

How can power be maintained?

Power can be maintained directly through colonial rule, or indirectly through neo-colonial trade, aid and debt.

Neo-colonialism – a form of indirect control over countries, some of them former colonies

There are different ways in which a country can exercise neo-colonial power over another country, these are:

1. **Tied Aid** - this is aid given to a country, however the use of the money given to the country is dictated by the country loaning the money. An example of this is the Pergau Dam in Malaysia. In 1988 the then Prime Minister Margaret Thatcher committed £238 million in aid in order for Malaysia to be able to afford to build a costly dam. However this aid was tied to a multi-million arms deal, in which Malaysia was made to use the money to buy arms off of Britain, otherwise it wouldn't receive the aid.
2. **Debt** - The colonialism in Africa is not over due to western organisations such as the World Bank, World Trade Organisation and International Monetary Fund continuing to exploit Africa. These western organisations provide loans to many African countries making them continually reliant on the western economies. Despite the fact that relief schemes have been created in order to try and relieve the debt that some African countries are in, they have been criticised because they dictate how they should go about restructuring their economies e.g forcing the privatisation of government services.
3. **Trade** - Trade between Africa and China has grown significantly over the past few years with growth rates of 700% being seen during the 1990s. It has been argued that the increase in trading is due to the fact that China is dominating and exploiting the resources in Africa through trade. China is now Africa's biggest trading partner, with 1/3 of China's oil supplies coming from Angola and Nigeria. China has also promised \$20 billion of new loans to Africa, as well as reduced tariffs on African imports.

CASE STUDY: Neo-Colonialism in Ghana

In 1957 Ghana gained independence from British colonial rule. The cocoa trade has always been a key part of the economy for Ghana, with it being the largest exporter of cocoa in colonial times. However today neo-colonialism is still influencing the price of this commodity. There are three external influences that are controlling the price:

1. **Commodity traders** - The price of cocoa is not decided in Ghana, but instead by commodity traders in London and New York. The Ivory Coast is now the largest exporter of cocoa in the world and therefore means that Ghana has to compete with them on the price of cocoa. The competition means that there is a downward pressure on price. The price of cocoa is very irregular and is changing constantly. As a result this means that workers have irregular income and therefore struggle to escape poverty.
2. **Overseas tariffs** - Most of the processing of cocoa beans is done in Europe. The EU import tariffs are much higher for processed cocoa than the raw material. For example in 2007 the EU charged 7.7% on the import of cocoa powder, 15% of the import of chocolate containing cocoa butter, but nothing on raw cocoa beans. These tariffs therefore force Ghana to export their cocoa beans in their raw form, meaning that they lose out on the value added by processing them.
3. **World Trade Organisation (WTO)** - Ghana joined the WTO in 1995 in attempt to increase global trade. Prior to joining the WTO the Ghanaian government subsidised farmers who were finding it hard to sell their produce due to cheaper imported EU produce. However a requirement by the WTO in order for Ghana to join was for them to stop subsidising farmers. As a result Ghanaian farmers find it very hard to compete with cheaper imported goods from countries where farmers are subsidised.



In order to gain some control many famers in Ghana have joined cooperatives such as Kupa Kokoo ('good cocoa farmers'). This began in 1993 and now has 40,000 members in 650 villages. They produce 1% of global cocoa beans. By famers being together in a group it gives them better bargaining power, paying famers more per bag of cocoa by selling to Fair Trade organisations.

