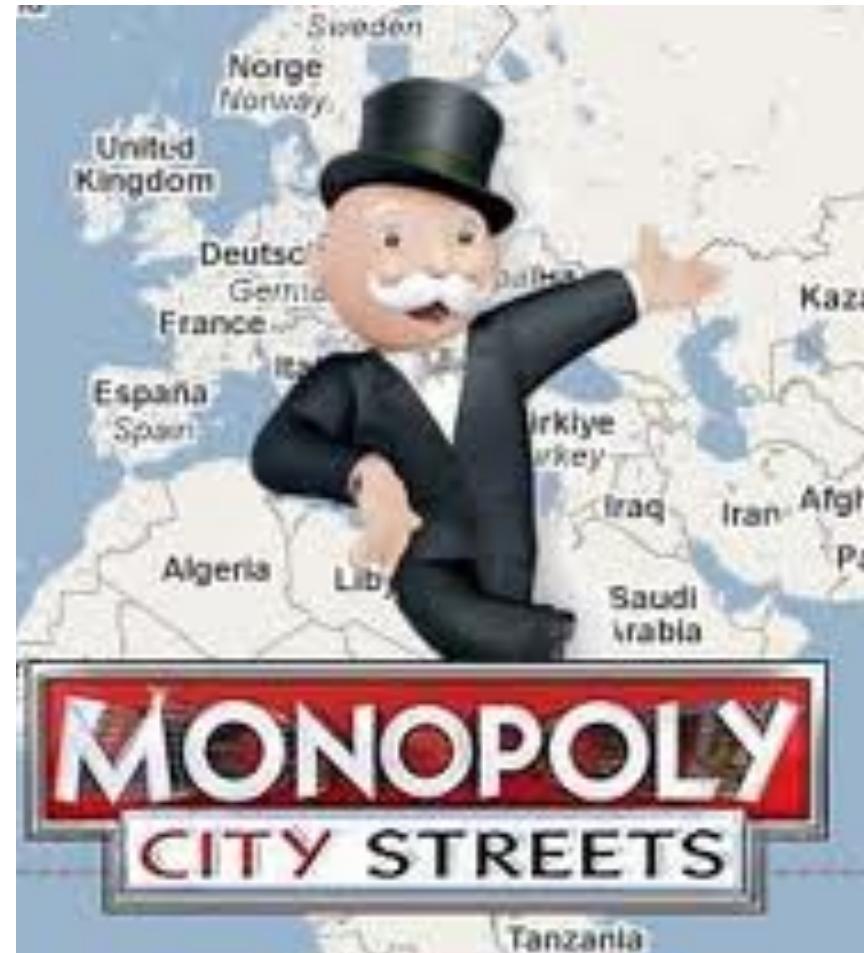


- A kind of economic Darwinism assumes the greatest good will evolve automatically through an unregulated marketplace
- In this imaginary economic world
  - productive units struggle for survival and success
  - The less excellent, effective units fail and are devoured; the best units triumph
  - No economic system will be more productive
  - Liberal capitalism will represent the “end of history”

# Criticisms of this approach

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- Sociologists note that ideal markets never have and never will exist
- Markets are not only places where people exercise their choices
  - They are also places where people use their wealth, power, and information to seek even more power, wealth, information
- In short, there is never a level playing field in the market; nor dispassionate economic rationality



# Want to play?

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- From this perspective, neo-liberalism is best understood as **an ideology** aimed at protecting and increasing the power and wealth of those who are already powerful and wealthy.
- This goal is accomplished by minimizing oversight and regulation in the marketplace
- No wonder, then, that the main outcome of neo-liberalism since 1980 has been a worldwide increase in inequality, both between and within nation-states.
-

# The longer view: Wallerstein's search for a world-systems theory

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- I. Wallerstein provided an analysis of world economic developments from 1450 to the present
- Prior to 16<sup>th</sup> C, only world empires had ever existed
  - E.g., the Roman Empire, Persian Empire
  - they were short-lived because politically/militarily hard to maintain
- In the 16<sup>th</sup> century, a new world system based on capitalism emerged
- The world's nations gradually divided into:
  - 1) Core states,
  - 2) Peripheral states,
  - 3) Semi-peripheral states
- each ensured functioning of entire system, with differing modes of labour control

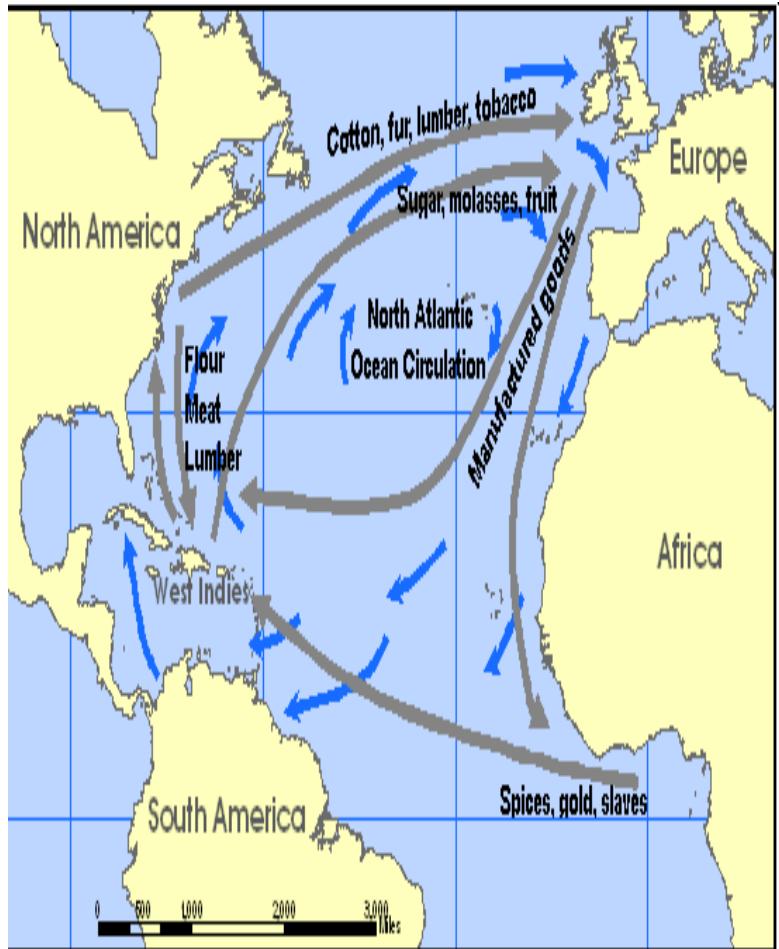
# Core, semi-periphery, periphery

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- Core states: the controlling base of the world economy
  - wage labour and self-employment are dominant
  - bureaucratic organizations emerge with expansive control
- Peripheral states: feature slavery and feudal relations
  - peasants and workers are exploited by capitalists of core states
- Semi-peripheral states: sharecropping is dominant
- Capitalist mode of production and flow of surplus is different in these 3 different zones



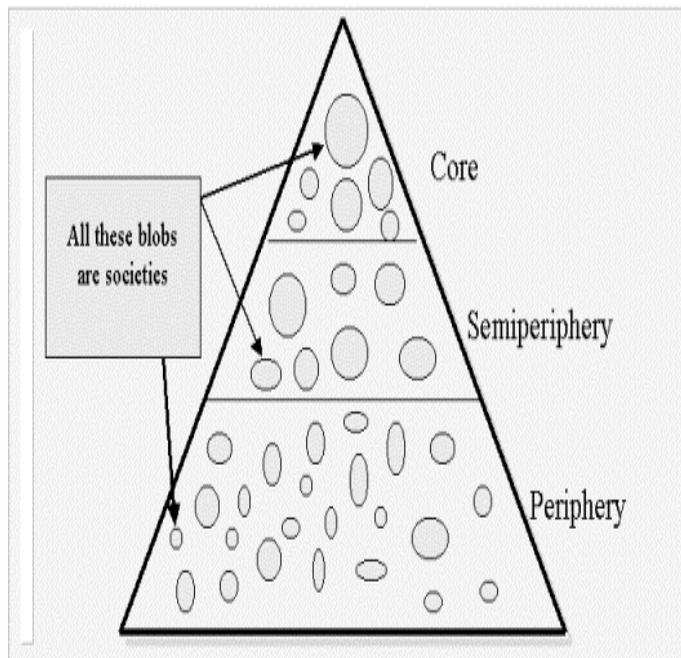
# How imperial nations rule peripheries



- Purpose of imperial rule is to enrich core states at expense of periphery
- Each territorial unit is composed of rulers and a set of laws regulating their relations
- Tension exists between the rulers of one unit and those outside it
- Ultimate question: whose rulers and which body of laws will prevail
  - e.g. British Empire composed of dominions, colonies and protectorates; ruled by local versions of British common law

# Flows of power and resources

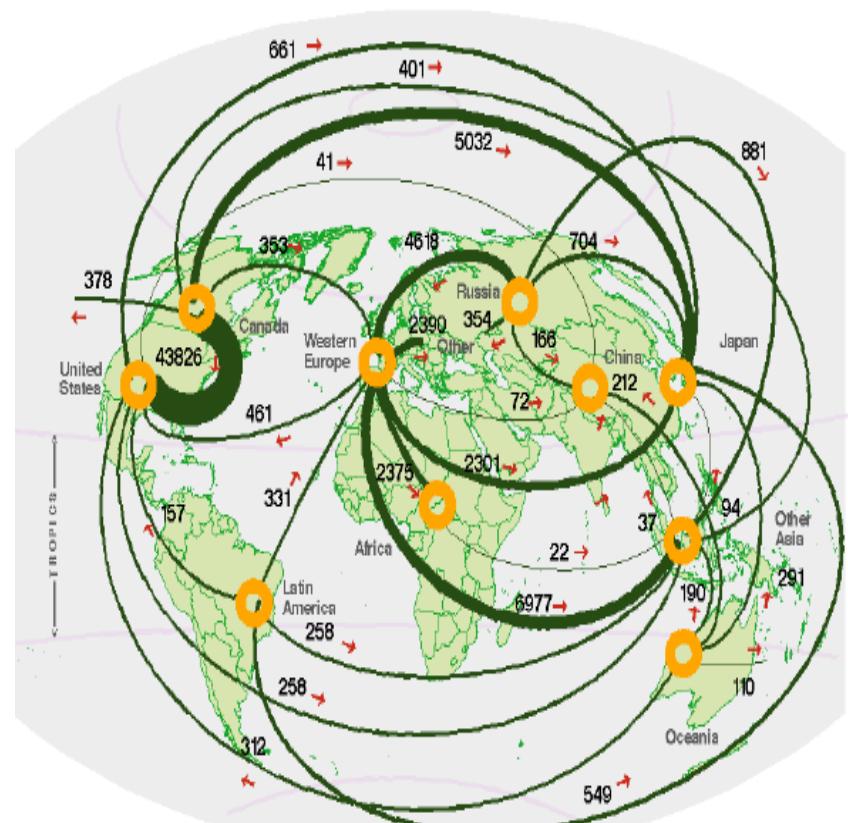
## A Core/Periphery Hierarchy



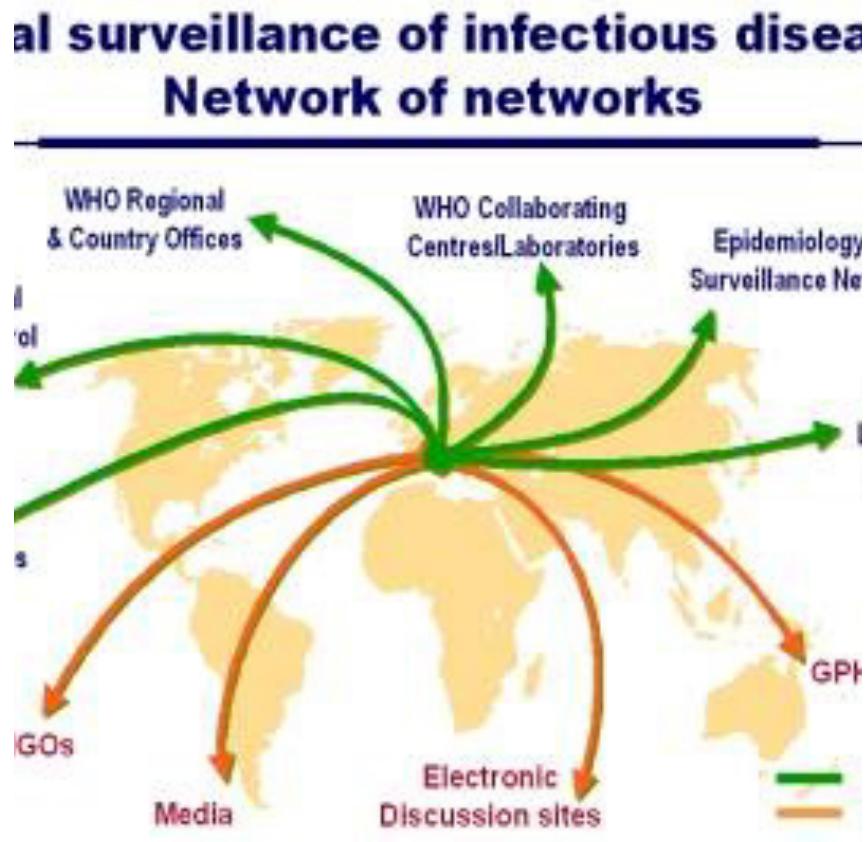
- Raw materials, cheap labour, economic surplus are drained from periphery, flow back to core states
  - semi-peripheral states sometimes similarly exploited, or serve as the middlemen
- Core-periphery relationship can also exist between regions or cities
  - e.g. central Canada as core, and other provinces as periphery Perspective argues for relational understanding of regions, nations and empires

# All units tied together by exchange

- All geographic units are tied together by exchange and domination:
  - There are large-scale flows of people, goods, capital and info
- This regulated flow creates regions, nations, and empires
  - units that provide other units with capital, goods, and political decisions are "core" units while recipients of these things are "periphery" units
  - even the flow of news is unequal: core is reported within periphery, but rarely vice versa



# Final words on world systems



- World systems involve core societies controlling peripheral and semi-peripheral through military, political, cultural and economic ways
- World systems consist of networks that influence each other directly and indirectly
  - sometimes results are unintended/undesired
- World systems are hierarchical in nature
  - A powerful few control the rest

# Still too little attention to the role of ideas in national development

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# Consider the history of regions, nations, and empire in North America

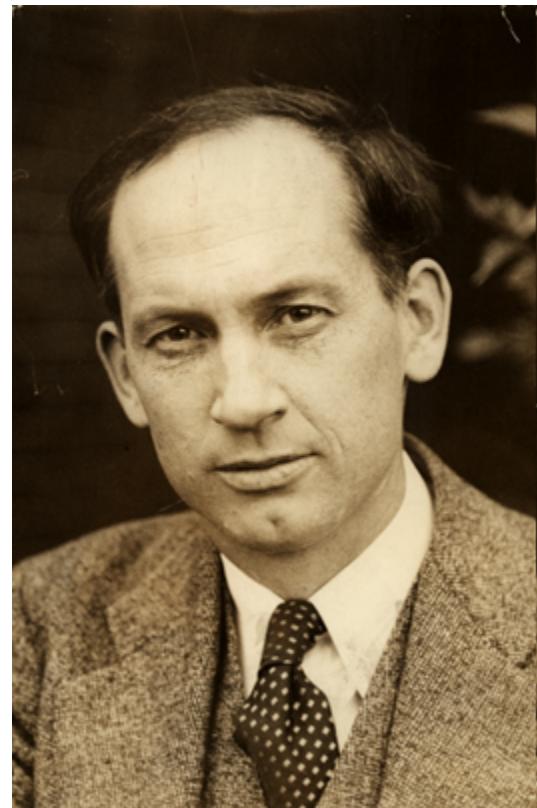
- Harold Innis: the colonial history of Canada was based on westward-moving resource extraction
  - fishing → beaver pelts → timber → minerals → grain → oil
- Logically, there should have been just one country in North America
  - Within regions, crucial similarities (ecological) can result in social and cultural similarities
- Yet, in North America, political borders run east to west and cut across regional boundaries



# Staples Theory – Harold Innis

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- Innis's so-called "staples theory" of regional development argued...
  - exploitation of Canada's raw materials ("staples") had adverse effects on culture and economy
  - placed Canada in a dependent relationship with Britain, then US
- This dependent resource-extraction process also affected relations *within* Canada
  - resource markets in "hinterland" became dependent on "heartland" (Toronto, Montreal)



# The Distinct Regions of North America

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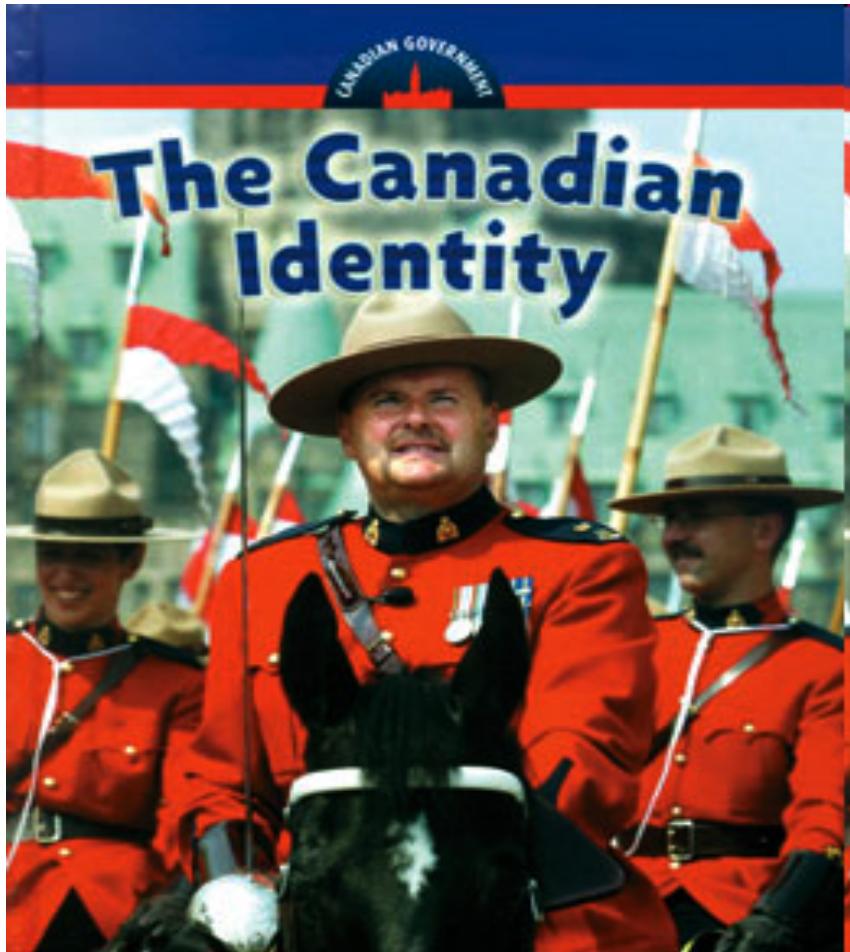


Throughout North America,

- Exploitation became basis for regional differences and rural/urban conflicts
- Regional differences cut across national borders
  - fishermen in Nova Scotia more similar to fishermen in Maine, rather than factory workers in Ontario
- Today, regionalism poses a bigger problem in Canada, than in US (since no national identity here)

# The result: nearly independent regions, and not quite a nation

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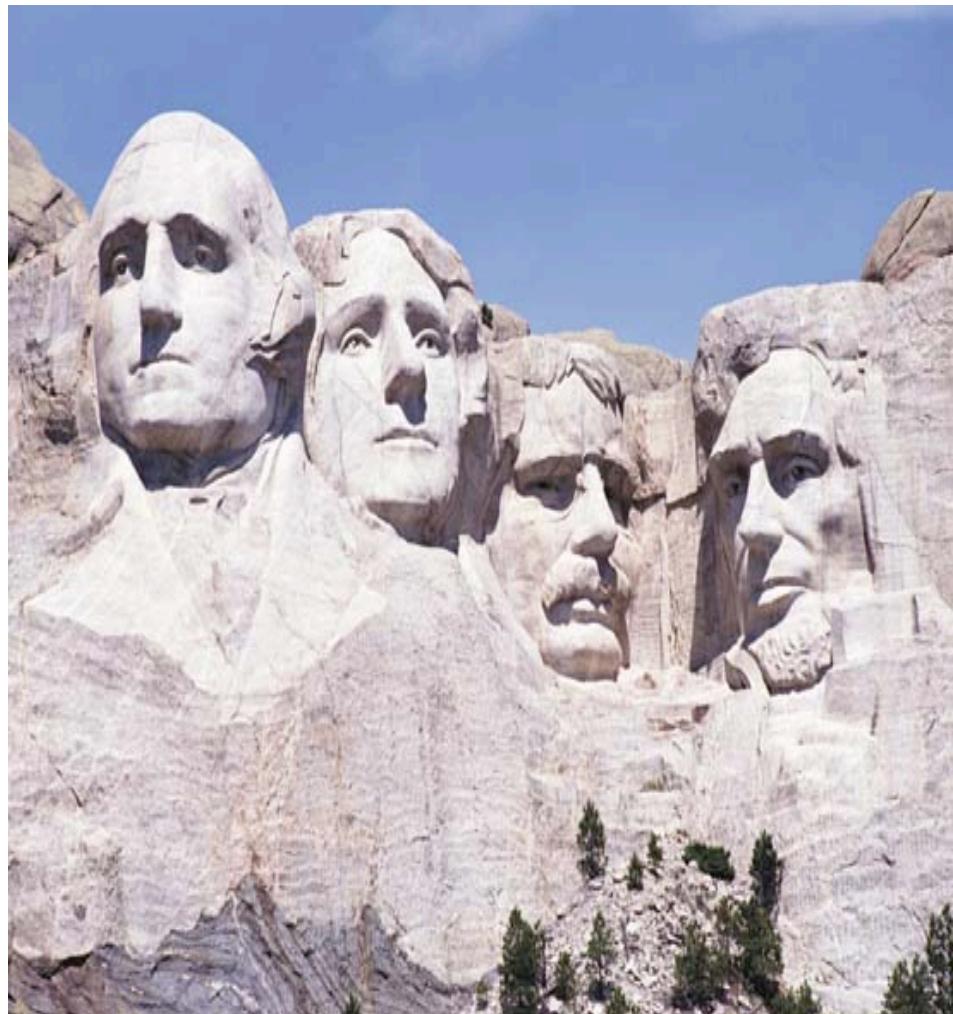
- Compared to the US and most European countries, Canada is more like set of independent regions than like a unified nation-state
- Weak national identity has made Canada less politically, socially, economically and culturally unified

# US and anti-US (= Canada)

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What ultimately defines the Canada/US difference?

- Seymour Martin Lipset notes that, despite a common British heritage, Canada and US are very different
  - US had revolution, while Canada had anti-revolutionary tradition
  - Religion is more important in defining American society
  - The biggest differences are cultural: liberal Quebec versus conservative Dixie

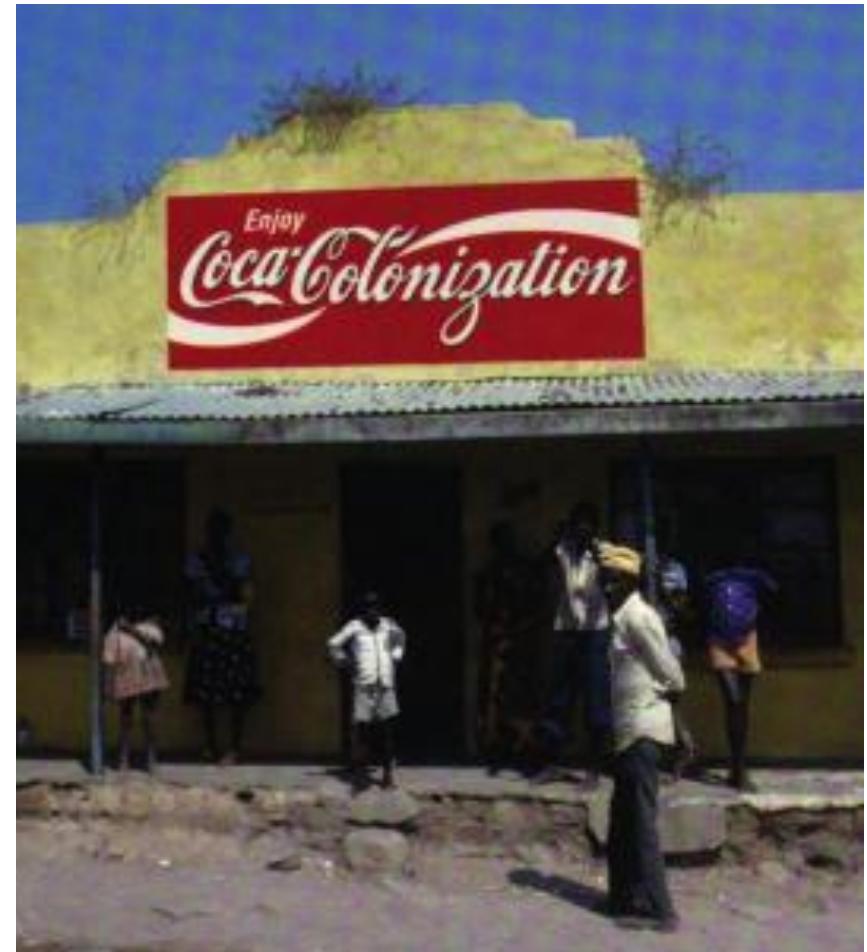


# Globalization and the role of ideas

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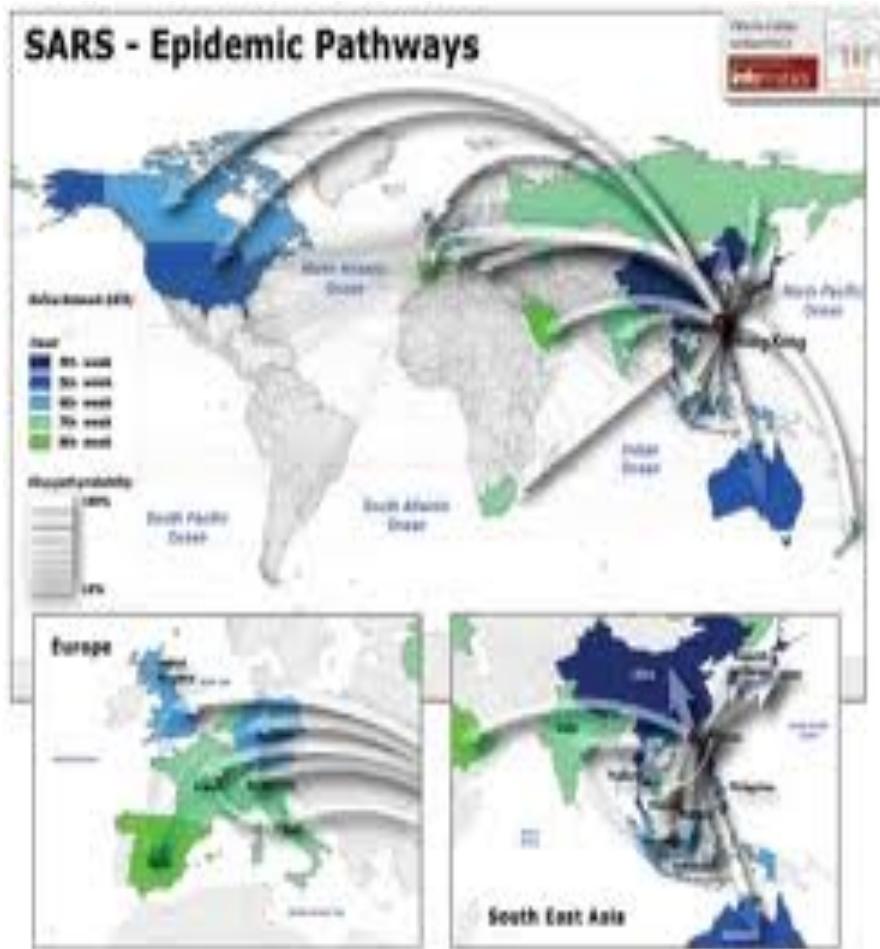
**Globalization** theory argues that global society rests on a global culture

- brought about by a variety of social and cultural developments, including,
  - the existence of easy worldwide communication
  - the emergence of global patterns of consumption and consumerism
  - The spread of shared ambitions and life-styles
  - the emergence of global sport competitions



# Also, the spread of problems and solutions

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- the development of world-wide health problems such as AIDS
- the emergence of world political systems such as the League of Nations and the United Nations
- the creation of global political movements such as Marxism
- extension of the concept of human rights
- the complex interchange between world religions

# Also, new experiences of the world

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- the spread of world tourism
- the decline of the sovereignty of the nation-state
- the growth of a global military system
- recognition of a world-wide ecological crisis

The growth of the world tourism industry\*



\* Cumulative Real Growth (percent)

SOURCE: WORLD TRAVEL & TOURISM COUNCIL 2002

# Culturally, globalization = A new global consciousness

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- Globalism involves a new consciousness of the world as a single place
- Globalization represents a growing awareness at a global level that ‘the world’ is a continuously constructed environment
- Limits of geography recede (i.e., distance shrinks)



# The Global Economy in this view...

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- Is a form of economic cooperation
  - With a single world market, a source of increasing interdependence between societies

The Global economy has 6 defining features

1. Most societies trade goods and services with one another (interdependence)
2. Scientific and technological innovations are key to economic growth

# Culture and politics support economic globalization

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- 3) Many cultures contribute to formation of new global culture
  
- 4) Shared human ambitions push towards a "world culture" of similar values and ways of life
  
- 5) Nation-states are slowly losing influence over local cultures and economies
  
- 6) Key actors are multinational corporations, not governments



# Cultural imperialism?

- Some call this cultural imperialism
  - believe it causes resentment and anti-Western sentiments
- Some are concerned with dominance of American culture
  - internationally-known brands like McDonald's and Coke
  - cultural meanings, e.g. high calories, fast food
  - mass media contributes through music, TV, and Hollywood
- However, supporters of globalization deny loss of world cultures
  - believe globalization instead mixes cultures, e.g. incorporates different cuisines



# Problems with the theory

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- What is the distinction between *globalization* and modern *imperialism* as described earlier?
- What are the relationships between economic and cultural globalization?
  - In short, are ideas and technologies driving forces for change or merely instruments for economic control?
- Is the appearance of cooperation real or imaginary?

# What is “globalization,” finally?

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All we can say for certain is that it is

- a new-ish phenomenon
- based on a single world market
- A new-ish type of economic, political, cultural, technological, and organizational interdependence
- Also, a new-ish form of capitalism control

