

Is Globalization a New Form of Colonization?

By Samirul Ariff

In the book *History of Western Philosophy*, Bertrand Russell predicted that western culture would eventually engulf and absorb all other cultures. Victor Davis Hanson in *Why The West Has Won* claims that the 20th century has seen an erosion of the cultural differences that impeded the adoption of a western outlook stressing efficiency through capitalist property rights and the legal protection of capital accumulation.

By adopting a western approach, Japan, and later Singapore, Hong Kong, Taiwan, and South Korea had moved from being among the poorest countries in the world to being among the wealthiest.

Socialism, particularly in India and China, has delayed the wealth-creating processes that surround individualism with its freedom to trade and its enforcement of property rights.

The prevailing belief is that freer trade amongst countries brings economic benefits. The United States, in particular, stresses free trade as an effort to shape the world into a rational, western image. Capitalism is seen as a key to countering Islamic extremism. As such, trade can be an instrument of foreign policy.

Many participate in the globalization debate, either supporting it as the political and economic solution to the development of the Third World, or attacking it as a new form of imperialism in which the Third World, rather than actually benefiting from globalization, instead ends up being exploited. In essence the Third World could be on the losing end if it engaged in a process of 'predatory' globalization.

When the media uses the term, they are usually referring to economic globalization that highlights the increasing economic integration of the world through trade and capital flows. Today, even economies, which used to be relatively, closed such as India and China are trading more and more with other countries. Similarly, more and more foreign funds are entering these two countries. Worldwide, capital flows have become larger in volume as well as

more volatile. The reality of this was spectacularly demonstrated during the Asian financial crisis that began in July 1997 in Thailand and then spread to other Asian countries such as Malaysia, Indonesia and South Korea.

International Political Economy

The study of international political economy shows that it has always needed a framework to define relations between nations and between economic and political institutions. Imperialism once provided this framework and, currently, globalization does.

In both instances of colonialism and globalization, the participation of affected countries was forced upon them by the superpowers of the day. In the first instance, their participation and subjugation was ensured through military power. In the second instance, it was assured through the threat of economic and political isolation from the global community. Therefore, threats to survival, determines the subjugation of the South to the North.

In a chapter titled "*The Export of Capital*" of the book *Imperialism, the Highest Stage of Capitalism*, Lenin outlines the economic rationale of imperialism and the expansionist nature of capitalism. This expansionism necessitates the creation of larger markets. In turn, the expansion of markets demanded the elimination of political and economic boundaries between nations. Colonialism achieved this and in this sense, it is possible to begin to understand the Radical Political Economists claim of colonialism having developed as a response to the requirements of capitalism.

Colonialism had to end because it was too exploitative, displacing the natives of a country from their natural status of control over their nation, and transferring of wealth from one country to another. However, the requirements of capitalism for the creation of a global market did not end with the death of imperialism. Globalization, it can be argued emerged as the answer. It was a means by which to achieve what imperialism had done but through a politically correct and legitimate manner. Through the General Agreement on Tariffs and Trade (GATT) and World Trade Organization (WTO), legitimacy was given to this new form of imperialism whereby Lesser Developed Countries (LDCs) signed trade agreements, agreed to eliminate their artificial

barriers to trade, and participated in their own subjugation and transformed themselves into neo-colonial states.

The truth is Globalization, has not really led to a situation of interdependence and equality as has been claimed. Instead, it has led to a situation of Southern financial dependence on the North and indebtedness to Western/Northern International Financial Institutions. In some cases, Globalization has even led to a situation of unfair competition, increased poverty and greater debt. While Globalization may have increased wealth for some, it has also increased poverty for many others.

Actually Globalization is a much more efficient form of exploitation with established mechanisms and international institutions (e.g. International Monetary Fund and the World Bank) designed to entrap LDCs through debt and increasing poverty, creating situations of such total economic dependency that, unlike under colonialism, there is really no option for revolt against increasing loss of sovereignty. Revolt could lead to a cut-off of economic aid, leading to economic and human crisis, which few of the dependent neo-colonized countries are willing to risk.

There exists a political economic reality of dependency and exploitation. The economic affairs of many LDCs, are no longer within their control. One could argue that political economy has a life of its own, which makes it never fully controllable, or that globalization has removed such control from all nation states, but this does not illustrate the underlying fact of there being a gap between levels of control. The nation states of the North, due to the governments being in a relatively strong position vis-à-vis multinational corporations (MNCs) and financial institutions, do have a high degree of control over their political economy. In contrast, the nations states of the South, being impoverished, indebted and dependent on foreign aid and foreign investment, are not in a similar position. It is in this state of reduced control that neo-colonialism steps in.

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Therefore, it can be suggested that globalization is a form of neo-colonialism or a politically correct term for imperialism. To be realistic, it is important to realize that globalization, is here to stay. Therefore, it is up to the Third World

countries to find the ways and means by which not to lose their sovereignty, one of the best ways is to have a strong democratically elected government. For only a strong elected government can translate the people's will for development and yet balance between the interests of huge corporations and national interests. Above all protecting the nation-state from predatory globalization while at the same time riding the wave of globalization. An unelected authoritarian government or a weak government would have difficulties in governing effectively and legislating equitably and therefore protecting the sovereignty of the nation-state.

Malaysia, a small country has successfully plugged into the International System and played according to the rules and reaped a lot of economic benefits. Many consider us a big trading nation and so like a mouse-deer (*kancil*), thus far we have managed to make the best out of the situation.

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