16.2K: Colonialism, Decolonization, and Neo-Colonialism

After WWII, decolonization ended formal colonialism, but economic inequality has given rise to neocolonialism.

Learning Objectives

- Explain the concepts of colonialism, decolonization and neocolonialism in terms of society and economic impact

Key Points

- Colonization was motivated by economics. European powers sought to expand their markets and acquire raw materials overseas.
- Decolonization occurred in response to independence movements in colonized territories when European powers determined that the benefits of maintaining colonies was not worth the costs.
- Neocolonialism is the practice of using capitalism, globalization, and cultural forces to control a country in lieu of direct military or political control.
- Neocolonialism is motivated by economics. Countries and corporations seek to achieve favorable economic policies overseas and do so by pinning loans to particular actions on the part of African states.
- The dependency principle refers to the claim that post-colonial states have no choice but to accept Western conditions for loans, because they desperately need the money to support their own domestic policies.

Key Terms

- dependency principle: The notion that resources flow from a “periphery” of poor and underdeveloped states to a “core” of wealthy states, enriching the latter at the expense of the former. It is a central contention of the
dependency theory that poor states are impoverished and rich ones are enriched by the way poor states are integrated into the “world system.”

- **colony**: A territory under the immediate political control of a ruling state.
- **metropole**: The parent-state of a colony.

When speaking of colonialism, most people imagine the European colonization of Africa. Historically, the period of colonization tends to refer to the era from the sixteenth century until the mid-twentieth century, during which ships from Europe were actively seeking out new territories, new peoples, and new markets to acquire. However, colonialism has been practiced throughout history and all over the world. In general, colonialism occurs when people from one territory establish or acquire, maintain, and expand colonies in another territory. In colonialism, the metropole or colonizing power claims sovereignty over the colony.

Often, colonization is driven by a desire for economic expansion. In the sixteenth century, European colonization of Africa contributed significantly to European economic development. European colonization intensified because Europeans had just developed galleons or ships that could navigate more easily all the way to Africa. Easier access to foreign lands encouraged European nobles and merchants to seek out new territories in an effort to acquire raw materials and develop new markets. Extracting raw materials from foreign lands provided the fuel for the Industrial Revolution, and the practice of slavery provided Europeans with a new source of labor power.

At the same time that colonialism benefited European economies, it had devastating consequences for African economies. Colonized territories were forced to depend on colonizers for trade. Local institutions and political structures were dismantled and replaced with ones imposed by colonial powers.

After World War II, colonial systems were dismantled in a process referred to as decolonization. Decolonization refers to the undoing of colonialism, or the claim of a formerly colonized people for independence and self-determination. In part, decolonization was the result of independence movements in colonized territories. In part, it was also the result of a calculated economic decision made by colonial powers. The cost of maintaining colonial empires had begun to exceed their value for the European powers.

![The State of Colonialism, 1945](https://socialsci.libretexts.org/Bookshelves/Sociology/Book%3A_Sociology_(Boundless)/16%3A_Economy/16.02%3A_The_Tr…)

**The State of Colonialism, 1945**: This map shows the metropoles and their colonies in 1945.

Decolonization has had a significant impact on the economies of the newly formed states. First and foremost, newly independent African states had to develop an economic system. Moreover, even though the former colonies were now formally independent, they were still rather dependent on the West for assistance in developing economic and political structures. Thus, Western corporations still had a significant amount of control over the new states. Newly independent states borrowed money from the West in order to fund their own development, resulting in a new system of debt. For decades, this debt has been politically impossible for many countries to pay off and still exists.
Although decolonization ended formal colonialism, unequal economic relationships between the developed West and newly independent states had set up a system referred to as neocolonialism. Neocolonialism is the practice of using capitalism, globalization, and cultural forces to control a country in lieu of direct military or political control. External forces exert power in Africa in two ways. First, multinational corporations (MNCs), or companies with operations in multiple countries, apply pressure for certain political behaviors to suit their own interests. For example, if an American company wants to farm in Ethiopia, the company can apply pressure on the Ethiopian government to grant them certain conditions in exchange for the investment in the land. This function operates because of the dependency principle. In other words, many African countries are so desperate to bring in revenue to support their domestic agendas that it is in their interests to accept unsavory conditions from foreign companies. In this way, foreign companies exert significant influence over post-colonial states. The combination of the degree of the influence and the dependency principle creates a situation that in many ways mirrors colonialism. Second, foreign countries can exert influence over post-colonial states by only offering loans under certain conditions. This, again, invokes the dependency principle and mirrors colonialism.

**Neocolonialism:** Some argue that the financial institutions of the post-World War II world are themselves instruments of neocolonialism.