

# The Neo-Colonialism of Development Programs

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CECIL SAGOE, AUG 12 2012

Development literature conventionally accepts that neo-liberalism began to influence our understanding of development in the 1970s and that this influence transformed into an ideological shift in the framework for achieving development in the South since the 1980s (see for example Hobden 2008). This neo-liberal understanding of development is associated with ideas of progress, economic growth and good governance (Tomlinson 2001), with the use of foreign aid as a primary means of mobilising resources to satisfy these characteristics (Hayter 1971). It is this perspective which currently informs mainstream understandings of development. Alongside this neo-liberal conception of development, however, there have been other perspectives criticising it which have most effectively come from imperial and post-colonial theorists. The main sources of criticism have been that the onset of neo-liberalism has resulted in development thinking and policy becoming ahistorical (Hydén 2011) and that development in the mainstream is a neo-colonial project of modernity (Kothari 2006) that results in inequalities.

Consequently this essay will critically assess whether development can be viewed as a neo-colonial project reinforcing structures of local and global inequality, which therefore maintains the domination of the South by the North. The essay will draw on imperialist literature which encompasses post-colonial thinking, thus the work of authors such as Lumumba-Kasongo (2011), Maswana (2007), Harvey (2003) and Hayter (1971) will be used. Resultantly, the essay will view neo-colonialism as the ideological extension of colonialism in a different historical period and political context implying some sort of physical and institutional control over a region (Lumumba-Kasongo 2011). This assessment will be conducted firstly by locating, through an imperial lens, the origins of neo-liberal development ideas in European conceptions of modernity, allowing us to see how contemporary development can be viewed as a neo-colonial project. Although, with reference to the use of foreign aid in Botswana, the essay will briefly agree with the statement that is being assessed it will argue that South-South development relations also need to be examined. Therefore, by critically examining China's use of foreign aid in Africa, the essay will argue that states in the South can conduct their own neo-colonial development project on other regions in the South which reinforces local and global inequality structures. Reference is being made to the use of foreign aid in both contexts as it has been argued that aid has perpetuated local and global inequalities through the conditions attached to it (Hydén 2011). The essay will also consider whether it creates the establishment and potential maintenance of Chinese dominance over Africa. The essay will then conclude by arguing that development must be seen as a neo-colonial project initiated by both the North on the South and by certain regions in the South on other regions in the South.

Leszek Kolakowski (1990) notes that each historical period has a number of basic presuppositions which inspire its values, beliefs, aspirations and reactions. Therefore in order to gain a more sufficient understanding of what neo-liberal (mainstream) development can be conceptualised as, the presuppositions which inform it must be properly identified. In order to do this the term development must be located in its historical context. Zubairu Wai (2007) argues that development has its historical roots in the European Enlightenment of the eighteenth century through the conception of progress. This European conception of progress is intimately linked with European notions of modernity, which informs neo-liberal understandings of what development is. For example, European modernity attributes centrality to national economic growth and democracy, which results in economic and political development, whilst rejecting projects such as community development (Pieterse 1991). From this, we can start to see that European notions of modernity informed the neo-liberal perspective and hence informed neo-liberal notions of development.

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This linkage between European modernity and neo-liberalism has also informed the ideological framework of many institutions which currently exist to promote development. Two of the most notable examples are the World Bank and the IMF. These institutions promote neo-liberal ideas which are argued to have global reach and local variation (Kothari 2006). An illustration is the use of aid alongside the promotion of the good governance agenda. After the disappointing results of the Structural Adjustment Policies (SAPs), the World Bank and IMF identified poor governance (a lack of political modernity) as a reason for why countries in the South were not developing (Pearce 2008). Thus they altered the terms of their aid on the provision that states in the South adopted good governance (informed by a neoliberal notion of political modernity). This can be seen to have put more pressure on states in the South to establish political institutions which conduct themselves in a similar fashion to political institutions in the North, who follow a European modernistic framework of acceptable political institutions. What can be elucidated is that European modernity is woven into the fabric of neo-liberal development policy and practice (Rist 1990).

Through the lens of an imperial theorist the deconstruction and location of development in European modernity allows us to see how it can be viewed as a neo-colonial project. David Harvey (2003) argues that imperial powers are able to mobilise resources to satisfy certain political and economic ends. In this context, the World Bank and IMF have imposed historically informed political and economic values of the North on the South which satisfies the North's ends. Thus neo-liberal development can be regarded as neo-colonial because through the imposition of certain political and economic values they are able to have physical and institutional control over development projects in the South. In order to see how development results in structures of local and global inequality we need to focus on the tools of development. Foreign aid is an instructive tool to use in this regard.

Botswana, which is regarded by neo-liberals as a development success because of its economic growth rate since the 1960s and the legitimacy of its political institutions (Jerven 2010), provides a good example of the above post-colonial analysis of development. Botswana has had strong economic growth since the 1970s with the figure averaging 10.3 percent between 1970 and 2002 (Jerven 2010). However, in conjunction with this income inequalities have risen. The Gini coefficient rose from 0.537 to 0.573 between 1990 and 2004 (Maipose 2008). Analysing foreign aid patterns can help explain this trend. In 1970 foreign aid stood at 61 percent of Botswana's national budget, most of which was supplied by the United Kingdom (UK) and invested in the rapid development of the diamond mining sector (Price 1984). This allowed the diamond mining sector to contribute to between 60 and 80 percent of foreign exports between 1980 and 2004 (Maipose 2008) whilst other sectors were neglected. Consequently, the economic and social welfare of those working in the mining sector has increased by higher amounts than those in other sectors. For post-colonial and imperial theorists this would confirm the perspective that development and the tools of development represent a neo-colonial project maintaining Northern dominance over the South, resulting in inequalities. Taking into account that UK foreign aid was predominantly conditioned on its investment in Botswana's diamond mining sector and that in 2003 the UK received 79.1 percent of Botswana's exports (Mogape 2005), foreign aid can be perceived to have satisfied UK interests, contributing to and reinforcing inequality structures.

So far this essay has argued neo-colonial development involves physical and institutional control over the economic and political values of one region by another region to serve political and economic ends (Harvey 2003). It has also argued that aid is provided with conditions that usually directly serve the interests of states providing it (Hayter 1971). If this is the case, a similar analysis of North-South development relations can be applied to South-South development relations. Recognising this is especially important given the political and economic significance of China on a global level. Consequently the focus will now shift onto how, through foreign aid, China produces its own neo-colonial development in Africa creating and reinforcing inequality structures, illustrating that development is also a process resulting in the domination of the South by the South.

Tukumbi Lumumba-Kasongo (2011) argues that contemporary relations between China and Africa have been consolidated since the Indonesian Bandung Conference in 1955 and that on the surface China has had positive relations with Africa in the post-colonial period. This view has been shared by some present and former African leaders. For example, Botswana's former president Festus Mogae stated 'I find that the Chinese treat us as equals; the West treats us as former subjects' (Behar 2008a: 1). From this perspective China does not appear to be engaged in a neo-colonial relationship with African countries. Rather, it appears to be a relationship based on greater principles of equality, mutual benefit and trust. This perspective also appears to be the case when you take a surface

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level analysis of the foreign aid given by China to African countries. When compared to the foreign aid provided by states in the North to Africa, Chinese foreign aid appears to be provided on more favourable and less conditioned terms. An illustration of the more favourable terms of Chinese aid is their provision of aid in the Democratic Republic of Congo in 2004 in a \$3 billion joint mining venture which gave the Congolese state a 32% share of profits compared with the 7 – 25% typical for mining deals (Lumumba-Kasongo 2011). An example of the less conditioned terms of Chinese aid is demonstrated by the low interest or no interest loans provided by China (Lumumba-Kasongo 2011) as opposed to the high interest aid loans which are provided by states in the North to African countries.

Based on this surface level analysis it would not appear as if Chinese foreign aid, used to foster development in Africa, can be regarded as neo-colonial in the same way as with North-South relations. However, when one analyses the precise terms of this Chinese aid, it becomes apparent how this fosters a neo-colonial development in Africa; this is contrary to the typical portrayal that they are less conditioned and more favourable than aid provided by states in the North. A useful illustration of this is the fact that Chinese aid is provided to states in the African continent on the basis that they do not give diplomatic recognition to Taiwan (Maswana 2007). Clearly this is an example of Chinese foreign aid being provided to Africa based on conditions which spread their political-economic strategic interests in Africa. This can therefore be regarded as an element of a South-South neo-colonial development project as there is an informal political institutional control over how African states see Taiwan

Further examining the conditions attached to Chinese foreign aid, in terms of its effect on the internal dynamics of development projects in Africa, allows for the greater revelation of how China are fostering a neo-colonial development through physical control over Africa. Lumumba-Kasongo (2011) observes that in 2008 China gave \$9 billion to the Democratic Republic of Congo stipulating that \$3 billion must be used to develop the mining industry and the rest must be used for infrastructural developments. Behar (2008b) also observed that Chinese foreign aid loans given for infrastructural developments stipulate that approximately 70 percent of equipment and workers must come from China. Taking into account these two features of Chinese foreign aid it can be argued that development projects initiated by China in Africa are neo-colonial as China has a direct physical control over these projects. This physical control directly serves China's interests through the sale of Chinese equipment and hiring of Chinese workers.

Furthermore, China's neo-colonial involvement in Africa's development can be seen to create and reinforce structures of local inequality within African countries and global inequality between African countries. This can also be applied to the perpetuation of inequalities between the African continent and China, illustrating Chinese dominance over Africa. Starting with local inequality, it has been observed that Chinese foreign aid has been linked to the development of certain industries 'to facilitate trade' and 'improve access to natural resources' (Maswana 2007: 9). For example Chinese aid has been used to develop: the Sudanese oil industry; the copper mines sector in Zambia; the textile industry in Kenya; and to develop the Congolese cobalt industry (Behar 2008c). What this means is that certain sectors, the spaces in which they are located, and the people working in these sectors are more likely to have experienced higher levels of development than people working in sectors which have not benefitted from Chinese foreign aid. This is reflected in Congo's legal requirements for the use of Chinese aid to develop their cobalt sector. It states that these aid investments must contribute the surrounding communities' development (Jansson 2010), ignoring the development needs of other communities not located near cobalt sectors.

Applying a similar analysis of China's interests in the African continent demonstrates how China's neo-colonial fostering of development contributes to and reinforces inequalities between African countries. China unevenly distributes its foreign aid between states in Africa. It has been suggested that Chinese foreign aid has been invested in countries which have sectors that need it the least, suggesting that it follows similar patterns to existing aid flows from the North into Africa. This is reflected by Chinese foreign direct investment (FDI) flows in 2005 where of the \$1.3 billion of Chinese FDI 50 percent went to the oil rich countries of Algeria, Sudan, South Africa, Zambia and Nigeria (Lumumba-Kasongo 2011). The fact that 50 percent of Chinese FDI in Africa is given to only 5 countries suggests that these states will benefit to a greater extent than those who are receiving less or no FDI from China.

What is crucial to note is that the preferential provision of aid to certain African countries is tied to Chinese economic interests (Behar 2008c) which has resulted in an 'intersystem dependency' (Maswana 2007: 16) between China and

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its significant African aid recipients. However, when examining what the aid is used for this intersystem dependency can be considered to be a relationship which disproportionately benefits China compared to its African aid recipients. The main use of aid is for the development of raw materials (Lumumba-Kasongo 2011). These raw materials are then exported to and manufactured in China allowing China to export value added products back to African countries creating an unfavourable trade balance for African countries (Maswana 2007). This therefore represents a neo-colonial exploitative relationship, typical of North-South relations, resulting in economic inequalities between China and Africa (Lumumba-Kasongo 2011). Through the exploitation of African resources and the expansion of inequalities between China and African countries China can be considered to have initiated a neo-colonial development project creating a certain level of dominance over particular African countries.

This essay has so far acknowledged that development can be considered as a neo-colonial project initiated by both the North on the South and by the South (China) on the South (countries in Africa). It has also argued that this reinforces inequality structures, resulting in the creation and maintenance of dominance. However, it is important to recognise that there are development practices between China and African countries suggesting that development may not be 'always and in all places neo-colonial' (Kothari 2006: 136). For example, although Chinese aid in Africa is used for the exploitation of natural resources there is also Chinese aid which contributes to domestic infrastructure by building hospitals and roads and by repairing railways (Lumumba-Kasongo 2011). Such development projects do provide direct benefit to the local population which at a first glance appears not to be tied to any physical or institutional control over the Africa.

Drawing on post-colonial literature suggests that what at a first glance may not appear like neo-colonial development practices are in fact a subtler form of neo-colonialism linked to Chinese interests. For example (Layton & Nielson 2009) argue that foreign aid is tied to donor countries interests meaning that recipient countries direct aid in places which will be of interest to the donor countries. Taking this perspective may mean that the hospitals, roads and railways which are being built and repaired may only be in those locations linked to sectors of Chinese interest and in areas where Chinese workers (who are required to be hired by local African industries, as a result of Chinese conditional aid) are situated. This then may result in inequalities in access to services and jobs between Chinese migrants and the local African population. As former South African president Thabo Mbeki warned in 2006, this may replicate the historical neo-colonial development that has been initiated by the North on the South (BBC News 2006). This suggests that if these current Chinese development relations in Africa persist it may result in the maintenance of Chinese domination over the African continent.

Through the lens of an imperial theorist, using post-colonial literature, this essay has argued that it is not enough to regard development just as a neo-colonial project that reinforces local and global inequality structures maintaining the domination of the South only by the North. Instead it has argued that it is also possible to regard development as a neo-colonial project initiated on the South by the South creating and reinforcing structures of inequality, resulting in the domination of the South by the South. This argument has been made by firstly locating the origin of the concept of development in eighteenth century European Enlightenment and arguing that this informs mainstream neo-liberal understandings of development. The essay then argued that this location of development in European Enlightenment allows us to see how development can be regarded as neo-colonial through the imposition of certain economic and political values on a region. Following on from this the essay argued that in order to see how this neo-colonial development project can be seen to create and reinforce inequality structures focus needs to be given to the tools of development, in this instance foreign aid. With reference firstly to the brief case of Botswana then to the case of Chinese relations in Africa the essay demonstrated how development is a neo-colonial project initiated by both the North on the South and by a certain region in the South (China) on other regions in the South (certain African countries).

As a result this essay concludes that it is problematic to view development purely as a neo-colonial project representing the domination of the North by the South as it ignores the reality that regions in the South have the capacity to initiate a neo-colonial development project. Instead it is better to acknowledge that regions in the South do initiate a neo-colonial development in other regions in the South which creates and reinforces inequality structures. Understanding this will allow us to better tackle the problem of local and global inequality resulting from development. It demonstrates that there 'cannot be a single reconstruction' (Pieterse 1991: 26) of development but

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rather there must be multiple reconstructions of it based on the specific region that is initiating a neo-colonial development project on another region.

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