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Research report

Forum: General Assembly Fourth Committee (GA4)

Issue: Addressing economic dependency and structural inequalities resulting from colonialism for lasting decolonization.

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Introduction

Although the age of colonialism has largely passed in the modern day, the impact of colonialism starting from the late Middle Ages to the modern day is still profound among colonies. Economic dependency and structural inequality remains for many former colonies a shadow that looms over them and prevents their nation from attaining true independence. As MIT Economics professor Daron Acemoglu points out in his column, around 500 years ago, when the practice of colonialism was not common yet, there was little difference in wealth and prosperity between rich and poor countries. In the modern day, according to Acemoglu, this difference is a factor of 40 (Acemoğlu).

This fact illustrates in numbers the toll that colonialism has taken on the formerly free nations. While many of these nations no longer rely politically on their colonists, they rely economically on produce that was started during the age of colonialism. These countries' reliance on these sources of income make them structurally disadvantaged on the world stage and for domestic economic, political, social and environmental development, in comparison to their former colonists. This applies not just to colonialism in history: neocolonialism has also been known to structurally disadvantage one or more parties in the process, and irrationally benefit another.

This research report will delve into the structural inequalities and economic dependencies that have resulted from colonialism using three case studies and general patterns of colonies and colonists and explain existing and possible future policy to encourage lasting decolonization and equality in economic opportunity between colonies and colonists.

Definitions of key terms

Colonialism: The practice of occupying a foreign territory, mostly in African, Asian, and South American nations, and extracting its natural resources

Economic Dependency: Dependency on one or a few produces, trades or exports for a large proportion of economic output, increasing vulnerability to fluctuations in demand

Structural Inequality: Inequality between class, system, or populations in or between nations

Economic Diversification: Increasing the exports and produces of one nation to decrease economic dependency

Beneficiation: Turning primary material into finished produce, which brings higher export value

Sanctions: Economic limitations placed for political purposes, on people, regions, organisations, or countries

Self-determination: Freedom to create a country for a population, and to decide policy or systems within a country

General overview

This general overview will discuss the economic impact of habits of colonialism in general terms and with reference to two case studies: the cocoa industry in Ghana and mineral dependency in the Democratic Republic of Congo. Of course, these two case studies do not encompass the entire issue of structural inequality as a result of economic independence, but the dynamics that can be observed from these case studies can be extrapolated to interpret both the issues at hand and policies to resolve these issues.

The cocoa industry in Ghana, a country in West-Africa, is pivotal to the Ghanaian culture, identity and spirit; it has been said, for instance, that “Ghana is cocoa, and cocoa is Ghana” (Hudson). This vitality is true as well for the economic situation in Ghana, as behind gold and petroleum exports, the Ghanaian export of cocoa beans was their greatest source of capital wealth in 2019 (Hudson). Ghana’s reliance on cocoa beans as an economic stimulant goes further than merely the capital it creates: thousands of small, family-run plantations maintain both the productivity and financial stability of a great proportion of its citizens, especially in the west of the country (Hudson).

Ghana was a British colony in the period 1867-1957, upon gaining its independence. Under the British, who had called this territory the ‘Gold Coast’, both mining and cocoa industries increased. These two industries dominated the Ghanaian economy under British rule, and following independence this dominance would only intensify (World Bank Group). The mining sector, predating the colonial era, only expanded under colonial rule (Mitchell). Such an undiversified economy leaves the Ghanaian economy vulnerable to shocks due to fluctuations in demand for these items in global markets (World Bank Group). Furthermore, the cocoa industry remains vulnerable to changing climatic conditions; the threat of the Ghanaian soil becoming more arid in combination with cocoa trees being vulnerable to increasing temperatures leaves this industry in Ghana vulnerable to changing climatic conditions (Hudson). This economic dependency on two major sectors and susceptibility to fluctuations in the global market caused structural inequality within the Ghanaian government to grow, also helped by political instability including, for example, authoritarianism and coup d’etats. This structural inequality has placed Ghana in a position of lesser economic development and structurally below the West, preventing further economic growth indirectly as the result of an undiversified economy (Hudson). See ‘Previous Attempts to Solve the Issue’ for a breakdown of Ghanaian and international policy to attempt to address this issue.

There is another example of a country which has been the culprit of economic dependency and structural inequality: the Democratic Republic of Congo, or DRC. The DRC has vast quantities of natural resources, including rubber, uranium, cobalt, diamonds, copper and gold (Snow). In the 15th Century, the Kingdom of Kongo thrived with vast natural resources and developed aristocracy and civil service. Portuguese colonists met a vast land of natural – and human – resources to usurp in the late 15th Century, and for 100’s of years reduced Kongo’s government systems to a state of anarchy (Snow). Before and during the Scramble for Africa, Leopold II claimed the Congo as his personal possession and force Congolese citizens to slavery to extract the vast amounts of rubber present in the country, which would be used for the Victorian Bicycle Craze (Snow). Congolese minerals would be used in arms in WWI and its Uranium would be used in the atomic bombs in WWII (Snow). Later, having ravaged the nation and having committed unspeakable atrocities to its citizens (Henson), Leopold II was replaced by a Belgian colony and, after gaining independence, ruled by the tyrannical leader Mobutu Sese Seko from 1960 (Henson). The former colonists kept citizens uneducated so as not to provide opposition to the rulers, making the post-independence landscape anarchic and without a clear successor. This became Mobutu, a former military marshal. Mobutu bled the country of millions of dollars by building his own personal palace. After multiple invasions of an alliance of East African nations, led by Rwanda, Congo became the DRC. This was a "deeply flawed, partial peace" (Snow), and the country collapsed in warfare, which it still finds itself in today (Snow) This warfare creates great instability which to this day hinders the economic output of the nation and exacerbates the issue of structural inequality and economic dependency.

The great paradox of the DRC is its abundance in natural resources, despite its tumultuous past. The fact is that as a result of colonialism, countries like Portugal and Belgium used to politically destabilise the country so that it could easily usurp its resources and citizens for slavery. The West, profiting off the Congolese minerals, turned a blind eye to the tyrannical rule of Mobutu, for example (Henson). Though this practice has been condemned in the modern day, its consequences still reverberate over the DRC in vast and widespread, seemingly irreversible political instability has caused structural inequality between the West and the DRC. It has been well and truly "cursed by its natural wealth" (Snow). This economic dependency, continuing in the modern day, of natural resources makes it susceptible to economic shocks in an already collapsed economy, and this in combination with collapsing governmental policy, widespread lack of facilities and hunger and increasing demand for mineral products and involvement from countries like China (neocolonialism) (Henson) has caused immense structural inequality in the DRC. This governmental policy fails to address many of the issues with economic dependency, or human rights problems that come with it (including lack of facilities and hunger). It is in the interest of China to keep the status quo as it gains them natural resources, a growing interest for them in the DRC (Henson). Taking significant steps to solve this issue would likely slow production of natural resources, something China is keen to avoid (Henson).

These two case studies serve as examples of how economic dependency on a certain product, especially in combination with other issues, can create structural inequality. This problem is widespread and does not confide to simply these two nations; it has been noted as well, to any extent, in most African and South American countries, as well as countries in the Middle East and Russia (United Nations Trade and Development, "The State of Commodity Dependence | UNCTAD").

Major parties involved

Countries, Regions, and Continents

United Kingdom: Former colonist of various territories under the British Empire, including Ghana (See General Overview) but in a postcolonial era more committed to lasting decolonisation and eradication of structural inequality and economic dependency

Belgium: Similar to the UK, a former colonist of various territories, including the DRC (See General Overview), but more committed to eradicating structural inequality as a modern, postcolonial state

France: A former colonist and ruler of an empire, formerly in many African regions. Like the UK and Belgium, France is more committed as a modern Western state to the eradication of structural inequality.

United States: A major player on the world stage in many examples of lasting structural inequality, usually with economic measures such as sanctions. Example: the sanctions in Venezuela leading to economic collapse in the nation.

Africa and South America: continents with many colonies, which have often been the culprit of structural inequality and economic dependency (see General Overview for case studies on Ghana and the DRC).

India: Former colony, one of the main examples of lasting structural inequality in Asia, after British colonial rule, mainly in the textile industry.

Organisations, companies and NGOs

UNDP (UN Development Programme): Launched the Human Development Index (HDI) and Sustainable Development Goals (SDGs), enacts policy to counteract structural inequality in colonies

UNCTAD (UN Conference on Trade and Development): Enacts policy to ease trade and decrease structural inequality with colonists and developed nations, for example the General System of Preferences (GSP) (United Nations Trade and Development, “Generalized System of Preferences | UNCTAD”).

Fair Trade Organizations (Fairtrade International, Rainforest Alliance): Involved in maintaining fair trade to be able to decrease economic dependency

Human Rights and Development NGOs (Oxfam Novib, Transparency International): Involved in human rights efforts to be able to decrease structural inequality

International Monetary Fund (IMF) and World Bank: Involved in financial efforts to decrease economic dependency

Timeline of Key Events

<1500s	Pre-Colonial Era: Indigenous nations and communities live independently from Europe, often thriving (Brooklyn Museum).
1500s	European nations slowly start colonising and exploring in America, Africa and Asia (Brooklyn Museum).
1600s	Major colonial empires are established, mainly in Africa, Asia, and America, by European nations (Brooklyn Museum).
1700s	Colonialism continues further with events like the Scramble for Africa, now with a greater emphasis on the resources that the colonies offer: economic profit for colonists (Brooklyn Museum).
1800s	Scramble for Africa intensifies, formalised by the Berlin Conference (1884-5) (Brooklyn Museum).
Late 1800s	Colonisation by many states, now also including the USA in countries like the Philippines (Brooklyn Museum).
1914-1918	WW1, the flow of colonialism is disrupted, and little colonial expansionism occurs within this time. Citizens of colonies are recruited to fight (Steiner).
1919	Paris Peace Conference and League of Nations formation, marking a departure from the colonial period and toward decolonisation (Steiner).
1920s-30s	Rise of nationalist movements, advocating self-determination, encourages decolonisation (Webster).
1939-1945	WWII: weakens European powers and strengthens decolonisation efforts.
1947	Major British Empire losses as India gains independence from Britain. British Empire declines; end is in sight (Webster).
1957	Ghana becomes the first African country to gain Independence from Britain (Webster).
1950s-70s	As countries gain independence, they start to encounter the problem of economic dependence and structural inequality (Webster).

1960	Year of Africa: 17 African countries gain independence from their colonists (Webster).
1960s-80s	Structural Adjustment Programmes (SAPs) address debt crises but exacerbate economic dependency and thus structural inequality (Webster).
1970s-80s	Decolonisation continues in Africa, the Pacific, and the Caribbean (Webster).
1980s-90s	Neoliberal economic policy becomes more widespread, trade between countries becomes more encouraged (Webster).
1989	Washington Consensus formalised, emphasising free-market policies, and reduction of state intervention (Webster).
1994	World Trade Organisation (WTO) established to promote liberalisation of trade (Webster).
1996	Heavily Indebted Poor Countries (HIPC) Initiative, launched by IMF to provide debt relief (Webster).
2017	Expansion of China's Belt and Road Initiative, aiming to enhance trade across Asia, Africa and Europe, and increasing influence among colonies.
2020-22	COVID-19 Pandemic severely impacts trade and economy of developing and undeveloped nations (The World Bank).

Previous attempts to solve the issue

By various UNrelated and other organisations there have been attempts to improve upon the issue of economic dependency and structural inequality within and between nations. This can include more general attempts, such as the UN SDGs, but there are also more specific measures by the UN General Assembly as well as UNCTAD to try and solve this issue.

For instance, the UN General Assembly passed a resolution in 1974 to establish a new economic order to include more equitable trade practices, a better distribution of resources between nations, and economic sovereignty of developing countries, including former colonists (UN General Assembly, "Declaration on the Establishment of a New International Economic Order."). This resolution, in theory, gave countries the power to develop their own sovereignty with the political and social system which they deem appropriate to address economic dependency and structural inequality (UN General Assembly, "Declaration on the Establishment of a New International Economic Order."). In practice, this freedom did in some cases cause countries to misuse their freedom of political self-determination, which enhanced structural inequality and sometimes also economic dependency. This is an example that shows where attempts to solve the issue can be fragile and sometimes inadvertently exacerbate the issue at hand (UN General Assembly, “Declaration on the Establishment of a New International Economic Order.”).

Another UN General Assembly resolution, passed in 1986, named the Declaration of the Right to Development, recognised the development of inalienable human rights, one step which is vital to address structural inequality between populations within and between countries (UN General Assembly, *Declaration on the Right to Development*). However, in the modern day, in many states the measures which were started in this resolution are not followed, causing many human rights violations (UN General Assembly, *Declaration on the Right to Development*), which exacerbate structural inequality (UN General Assembly, *Declaration on the Right to Development*).

Structural Adjustment Programmes (SAPs) were initiated by the International Monetary Fund for states to adhere to in order to receive loans from them (Halton). These are reforms that promote free market principles, such as devaluing currencies, cutting spending to reduce deficits of budget, privatising enterprises, easing regulations to attract foreign businesses, and closing tax loopholes to ensure income (Halton).

The Washington Consensus, similar to the Structural Adjustment Programmes, are a set of policy recommendations with the IMF, World Bank, and US Department of Treasury, also sharing a neoliberal view, only this time with more of an emphasis on Latin America. Like the SAPs, these were a set of policies which emphasised free market initiatives (Source 14).

The Heavily Indebted Poor Countries (HIPC) initiative was a 1996 initiative by the World Bank and the IMF to reduce the debt of the world’s poorest nations, often former colonies (World Bank). This debt relief provided immediate financial assistance to these nations to give them the space to be able to address issues such as economic dependency and structural inequality. However, in practice, these policies were not always executed as a result of debt relief (World Bank).

In the context of the Ghanaian economy (see the General Overview), there have also been some more specific attempts to solve the issue. In recent years, the Ghanaian government has undergone efforts to promote economic diversification. The Ghana Cocoa Board (COCOBOD) has been pivotal for quality control of cocoa, increasing the overall quality of the cocoa plantations with their ‘rehabilitation programmes’ of cocoa trees. The UNDP has made efforts to protect cocoa trees by planting taller ‘shade trees’, for example. These efforts help strengthen the Ghanaian cocoa trade and make it more stable (Hudson). Furthermore, governmental policy has helped diversify Ghana’s economy, to produce in higher demand, for example lithium, and using beneficiation (Mitchell). Policy has also been created to attempt to strengthen the private sector, with varying success, to make Ghana’s economy more ‘business-friendly’ (World Bank Group). Even if these efforts have been made, the Ghanaian economy continues to struggle, and the provision of public services are still challenging (World Bank Group).

Possible solutions

Quite a few solutions have previously already been tried, to varying success. For example, programmes of debt relief could be expanded upon, for example the HIPC Initiative, or the SAPs or Washington Consensus. Cancelling unsustainable debt would be beneficial to these nations, although they should also be steered in some way to produce policy productive to this topic. The same principle can be applied to fair trade agreements.

Furthermore, the strengthening of governmental and domestic institutions will greatly contribute to the possibility for the solving of the problems described in this issue. Strong governments like those in the West have historically helped them use their natural resources to more effect, where countries like the DRC will benefit from this as well. This strengthening of institutions could entail measures to decrease corruption within these nations, and stabilise their governmental systems. This strengthening of governmental institutions and economies will increase stability in these countries. This will allow these governments to take initiative in addressing the structural inequality as a result of economic dependency.

Economic diversification efforts, be it direct or indirect, will reduce the economic dependency on one export and thus the great impact if there are fluctuations in the demand on the market on this one economy. There are various ways this can be implemented. A policy of beneficiation could be enacted to create larger import value of the produce, for example, or investment into various other potential products which are more expensive to create infrastructure for (green energy) to kickstart and diversify these economies.

Structural inequality can be addressed by the promotion of human rights initiatives, with stronger, cooperating institutions. Legal frameworks to protect governance and transparency to prevent instability will greatly contribute to this.

Further reading

1. The Growth of Fragile States in Africa – University of Johannesburg (Article)
2. Addressing the Legacies of Colonialism to Overcome Inequalities – UNHRC (Article)
3. The Economic Histories of Colonialism – L. Gardner, T. Roy (Book – not free)
4. Colonial Origins of Latin American Inequality (p. 4) – University of British Columbia (Article)
5. The Economic Legacies of Colonial India – T. Roy (Article)

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