The Economics of Resentment: Colonialism and Underdevelopment

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‘Il me faut absolument des malheureux pour en faire des heureux'.
Frederick Hervey, Earl of Bristol, Bishop of Derry (1730–1803).

I intend to examine certain widely held and influential ideas on the relationship between colonial status and material progress, in particular on the supposed responsibility of colonialism for the material poverty of the underdeveloped world. (This idea itself is one aspect or instance of the more general notion of the alleged responsibility of the rich countries for the material backwardness of the poor countries. And this notion in turn is an example of economic or environmental determinism, the idea that external forces are largely responsible for the poverty of persons and groups.)

Over the last few decades, especially since the first world war, and to an even greater extent since the second, statements and suggestions have abounded in publications, both in underdeveloped countries and in the West, asserting that the masses in underdeveloped countries are greatly concerned with their poverty, and alleging also that both in these countries and in the West it is widely recognized that the West has caused the poverty of the underdeveloped world.

It is in fact very doubtful how widespread these sentiments are in poor countries. Some familiarity with many of these countries suggests to me that the great majority of people know little about such matters, do not compare their lot with that of the population of distant countries, and do not ascribe any of their problems to present or past actions of western countries. The great majority are concerned with their own daily lives; in Africa and Asia at any
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rate the vast majority normally know and care little about politics beyond the tribal or village level. But there are many vocal and politically influential people both in underdeveloped countries and in the West who have effectively canvassed the notion of western responsibility for the poverty of the former. They have secured wide publicity and considerable political acceptance for this view, as well as for the related notion that the masses in underdeveloped countries both resent the international income differences and attribute them to exploitation by the West.

The readiness of the rulers in the West to accept the claims of these vocal groups to represent the general opinion of the peoples of the underdeveloped world, enhances the political effectiveness of these spokesmen, and lends a spurious plausibility to their claim to represent mass opinion. But their political success does not substantiate either the allegation of western responsibility, or their pretension to represent mass opinion; political effectiveness has little to do with things as they are.

I shall argue first that it is untrue that the West has caused the poverty of the underdeveloped world. I shall then examine other, somewhat more speculative issues, and try to identify the groups and sections in both rich and poor countries who stand to gain from acceptance of the idea of western responsibility for the poverty of underdeveloped countries, and to examine the reasons for their success in propagating this idea, especially in the West.

General Principle Fourteen of the first UNCTAD (United Nations Conference on Trade and Development) provides a convenient starting point for the discussion.

Complete decolonization, in compliance with United Nations Declaration on the Granting of Independence to Colonial Countries and peoples and the liquidation of the remnants of colonialism in all its forms, is a necessary condition for economic development and the exercise of sovereign rights over natural resources.

Leaving aside for the moment questions of meaning and interpretation of colonialism (especially ‘colonialism in all its forms’), it is untrue that colonial status is incompatible with material progress, so that its removal is a necessary condition for economic
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development. Some of the richest countries were colonies in their earlier history, notably the United States, Canada, Australia, and New Zealand; and these countries were already prosperous while they were still colonies.

Nor has colonial status precluded the material advance of the African and Asian territories which became colonies in the nineteenth century. Many of these territories made rapid economic progress between the second half of the nineteenth century, when they became colonies, and the middle of the twentieth century, when most of them became independent. The many obvious examples include Nigeria, Gold Coast–Ghana, Kenya, Malaya, and Hong Kong. Here are a few relevant statistics.

The rapid material progress of Gold Coast–Ghana is reflected in statistics which are somewhat more reliable and meaningful than they are elsewhere in Africa. The country became independent in 1957. By the mid-1950s the national income per head was about £70–£75. This is a low figure by western standards but it was far higher than the corresponding figure in the independent African states; and it also reflected a substantial advance since the end of the nineteenth century, when the Gold Coast was very largely a subsistence economy. Real income per head approximately quadrupled between 1890 and 1960. The total population also approximately quadrupled.

Statistics of foreign trade are of particular interest for West Africa because well over 99½ per cent of the population is African: all agricultural exports (the bulk of all exports) are produced by them and practically all imports are destined for their use. In 1890 there were no exports (or production) of Gold Coast cocoa; by the mid-1930s these were about 300,000 tons annually, and by the early 1960s they were over 400,000 tons, all from farms established, owned, and operated by Africans; there are no foreign-owned cocoa farms. In 1890 combined imports and exports were less than £1 million annually; by the 1930s both imports and exports were in tens of millions; since the mid-1950s imports and exports have been about £100 million annually. Over this period there was a spectacular increase in imports of both consumer and capital goods. In 1890 there were no imports, or only negligible imports, of flour, sugar, cement, petroleum products, or iron and steel. In recent decades most of these have been on a massive scale. In the early 1890s there were about 3,000 children at school; by the
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mid-1950s there were over half a million. In the 1890s there were neither railways nor roads, but only a few jungle paths, and transport of goods was entirely by human porterage or by canoe. By the 1930s there was a substantial railway mileage and a good road system; by then journeys by road required fewer hours than they had required days in 1890.

Substantially the same applies to Nigeria between the end of the nineteenth century and 1960, when Nigeria became independent. Around 1900 exports and imports were each about £2 million annually; by the 1930s they were in tens of millions, and by the late 1950s they were about £150-200 million annually. Here again practically all exports are produced by Africans and practically all imports are destined for their use. In 1900 there were no exports (or production) of cocoa from Nigeria, and exports of oil palm products were one-tenth of their volume in the late 1950s. And here again there was a phenomenal increase in imports of mass consumer goods and capital goods over this period; in recent years there has also been a substantial increase in the local production of commodities previously imported.

The experience of Malaya has been somewhat analogous. In 1961, when the country became independent, the national income per head was about £100, far higher than elsewhere in South-East Asia. In 1900 total domestic exports from Malaya were around £10 million a year; by the early 1960s they were several hundred million a year. In 1900 there were no exports of plantation rubber from Malaya; by the early 1960s they were around 700,000–800,000 tons annually, over half from Asian-owned properties.

Statistical information of the kind just presented can be easily multiplied, but by itself it cannot convey the profound and pervasive changes which have taken place in many parts of the underdeveloped world in recent decades, and which have changed the conditions of existence there. In many areas this progress has meant the suppression of slavery and tribal warfare and the disappearance of famine and of the worst epidemic and endemic diseases. It has meant the development of communications, the replacement of local self-sufficiency by the possibilities of exchange and the emergence and growth of cities. In West Africa slave-raiding and slavery were still widespread at the end of the nineteenth century; in 1900 the towns of Northern Nigeria, which are
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now centres of the groundnut trade, were important slave markets. In the 1890s there were still authenticated instances of cannibalism in Southern Nigeria. Again Malaya, which in the 1890s was a sparsely populated country of hamlets and fishing villages, has been completely transformed by the rise of the rubber industry, and has developed into a country with populous cities, thriving commerce, and an excellent system of roads.

The impact of these changes has often set up considerable strains because of personal, social, and political difficulties of adjustment to rapid change, especially the adjustment of attitudes and of social institutions. Many of the social and political problems of ex-colonial countries reflect difficulties of rapid and uneven advance, not those of stagnation and regression.\(^1\)

Thus the UNCTAD General Principle Fourteen that colonial status and economic progress are incompatible is patently untrue. Yet it has been formally and solemnly announced, published, and publicized by a United Nations conference made possible by the financial and moral support of the western governments. But emphatic announcements do not turn into sense what is immediately demonstrable nonsense.

Although, as we have seen, it is untrue that colonial status is incompatible with material advance, the question whether colonial status has promoted material progress cannot be settled or demonstrated so conclusively, for the answer to that question depends in part on what political regimes would otherwise have prevailed in the colonial areas of Africa and Asia, and also on the assumed effects of their policies on economic development. However, it is highly

\(^1\) This range of problems has been recognized for decades by anthropologists, historians, and administrators who have written extensively on the impact of very rapid change in Africa and Asia. Here are two examples: 'In fact, the process since the Nineties of last century has been the superimposition of the twentieth century after Christ on the twentieth century before Christ, and a large part of the problem of native policy is concerned with the clash of such widely different cultures with the protection of the natives during the difficulties of transition.' A. McPhee, The Economic Revolution in British West Africa (London, 1926), p. 8. 'In some periods of European history – in our own day, for example, or in the day of the first steam engines and power mills – the European world has seemed to be transformed. Europe nevertheless has remained the same world, spinning very much faster. But in Africa change means more than acceleration. Europe's commerce and its money-measurements really have brought the African into a new world.' W.K. Hancock, Survey of British Commonwealth Affairs (London, 1942), II, 2, p. 283.
probable that over the last century or so the establishment of colonial rule in Africa and Asia has promoted, and not retarded, material progress. With relatively little coercion, or even interference in the lives of the great majority of the people, the colonial governments established law and order, safeguarded private property and contractual relations, organized basic transport and health services, and introduced some modern financial and legal institutions. The resulting environment also promoted the establishment or extension of external contacts, which in turn encouraged the inflow of external resources, notably administrative, commercial, and technical skills, as well as capital. They also acquainted the population with new wants, crops, commodities, and methods of cultivation, and served to establish new markets for local produce and to open new sources of supply of a wide range of commodities. Thus a new outlook on material advance and on the means of securing it was engendered: for good or evil these contacts promoted the erosion of the traditional values, objectives, attitudes, and customs obstructing material advance.

It is unlikely (though this cannot be proved conclusively) that in the absence of colonial rule, the social, political, and economic environment in colonial Africa and Asia would have been more congenial to material progress. Indeed it was the presence of conditions unfavourable to material progress, especially the frequency of civil and tribal war and the prevalence of slavery, which led in most instances to the establishment of colonial rule. While it is not true that colonialism brought about poverty, there is some truth in the notion that poverty brought about colonialism.

The presumption that in Africa and Asia colonial rule has promoted rather than retarded economic development over the last hundred years, is supported by the material backwardness of the African and Asian countries in the tropics which have been independent longest. Most of these countries are materially extremely backward, usually much more so than the ex-colonies in the same region. Familiar examples include Liberia, Ethiopia, and to a lesser extent Thailand.

The notion that colonial rule has precluded, or at least retarded, economic advance, derives from several sources, or more precisely is compounded of several distinct but related ideas.

The first of these is the allegedly exploitative nature of political
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colonialism or imperialism. While the concepts of exploitation, colonialism, and imperialism are all ambiguous, their broad meaning is made fairly clear in the political and economic literature of the twentieth century. The notion of exploitation does not refer usually to plunder of the type which often accompanied military conquest before the nineteenth century, nor even to taxation of the colonies for the benefit of the metropolitan country. The alleged exploitation refers primarily to the conquest of markets for capital and commodities, supposedly necessitated by the otherwise inevitable decline (or even disappearance) of the rate of profit, and by the related need to find outlets for commodities unsaleable at home because of the insufficiency of purchasing power of the exploited masses. Well-known exponents of this view include J.A. Hobson, H.N. Brailsford, Leonard Woolf, and above all, Lenin.

Lenin’s *Imperialism, the highest stage of Capitalism*, a work of negligible intellectual quality but vast political consequence, has been enormously influential in both developed and underdeveloped countries, especially among the millions who may be termed vicarious readers, or readers by proxy, who have not read the book but know of its contents only by hearsay. The book is far inferior to many writings of Marx and Engels, and also to some of Lenin’s other works. The principal reason for its influence is its authorship by the man who made himself master of a huge country which, partly through his instrumentality, has become a world power, a man who has pervasively affected the course of contemporary history. The Leninist thesis seems to explain the reasons for the nineteenth century European expansion into Africa and Asia, while simultaneously explaining away the failure of the major Marxist prophecies of falling real wages, declining profits, and ever-deepening crises. This latter aspect of the thesis of economic imperialism has obvious appeal to Marxists.

The suggestion that the poverty of Africa and Asia reflects external exploitation is clearly attractive to both actual and vicarious readers in underdeveloped countries. In developed countries the suggestion of exploitation evokes a guilt feeling, for which there seems to be a latent desire among many people. This may reflect dissatisfaction with the fruits of material progress; but more important in the context of underdeveloped countries is
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the role of a guilt feeling in promoting certain policies, particularly foreign aid, national and international development planning, and the expansion of the functions of the official international organizations. People who favour these policies are inclined to accept and promote the notion of colonial exploitation, and the guilt feeling which it arouses.

The obvious and familiar defects of the ideology of economic imperialism and colonial exploitation, especially in its Leninist version, include the following, among others: until the first world war (the period covered by this literature) the great bulk of capital exports from the advanced countries did not go to colonies, but to independent countries, mostly to other advanced countries; several of the richest countries were indeed not exporters but importers of capital; Great Britain, the leading colonial power, pursued an open-door, free trade policy in its colonies. Most of this literature does not ask the obvious question: how could extremely poor people (or indeed materially primitive people as in Africa) pay for the capital and the commodities forced on them by capitalists in search of profits?  

As already noted, the insubstantial nature of the thesis of imperialist exploitation has not diminished its political effectiveness. Numerous examples of this influence can be found in the writings of African and Asian politicians. For instance they abound in the writings of Dr Nkrumah, who until his downfall was one of the most influential African leaders, and whose utterances were widely quoted and much respected not only in Africa but also in the West. Here is a typical nonsense passage:

Thus all the imperialists, without exception, evolved the means, their colonial policies, to satisfy the ends, the exploitation of the subject territories, for the aggrandizement of the metropolitan countries. They were all rapacious; they all subserved the needs of the subject lands to their own demands; they all circumscribed human rights and liberties; they all repressed and despoiled, degraded and oppressed. They took our lands, our lives, our resources and our dignity. Without exception, they left us nothing but our resentment. . . . It was when they had gone and we were faced with the stark realities, as in Ghana on the morrow

2 These points and other criticisms of the Leninist thesis are familiar. Attention, however, may be drawn to Dr R.J. Hammond's illuminating article on the general subject, ‘Economic Imperialism, sidelights on a stereotype’, Journal of Economic History, December 1961.
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of our independence, that the destitution of the land after long years of colonial rule was brought sharply home to us.3

A more recent, less familiar, but influential argument, rather different from the Leninist thesis, suggests that political colonialism has retarded the economic progress of the colonies by depriving them of the economic benefits of a sovereign national state. This view is clearly implied in some of the writings of Professor Gunnar Myrdal. He writes:

From one point of view, the most important effect of colonialism was related to the negative fact that the dependent nation was deprived of effective nationhood and had no government of its own which could feel the urge to take protective and fomenting measures in order to promote the balanced growth of the national economy. Lack of political independence meant the absence of a unifying and integrating purpose for the collectivity... The political independence they have won for themselves, or are now winning, is their most precious asset: the national state.4

Such suggestions overstate the potentialities of state power as an instrument of economic progress. Inappropriate government policy can retard material progress or even obstruct it altogether, especially when a government cannot maintain law and order, or when it establishes extensive and close control over economic life. But there is no reason to believe that the conduct of sovereign governments would have been more favourable to economic development over the relevant period than that of the colonial regimes. The contrary is strongly suggested by the experience of the independent countries in the colonial regions of Africa and Asia in both the nineteenth and the twentieth century.

Professor Myrdal and his followers frequently blame colonial regimes for failure to pursue active economic development policies, especially in undertaking comprehensive central planning in the sense of state control of the composition and direction of economic activity outside subsistence agriculture, which these writers regard as a prerequisite of economic advance. Comprehensive central planning, a policy which does not augment resources but only centralises power, is neither a necessary nor a sufficient condition of material advance. This is obvious both from

4 Development and Underdevelopment (Cairo, 1956), pp. 54, 59.
the early history of the developed countries, and from the recent history of the many poor countries which have made substantial progress without this policy. Indeed for a number of reasons, particularly pertinent in Africa and Asia, such a policy is much more likely to obstruct than to promote economic development, especially a rise in general living standards. But whatever the merits of central planning, it is difficult to see how such a policy could have been undertaken by the tribal chiefs or the sultans and rajahs whose authority was displaced by the colonial powers.

A variant of the foregoing argument criticises the colonial regimes for a failure to assist by tariffs or other forms of subsidy certain specific activities, especially manufacturing industry, or the local production of capital goods. Quite apart from the question of the ability and willingness of a hypothetically independent government to have encouraged these activities, the development of subsidized manufacturing or of capital goods industries is more likely to retard than to advance economic development in the sense of a general rise in living standards. This applies particularly to African and Asian conditions in the nineteenth and early twentieth centuries, where the promotion of these activities would have required heavy subsidization at the expense of the rest of the economy. The discussion of this issue is often confused by treating the output of these activities as a net addition to total production, and ignoring both the cost in terms of alternative uses of resources and also the demand for the output.

Colonial status may well irritate or even humiliate certain sections of the population. But it does not follow that this status obstructs material advance. The frequent suggestions that it has this effect overstate the significance of political forms and rights as determinants of economic attainment or material progress. The suggestion that colonial status has retarded material progress in Africa and Asia is almost certainly invalid. It is, however, necessary to take note of a range of issues bearing on colonial status and economic development, not usually discussed in this context.

In the concluding years of colonial rule, especially between the mid 1930s and the mid 1950s, policies were introduced in many colonies, notably in British Africa, which have left a fateful legacy in their wake. Over this period in these colonies a wide range of
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economic controls was introduced, including the establishment of state trading monopolies; extensive licensing of industrial and commercial enterprises, as well as of imports, exports, and foreign exchange; the creation of many state-owned and operated enterprises, including state-supported and operated so-called cooperatives. The introduction of state monopolies over all agricultural exports produced by Africans was particularly important, since it gave the governments close and direct control over the livelihood of the producers, besides serving as a powerful source of patronage and finance for the rulers.

The state agricultural export monopolies in Burma and in East and West Africa have withheld from the producers a very large proportion of the sales proceeds, totalling hundreds of millions of pounds over little more than a decade. This policy has had far-reaching political, social, and economic results. Indeed, the political and economic history of these countries since the second world war cannot be understood without reference to the operation of these export monopolies, which was, incidentally, diametrically contrary to specific official guarantees given at the time of their establishment.

These policies have created tightly controlled economies in which people's lives and activities and the alternatives open to them as producers, consumers, and traders (outside subsistence production) are largely determined by the government. Indeed the ready-made framework of a dirigiste if not a totalitarian state was erected for the incoming governments of the newly independent countries.

It is conjectural how far such policies would have been introduced without colonial rule. The most articulate and influential contemporary critics of colonialism welcome them and indeed criticize governments for not having introduced them sooner. It is probable that in the last twenty years their introduction would have been attempted, in part with the help of the international agencies, even without colonial rule. But it is doubtful whether they could have been introduced so widely and effectively without the administrative resources of the colonial governments and in the absence of the examples they set. The establishment of these close economic controls and their far-reaching political and social implications have proved to be a major aftermath of the colonial regimes.
These policies were introduced for various reasons not related to the promotion of material progress. They are indeed much more likely to hamper than to advance economic development, especially a rise in living standards, for they discourage the emergence of the principal qualities behind material progress, such as self-reliance, interest in material advance, a spirit of experimentation and a questioning turn of mind. They inhibit occupational and geographical mobility, thus obstructing the establishment of new contacts, which are normally important in promoting material advance, and also restrict external contacts, which are specially important agents of social and economic change.

Moreover, given such policies, much of what is produced is largely unrelated to the demands of the individuals composing the society, so that even if these policies were to result in an increase in total output (which is unlikely), this increase would be unrelated to general living standards.

When state power over the population is close and extensive, it becomes extremely important by whom and how it is wielded. The achievement and exercise of political power then becomes a matter of widespread anxiety and acute concern, especially among the active elements of the population. This situation increases the stakes in the fight for political power, diverts the energies of ambitious and enterprising men from economic activity, and enhances political tension. The conduct of people in economic life, including the management of businesses, comes to reflect the dependence of material success on political decisions and administrative favours rather than on economic efficiency and enterprise. The extent to which these factors operate depends largely on the closeness and the types of state control, matters which cannot be inferred simply from the size of the public sector.

Discussions on colonialism and underdevelopment often refer to various types of colonialism. UNCTAD General Principle Fourteen quoted above is one of many examples.

Although political colonialism has many manifestations, the concept does have some definite meaning. A colonial government is not sovereign: it has to accept the instructions of the metropolitan government. In recent usage, colonialism has come to be applied to situations or relations without these political elements. The term has largely lost identifiable meaning, and has become a
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term of abuse of institutions, policies, governments, relationships, groups and individuals, disliked by the speaker or writer. It is often used to express disapproval of technically or materially successful countries, organizations, or groups. Two expressions or types of usage may be appropriately discussed here, namely economic colonialism and neo-colonialism.

The term economic colonialism is now widely used to refer to economic relationships between relatively more and relatively less prosperous countries, regions and groups, including economic relations within a country, as for instance between the north and the south in the United States or between West and East Pakistan. This usage, which is especially prominent in the recent literature of the economics of resentment, in effect identifies colonial status with relative poverty, and thereby deprives the former term of its usual and particular meaning. Moreover, it suggests that differences in income and economic attainment are reprehensible, and that the economic contacts in such situations are somehow damaging and degrading to the less prosperous partner.

At times economic colonialism is used with more readily identifiable (although rarely exact) connotations or implications. For example, it is often suggested that economic relations between groups and areas differing in prosperity are quasi-colonial in that they are biased in favour of the richer group whose members secure most of the benefits of the relationship, usually because of successful manipulation of market conditions. This fails to distinguish between low incomes and prices reflecting an abundance of supply (either of labour or of commodities) relative to demand on the one hand, and monopolistic action designed to affect market conditions on the other, a distinction which is essential both for elementary analysis and for policy. Differences in wealth or in technical or commercial sophistication cannot confer effective monopolistic power, which requires centralized decision making or concerted action by members of a group and also effective restriction on entry. These conditions are not present in the situation usually discussed in the literature of economic colonialism, which does not attempt to identify or analyse the special conditions in which members of a more prosperous group or region can manipulate market conditions to their own advantage.

The suggestion that economic relations between rich and poor countries are biased against the latter often merges into the different
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and more influential notion that the prosperity of rich countries has been built up at the expense of the underdeveloped world.

The belief that the incomes of individuals and groups are somehow extracted from others rather than representing a return for the services rendered by themselves and their resources, has a long and disastrous history. In modern technical language it envisages economic activity as a zero sum game, in which the gains of some reflect the losses of others. It has often been clearly noticeable in the economics and politics of envy and resentment, and has frequently been a major influence in the persecution and expulsion of ethnic minorities, particularly those which have achieved prosperity from poverty, Jews in Europe, Levantines and Indians in Africa, Chinese in South-East Asia.

Whilst this suggestion and the sentiments behind it long antedate Marxist-Leninist writings, this literature, particularly in its Leninist version, has greatly promoted the spread and influence of the idea that the progress of the developed countries has been achieved at the expense of the underdeveloped world; that the wealth of the former has been extracted from the latter; and that the underdeveloped world is in fact an economic colony, or group of economic colonies, of industrial countries. In this literature private property incomes, notably return on private capital, imply exploitation; and service industries are generally unproductive. Thus the earnings of expatriate capital and of expatriate traders, administrators, and executives in underdeveloped countries are not regarded as incomes earned for resources and services provided to these countries, but rather as incomes and resources extracted from their populations who are thus in a state of economic subjection.

These ideas represent an extension of the concept of the exploitation of the proletariat from the domestic to the international sphere, with the population of the underdeveloped countries (most of whom are in fact agriculturalists) somehow identified with a domestic industrial proletariat. In fact, large parts of the underdeveloped world have little contact with advanced countries, and these parts are usually the poorest and most backward. Conversely, throughout the underdeveloped world the most prosperous areas are those with which the developed world has established wide-ranging contacts. It is plainly untrue that the
rich countries have achieved their prosperity at the expense of the underdeveloped world. The prosperity of rich countries such as, say, Canada, Australia, Japan, Switzerland, and Scandinavia, has quite obviously not been achieved at the expense of the underdeveloped world, with much or most of which, including the poorest parts, these countries have few economic contacts. Most of the rich countries which have contacts with the underdeveloped world were already materially far more advanced than the underdeveloped countries when they established contact with the latter. It is also relevant that on the eve of colonization material conditions were extremely primitive in the colonial regions, especially in sub-Saharan Africa and South-East Asia.

Political independence is now often alleged to be unreal without economic independence; and the alleged lack of economic independence of many former colonies, as of other underdeveloped countries, is supposed to represent another category of colonialism, related to the other concepts and ideas examined in the preceding section.

Unlike political independence or sovereignty, economic independence is an ambiguous term. The most plausible interpretation would be that of solvency, that is, the ability of a country to pay for the goods and services it uses without recourse to external grants and subsidized loans. Another possible, though less useful, interpretation would be the absence of external economic contacts. Yet another would be the ability to withstand adverse changes in external conditions without substantial dislocation. However, the literature of economic colonialism interprets economic independence quite differently.

In Marxist-Leninist literature any country in which there is substantial private foreign investment is regarded as economically dependent, since the return on such capital is seen as a form of exploitation which would not be tolerated by a truly independent country. As already noted, this argument, though politically effective, is invalid in logic and nonsensical in substance.

The presence of certain activities, especially manufacturing industry or the production of capital goods (heavy industry), is often canvassed as a criterion of economic independence. Large-scale development of domestic capital goods industries, explicitly in order to achieve economic independence, has been a prominent
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objective and component of Indian economic planning since the mid-1950s. The pursuit of this policy, largely regardless of the cost and the methods of the process, or of the demand for the output, has been a major factor in India's dependence since about 1960 on large-scale external doles of food and foreign exchange. Somewhat similar results have accompanied the pursuit of so-called economic independence in a number of other underdeveloped countries, especially in Africa.

Neo-colonialism, which also figures prominently in current discussion, including the UNCTAD literature, is another exceedingly vague concept.

Dr Nkrumah, a vocal opponent of neo-colonialism, writes as follows on this subject: '... our problems are made more vexed by the devices of neo-colonialists ... The greatest danger at present facing Africa is neo-colonialism, and its major instrument, balkanization. The latter term is particularly appropriate to describe the breaking up of Africa into small, weak states. ...'\(^5\)

The division of Africa into small states reflects the age-old presence and multiplicity of diverse ethnic groups and tribal societies and their demand for political independence, which has become more intense as the stakes in the fight for political power rise with the enlargement and enhancement of the powers of government. The economic effects of the division of an area into a number of independent states depend on the policies pursued by their governments. It is notable that even quite small countries have often progressed rapidly, as for instance Hong Kong and Israel, or are even among the most prosperous in the world, as Switzerland, New Zealand, and Holland. But in any case the process of political sub-division in Africa reflects local pressures and forces, as seen in the attempts of Biafra and Katanga to secure independence.

The failure of Dr Nkrumah, as of other writers, to provide the term 'neo-colonialism' with intelligible meaning is the more remarkable because of the importance assigned to the concept. His Neo-Colonialism (London, 1965), discusses the concept at great length, but interprets it largely as the operations of large foreign-owned corporations in underdeveloped countries, whose profits are said to reflect the exploitation of the local populations. This interpre-

\(^5\) Kwame Nkrumah, *op. cit.*, xv, 173.
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tation is in effect simply an application of the Marxist-Leninist idea of the exploitative nature of any return on private capital.

In recent years the term neo-colonialism has been introduced into discussions on foreign aid in three contexts. First, to protest against the imposition of conditions in the granting of inter-governmental aid; second, in support of the demand that aid should not be tied to purchases of specific commodities or from specific sources; third, in support of aid, especially of multilateral aid, on the ground that inter-governmental aid is necessary to avert the dangers of neo-colonialism. Whatever the merits of these arguments, the term neo-colonialism obscures the relevant issues instead of illuminating them.

These vague ideas and insubstantial arguments are designed to evoke definite emotions and promote specific policies. The principal consistent theme of the literature of colonialism, economic colonialism, and neo-colonialism, is the explicitly alleged or clearly implied responsibility of external, especially western, forces and influences for the material backwardness and poverty of the former colonies, and more generally of all underdeveloped countries. Although, as already noted, this notion is untrue (indeed the reverse of the truth), it has a powerful political and emotional appeal. To use a felicitous phrase of Jacques Barzun's, the idea enables people to achieve 'the desired status of victim'. It is emotionally comforting to be told that external factors explain a failure to achieve specified goals, including material prosperity.

In many underdeveloped countries the idea that poverty has external causes is strengthened by important elements of the traditional culture, notably the belief in the power of extraneous, especially supernatural, forces over the destinies of individuals or groups, and by a paternalistic and authoritarian tradition which encourages the belief that one is not responsible for one's lot.

Certain modern notions operate in the same direction. Men are said to be created equal. Yet the underdeveloped countries are poorer than the developed countries. To many people this suggests the operation of fortuitous or unjust external forces, and the suggestion is reinforced by more specifically political factors. Before independence the local politicians in many colonies attributed the poverty and technical backwardness of their countries to their colonial status, notably to alleged exploitation by the
metropolitan powers, thus arousing unwarranted expectations of the prosperity which would follow the attainment of independence. Since the political or even physical survival of the political leaders in many underdeveloped countries may depend on their ability to explain away the failure of these expectations, their easiest course is to invoke external responsibility, particularly in view of the absence of effective local opposition parties. The allegation also diverts attention from the real factors behind material poverty, and from the difficulties of removing them. Moreover, the alleged need to combat adverse or sinister external political and economic forces can also be cited to justify the introduction of certain policies and measures for extensive state control over the economy, and is therefore welcome to local politicians, administrators, and many intellectuals who favour such policies.

There are also influential political, administrative, intellectual and financial interests in the West which favour the idea of western responsibility for the poverty of underdeveloped countries, since it promotes policies advocated by some of these groups; these include government-to-government aid; the extension of the activities of the international agencies; and, less obviously and directly but nonetheless substantially, the enlargement of state control over the economies in underdeveloped countries; and the extension of economic controls and of redistributive (progressive) taxation from the national to the international or supra-national level in order to standardize conditions internationally. These policies create numerous lucrative opportunities and influential positions for politicians, administrators, academics, and businessmen, and also promote political and social conditions in underdeveloped countries favoured by many people in these categories in advanced countries.

The charge of western responsibility for the poverty of underdeveloped countries also engenders or strengthens a guilt feeling in the western world which promotes the flow of foreign aid. Many people in the West wish to reduce the stature and influence of the West for the benefit of the international organizations and agencies and, ostensibly at any rate, also for the benefit of the underdeveloped countries. Any increase in the influence of these countries is welcome, not only to their own civil servants, consultants, and advisers, but also to those groups and individuals in developed countries who support world government by means of
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the international agencies. They all stand to gain from the emergence or extension of a guilt feeling in the West promoted by the belief in western responsibility for the poverty of the underdeveloped world.

The notion that the incomes and wealth of persons, groups, and countries are extracted from others, rather than earned for resources supplied, promotes and spuriously justifies substantial expropriation of incomes and property, and often lends effective support to the argument that possessors of high incomes or substantial wealth are not entitled thereto and should be deprived of them, while its acceptance on the international plane facilitates its subsequent acceptance in domestic discussion. Thus those who welcome the policies promoted by the idea that incomes are extracted or appropriated rather than earned, in particular those who wish to confiscate above-average incomes and wealth in their own countries, find it congenial in the first instance to induce the guilt feeling for higher incomes in the international sphere.

There is another and more deepseated factor behind the belief in western responsibility for the poverty of the underdeveloped world, without which the influences already noted might have proved much less effective.

Many, perhaps most, humanitarians and social reformers, and especially the most vocal and influential of their number, seem primarily interested in groups which can be declared or classified as helpless.

We are familiar with the emotional dependence of psychoanalysts on their patients, of teachers on their pupils, and of priests on sinners. A similar relationship often exists between social reformers and those groups whose condition they ostensibly seek to ameliorate. The humanitarians and social reformers particularly need people who can be plausibly classified as helpless victims of causes and conditions beyond their control. And the classification of groups as helpless then actually promotes their helplessness, thus serving the psychological, political, and financial aims of the classifiers.6

Many of these reformers, particularly the most vocal, seem much less interested in groups which cannot readily be classified as helpless even if they have to face formidable obstacles and difficulties and even if they are actually victims of political hostility. Indeed, self-reliant groups and individuals who are politically persecuted are often viewed with indifference or even disfavour by the most vocal and influential contemporary social reformers and humanitarians, as in the case of the Indian and Levantine minorities in Africa, or the Chinese immigrants in South-East Asia, groups which started as very poor immigrants and many of whom, after attaining considerable prosperity, were subjected to partial or total expropriation or even expulsion.

The practice of considering the peoples of the underdeveloped world as victims of external factors, especially of various types of colonialism, is in itself an example of environmental determinism, the belief in the overriding power of the environment over personal decision and responsibility. This belief again has strong emotional appeal and enjoys the support of powerful vested interests. The supposed helplessness of people in face of their environment serves as a basis for the advocacy of far-reaching policies for moulding the social environment, as well as the activities and attitudes of the alleged victims themselves. Those who claim to have identified the helpless condition of the victims then claim the ability and the right to frame and execute these policies.

Although the massive and influential activity of social reformers, especially in the international field, is relatively recent, the need of reformers for helpless groups has long been recognized. Lord Bristol is supposed to have said in the eighteenth century: ‘Il me faut absolument des malheureux pour en faire des heureux.’ This remark epitomises much of the sentiment behind the literature of both underdevelopment and colonialism.

The insistence on external responsibility for the material backwardness of underdeveloped countries has often promoted policies adverse to their material progress. It has served as spurious justification for the imposition of extensive state controls over economic activity, especially over external economic relations. The belief in external responsibility for material backwardness has also encouraged the imposition of restrictions on the activities of foreign and of ethnic and linguistic minorities, and often also
the confiscation of their assets and the expulsion of people. These policies have seriously damaged the development prospects of poor countries, because of the importance of the external contracts and of the activities of minority groups as agents of material progress.

Much of the argument of this paper bears on an often ignored aspect of relations between the underdeveloped world and the West. I have referred to the presence of substantial groups in the West who support the notion that the West is to blame for the material backwardness of poor countries. Their attitudes and activities are related to a wider phenomenon; much of what is usually regarded as a confrontation or conflict between the developed and the underdeveloped countries is more nearly akin to an undeclared civil war in the West, where influential groups (especially among intellectuals) dislike or even detest aspects and institutions of their society, and consequently welcome and often promote influences which undermine them and weaken the society of which they are integral parts. There are various reasons for this attitude, including in many instances resentment of a society which does not give them the prominence and power they think they should have. These groups often regard the underdeveloped countries as allies in the civil war against western society and its institutions, in the belief that they can promote their cause by supplying resources to the underdeveloped world in a confrontation with the West.

These considerations help to explain certain paradoxes in this general area of the relationship between developed and underdeveloped countries. The West provides most of the intellectual, political, administrative, and financial resources with which it is assailed from the underdeveloped countries; it is also the source of the arguments, sometimes genuine but usually spurious, directed against it by spokesmen who claim to represent the underdeveloped world, in particular the argument that the West has caused the poverty of the underdeveloped world. This argument, largely of western origin, which has been so effective in undermining the self-assurance of the West, is not only false but the reverse of the truth. Whatever material progress has been achieved in the underdeveloped world was largely initiated and promoted by the West, which supplied the human and financial resources absent locally, and induced the necessary changes in attitudes, beliefs, motivations, and institutions. The West provides much of the money and personnel behind many policies and measures which weaken the West politically and financially, and which often harm western personnel and capital in underdeveloped countries. The situation is most obvious in Africa, where the personnel required for the establishment and administration of economic controls, notably on external transactions and the deployment of foreign staff and capital, come largely from the West, and are usually financed from the West.