Neocolonialism in the globalised economy of the 21st century: An overview

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Abstract

Starting from Kwame Nkrumah’s definition of neocolonialism, this article examines practices in the globalised economy in the areas of debt, structural adjustment, development cooperation and agricultural policy, as well as the major institutions of the global political economy (World Bank, IMF, WTO). The article concludes that neocolonialism and the control of the economy through foreign actors is a regular feature of today’s economy. Yet these actors are not necessarily always identical to former colonial powers.

Keywords: neocolonialism, imperialism, debt, structural adjustment, development cooperation, land grabbing


Zusammenfassung


Schlagwörter: Neokolonialismus, Imperialismus, Verschuldung, Strukturanpassung, Entwicklungszusammenarbeit, Land Grabbing

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In recent debates about Africa (Ndlovu-Gatsheni 2013, 2015), the concept of coloniality seems to have replaced the older concept of neocolonialism. While the concept of coloniality certainly has a broader scope and examines long-standing patterns of power resulting from colonialism and their economic, but also psychological, epistemological, cultural and political impacts (Ndlovu-Gatsheni 2015: 487), the narrower concept of neocolonialism also has its merits: in contrast to coloniality, its prefix “neo-” highlights the important achievement of independence and thus the victory of anticolonial liberation movements. At the same time, it points to the parallels between the political and economic situation of formally independent and colonised countries and in this way to the difference between juridical and empirical sovereignty (Langan 2018: 24).

But can a concept originating in the 1960s be useful for analysing the global economy in the 21st century? And in what way would it have to be updated or modified to reflect the changing relations of power? These two research questions shall be pursued in this article. It will proceed by discussing the concept in its original form as established by Kwame Nkrumah, before briefly describing the origins and central features of today’s globalised economy. The following three sections will then discuss empirical examples regarding institutions of global economic governance (IMF, World Bank, WTO), four cases of structural adjustment in times of financial crisis, and some examples from the fields of “development” and policy and agriculture. The investigation will highlight the extent to which phenomena can be found in these areas which can usefully be described as neocolonialism. Based on these sections, the conclusion will attempt to answer the two questions mentioned above.

Neocolonialism

The debate around neocolonialism, which – in contrast to the debate on imperialism (see e.g. Petras/Veltmeyer 2001; Harvey 2003) – shows a surprising dearth of theory, is primarily concerned with the work of Ghanaian anticolonial leader and later president Kwame Nkrumah. Nkrumah characterises neocolonialism as the last stage of imperialism, following Lenin, who described imperialism as the final stage of capitalism.

Building on his experiences of Ghana’s independence since 1957, Nkrumah saw the central identifying feature of neocolonialism in the fact that, despite the formal independence and sovereignty of a state, “its economic system and thus its political policy is directed from outside” (Nkrumah 1965: 1). This occurs primarily through economic or financial instruments, such as financial dependence of the state apparatus on civil servants and financial transfers from the North, foreign control of exchange rate policy, or monopolistic trade structures which oblige the country to import goods from specific countries. Under these conditions, foreign capital investments in “less developed” regions led to their exploitation and to a growing chasm between poor and rich countries, instead of to “development” (ibid.). Nkrumah stresses that “the struggle against neo-colonialism is not aimed at excluding the capital of the developed world from operating in less developed countries”, but at “preventing the financial power of the developed countries being used in a way as to impoverish the less developed countries” (ibid.).

Besides the old colonial powers, new imperial powers, especially the USA but also multinational corporations and international financial interests in general, are named as actors of neocolonialism (Nkrumah 1965).

Written at a time which for many African states was the early years of a postcolonial era, the concept’s important claim is that it was “imperative in such circumstances to examine – and to critique – the ways in which the genuine self-governing capacity of African states has been undermined” (Langan 2018: 23). It is noteworthy that despite the subtitle of his work and in contrast to Rodney (1972: 16), Nkrumah apparently does not perceive capitalism, colonialism and exploitation as inextricably linked. In Nkrumah’s emphasis on the potentially beneficial aspects of foreign direct investment, one might perceive analogies to a moderate position in dependency theory as advocated by Cardoso/Faletto and their idea of “dependent development” (Cardoso/Faletto 1979). There is no fundamental rejection of global capitalism and no attempt to delink from it.

The theoretical core of neocolonialism remains the control of the economy through foreign actors as the exemplary manifestation of the continuity of colonialism. Nkrumah’s concept focuses on relations of power between states, and sidelines those within – an unsurprising ideological effect given his position – although he does mention the role of African elites. This neglect of class analysis goes hand in hand with the tacit...
assumption that domestic politicians and capitalists acted in a more benign manner than foreign ones. This assumption and the “anti-imperialist” critique of foreign multinational companies controlling the economy has also been a feature of the debate on economic globalisation.

Economic globalisation

Although the term only became popular in the last decade of the 20th century (Deutscher Bundestag 2002: 49), globalisation, understood as growing interdependence of individual economies, is closely linked to European expansion and European colonialism since the 15th century (Randeria/Eckert 2015; Scherrer/Kunze 2011: chapter 2; Osterhammel 1997; Bernstein 2000: 241). (Analytically, we can distinguish here between the globalisation of trade in goods and services, financial markets, production, and labour markets. While global trade in goods increased roughly 30-fold between 1950 and 2007 (Scherrer/Kunze 2011: 12), trade flows are concentrated within the three regions of Western Europe, North America, and East and Southeast Asia (Deutscher Bundestag 2002: 120; Scherrer/Kunze 2011: 40). It is therefore more appropriate to speak of an uneven integration, a triadisation of the globalised economy. Africa’s share of global exports, for instance, constitutes only 3% three percent (Scherrer/Kunze 2011: 15). The markets for services are naturally much less globalised, but even here, the internet has led to a sharp increase in globalisation (Scherrer/Kunze 2011: 13; Deutscher Bundestag 2002: 124ff.). The increase in cross-border financial market transactions following the abandonment of the 1973 Bretton Woods system of fixed exchange rates is nothing short of spectacular: at the end of the 20th century, US$1.6 trillion were traded daily on the currency markets (Deutscher Bundestag 2002: 64). The globalisation of production began even earlier, accompanied by the relocation of industrial sites, the increasing influence of transnational corporations, and the creation of global value chains and special export processing zones, the number of which grew from 1 to 3,500 between 1947 and 2007 (Neveling 2015: 164). In contrast to the movement of capital, in the contemporary world order the mobility of people is associated with major obstacles, even if the number of migrants grew from 75 million to 200 million between 1960 and 2007 (Scherrer/Kunze 2011: 14).

Critiques of economic globalisation often associated these changes with the diagnosis of a loss of state sovereignty. However, this can be more precisely referred to as a transformation to national competitive states, which – under the conditions of (partly self-created) neoliberal globalisation – are less and less capable of regulating economic and social policy, but in terms of security policy have by no means necessarily lost their ability to act (Scherrer/Kunze 2011: chapter 9; Hirsch 1995).

How, then, is the globalising economy to be judged with regard to possible colonial continuities? It should be noted here that the colonial division of labour (raw material production for export in the South, technology production in the North) still exists in many cases, but has since the 1970s at the latest been systematically broken up by industrialisation processes, especially in South, East, and Southeast Asia (Fröbel/Heinrichs/Kreye 1997). The share of the West (Western Europe, North America, Japan, Australia, and New Zealand) in world production (GDP) fell from 60% to around 52% between 1950 and 2001 (Maddison 2002), a trend which has tended to strengthen over the last decade (OECD 2010). According to the latest World Bank figures, China, Japan, India, and Brazil are among the ten largest economies in the world, and South Korea ranks eleventh. Meanwhile, China’s GDP is larger than that of Germany, Great Britain, France and Italy combined.2 The share of industrial production by “developing” countries increased from 5% to 32.1% between 1953 and 2010 (UNIDO 1986; UNIDO 2012). Almost half of this is accounted for by China, however, and the remainder largely by a few emerging economies, while the remaining countries account for 3.5% (UNIDO 2012: 5). With regard to the majority of the former colonies, there is also a slight focus on intraregional trade: in the economies of Africa, the Middle East and Latin America (as well as the former Eastern Bloc), about 75% to 90% of trade takes place with business partners outside their own region, which indicates a persistence of colonial trade structures. In Asia, North America and Western Europe, on the other hand, it is less than half (Scherrer/Kunze 2011: 40).

The fact that the restriction of foreign investors to company shares of less than 50% is much more pronounced in industrialised countries (especially in Europe) than in the former colonies (especially in Africa) is revealing (UNCTAD 2016: 166). Significant differences are also evident in the ownership structure

of companies between former colonial powers and former colonies. While in the US and the EU 72% of the ultimate owners of foreign subsidiaries come from the same region, the figure is 24% in emerging Asia, 11% in Latin America and the Caribbean, and only 8% in Africa (ibid.: 152). Of the 100 largest multinational companies, more than 80 are headquartered in North America or Western Europe, eleven in Japan, four in China, and one each in South Korea, Malaysia and Mexico. The large number of export processing zones in former colonies is also very telling, as here there are exceptions to the usual labour, customs and tax laws, designed to attract foreign investors with favourable conditions where they are much less subject to domestic control. The globalisation of production – that is, the fragmentation of the production of goods into differing production sites in different countries – complicates the nationalisation of companies or renders it largely ineffective. This, along with the facilitated mobility of capital, contributes to a shift in the balance of power in favour of multinational companies and to the disadvantage of states and trade unions.

Accordingly, we can determine that, on the one hand, the balance of power in the globalised economy has unmistakably shifted due to the successful processes of industrialisation and “catching up”. A number of countries, notably in East and Southeast Asia, have managed to industrialise and escape the traditional division of labour. On the other hand, for the vast majority of the Third World, the evidence regarding multinational companies, export processing zones and the ownership structure of companies indicates that the global economy still is structured by neocolonial inequalities regarding foreign control of the economy. The parallels in the globalised economy between economic globalisation of the late 20th and 21st centuries and the colonial era are clearly visible. For most countries in Africa, Asia and Latin America, therefore, the perception of neocolonial control of the economy by foreign actors is by no means unfounded. Whether companies controlled by domestic elites would behave notably differently is another question.

Institutions of the global economy

The accusation of neocolonialism has been made not only at the general level of the world economy, but more specifically has often been applied against the major institutions of the global political economy, particularly the International Monetary Fund (IMF) and the World Bank, that is, the International Bank for Reconstruction and Development (IBRD) and its subsidiary, the International Development Association (IDA). Since its founding in 1995, the World Trade Organisation (WTO) has also been accused of free trade imperialism. In the eyes of their critics, the IMF, World Bank and WTO are instruments used by governments and companies of the North to oppress the South (Peet 2009). Here, it is worthwhile noting that voting rights on the executive boards of the IMF and the World Bank are weighted according to capital shares: rich countries that pay a lot have more voting rights. In the IBRD, the executive directors from Germany, France and Great Britain together therefore have more than twice as many votes (11.96%) than do the representatives of the roughly 50 African states combined. This is the case even though the payment rates are not calculated in direct correlation to the national economies’ share in the globalised economy: at 18.46%, the USA is not overrepresented; the EU states, however, clearly are (to some extent considerably); and at 4.68%, China is heavily under-represented. Nevertheless, as a rule, decisions are not enforced against a minority from the South; rather, most decisions are taken by consensus. The most controversial project in the history of the World Bank, the Sardar Sarovar Dam on the Narmada river in India, was financed with broad support from the South, but against the votes of the US and several European executive directors.

Civil society’s main criticism of the IMF and the World Bank was directed against their structural adjustment loans, which were linked with neoliberal economic policy conditions (market opening, privatisation, deregulation, export orientation, policy of austerity). According to advocates, these initiated meaningful reforms (Nunnenkamp 2002: 10f.); in the
opinion of critics, these plunged parts of the population into misery, in favour of the banks (George 1988; Mohan et al. 2000; SAPRIN 2004). Since 1999, the corresponding credit lines have been replaced with poverty reduction programmes (Poverty Reduction Strategy Papers, PRSPs) conceived by the recipient country government in consultation with civil society. But since these programmes must be approved by the IMF and the World Bank, the fundamental problem remains: can we speak of a neocolonial influence here? Comparative studies (Eberlei/Siebold 2002; Walther/Hentschel 2002) conclude that, although participation and ownership were present in the creation of many PRSPs, and poverty reduction is foregrounded more now than in the past, the macroeconomic framework continues to be prescribed by the IMF and the World Bank (albeit only indirectly). In this context, the words of an African country’s finance minister are revealing: “We give them what they want before they start lecturing us” (World Development Movement 2011: 11).

Structural adjustment programmes were intended to manage the debt crisis through the IMF and the World Bank: in 1982, several Latin American debtor countries announced their inability to service outstanding loans. At the time, the debt of developing countries was US$782 billion. Today, after countless austerity programmes and half a dozen debt relief initiatives, their debt level is about US$5.4 trillion, and the annual debt service payments to the North amount to around US$575 billion (Ellmers 2016: 3). Debt crisis management therefore has not led to a reduction in the mountain of debt, but rather to the maintenance and expansion of debt service payments. Together with the US$486 billion in profits that are repatriated to the North by multinational companies every year (Griffiths 2014: 20), the term “neocolonial exploitation” certainly seems appropriate in this context. Taking into account official development assistance, direct and portfolio investment and migrant remittances on the one hand, and debt repayments, repatriated profits, illicit financial flows and lending on the other, the financial transfers from the South to the North are about twice as large as those in the opposite direction – roughly US$2 trillion (Griffiths 2014).

In contrast to the World Bank and the IMF, the decision-making mechanisms of the WTO are organised according to the UN principle, “one country, one vote”. Here, too, decisions are generally taken by consensus. However, analysis of WTO negotiations in Doha showed that influential industrialised countries, above all the USA and the EU, were in many cases able to impose their ideas of a world trade order. They did so by capitalising on their greater negotiating capacities, informal preliminary negotiations, clever tactics and pressure, and even threats against individual countries (or country representatives) (Jawara/Kwa 2003).

Regarding Nkrumah’s classic definition of neocolonialism, we can observe that the WTO in theory is of course against monopolistic structures, but in practice often serves – in the name of “non-discrimination” and “national treatment” – to open up the markets of the South for companies of the North (Dunkley 1997). The WTO regulations have expanded the existing free trade agreement (GATT, General Agreement on Tariffs and Trade) in the interest of globally competitive companies and financial actors in the North to include services and intellectual property rights. In negotiation of these new trade agreements, however, the governments of North America and Western Europe managed to impose exemptions in areas strategically important for their clientele, especially in the agricultural sector. While the promise of liberalisation of the agricultural sector was an incentive for many governments of the South to engage in open markets under the WTO framework, these exemptions for particular kinds of agricultural subsidies minimised the benefits for many agricultural exporters from the South and protected the agriculture of the North from this competition in important ways (Dunkley 1997). However, precisely these protectionist measures are normally branded as market-distorting discrimination under WTO regulations and are otherwise banned where possible. Economic historians point out that the industrialisation processes of Western European and North American countries were only possible thanks to the application of such measures to protect their own industries from foreign competition, but now the figurative ladder up which they themselves climbed is being kicked away (Wade 2010; Chang 2002). In contrast to the free trade imperialism of the colonial period, which in extreme cases was even enforced with military measures such as in the opium export to China, the market-opening measures used in the South today appear harmless. However, for their socioeconomic consequences with regard to domestic producers’ exclusion from the market and loss of income opportunities, this is by no means the case. As a lender for “development” projects, the World Bank has recently faced competition from China’s Asian Infrastructure Investment Bank (AIIB) and the New Development Bank (NDB) of the
BRICS states. Although at first glance this may seem welcome with regard to neocolonial power relations, the consequences of this competition are ambivalent at best (Clark et al. 2003): civil society’s long-lasting critique has led to the World Bank’s implementation of relatively high social and environmental standards in projects, the non-compliance with which can even be reported by a complaints committee, the Inspection Panel. The insistence on these standards, sometimes referred to by recipient governments as neocolonial interference, benefited many people affected by infrastructure projects. Due to the significantly lower standards of the competition (AIIB and NDB), however, these achievements are currently also being dismantled at the World Bank.  

All in all, however, we can conclude that the rules of the institutions of the global economy are clearly biased in favour of the governments and multinational companies of the First World. In the next section, we will examine some of the consequences of this regarding the question of neocolonialism in the context of financial crises and adjustment.  

Debt and structural adjustment  

Bearing in mind the crucial element of the classical definition of neocolonialism, foreign control of the economy, a more detailed investigation of examples from the sphere of debt and structural adjustment is illuminating. We will therefore look at structural adjustment in South Korea, Ghana, Argentina and Greece.  

After South Korea had become highly industrialised, in 1997 the country was hit by the Asian financial crisis largely through no fault of its own, and the IMF came to its aid with a US$57 billion “rescue package”: immense loans to pay off creditors’ bills, bound to economic policy conditions. There is little dispute that the austerity programmes exacerbated the crisis and drove up unemployment (Stiglitz 2003: chapter 5). The IMF conditions enabled European and North American companies (Ford, Daimler-Chrysler, Renault, etc.) to acquire for the first time large shares in successful South Korean industrial companies such as Daewoo, Hyundai and Samsung at prices well below market value (Ling 2004: 130f.). In order to combat “crony capitalism”, or “Asian favouritism”, South Korean company conglomerates had to enter into “strategic alliances” with foreign companies. The six largest South Korean banks were also nationalised and then auctioned off to foreign investors; consortia with Korean participation were not permitted. In this way, 51% of the Korea First Bank was sold to a Californian investment fund (Newbridge Capital Ltd.) for the knockdown price of about US$450 million, with the assurance that the Korean state would cover losses accrued from outstanding and unpaid loan payments. These amounted to roughly 35 times the purchase price (Chossudovsky 2003: 340f.).  

It is also noteworthy that the IMF loan was only granted after every presidential candidate in the forthcoming South Korean elections had assured that they would adhere to the economic conditionalities, that the IMF position in the negotiations was agreed upon in close discussion with a representative of the US Treasury Department, and that the South Korean Treasury Secretary was dismissed because of his unfriendly attitude towards the IMF and replaced by a former IMF employee (ibid.: 332ff.). Clearer examples of neocolonial relations in the globalised economy can hardly be found. Even the former Chief Economist of the World Bank, Joseph Stiglitz, spoke of the IMF having “represented the interests and ideologies of the western financial world” in the Asian Crisis (Stiglitz 2003: 130f. [author’s translation]). His critical stance on the interventions of the US Treasury Secretary cost Stiglitz his job (Wade 2002).  

The second example concerns Ghana during the period following the transformation of structural adjustment programmes into poverty reduction strategies. After the share of domestic poultry producers in the Ghanaian market had fallen from 95% to 11% between 1992 and 2001 as a result of highly subsidised dumping exports from the EU in particular (which had a corresponding impact on the labour market situation), parliament passed a law in 2003 to increase import duties from 20% to 40% (Act 641). After consultations with the IMF – the IMF spoke of advice, members of parliament spoke of pressure, and farmers’ associations spoke of a directive – the law was withdrawn shortly afterwards. The IMF had argued, among other things, that the protective tariff would damage poverty reduction efforts (Atarah 2005; Issah 2005: 21; Jones/Hardstaff 2005: 25).  

The third example concerns Argentina. After the state bankruptcy of 2001 – Argentina had outstanding debt of about US$100 billion and debt service...
payments consumed 45% of export gains – President Kirchner struggled to negotiate a debt reduction of 70% with the creditors. Four hedge funds (often depicted in the media as “vulture funds” due to their business practices) refused this agreement, however, and demanded full repayment of their debt claims acquired on the financial market at a fraction of face value. Supported by a US court that viewed this demand as legitimate, they succeeded in 2012 in having an Argentinian naval ship detained and seized by the authorities in a Ghanaian port. Only months later, after UN arbitration, could it leave the port. In 2014, the US Supreme Court finally ruled in favour of the hedge funds: the hedge funds needed to be paid out first, before claims from other private creditors could be settled. President Fernández de Kirchner rejected the ruling. However, her successor Mauricio Macri agreed with the hedge funds on the repayment of about US$4.6 billion, which corresponded to 75% of the demanded sum but was 13 times higher than what the hedge funds had paid when they acquired the debt claims (Carballo/Franzki 2012; Schoepp 2016; Moyer 2016; Stevenson/Gilbert 2016).

The last example documents how power relations in today’s globalised economy can be completely independent of former colonial relations. In 2010, Greece experienced a debt crisis due to what is often described as a “lack of trust in the financial markets”: although the ratio of debt to gross domestic product was similar to that of Italy and significantly better than that of Japan, rating agencies downgraded Greece’s creditworthiness, which resulted in a sharp rise in interest rates on existing loans. Akin to the structural adjustment programmes in the South, Greece only received new loans to pay off the old ones in exchange for tough economic conditions. Here, too, there were strong accusations that the primary concern was to save the private banks. Indeed, of the €252 billion in loans provided by the Troika (the EU Commission, the European Central Bank and the IMF), €150 billion went directly to foreign lenders and only €20 billion to the Greek government. The outcomes of the austerity programmes are well known: state ownership was privatised, pensions and incomes sank (the latter by an average of 35%), the Greek economy shrank by 20%, social spending by 25%, youth unemployment rose to 50%. Meanwhile, debt rose from 133% to 174% of GDP between 2010 and 2016. Despite this more than dubious track record, the Troika insisted on a continuation of the austerity course, which the majority of the Greek population had opposed in the 2015 referendum. In particular the German government and then Finance Minister Schäuble represented a hard-line position within the Troika and resisted the demand for a debt reduction, which the IMF meanwhile considered indispensable (Rosa-Luxemburg-Stiftung 2011, 2015; Jubilee Debt Campaign 2015; Herrmann 2016; Bonse 2017). Randeria and Römhild are therefore to be supported without reservations when they state: “Greece currently appears to be the most visible case of a neocolonial style of politics in opposition to nation-state democracies within the European Union” (Randeria/Römhild 2013: 23) – albeit not the only one, as the similar examples of the reaction to Spain’s and Portugal’s financial crises demonstrate. It is noteworthy that, in this context, parts of the press resort to well-known colonial stereotypes of immature and underage natives in order to justify neocolonial politics. In Der Spiegel, for example, the Greek government was explicitly compared with adolescent youth.

It seems as though economically more powerful countries still cannot trust weaker ones to rule themselves, and that even in the 21st century such interventions have to be legitimised through stereotypes all too familiar from colonial discourse. However, the justified criticism of the neocolonial economic relations between Germany and Greece remains incomplete without an analysis of class actors on the national and international level (for the national level, see Fouskas/Dimoulas 2016; for the international level, see Kalaitzaki 2017).

“Development” cooperation and agricultural policy

Beyond the burden of the debt and financial crisis, there are practices in the area of “development” and especially agricultural policy that critics also regard as neocolonial. In the past, “development” cooperation was often instrumentalised for foreign trade or geopolitical purposes. After the end of the Cold War, geopolitical instrumentalisation diminished, as was to be expected. After 1989, massive support for anti-communist dictatorships was no longer considered acceptable or necessary, and good governance became an important criterion of development cooperation, which also led to accusations of neocolonialism. In this context, it is worth noting that the BMZ (German Federal Ministry for Economic Cooperation and Development) suspended development cooperation with Rwanda in 2012 because of support for militias.
in the Congo (DRC), but at the same time apparently did not view the coup against the democratically elected (but left-wing) President Lugo of Paraguay as an obstacle to good governance: Minister Niebel was the first foreign state guest to shake hands with his successor and continued the development cooperation payments.8

The instrumentalisation of development cooperation for trade interests has occurred especially through tied aid: development cooperation funds for a dam, for instance, are tied to the condition that the required goods and services for construction are purchased from a German company. However, the untied share of development cooperation has risen to almost 85% (BMZ 2005: 231). Also to be taken into account is the problem that development cooperation funds are granted as loans that lead to a larger mountain of debt if used unproductively. Since the outbreak of the debt crisis in 1982 (and the propagation of structural adjustment as its solution), the external debt of peripheral countries has, as mentioned above, tripled. But here, too, the historical processes are not without ambiguities: some emerging countries like Brazil have, in recent years, repaid their debts to the IMF ahead of schedule; debt relief for the poorest countries is often still inadequate but has, since 1999, become increasingly substantial; and by far the largest share of development cooperation is now no longer provided as a loan, but given as a grant (De Haan 2009: 25). The developments in the areas of tied aid and grants indicate that development cooperation, at least in this respect, can no longer be described primarily as a foreign trade strategy or neocolonial exploitation as was the case in former times.

A further point concerns the trend towards budget support within development cooperation. In order to avoid “project islands”, donor-oriented projects and structures parallel to state policy, development cooperation is increasingly paid into the budget of the recipient government. In return, however, representatives of donor countries and organisations institutionally participate in governments’ budgetary planning via fora of political dialogue (Whitfield 2005: 647; Craig/Porter 2003: 60f.). This, in turn, establishes asymmetric power relations between formally equal sovereign states.

It is also noteworthy that the German development cooperation is once again openly financing population policy projects, after feminist movements had, at the 1994 UN conference in Cairo, achieved their replacement with health policy oriented towards women’s reproductive rights. Supported by the assumption that the Global South is “overpopulated” – although people in the Global North consume many times more resources – there is often a disregard for women’s rights, under the banner of poverty reduction: through financial incentives to sterilise impoverished women, long-term contraceptives (banned in Europe) with unpredictable side effects, or through the aim of teaching women to have fewer children and branding their desire to have children as backward, irrational or irresponsible. An instrumentalisation of development cooperation through foreign trade is found in the partnerships with the pharmaceutical industry (and conservative non-governmental organisations [NGOs] like the Deutsche Stiftung Weltbevölkerung [German Foundation for World Population]), which result in development cooperation funds being used to finance contraceptives from BayerHealthCare or Fresenius (Bendix/Schultz 2015, 2018; Schultz 2006; Bendix/Ziai 2017).

In agricultural policy, neocolonialism is most often associated with the phenomenon of “land grabbing”. With this term, the NGO Grain, among others, describes financially strong foreign investors’ large-scale legal appropriation of agricultural land, which is closely tied to local communities’ loss of control of arable land (Seized! 2008: 3). International land transactions in the Global South involved 20–45 million hectares in recent years (Deininger/Byerlee 2011; Engels/Dietz 2011). New in this trend are, first, the protagonists: the responsible parties are no longer primarily the former colonial powers, but rather countries such as China, Saudi Arabia, South Korea and India. Second, it is no longer about coffee or bananas, but rather about staple foods and the production of meat and agricultural fuels. Third, the presence of financial investors is a new element (Hoering 2011: 497ff.; Hoering 2007). Even though half the agricultural land is to be sold to investors – as is the case in Madagascar – this is not tied to a formal restriction of sovereignty.

German policymakers have entered into questionable public-private partnerships in the agricultural sector as well, for instance within the framework of the German Food Partnership (GFP) and the Africa Agriculture and Trade Investment Fund (AATIF). The GFP alliance, which is essentially financed by companies,
was initially named the German Initiative for Agriculture and Nutrition in Emerging and Developing Countries (DIAE) when it was founded under the patronage of the BMZ in 2012, and was renamed at the beginning of 2013. Following strong criticism from civil society actors, the GFP was discontinued at the end of 2015. Its goal had been to improve the nutritional situation of people in emerging and “developing” countries through projects to increase agricultural yields and for more advantageous value chains, in partnership with private and public actors. True to the maxim that already characterises the genesis of “development” policy, which claims that there exists a harmony of interests between Northern investors and Southern smallholder farmers (Alcalde 1987), hunger and poverty are to be combated through public-private partnerships. Analyses of GFP projects carried out by German NGOs conclude, however, that the business interests of agricultural and chemical companies (Bayer Crop Science, BASF and Syngenta, among others) are foregrounded and that smallholder farmers are barely involved in the projects while at most a small proportion of them benefit from them. They also point out that the overall situation of the impoverished rural populations is worsening due to these projects (Forum Umwelt & Entwicklung 2013: 3; INKOTA-Netzwerk 2014: 2f.; see also Fraktion Bündnis 90/Die Grüne 2014). Accordingly, the political “development” benefits of the GFP, funded with €6 million from the BMZ, need to be questioned.

The AATIF, regarded as a “development partnership”, has a similar impetus. This fund, conceived in 2011 by the BMZ and the KfW development bank in cooperation with Deutsche Bank should, according to former Minister Niebel, “sustainably realise Africa’s agricultural potential”, “improve living conditions of rural households”, and support “agricultural investments for the benefit of the local population” in order to “eliminate hunger and poverty in rural economies” (AATIF 2011: 3). The fund, supplied with roughly €45 million in support from the BMZ, is intended to provide loans, guarantees and participation for smaller and medium-sized agricultural enterprises, and simultaneously allocate at least 30% of its volume to financial intermediaries such as banks and microfinance institutions operating in Africa (Linksfraktion 2012: 1). BMZ funds function as equity capital, whereas those from Deutsche Bank can only be used later, in the event of losses. In the case of winnings, the order is reversed (ibid.: 4). For example, an AATIF loan of US$10 million went via a subsidiary to the investment company Chayton Africa, which has purchased 17,000 hectares of land in Zambia and is currently growing wheat, corn and soy in industrial agriculture (AATIF 2011: 11), but has cut jobs rather than created new ones. NGOs conclude that the AATIF’s “development policy orientation” is “even less pronounced than that of the GFP” (Forum Umwelt & Entwicklung 2014: 19). Large corporations rather than rural households have been reaping the lion’s share of benefits of German investment.

The support of German companies in the acquisition of land in Africa also becomes clear in the dispute over the Kaweri coffee plantation in Uganda. This plantation, owned by German investor Neumann Kaffeegruppe, was constructed in Mubende District in 2001 on land leased by the Uganda Investment Authority, shortly after the Ugandan army had expelled the roughly 4,000 inhabitants of the region with bulldozers and weapons (Falk et al. 2013: 6f.). The primary school of one of the evacuated villages functioned as the office of the plantation. The subsidiary, Kaweri, paid the local diocese €2,000 for the refugees, and referred to the government’s assurance that all legal residents would need to be compensated. The displaced people organised themselves in the group “Wake Up and Fight for Your Rights, Madudu Group”, which – supported by several NGOs – sued the government of Uganda and Kaweri at the High Court in Kampala. The trial was delayed for many years and only in 2009, with the support of FIAN, did the displaced people file a complaint with the OECD’s National Contact Point for violation of the Guidelines for Multinational Enterprises – albeit unsuccessfully. In 2013 (after the court in Kampala surprisingly ruled against Kaweri), BMZ Minister Niebel called on FIAN, through a letter, to end the “inappropriate and unjustified” campaign against the “largest German investment in Uganda”, in order not to bring the “Ugandan coffee” into “permanent disrepute” and thereby harm smallholder farmers; from a “development policy point of view”, the situation should not be further exacerbated (Falk et al. 2013; ActionAid 2008; Niebel 2013). Here, the BMZ is prioritising the interests of the German investor over those of displaced smallholder farmers.

A final example concerns biodiversity policy. In the field of biodiversity, Vandana Shiva (2002) refers to

“biopiracy” as the colonialism of the 21st century. She uses the term to denote the patenting of genetic resources in the South through companies of the North, which in this way often acquire the traditional knowledge of indigenous communities about medicinal plants, and make profits off them. The best-known example of this was undoubtedly the long litigation over patents on the basis of the neem tree (Shiva 2002: 80ff.). While some only speak of biopiracy when such appropriation disregards the rules of the Convention on Biological Diversity (CBD) regarding a “fair sharing of benefits” for indigenous peoples, for many others any private appropriation of genetic resources and knowledge of their use is illegitimate per se (BUKO 2005: 10f.; Wullweber 2004: 88f.). As a rule, the practices considered colonial take place within the legal framework of the WTO Agreement on Intellectual Property Rights (TRIPs); that is, once again completely legally.

On behalf of the BMZ and in collaboration with numerous national and local partner organisations, the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) is currently carrying out a project in Mexico entitled “Equitable benefit sharing in the use of biological diversity”, which is intended to ensure the protection and sustainable use of biodiversity in the Montes Azules Biosphere Reserve in the state of Chiapas. The Council of Traditional Indigenous Healers and Midwives for Public Health in Chiapas has described this project as a case of biopiracy, as this protection is to occur in a very particular way: the traditional knowledge about medicinal plants is to be harnessed for the pharmaceutical industry, and access to the corresponding resources in the insurgent regions is to be secured for the companies.10

Conclusion

This overview of the various areas of the globalised economy, from structural adjustment and “development” cooperation to agricultural policy, demonstrates how conditions and practices rightly perceived as neocolonial remain on the agenda in the 21st century. Regarding the first of our questions, we can thus conclude that the concept of neocolonialism has proven itself to be still a very useful term to describe the relationship between the North and South. Most of the examples discussed in the previous sections – the ownership of multinational companies, the biases in the crucial institutions of global economic governance, the practices of adjustment in times of financial crisis, and the areas of population policy, biopiracy and public-private partnerships in “development” cooperation – clearly demonstrate the existence of neocolonial relations in the global economy in the 21st century and thus the continued relevance of the concept.

However, it also becomes clear that the control of the economy by foreign actors is a structural feature of the globalised economy and the contemporary neoliberal world order, which is only called neocolonialism in particularly striking cases such as those documented here – more or less frequently, depending on the political standpoint.

Regarding the second question, the analysis above also points to some instances where the concept of neocolonialism needs to be modified or refined in order to capture the realities of the global economy in the 21st century:

1. In contrast to earlier and at the time justified assumptions about the neocolonial character of “development aid”, the predominance of grants over loans and the fact that the majority of aid from many donors is no longer tied, must give us pause. The generalised accusation that aid is neocolonialism (Hayter 1971; Langan 2018: 26) seems certainly less plausible in comparison to former times – although the accusation seems still justified for parts of the policy field, as we have seen.

2. The examination of land grabbing shows that neocolonial practices in agriculture are clearly on the rise, but the actors are predominantly from emerging economies of the Third World and not primarily found among the usual suspects of European colonialism. There has been a diversification of the perpetrators of neocolonialism in the global economy.

3. Moreover, the case of Greece shows that neocolonial relations can occur independently of former, historical colonial relations. In global capitalism, there has also been a diversification of victims of neocolonialism.

4. In obvious cases of foreign political dominance (like in the financial crises of South Korea and Greece), stereotypes from colonial discourse are invoked to justify non-democratic interventions or exclusions. This is particularly interesting in the case of Greece, where these stereotypes had to be created from scratch. In the

course of the financial crisis, what was formerly known in European media as the “cradle of democracy” turned into the country of the “lazy natives” as a consequence of changed economic relations and political interventions.

5. The attempts to discredit the standards of the World Bank Inspection Panel (an institution which came about through the sustained pressure of a global campaign of civil society protest) illustrate that the accusation of neocolonialism is also used by some Third World elites to reject interventions for the benefit of marginalised parts of the population. It has become apparent that the states of Western Europe and their former settler colonies (and, to a much lesser but increasing extent also some emerging countries) are responsible for disastrous neocolonial policies oriented towards the interests of “their” companies and banks. An emancipatory perspective should fight these policies yet exert caution in supporting allegedly anticolonial claims by elites invoking national sovereignty to curtail the rights of the population.

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