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NEOCOLONIALISM AND THE DILEMMA OF THE THIRD WORLD COUNTRIES

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Abstract
This study examines the complex dynamics of neocolonialism and its impact on the developmental trajectories of the third world countries. Neocolonialism, characterised by subtle and insidious form of external control and influence poses significant challenges to the sovereignty, economic development and self determination of these nations. Through a critical analysis of historical and contemporary contexts, this research explored the multifaceted nature of neocolonialism, its manifestations and its implications for third world countries. This study argues that neocolonialism perpetuates a cycle of dependency, underdevelopment and marginalization, hindering the ability of third world countries to achieve sustainable development and self-reliance. It examined the role of various actors including multinational corporations, international financial institutions and powerful nations in perpetuating neocolonialism. The research also highlighted the agency and resilience of third world countries, exploring strategies for resistance self-determination and development. This study contributes to a deeper understanding of the neocolonial dynamics that shape the experiences of third world countries. Its findings and insights are poised to inform policy, debates, academic discussions, and grassroots movements aimed at promoting decolonization, self-determination, and sustainable development in the Global South.

Keywords: *Neocolonialism, Dependency, Third World Countries, Under-development, Economic Development, Multinational Corporations.*

Introduction

Neocolonialism, a phenomenon where powerful nations and institutions exert subtle and insidious forms of control over weaker nations, has been a persistent challenge for third world countries.[1]This concept, first introduced by Kwame Nkrumah, highlights the ways in which external forces can manipulate and dominate the economies, politics and cultures of developing nations, often to the detriment of their own development and self-determination.

The legacy of colonialism has left a lasting impact on the developmental trajectories of many third world countries.[2] The exploitation of natural resources, labour and markets during colonial era created structural imbalances and dependencies that continues to affect these countries today. Neocolonialism perpetuates these dynamics, limiting the ability of third world countries to achieve sustainable development and self reliance.

Multinational corporations, international financial institutions, and powerful nations play significant roles in perpetuating neocolonialism.[3] These actors often prioritise their own interest over the needs and aspirations of third world countries, reinforcing dependency and underdevelopment. The consequences of neocolonialism are far-reaching ranging from economic stagnation and poverty to cultural homogenization and environmental degradation.

This study aims to explore the complex dynamics of neocolonialism and its implications for third world countries. By examining the historical and contemporary context of

neocolonialism, this research seeks to contribute to a deeper understanding of the challenges faced by developing nations and the strategies they can employ to promote self-determination and sustainable development.

Conceptual Clarification

For proper understanding of this work, it is important to clarify some words used therein:

Neocolonialism

This is control by a state (usually, a former colonial power) over another independent state (usually, a former colony) through indirect means.[4] The term was first used after Second World War to refer to the continuing dependence of former colonies on foreign countries, but its meaning soon broadened to apply, more generally, to places where the power of developed countries was used to produce a colonial-like exploitation.

Neocolonialism differs from standard globalisation and development aid, in that, it typically results in a relationship of dependence, subservience, or financial obligation towards the neocolonial nation. This may result in an undue degree of political control.[5]

As Nkruma wrote:[6]

> In place of colonialism, as the main instrument of imperialism, we have today neocolonialism, like colonialism, it is an attempt to export the social conflict of the capitalist countries. The result of neocolonialism is that foreign capital is used for the exploitation rather than for the development of the less developed part of the world. Investments under neocolonialism increases rather than decreases the gap between the rich and the poor countries of the world. The struggle against neocolonialism is not aimed at excluding the capital of developed world from operating on the less developed countries, but they are used in such a way as to impoverish the less developed countries.

Continuing, he further stated that[7]

> Neocolonialism is the worst form of imperialism. For those who practice it, it mean power without responsibility and for those who suffer it, it means exploitation without redress. In days of old fashioned colonialism, the imperial power had at least to explain and justify at home the action it was taking abroad. In the colony those who served the ruling imperial power could at least look for its protection against any violent move by their opponents. With neocolonialism neither is the case. A state in the grip of neocolonialism is not a master if its own destiny.

The term "neocolonialism," a popular currency through the 1960s and 1970s, described the west continuing economic control over politically independent Africa, and was a phenomenon against which members of the Organization African Unity (OAU) were keen to caution about. Yet many of these same members had seen themselves ensnared by these very circumstances. Neocolonial relationships could be identified everywhere; but they perhaps are clearest in the former French Colonies, where France had invested heavily in mining projects and thus exercised considerable control over the economies and finances of several supposedly sovereign states. In fact, however, there was nothing particularly "neo" about "neocolonialism"; it was rather, a reversion to an earlier, nineteeth-century, economic relationship, and in many respects was a continuation of the colonial economy- in the essentials, if without the political encumbrances.[8]

The essence of neocolonialism 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 policies are directed from outside.

Third World Countries

The term third world arose during the cold war to define countries that remained non-aligned with neither North Atlantic Treaty Organisation (NATO) nor the Warsaw Pact. The demographer,

anthropologist and historian Alfred Sauvi in an article published in the French magazine in August 14 1952[9] coined the term third world referring, to countries that were playing a small role in international trade and business. The term also refers to a group of countries with certain common features. According to some writers, the developed capitalist countries constitute the first world. The socialist countries are called the second world. The underdeveloped countries in Africa, Asia and Latin America that were subjected to colonial domination are called the third world.[10] Though the phrase "third world" is now considered offensive. The modern definition of "Third World" is used to classify countries that are poor or developing countries characterised by high rate of poverty, economic and political instability, high mortality rate, poor infrastructure, lower cost of living etc.

Since the dissolution of the Soviet Union in 1991 and the end of cold war, the term "Third World" has decreased in use. It is being replaced with terms such as developing countries, least developed countries or the global south.[11]

North and South

The North and South are used to designate the two economic spheres that divided the world.[12] The North represents the wealthy and industrialised economically developed countries (EDCs), which is mainly in the northern hemisphere. By contrast, the South is composed of less developed countries (LDCs), the majority of which are near or in the southern hemisphere. This categorisation does not mean that the world is divided precisely between wealthy and poor countries. Instead, their economic circumstances range from general opulence (the United States) to unbelievable poverty (Bangladesh).[13] There are few countries such as Portugal, grouped with the North that are far from rich. And there are some countries of the south, including a few petroleum exporting countries and such newly industrialising countries (NICs) as South Korea, that have a standard of living that exceeds some EDCs. Moreover, there are some wealthy people in LDCs and numerous poor people in EDCs. A somewhat more gradual economic classification of countries is used by the World Bank.[14] It groups countries according to per capita gross national product (GNP, also called Gross National Income, GNI) into four groups. Categories of low income, lower middle income, higher middle income and high income which shows that more than half the world's countries fall into the two lower ranges.

Many theories have been given by different scholars as justifications for the unequal relationship that exist between the Global North and Global South. This paper therefore considered to examine the work of Andre Gunder Frank's Dependency. Andre Gunder developed the Dependency Theory arguing that the development of rich countries is linked to under development of poor countries. Andre Gunder Frank was a left-wing economist and political activist who wrote widely in the field of economics, social and political history, development studies and international relations. A German National, he is best known today for his work on what he called the development of underdevelopment or dependency theory. Andre Gunder Frank's main argument was that in our inter-connected, globalised world, some countries are winners, whilst others are losers. According to dependency theory, people of less-developed countries are not to blame for the failure of their societies to develop, instead, he suggested that Western nations deliberately failed to develop these countries. He argued that historically, 'core' nations such as the USA and UK, who made up the elite *metropolis,* exploited *peripheral* nations by keeping them as satellites in a state of dependency and underdevelopment. Developed nations become wealthy by exploiting the poorest nations and using them as a source of cheap raw materials and labour. He claimed that this exploitation relationship was evident throughout the course of history (for instance in the practice of slavery and western colonisation of other parts of the world) and was maintained into the twentieth century through western countries' domination of international trade, the emergence of large multinational companies and the reliance of less developed countries on western aid.[15]

Frank set out his main thinking, and declared:[16]

> Underdevelopment is not due to the survival of archaic institutions and the existence of capital shortage in regions that have remained isolated from the stream of world history. On the contrary, underdevelopment was and still is generated by the very same historical process which also generated economic development: the development of capitalism itself.

Post-Colonial Dependency

If imperialism concentrated the accumulation of wealth in the core and drained economic surplus from the periphery, one might expect that accumulation in the global south would have taken off once colonialism was overthrown. Generally, however, this was not the case. A few states such as Singapore, have accumulated capital successfully since becoming independent. But others, including many African States, seem to be going backward, with little new capital accumulations to replace the old colonial infrastructure. Most former colonies are making only slow progress in accumulation. Political independence has not been a cure-all for poor countries.

One fundamental reason for these problems is that under colonialism, the training and experience needed to manage the economy were often limited to White Europeans, leaving a huge gap in technical and administrative skills after independence.

The newly independent states inherited borders that were drawn in European capitals by foreign officers looking at maps. As a result especially in Africa, the internal rivalries of ethnic groups and regions made it very difficult for new states to implement coherent economic plans. In a number of cases, ethnic conflict within former colonies led to civil wars, which halted or reversed capital accumulation.

Furthermore, government of many postcolonial states did not function very effectively, creating another obstacle to accumulation. In some cases, corruption became much worse after independence. In other cases, government tried to impose central control and planning on their national economy, based on nationalism, mercantilism or socialism.[17]

Mechanisms of Neocolonialism

Through the use of multinational corporations, the most powerful instrument for neocolonialism has been the multinational corporations (MNCs). Multinational Corporations (MNCs) are companies in one state with affiliated branches or subsidiaries operating in other states. There is no exact definition but the clearest case of an MNC is a large corporation that operates on worldwide basis in many countries. Simultaneously with fixed facilities and employees in each. But Multinational Corporation is most simply defined as a corporation or enterprise that conducts and controls productive activities in more than one country. These huge firms, mostly from North America, Europe and Japan but also increasingly from newly industrialising countries like South Korea, Taiwan and Brazil, present a unique opportunity, but may pose serious problem for many developing countries in which they operate[18].There is also no exact count of the total number of MNCs, but most estimates are in ten of thousands worldwide.[19]

Most important are industrial corporations, which make goods in factories in various countries and sell them to businesses and consumers in various countries.

Claude Ake observed that:[20]

> Much of western private investment into Africa comes under the auspices of the all-powerful multinationals such as International Business Machines, General Electric, General Motors, British Petroleum and ITT. These multinationals are part of the mechanism of dependence and the disarticulation of African economies.

He further stated that:[21]

> It was hoped that the multinationals would be useful tools for developing the productive forces in Africa by investing in research and development, manpower training, the transfer of technology, the local manufacture of components for exports etc. However, these expectations have not materialised, for many reasons which include fear of African economic nationalism and political instability, the

state of infrastructures and the limited size of the market in most African countries and the preference of those multinationals in extractive industries to integrate backwards into mining rather than forward into processing. The power of the multinationals within the African economy as well as the world economy has made it very difficult for African government to domesticate them and make them real asset to the enterprise of building a coherent economy capable of self-sustaining goals.

Oxfam's 2024 report[21] "inequality inc" concludes that multinational corporations located in the Global North are "perpetuating a colonial style extractivist model" across the Global South as the economies of their commodities were subject to these multinationals.

Moreso, multinational corporation also try to influence the international political policies of both their headquarters state and other states in which they operate. Generally, multinational corporations promote policies favourable to their business such as low taxes, light regulation, stable currencies and free trade. They also support stable international security relations because war generally disrupts business.

Use of Foreign Aid and Loan

The most common and most forceful means adopted by neocolonial power have been foreign aid and loan. The rich and powerful states always use their capacities to give foreign aids and loans as their means of securing a desired change in the economy and policies of the dependent and poor nations.

There are a variety of factors related to aid that limits its impact. One factor is that its distribution is often heavily influenced by political considerations rather than economic need. Many donor countries are regularly accused of using aid to win the concessions from recipient governments on economic matters such as trade and political issues also.[22] One study found, for example, that the United States increases its aid by an average of 59% to a low-income country if it get a seat on the UN Security Council. During particularly contentious periods, U.S aid soared by up to 170%[23].

Why Do Donors Give Aid?

Political motivations have been by far the more important factor for aid granting nations especially for the largest donor country, the United States. The United States has viewed foreign aid from its beginning in the late 1940s under Marshall Plan, which aimed at reconstructing the war-torn economies of Western Europe, as a means of containing the international spread of communism. When the balance of Cold War interest shifted from Europe to the developing world in the mid-1950s, the policy of containment embodied in the US aid programmess dictated a shift in emphasis toward political, economic and military support for "friendly" less developed nations especially those considered geographically strategic. Most aid programmes to developing countries were therefore, oriented more toward purchasing their security and propping up their sometimes shaky regimes than promoting long-term social and economic development.[24]

Why less Developed Countries Accept Aid?

The reason why developing nations have usually been eager to accept aid, even in its most stringent and restrictive form, have been given much less attention than reasons why donors provide aid. The major reason is probably economic. Developing countries have often tended to accept the proposition –typically advanced by developed country economistsc and supported by reference to success stories like Taiwan, Israel and South Korea to the exclusion of many failures – that aid is crucial and essential ingredient in the development process.[25] It supplements scarce domestic resources, it helps transform the economy structurally, and it contributes to economic growth. Thus the economic rationale for aid in less developed countries is based largely on their acceptance of the donor's perceptions, what the poor countries require to promote their economic development.[26]

The Effects of Aid

The issue of the economic effects of aid, especially public aid like that of effects of private foreign investment is fraught with this agreement[27]. On one side, are the economic

traditionalist, who argue that aid has indeed promoted growth and structural transformation in many developing countries[28]. On the other side are critics who argue that aid does not promote faster growth but in fact retard it by substituting for, rather than supplementing, domestic savings and investment and by exacerbating developing country balance of payments deficits as a result of rising debt repayment obligations and the linking of aid to donor-country exports.

Official aid is further criticised for focusing on and stimulating the growth of modern sector, thereby increasing the gap in living standards between the rich and the poor in developing countries. Some critics on the left would even assert that foreign aid has been a force for antidevelopment in the sense that it both retard growth, reduced savings and worsens income inequalities[29]. Rather than relieving economic bottlenecks and filling gaps, aid-and for that matter private foreign investment-not only widens existing savings and foreign exchange resource gaps but may even create new ones; for instance urban-rural or modern sector traditional sector gaps. Critics on the right, on the other hand, charge that foreign aid has been a failure because it has been largely appropriated by corrupt bureaucrats, has stifled initiative, and has generally engendered a welfare mentality on the recipient nations[30].

Summary

Third world countries face significant development challenges, including poverty, inequality and limited economic opportunities. Most of the world's people live in poverty in the global south. About a billion live in extreme poverty, without access to adequate food, water and other necessities. Research has shown that investing in education, promoting economic diversification, and strengthening governance and institutions, can help address these challenges. Additionally, fostering entrepreneurship, improving infrastructure and enhancing regional cooperation[s] can also contribute to sustainable development.

Conclusion

In conclusion, third world countries can promote sustainable development and improve living standards by implementing strategic approaches that prioritise education, economic diversification, good governance, entrepreneurship, infrastructure development and regional cooperation. As emphasised in the United Nations' Sustainable Development Goals 2015, these efforts can help reduce poverty and inequality, ultimately leading to a more prosperous and equitable future.

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