

Impact of Colonization on Countries in terms of Wealth and Human Capital Formation

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ABSTRACT

Colonialism has a lasting negative impact on its colonies and does permanent damage. This study analyzes the impacts of past colonialism on present-day independent countries and studies the relationship between colonialism and a multitude of today's socio-economic problems mainly in terms of wealth, international relations, and human capital formation. It also discusses the perceived benefits of colonialism and its area of impact.

Keywords: colonialism, impacts, socio-economic issues, present day, benefits

INTRODUCTION

Colonialism is “the policy or practice of acquiring full or partial political control over another country, occupying it with settlers, and exploiting it economically.” Almost all countries have been colonized throughout their history, with the exception of a few, some of them being Japan, Britain, France, Ethiopia, etc. Most of them became self-governing bodies by 1946 as per the declarations and memorandums by the U.N. Unfortunately to date there remain around 17 “non-self-governing” territories around the world which in other words could be called colonies as per the definitions ruled by other countries. Colonialism is also one of the major factors shaping history and the present world according to Daron Acemoglu and James A. Robinson.

METHODS & MATERIALS

Secondary research was done to assimilate various results on the study of the effects of colonialism. Extensive research was conducted on the impacts of past colonialism in the forms of wealth and human capital formation.

LITERATURE REVIEW

The impact of Colonialism much exceeds the duration for which the country was colonized. Its effects are seen in economic, social, and political fields. It results in the drainage of resources, discriminatory tariff policies, unequal flow of resources, hindrance in future international relations, and many more. This also led to the collapse of the country's indigenous administrative and economic reforms thereby leading to huge social issues like poverty, slavery, unemployment, illiteracy, and exploitation of the locals. This also leads to the heavy dependence of the country on its colonizers for resources, administration, and basic needs. These factors negatively affected the country even after independence by acting as shackles and slowing down economic and administrative growth.

DISCUSSION & RESULTS

Like any topic of international discussion and historical importance, colonialism has its supporters and opposers. It had a varying range of impacts on colonized areas which some countries to date are forced to carry the burden of. These burdens are a mixture of social, political, and economic factors.

The policies framed by the colonial government aimed mainly to serve the interests of the colonizers rather than its local inhabitants. One of the forms is differential tariff policies or “open door politics” as termed by Ziltener and Patrick (2). This made countries heavily dependent on colonizers and caused their home economies to become backward and stagnated, leading to poor growth and low productivity. Any surplus in trade would result in the colonizer's inflow and any deficit

would be funded through the colonized country. A good example of this would be British India where tariff-free export of raw materials and tariff-free import of finished goods from Britain was allowed. This made recovery difficult in the after stages due to a substantial outflow of monetary resources and an import-dependent economy that was unable to compete in international markets. As Maddison stated, “If these funds had been invested in India they could have made a significant contribution to raising income levels” (2). If this capital had been invested in the country then this would have significantly boosted the rate of development and possibly improved the country's fortune.

Another factor would be the purposeful unequal distribution of resources through which the colonizing country would favor one group over the others in order to promote inter-group rivalries. This resulted in huge monetary disparities which were carried on even to date as the non-members were the ones to fund these groups' power. The elite of the northern province of Leninabad (now the province of Sughd in Tajikistan) under Soviet rule is a good example of this. Due to this a large chunk of the country's wealth was concentrated in this region ensuring that its capital Khodjent remains to date the richest city in the country producing two-thirds of all industrial production of Tajikistan.

Ethnic rivalry, which colonialism often gave rise to, impacts countries to date resulting in international tensions and trade hindrances. These rivalries sometimes were so prominent that they gave birth to wars. The Greek Cypriots and Turkish Cypriots were often pitted against each other as a means of controlling the island. The conflict to date affects the island through political instability and civil wars. Another famous example would be the tensions between India and Pakistan during post-colonial rule (3).

Colonialism also affected human capital formation in colonies due to the governing body's exploitative nature and differential policies favoring the colonizer. A large portion of the population was unemployed, illiterate, and in a perpetual state of poverty. Aggressive and heavy taxation, systematic deindustrialization, forceful reallocation of resources, and exploitation of the local population left the colonies with multiple socio-economic problems that were carried over to future generations (4). These activities were termed as “Ugly colonial activities” according to Marker and Sandra. For example, in Spanish colonies, the Spanish Crown granted a small number of individuals land and claims on labor and tribute from natives (5).

Colonialism also gave birth to slavery and violation of human rights; Marker and Sandra stated, “The status, privilege, and wealth of colonial and Soviet ruling populations were often maintained and upheld through the use of policies that violated the human rights of those living in the colonized areas. Unjust policies subjected colonized populations to the loss of their lands, resources, cultural or religious identities, and sometimes even their lives. Examples of these brutal policies include slavery (e.g., British-controlled West Indies), apartheid (e.g., South Africa), and mass murder (e.g., the Incas of Peru, Aborigines of Australia, Hungarians after the 1956 uprising)” (Sandra & Marker, 2003).

Colonial plantations also played a vital role in the slave trade and exploitation of human capital. Due to Plantations being high-profit earning businesses, they became a huge employer of slaves and a concentration of political and economic power leading to “institutions that commonly protected the privileges of the elite and restricted opportunities for the broad mass of the population, which in turn led to “bad” long-run economic outcomes.” “Bad” colonial activities as defined by Bruhn refer to “activities with economies of scale”.

Neo-Colonialism, Colonialism and Imperialism:

Neo-colonialism is defined as the “control of less-developed countries by developed countries through indirect means” (6). In the present day it generally refers to the means through which developed countries and multinational corporations control lesser developed countries through capitalism rather than direct rule. Neo-colonialism is considered the last phase and impact of colonialism. The major difference between both is that neo-colonialism works under the guise of cultural, political, and economic dominance whereas colonialism is more direct and physical.

Imperialism on the other hand is the idea behind colonialism and is defined as “state policy, practice, or advocacy of extending power and dominion, especially by direct territorial acquisition and or by gaining political and economic control of other areas” (7). Neo-colonialism is also considered the last phase of imperialism.

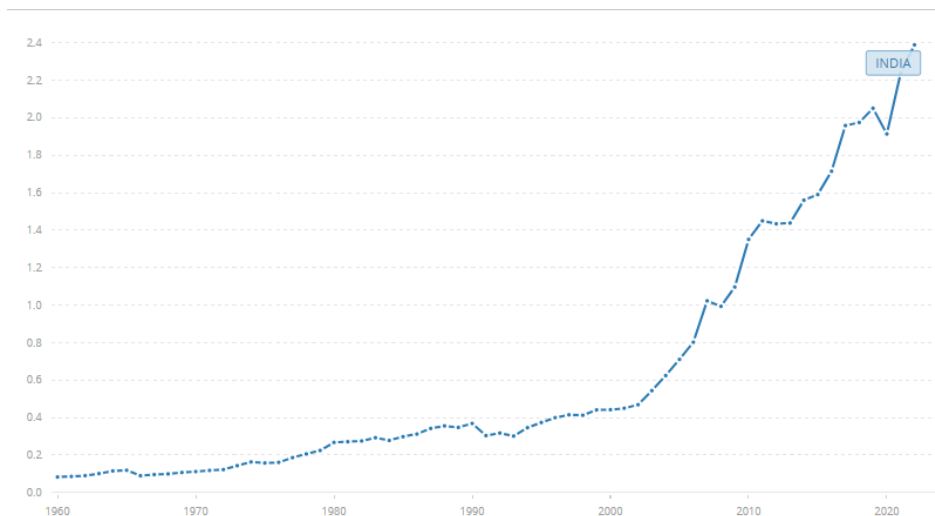
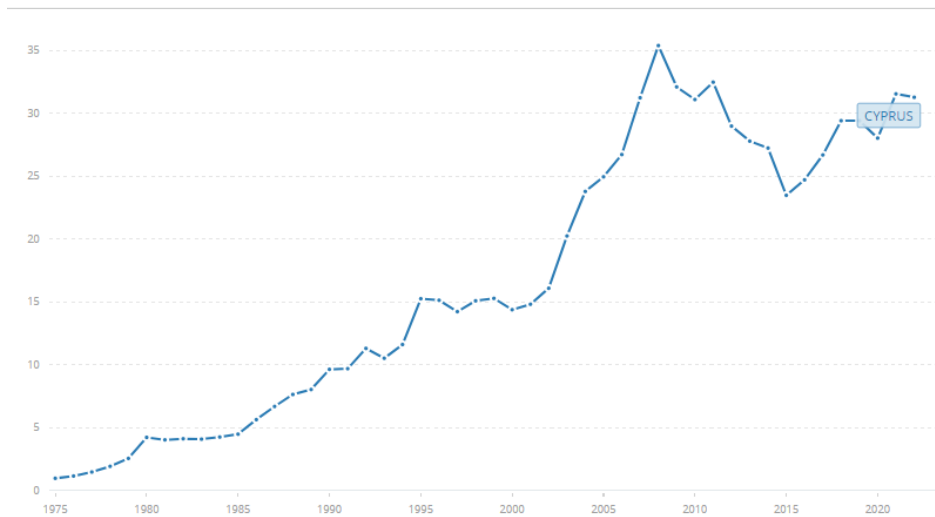
CONCLUSION

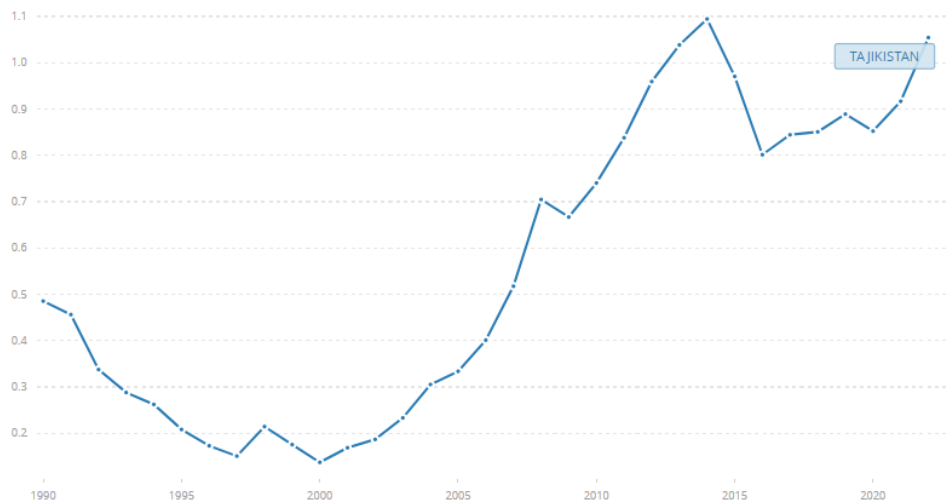
While some may argue that colonialism also has its positives in the form of boosting multiple industries, infrastructure, and international trade, most of these developmental activities took place with the aim of aiding the colonizer rather than providing better living standards for the locals. These developmental activities were concentrated only in certain pockets while the rest of the country funded this at the cost of their survival. For e.g., the Mombasa-Uganda railway was meant to

solidify claims on Eastern Sudan against the French (2). After gaining independence, the newly freed or formed countries lacked the experience and skill to govern due to the former heavy dependence on foreign powers, thus resulting in mismanagement, corruption, and civil wars which in some cases continued on till decades after independence; e.g., Sri Lanka. In most cases, the transition was a strenuous and chaotic process with border conflicts, ethnic rivalry, human rights violations, and the uneven distribution of resources. Thus, it can be concluded that colonialism brought minimal advantages to the colonies as compared to the destruction inflicted upon them. Colonialism was a means for powerful nations to become more powerful at the cost of another country's future. All benefits of colonialism were directed solely towards the home countries with no care for the colonies.

Graphs

The following are the graphs of GDP per capita for Cyprus (independence 1960), India (independence 1947), Tajikistan (independence 1991)





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