ANANTAM IAS · OPTIONAL NOTES

History Optional Decolonization and Underdevelopment

Paper 2 · Unit 25

Why formal independence did not end economic dependence: 40 marks in four years, and the unit where Latin America, Africa and South Asia are compared directly.

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UPSC SYLLABUS

Decolonization and underdevelopment: factors constraining development, Latin America, Africa.

The problem stated

Political independence arrived across three continents between 1945 and 1975, and economic convergence largely did not follow. Explaining that gap is the whole unit.

- **Underdevelopment** in this literature is not the same as being undeveloped, since the claim is that these economies were actively shaped into dependence rather than simply left behind.
- **Latin America** is the crucial test case, because it became independent in the 1820s and remained economically dependent for a further century and a half, which rules out any explanation resting on the recency of independence.
- **Africa's** independence came mostly around 1960, and its subsequent record of commodity dependence, debt and slow industrialisation is the second body of evidence.
- **Asia diverged**, since South Korea, Taiwan, Singapore and later China achieved convergence, and any theory of underdevelopment has to explain those cases or admit its limits.
- The 2024 question about neo-imperialism in Latin America and the 2026 question about globalisation benefiting the privileged both sit exactly on this argument.
- Two families of explanation compete: **external**, locating the cause in the structure of the world economy, and **internal**, locating it in domestic institutions, policy and elites.
- Serious answers use both, since neither the external nor the internal account alone explains why Ghana and South Korea, at comparable income levels in 1960, diverged so sharply by 1990.

KEY TERMS

Underdevelopment — In dependency theory, a condition actively produced by integration into the world economy on subordinate terms, not merely an absence of development.

The structural inheritance of colonial rule

Whatever weight you give to external factors, the colonial inheritance is documented and concrete. Give it specifically rather than as a general grievance.

- **Monoculture export economies** were built deliberately, so Ghana depended on cocoa, Zambia on copper, Malaya on rubber and tin, Cuba on sugar and India on jute, cotton and tea.
- That specialisation left states exposed to **commodity price volatility** they could not control and to terms of trade that the **Prebisch-Singer thesis** argues decline over the long run against manufactures.
- **Infrastructure** was built to extract rather than to integrate, and railway maps of colonial Africa and India show lines running from interior to port rather than connecting regions to each other.
- **Human capital** was minimal at independence, and the Congo is the standard illustration, with a handful of university graduates in a country of some fourteen million in 1960.

- **Administrative boundaries** became national borders, grouping peoples with no shared political history and dividing others, which the OAU nonetheless confirmed in 1963 to avoid endless border wars.
- **Absence of an industrial base** meant that independence delivered political sovereignty over an economy still configured as a supplier.
- **Financial dependence** persisted through currency arrangements such as the CFA franc, through banking still in metropolitan hands, and through the concentration of trade with the former colonial power.
- **India's own case** shows the pattern and its limits, since the colonial economy left low literacy, minimal capital goods and famine vulnerability, while also leaving an intact administration, a railway network and an entrepreneurial class that many African states lacked.

Dependency theory

The principal external explanation and the intellectual framework behind the 2024 neo-imperialism question. Name its authors and its concepts precisely.

- **Raul Prebisch**, an Argentine economist at the UN Economic Commission for Latin America, and **Hans Singer** independently argued that the terms of trade move secularly against primary producers.
- **Prebisch-Singer thesis** implies that a country exporting commodities and importing manufactures must export ever more to buy the same, which is the economic core of the whole dependency argument.
- **Core and periphery** is the organising metaphor, with the core industrial economies extracting surplus from the peripheral primary producers through unequal exchange.
- **Andre Gunder Frank** gave the sharpest formulation in *The Development of Underdevelopment*, arguing that the same historical process that developed Europe underdeveloped Latin America, so the two are not separate stories.
- **Immanuel Wallerstein's** world-systems theory added a **semi-periphery** and treated the capitalist world economy as a single unit of analysis dating from the sixteenth century.
- **Walter Rodney's** *How Europe Underdeveloped Africa* of 1972 applied the argument to Africa and remains the most widely read statement of it.
- **Policy conclusion** was **import substituting industrialisation**, protecting domestic manufacturing behind tariffs, which Latin America and India both pursued from the 1950s.
- **ISI's record** is mixed and is the strongest criticism of the theory in practice, since it produced real industrial capacity alongside inefficiency, rent-seeking, foreign exchange crises and a persistent inability to export.
- **Neo-imperialism**, Nkrumah's term from 1965, describes continued economic control after formal independence through investment, trade dependence, debt and covert political influence, and it is the 2024 question's own vocabulary.

The internal factors

Any answer that gives only the external account will read as one-sided. The internal constraints are well documented and examiners look for them.

- **State capacity** was often weak, since colonial administrations had been designed for extraction and control rather than for development, and successor states inherited that design.
- **Ethnic and regional division** within artificial borders produced civil conflict in Nigeria, Congo, Sudan and elsewhere, and war is the most reliable destroyer of development prospects.
- **Elite capture** is a persistent finding, with independence transferring power to a **national bourgeoisie** that reproduced rather than dismantled the extractive structure, which is exactly Fanon's warning in *The Wretched of the Earth*.
- **Land reform** was the decisive divergence, since East Asian states carried out thoroughgoing redistribution while most of Latin America and Africa did not, and the correlation with subsequent growth is strong.
- **Policy choices** mattered, and the contrast between **import substitution** in Latin America and India and **export orientation** in East Asia is the single most studied comparison in development economics.
- **Human capital investment** diverged sharply, with East Asian states prioritising universal primary education and health while many others did not, and the returns compounded over decades.
- **Governance and corruption** are real constraints, and **Acemoglu and Robinson's** distinction between extractive and inclusive institutions is the standard modern framework for stating them.
- **Cold War distortion** compounded both sets of factors, since superpower support sustained kleptocratic regimes from Mobutu's Zaire to several Latin American juntas regardless of their economic record.
- The balanced position: external structures set the constraints and internal institutions determined how far a country could act within them, which is why identical external conditions produced Korea and Ghana.

Latin America

Asked in 2024 on neo-imperialism as a cause of underdevelopment. The Latin American record is the longest available and therefore the most instructive.

- Independence in the 1820s produced **creole elite rule** that left the estate, the church and forced labour intact, so the social structure of the colony survived its politics.
- **Nineteenth century** integration into the world economy came as a commodity exporter, and British capital in railways, utilities and finance made Britain the informal metropole, a relationship sometimes called informal empire.
- **American displacement** of British influence followed, with the **Monroe Doctrine** invoked increasingly assertively, the **Roosevelt Corollary** of 1904 claiming a right of intervention, and repeated occupations in the Caribbean and Central America.
- **Banana republics** is the term for the resulting arrangement, and the United Fruit Company's role in Guatemala, including the CIA-backed overthrow of Arbenz in 1954 after his land reform, is the standard case.
- **Import substitution** from the 1930s and especially after 1945 built real industrial capacity in Brazil, Argentina and Mexico, and by the 1960s these were substantial industrial economies.
- **Debt crisis of 1982**, beginning with Mexico's default, ended that model, since petrodollar borrowing at floating rates met the Volcker interest rate shock, and the 1980s became the lost decade.

- **Structural adjustment** under IMF and World Bank conditionality imposed liberalisation, privatisation and fiscal contraction, and its social costs are the strongest contemporary evidence for the dependency case.
- **Assessment** for the 2024 question: neo-imperialism explains a great deal, particularly the pattern of intervention and the terms of debt, and it explains less well why Chile and Brazil diverged from Venezuela and Argentina under comparable external pressure.
- **Dependency theory's own decline** as an academic framework from the 1980s followed the East Asian evidence and the collapse of import substitution, and it survives more strongly in political vocabulary than in economics departments, which is worth noting when you cite it.
- **Commodity dependence persists**, and the 2000s boom and subsequent bust in Brazil and Venezuela demonstrated that the structural problem Prebisch identified in the 1940s has not been solved.

Africa

The most severe case and the one where every factor operates at once. Give the sequence rather than a static description.

- Independence around 1960 came to states with **minimal human capital, no industry, artificial borders and economies configured around a single export**.
- **Early optimism** was real, since growth in the 1960s was respectable and several states invested heavily in education and health, and Ghana at independence had per capita income comparable to South Korea.
- **Commodity price collapse** and the oil shocks of the 1970s destroyed the fiscal basis of that programme, and borrowing filled the gap.
- **Debt crisis** followed in the 1980s, and structural adjustment imposed cuts to exactly the education and health spending that had been the strongest achievement.
- **One-party states and coups** became the norm, partly through Cold War patronage and partly through the weakness of institutions inherited at independence.
- **Resource curse** operates strongly, since oil in Nigeria and Angola and minerals in Congo correlate with conflict, corruption and slower growth rather than with prosperity.
- **Apartheid South Africa** and settler economies are a distinct category, since white minority rule created industrial capacity alongside systematic exclusion, leaving a dual economy at transition.
- **Later record** is more mixed than the standard account allows, with sustained growth in Botswana through prudent diamond management, and broad African growth from the early 2000s, so afro-pessimism is not the current consensus.
- **Botswana** is the analytically important case, since it had the same colonial inheritance and commodity dependence and achieved among the world's fastest sustained growth through institutional choices, which is strong evidence for the internal account.

The Indian comparison

Not a separate syllabus heading, but the comparison examiners most want to see in a Paper 2 Section B answer written by an Indian candidate.

- India pursued **import substituting industrialisation** from 1951 through the Five Year Plans, with heavy industry prioritised under the Mahalanobis model from the Second Plan.
- **Achievements** were real: a capital goods sector, the green revolution's end to famine vulnerability, scientific and technical institutions, and an unbroken democratic order that most contemporaries lost.
- **Failures** were equally real, comprising the licence raj's rent-seeking, low growth against East Asia, neglected primary education and health, and incomplete land reform outside a few states.
- **Land reform** is the sharpest contrast with East Asia, since zamindari abolition succeeded while tenancy reform and ceiling legislation largely did not, except in West Bengal and Kerala.
- **1991 liberalisation**, precipitated by a balance of payments crisis, ended the ISI model and produced substantially higher growth alongside rising inequality.
- **India against Africa** shows the value of an inherited administration, an entrepreneurial class and continuous civilian government, none of which most African states possessed.
- **India against East Asia** shows the cost of neglecting primary education, of protecting inefficiency indefinitely and of failing to build an export sector when world demand was favourable.
- For the 2026 globalisation question, India supplies evidence on both sides, since integration after 1991 delivered growth and poverty reduction while also widening regional and class inequality.

Writing the answer

Three questions in four years, on apartheid, on Latin American neo-imperialism and on globalisation. All are evaluative and all reward balance.

- Open by **distinguishing underdevelopment from being undeveloped**, since that distinction is the intellectual content of the unit and most scripts miss it.
- Give **both families of explanation** and say which you find more persuasive and why, because a one-sided answer is the commonest failure here.
- Use the **divergence cases** as your evidence, so Korea against Ghana and Botswana against Congo, since identical starting conditions producing different outcomes is the strongest analytical move available.
- Name **Prebisch, Frank, Wallerstein, Rodney, Fanon, Nkrumah and Acemoglu**, since this unit rewards theoretical vocabulary more than most.
- Close with the **contemporary position**, that neither pure dependency theory nor pure institutionalism commands the field, and that the current consensus treats external constraints and domestic institutions as jointly necessary.

Last-mile revision

- Prebisch-Singer on declining terms of trade; Frank on the development of underdevelopment; Wallerstein's core, semi-periphery and periphery; Rodney 1972 on Africa.
- Nkrumah's neo-colonialism 1965; Fanon on the national bourgeoisie; Acemoglu and Robinson on extractive versus inclusive institutions.
- Latin America: creole independence 1820s, Monroe Doctrine and Roosevelt Corollary 1904, United Fruit and Arbenz 1954, ISI from the 1930s, debt crisis 1982, structural adjustment.

- Africa: independence about 1960, Ghana comparable to Korea at independence, commodity collapse and oil shocks, 1980s debt and adjustment, resource curse, Botswana as counter-case.
- India: Five Year Plans from 1951, Mahalanobis from the Second Plan, zamindari abolished but tenancy reform incomplete, 1991 liberalisation.

Common errors to avoid

- Treating underdevelopment as simply poverty. The claim is that dependence was actively produced, and that distinction is the unit's intellectual content.
- Giving only the external explanation. Korea and Ghana started at comparable income and diverged, which requires an internal account too.
- Ignoring East Asia. Any theory of underdevelopment must explain the cases that converged or state its limits.
- Presenting import substitution as simply a failure. It built real industrial capacity before its foreign exchange and efficiency problems became binding.
- Omitting Botswana. Same colonial inheritance and commodity dependence, very different outcome, and it is the strongest single piece of evidence for institutional explanations.

Mains Practice

To what extent is underdevelopment in Latin America caused by neo-imperialism?
20 marks · 250 words · 2024

"Globalization tends to benefit the privileged sections of society and further marginalize those who are already disadvantaged."
10 marks · 150 words · 2026

The nature of the apartheid regime undermined South Africa's claim of being a democratic polity.
10 marks · 150 words · 2024