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CREATING THE THIRD WORLD

The rise of Europe in the four hundred years after 1500, from being a backward area of the world to dominate the rest of the globe not only drastically affected a whole range of ecosystems but also reshaped the relationship between different regions. Before the sixteenth century different areas of the world had evolved to a large extent in isolation. Although societies encountered the same basic problem of finding a balance between population, food production and damage to the environment, their interaction was very limited. The Americas, Australia and most of the Pacific were isolated. Elsewhere trade links were tenuous and contact between Europe and the major states of India, south-east Asia and China was sporadic. In the period after 1500 European expansion triggered off a process of gradual integration of the different parts of the world into a single system and created a world economy. That system was dominated by European states and the areas where extensive white settlement took place – North America, Australia, New Zealand and South Africa. The tropical colonies and those without substantial European settlement remained in a subordinate position. (The Japanese were one of the few non-European peoples who succeeded in avoiding this trap, mainly because they did not come under external political or economic control.)

In the earliest phases of European expansion, from the sixteenth until about the middle of the nineteenth century, Europe itself was still overwhelmingly an agricultural economy. The colonies provided an opportunity to grow crops (mainly for the luxury market) that could not be grown at home either because the climate was unsuitable or because the necessary cheap labour was not available. The colonies also provided some raw materials, particularly precious metals such as gold and silver (especially from Mexico and Peru) together with timber, to supplement European supplies. Increasing political control and the industrialisation of Europe in the nineteenth century intensified this process. Agricultural production for Europe was expanded and new crops introduced to meet changing demands and new industrial processes. Europe’s demand for raw materials increased and the colonies provided an ideal source of supply. Third World countries became major producers of crops and raw materials for Europe rather than manufacturers of industrial products – that role remained almost entirely restricted to the European countries. Even after they achieved political independence the Third World countries found it very difficult to escape from this economic system.

The creation of the Third World was a complex process that took many centuries, but important features can be identified in the very first decades of European expansion, even before the Portuguese sailed into the Indian Ocean and the Spanish conquered Mexico and Peru. During the fifteenth century the Spanish and Portuguese conquered the islands of the Atlantic – the Azores, the Madeiras, the Canary Islands and the Cape Verde Islands. The Madeiras were unoccupied before settlers arrived from Portugal in the 1420s. On the island of Madeira itself the landscape was transformed by fires deliberately started by the early settlers to clear land for agriculture. The forests which, before settlement, had covered the island were destroyed. The first settlers introduced pigs and cattle, which also caused irreparable damage to the ecosystem of the island. In the 1450s the Portuguese began sugar cane cultivation. The idea was to produce it in large quantities and cheaply so they adopted the plantation agriculture already used to grow the crop on Mediterranean islands such as Cyprus. The plantations required a large labour force to build terraces and artificial water courses on the hilly island and also to cultivate and process the crop. So the Portuguese brought in slaves (Berbers from North Africa and Guanches from the Canaries) to work on the plantations. During the second half of the fourteenth century Madeira changed from a largely self-sufficient farming community of perhaps 500 settlers into a colony devoted to a single crop (sugar) exported to Portugal. By 1500 the population had grown to about 20,000, including several thousand slaves. The Cape Verde Islands further south off the coast of west Africa, first visited by the Portuguese in 1456, provided a variation on the same theme. By the end of the century African slaves had been brought from the Guinea coast to work on the plantations growing cotton for the Portuguese home market.

The Spanish conquest of the Canary Islands was a more difficult operation, lasting from 1402 and the capture of Lanzarote, to 1496 and the final subjugation of Gran Canaria. The seven islands of the group
had been inhabited for more than a thousand years by the Guanches, who came originally from north Africa and numbered about 80,000 at the time of the conquest. Once the Spanish gained control of the first islands they enslaved the Guanches and introduced their own crops, especially sugar, grown on plantations for export to the home country. The islands were rapidly cleared of forests — to provide fuel for the sugar boilers — and a thriving population of rabbits, another Spanish import, prevented natural regeneration. The slaves suffered from the introduction of European diseases and the terrible conditions on the plantations. Guanche numbers fell rapidly in the sixteenth century and by 1600 they were all dead — only a few half-breeds remained.

The aftermath of the Spanish conquest of the Canaries and the Portuguese occupation of the other islands in the Atlantic illustrate a number of the crucial features in the expansion of Europe that helped, over the succeeding centuries, to create the Third World. First, the newly conquered and settled territories were exploited for the benefit of the home economy — in the main they produced crops that could not be grown at home. Second, these crops for export took much of the best land and largely displaced traditional subsistence agriculture, and the local inhabitants were reduced to cultivating a small range of crops grown on the poorest ground. Third, export crops were grown primarily on large scale plantations owned and controlled by Europeans rather than on small farms run by local peasants. Fourth, cultivation of the crops relied on European investment and management but also on large amounts of cheap labour. Fifth, Europeans formed a small percentage of the total population and they expected others to do the manual work which they regarded as degrading.

European expansion was from the start built upon slavery and forced labour. Slavery was not invented by Europeans in the fifteenth century — it had been common since the first settled societies. For societies short of energy large-scale use of human power was essential, and slavery was the foundation of most of the city states and empires of the ancient world and was also found in medieval Europe. Europe had long exported slaves to the Near East and in the fourteenth century a major part of the trade of Venice for example consisted of the transport of Slavs and Greeks as slaves to Tuscany and Catalonia. From the twelfth century slaves provided the labour force for the sugar plantations on Cyprus and Sicily as they did in the later European colonies. The Portuguese relied heavily on the use of slaves from the start of their expansion overseas. Between 1450 and 1500 they brought over 150,000 slaves into their overseas possessions. The Spanish hoped to use the natives they found in the Americas as slaves. They did so on Santo Domingo and a number of other Caribbean islands and also on the mainland in places such as the Potosi silver mines in Peru. During this early phase of the Spanish empire new settlers would be granted encomiendas, which entitled them to the labour of a defined number of natives — Cortes for example was granted the rights to 115,000 people in Mexico. However the rapid decline in the native population (mainly as a result of the introduction of European diseases) made it necessary to look elsewhere for a labour force. Both the Spanish and the Portuguese soon turned to importing slaves from Africa. At first the English, too, used native Americans as slaves in their early seventeenth century colonies, both on the mainland in New England and the Carolinas and on islands such as Barbados, where the first slaves were brought from Surinam in 1627. However by the seventeenth century the African slave trade was well established and the English colonists found it easier to obtain cheap labour from this source than from the local Indians. The number of imported slaves in the colonies in the Americas rose rapidly. By 1600 there were more Africans than Spaniards in the coastal settlements of Peru, while in eastern Brazil at the same period there were twice as many slaves as white settlers. By 1700, a fifth of the population of the English colony of Maryland consisted of slaves and they also made up the overwhelming majority of the population on the island colonies of the Caribbean.

Slavery soon followed European expansion into most areas of the world. The Portuguese brought slaves from Madagascar and Mindiniao to their settlement on the Cape of Good Hope and by 1633, 15 per cent of the population of the home capital, Lisbon, were slaves. The Dutch dominated the slave trade in south-east Asia and by 1694 half the population of Colombo, capital of their colony of Ceylon, was made up of slaves. Virtually every European nation was involved in slavery. The Portuguese, Dutch and Spanish dominated its early phases but by the eighteenth century the British shipped about three-quarters of the Africans taken to the Americas. The slave trade was concentrated on Africa and in particular the west coast (Arab traders controlled the slave trade of the east coast). Even though slavery had been common in Africa for centuries the development of the European trade had a devastating social impact. Until about 1700 much of the trade was concentrated in the Angola region but after that Guinea and West Africa became increasingly important sources of supply. Africans were in charge of the first stages of the trade, including the capture,
maintenance and overland transport of the captives, and new states such as Dahomey and Asante rose to prominence based on their role in the trade. Extensive warfare to capture slaves became common.

The immense human suffering brought about by the slave trade, in terms of social disruption, ruined lives and early death, is incalculable. Between 1500 and the early nineteenth century (when the British abolished their slave trade) some ten million Africans were enslaved by Europeans and taken to the Americas (the Arabs took about one million from east Africa in the same period). In the nineteenth century before the final abolition of slavery another two million Africans were taken to the Americas and over one million others were enslaved by the Arabs. The trade between Africa and America grew as the demands of colonial agriculture increased. In 1600 about 5,000 Africans were enslaved every year but a century later the figure had risen to about 30,000 a year. By 1800, at the peak of the trade, about 75,000 Africans a year were being enslaved. About half the slaves from Africa were taken to the Caribbean colonies, 40 per cent to Brazil and only a very small proportion to North America. Many died in the appalling conditions on the voyage across the Atlantic—probably about one in five. Many others died soon after their arrival in a strange country where they were forcibly separated from their families and social traditions and subject to harsh treatment, poor food and new diseases. The mainland colonies of North America were one of the few places where the slave population grew by natural increase. Elsewhere death rates were very high and large numbers had to be imported in order to keep up the size of the labour force. The practice of slavery continued as a vital part of many economies far into the nineteenth century. It was abolished in British territories in 1833, in the United States in 1863, in Cuba in 1886 and in Brazil in 1888.

Slavery was not the only form of forced labour in the European colonies. The majority of whites who went to North America before 1783 were indentured servants who, in return for the cost of the voyage and their upkeep, were forced to work for their employers for a fixed number of years. Their living conditions were often little better than those of the slaves and only a fifth of them survived until they became free. Many convicts were also sent out from Britain to the American colonies and it was when this convenient dumping ground was closed off after American independence that it was decided to establish penal colonies in the antipodes. Until well into the nineteenth century the majority of settlers in Australia were convicted criminals controlled by a harsh, semi-military discipline.

When slavery was abolished in the nineteenth century it was necessary to look elsewhere in order to secure a cheap labour force that could be kept under tight discipline and in generally poor conditions in order to provide the crops and resources the Europeans wanted from their colonies. The main sources for this later intake of indentured labour were India, China and the Pacific islands. Indian labour was particularly important for the sugar plantations of the West Indies, Mauritius, Natal and Fiji and later for other plantations in Malaya, East Africa, Ceylon and Burma. In the century after 1834 thirty million people left India to work abroad as indentured labourers. By 1861 Indians made up two-thirds of the population of Mauritius and there were 60,000 on Fiji in 1879. Indians now make up about half the population of Guyana and of Trinidad. Most of the thirty million Chinese labourers who were recruited for work abroad went to southeast Asia. But large numbers were also taken across the Pacific. Between 1849 and 1874, 90,000 went to Peru to replace the Hawaiians who had died there digging out the guano beds to provide fertilizer for Europe, and 46,000 of them went to Hawaii, together with 180,000 Japanese and 160,000 Filipinos, to work on the sugar and pineapple plantations. The sugar plantations of Queensland in Australia used islanders from the Pacific. Between 1863 and 1904 a total of 60,000 labourers were used (about 10,000 at any one time); death rates were high (over three times that of the whites) and a quarter of the islanders died in Queensland and never returned home. Nearly every European colony depended to some extent on imported cheap labour either as slaves or indentured labourers. As well as the human suffering involved it also bequeathed a difficult social legacy of ethnic tension for many of the countries left with minority populations or, in the case of Fiji, with Indians outnumbering the native islanders.

When the Europeans took control of other parts of the world they inherited well-adapted traditional agricultural systems. Although all agricultural techniques involve major disturbance to natural ecosystems, most of these traditional methods had, by a series of techniques, evolved over a long period of time, limited the damage to the local environment and produced an agriculture that was stable, resilient and diverse, capable of maintaining output over the long term. The exact techniques adopted and the crops grown varied from area to area but in general external inputs were kept to a minimum and the emphasis was placed on growing a wide variety of crops in a multitude of micro-environments (gardens, orchards, dry land and small-scale irrigation...
plots). Hand cultivation reduced soil disturbance and therefore erosion (as did careful terracing); crop diversity reduced the damage done by any single pest and recycling of materials maintained soil fertility. Because of the diversity of crops that were grown these systems tended towards a high degree of local self-sufficiency and only a minimal amount of contact with external markets. Once the territory came under European control, these long-established systems and the societies that had developed from them were disrupted as local communities were made part of a wider economic structure. Agriculture in the colonial era became more specialised, in general each colony would concentrate on growing a limited range of crops for export (in some cases just one). This led to ecological problems by reducing soil fertility through the continuing growth of a single crop and increased susceptibility to pests because of the lack of diversity.

The way in which the agricultural economies of the colonial world were transformed can best be understood by studying the process from a number of different perspectives. First, the colonies of Indonesia and Kenya illustrate two different methods of obtaining the same result – the creation of a dependent agriculture tied into a world market. Second, the history of the development of plantations across the world and the balance between production of cash crops from large estates and their production by peasant smallholders illustrates another facet of the way in which a major change in the colonial economy and society was brought about. Finally it is possible to trace how the cultivation and export of the major cash crops – sugar, tobacco, cotton, rice, tea, coffee, bananas, rubber, cocoa and palm oil – developed around the world.

The pre-colonial agriculture of Indonesia was of two basic types. On the central island of Java there was an intensive *sawah* system of rice cultivation in paddy fields whereas on the outlying islands, where population density was much lower, a swidden system of shifting cultivation on land cleared from the forest for a few years predominated. Both of these systems had developed over a long period and were very stable. The establishment of Dutch control over the islands in the early seventeenth century was followed by their domination of the economy and its gradual restructuring to suit Dutch needs rather than those of the local people. The Dutch did not do away with the existing landholding systems and agricultural methods as such: they imposed instead their own requirements – notably an agricultural surplus of certain crops for their own use and for sale in the world markets. The colonial period in Indonesia saw the development of a dual agricultural system. The Dutch regulated the prices of commodities, local wages and methods of production and as the production of cash crops expanded and land and labour were switched into growing crops such as sugar, coffee, indigo and tobacco, subsistence agriculture contracted. When prices for these cash crops fell, as they often did, the peasants tried to compensate for the fall in their income (which they needed to buy food they were no longer producing themselves) by intensifying the production of subsistence crops such as rice. Both the expansion of cash crops and the intensification of rice production were ecologically damaging.

From the early seventeenth century until the end of the eighteenth century the Dutch commercial system in Indonesia was controlled by the Dutch East India Company. As part of the tribute exacted from local rulers once Dutch control was achieved, the company was able to obtain a high level of production of pepper, spices and sugar for export through the imposition of production quotas and forced labour by the peasants on the estates of local lords. In the early nineteenth century control of the colony passed into the hands of the Dutch government and after 1830 they introduced a new system. All peasants were now required to pay land taxes but the government accepted payment in the form of either government-owned cash crops grown on the peasant’s land or labour on government-owned estates. These changes had a profound effect on both the economy and society of Indonesia. Sugar, indigo and tobacco were annual crops and could be grown in rotation with rice whereas coffee, tea and pepper were perennials which required special plantations owned by Europeans. The Dutch were able to ensure direct control over the production of sugar through their monopoly on sugar mills and processing. Coffee and tea cultivation required full time labour living on the plantations and as these expanded (the area growing coffee tripled between 1833 and 1850) the number of peasant smallholdings was reduced. In 1870 an agrarian land law was enacted by the Dutch which gave them control over all unused land (which was then leased out to large companies to turn into plantations) and which also allowed the renting of smallholders’ land by companies for commercial crop production. This latter provision enabled companies to rent *sawah* land to grow sugar and other crops and resulted in a peculiar mixed system that was neither a true plantation nor a smallholding, and where the peasants cultivating the sugar were neither slaves, as on islands such as Jamaica, nor landless labourers as in Puerto Rico but they were still tied to producing a crop for the Europeans.

The Indonesian agricultural economy was therefore divided in two.
A plantation sector growing crops such as coffee, tea and pepper for export was largely isolated from the rest of the economy. The peasants who owned some land ended up with a large part of it devoted to cash crop production, especially sugar, either in lieu of their land taxes or under leases to companies in order to obtain money to pay their taxes. The amount of land available for food crops for local consumption was substantially reduced. The consequence was an intensification of rice production from the *sawah*. This was the only alternative open to the peasants since there was no unused land to bring into cultivation – that was controlled by the state and steadily leased to companies for plantation agriculture to grow export crops. Pressures to produce more rice on the *sawah* became ever more intense throughout the nineteenth century as the Javanese population rose from 7 million in 1830 to over 28 million by 1900. Even though new crops such as maize and soya beans were introduced during the nineteenth century, the Indonesian peasants were unable to break out of the steadily intensifying system.

On the outer islands of Indonesia a different process was at work. There the main cash crop, tobacco, was not integrated into the swidden system but grown on separate plantations, operated by a labour force brought in from outside. As the plantations grew in size they reduced the amount of land available for peasant agriculture. The main change, though, came with the introduction of rubber, which could be grown as a cash crop by smallholders. The cultivation of rubber trees meant that the smallholders abandoned the shifting, subsistence agriculture of the swidden system and bought imported rice with the money they made from selling rubber. These changes left them vulnerable to fluctuations in rubber and rice prices, enmeshed in a money economy over which they had little or no control. By 1945 when Indonesia became independent the agricultural system had developed over at least two centuries into a form that was very difficult, if not impossible, to change. It was linked to the international economy through the production of cash crops and the rest of the agricultural system had been moulded by this overriding requirement.

The reshaping of the Kenyan economy by the British in the early decades of the twentieth century was a more radical and more concentrated process than in Indonesia but the end result – European control and the increasing dependence of the economy on cash crops – was the same. The economy and society of Kenya were totally transformed between the establishment of formal British control in 1895 and the 1920s. In this period it was not African interests that determined the direction of Kenya’s economic development; the key factor was the British requirement that the colony should contribute to the overall development of the empire and produce commodities that Britain required. The approach was deliberate and the objective explicit: as the government commission on the development of East Africa wrote in 1925:

‘Britain possesses a rich potential heritage in tropical Africa. From it, with wise capital expenditure, she can expect to receive in ever-increasing quantities supplies of those raw materials and foodstuffs for which she is at present so dependent on foreign countries.

Although the number of white settlers was small in the early years of the colony (less than 2,000 by 1906) the British authorities allocated them the best land (where most of the Africans lived) on long leases. By 1910 over 600,000 acres a year were being granted to the whites. Both the settled Africans (the Kikuyu) and the pastoral tribes (Nandi and Masai) were removed from the land allocated to the whites even though as late as 1920 two-thirds of it was still not in use for agriculture.

From the start of British control the pattern of development was seen in terms of large plantations run by Europeans using cheap local labour. The main crops selected were coffee, sisal and maize. Until the latter part of the nineteenth century the main centre for coffee growing within the British empire had been Ceylon. However the spread of coffee leaf disease after 1874 severely reduced the crop (from 100 million pounds to just 18,000 by 1913) and Britain became dependent on Brazil. In order to reduce this dependence, cultivation was strongly encouraged in Kenya after 1907. By 1922 over 700 estates were growing coffee. Rubber plantations were tried but those in Malaya did better and Kenya turned to growing sisal (in order to break American control over the crop) and maize for local demand in East Africa. Recruitment of a labour force posed problems. The whites rejected the import of cheap Indian labour to work on the sisal plantations on racial grounds and expected the British government to make arrangements to ensure they had access to native labour on suitable terms. They complained to the government when they felt that too much land was left in the hands of the Africans because they argued it would undermine ‘the foundation on which the whole of this enterprise and hope is based, namely, cheap labour’. A variety of measures were adopted to make sure that the Africans needed to work to earn money and did not remain as subsistence farmers. Both a hut and a poll tax, which had to be paid in cash, were introduced and the size of the ‘native reserves’ was reduced.
Import duties were imposed to raise the cost of goods to the Africans and only agricultural implements intended for the European farmers were exempted. Taxes rose sharply after 1920 and all Africans were required to carry passes which could only be obtained if they had a job. The colonial authorities also introduced their own forced labour schemes. Little or no help was given to native agriculture, which was confined to the less productive land on the overcrowded reserves. The number of Africans fell from about four million in 1902 to two-and-a-half million in 1921 and by the end of the 1920s the average per capita income of the whites was two hundred times that of the Africans. By 1930 the transformation of a traditional African economy into one controlled by the whites and integrated into the international economy was largely complete: agricultural products from white run plantations rose from a mere 5 per cent of Kenyan exports in 1913 to 76 per cent in 1932 (coffee alone made up 40 per cent of the total).

Although the economies of virtually every European colony and many of the nominally independent countries (especially in Latin America) were drastically altered to provide the products that Europe (and increasingly the United States) required, the pace and nature of change varied from area to area. It depended on the nature and timing of European control and also on the characteristics of the crops that were grown. Until the nineteenth century the development of large-scale plantations growing a single crop was mainly confined to the Americas, where a plentiful supply of land was available, slaves could be transported from Africa and the climate was, apart from some tropical areas, tolerable for Europeans. While producing and trading in many goods for the European market, the territories of south-east Asia remained under local rulers until the nineteenth century, when more direct European control was imposed and plantation agriculture was introduced. Africa, with its generally difficult climate for Europeans and lack of good harbours, was not brought under effective European control until well into the nineteenth century. In all three continents methods of production were largely determined by who had access to land and capital and the type of crop (including how it had to be processed). Plantations were European owned, financed and managed—increasingly run by commercial companies. Smallholders were usually in a minority, although they became very important in the production of rubber in south-east Asia and remained so for many crops in west Africa. The nature of the crops also influenced the way in which they were grown. The main tropical tree crops—rubber, coconut, oil-palm, sisal, cacao and coffee—all involved a considerable time lag between planting and full production. This meant that matching supply and demand was problematic and prices could fluctuate a great deal. Normally only large companies were able to finance the risks involved in these industries. Annual crops such as sugar, cotton, jute and tobacco made it easier to adjust to changing levels of demand. However, they required intensive labour over a short period, unlike tea and rubber where the demand for labour was high but evenly spread over the year.

Plantation agriculture developed in the Americas in the earliest period of European settlement. At this time the estates were usually family owned and by later standards not particularly large. They were however characteristically devoted to the production of a single crop such as sugar, cotton or tobacco, all of which were highly labour intensive, particularly in the processing stages (sugar mills and cotton gins). The slaves who provided this large labour force were employed at other times of the year in hand cultivation of the fields so that ploughs and draught animals were rare on plantations, even in the United States. Many of the plantations were also self-sufficient, growing most of their food. The end of slavery in the nineteenth century led to the decline of the plantations and the rise of sharecropping, particularly in the southern United States, although on some West Indian islands with little land available the ex-slaves remained as landless labourers still working on the estates. In neither case were their conditions much better than under slavery. Latin America also saw the rise of the hacienda with large landowners controlling most of the agricultural land and worked by the peasants, who were little better than serfs (they even suffered from heritable debt) scratching a minimum of subsistence from their own small plot of land. Increasingly by the late nineteenth century in Latin America plantations were owned by large companies or, in the case of sugar production, by the mills themselves.

In Asia until the nineteenth century there were few plantations and most of the crops for export to Europe were grown by peasants. Then the opening of the Suez Canal and the development of the steamship (both of which significantly reduced sailing times to Europe), together with the invention of new industrial processes increased demand for rubber and vegetable oils. To meet this, new plantations were established, generally on a larger scale than in the Americas, owned by companies and run by managers. They also depended on imported labour—Tamils for Ceylon’s tea plantations and Malaya’s rubber estates, Biharis for Assam, India’s main tea growing area and Chinese-
for Sumatra’s rubber plantations. The only crop in which smallholders played a significant part was rubber, although even here the trees and the crop, if not the land itself, were often owned by large companies or merchants, giving the small-scale peasant producers very little real independence. Plantations in Africa were a very late development, confined to a few areas such as East Africa and associated with crops such as sisal and coffee together with palm oil and cocoa production in West Africa. Production by peasant smallholders for the international market remained important in West Africa although in some colonies such as the Ivory Coast the government used forced labour to ensure the Africans worked on the plantations. Nevertheless some plantations were huge – the Firestone Rubber Company owned one rubber plantation covering 127,000 acres in Liberia.

The first of the crops grown for Europe that transformed the environment, economies and societies of the rest of the world was sugar cane. Medieval Europe relied on honey as a sweetener as the only product readily available. The first European colonies on the Atlantic islands were used for sugar production and it was soon taken up by the Spanish American colonies and especially by the Portuguese colony of Brazil. Within a decade of the first settlers arriving sugar was exported to Portugal. By the late sixteenth century Brazil was the main sugar producing area in the world. The temporary conquest of Brazil by the Dutch in the early seventeenth century helped to spread sugar cane cultivation into the West Indian islands controlled by the Dutch, French and English. Production costs were usually higher than in Brazil but a protected home market enabled the plantations to flourish. The English islands of Jamaica and Barbados were particularly important sources and large estates with their slave labour force proliferated. By 1680 half of Barbados was owned by just six per cent of the landowners and the top nineteen planters each owned over 200 slaves. On Jamaica in 1713 there were, on average, eight black slaves for every white inhabitant. Intensive sugar cultivation soon exhausted the soil on both Barbados and Jamaica (on Jamaica a sugar plantation could only be sustained for a few decades) and in the eighteenth century the larger French island of St Domingue, which still had empty land available, became one of the biggest sugar producers in the world. In the nineteenth century the Spanish islands of Cuba and Puerto Rico, where slavery still flourished and the soil was not exhausted, became the centres of production. In 1800 there were only 44,000 slaves on Cuba but between 1810 and 1870 about another half-a-million were brought from Africa to expand the industry. Although family estates on the islands collapsed after the abolition of slavery, large-scale production of sugar was sustained by the mills, which bought up the land and employed the ex-slaves as sharecroppers and labourers. The mills in turn were bought up by large companies and their number fell from over a thousand in 1877 to 185 in 1927 as the industry became concentrated in very few hands.

The second export crop to become important in the Americas was tobacco as the new habits of smoking and snuff-taking spread in Europe. Originally a Spanish monopoly, it was introduced into the faltering English colony of Virginia where it rapidly revitalised the economy in the decades after the first settlement. It did not need the capital investment, processing and storage facilities required for sugar cultivation. At first it was grown on smallholdings but later on large plantations worked by gangs of slaves. During the seventeenth century tobacco became the mainstay of the economy of Virginia and later the adjacent colony of Maryland, so much so that it was even used as the local currency. The scale of this growth can be judged from the fact that imports from the American colonies into London rose from 20,000 pounds in 1619 to 22 million pounds by the end of the century. The problem with growing tobacco was that it exhausted the soil very quickly (normally within three or four years) and so the frontier of cultivation moved steadily westwards across Virginia, Maryland and the other tobacco growing states.

By the end of the eighteenth century slavery in the United States appeared to be in decline – tobacco was no longer such a central crop in the economy and other plantation crops such as indigo and rice in South Carolina remained relatively small-scale and specialised. Slavery was revitalised, and vastly expanded, by the growth of cotton production. The major impetus was the rising demand from the expanding British cotton industry in the early stages of the industrial revolution – by the mid-1830s half of Britain’s exports were cotton goods and raw cotton made up a fifth of all its imports. At the end of the eighteenth century half of Britain’s imports of raw cotton came from its colonies in the West Indies and a quarter from Turkey. The invention of the cotton gin by Eli Whitney in 1793, which speeded up processing, and the development of new, easily processed varieties such as sea island cotton, transformed American production. By 1837 the United States was supplying 60 per cent of Britain’s cotton and by 1850 it had become the largest producer in the world. US exports of cotton rose rapidly from 3,000 bales in 1790 to 178,000 by 1810 and to four-and-a-half million bales by 1860. (Between 1815 and 1860 cotton constituted half of all US
exports). Most of the cotton was grown on plantations rather than on smallholdings. Like sugar and tobacco, continuous cotton cultivation rapidly exhausts the soil and in the first half of the nineteenth century the frontier of cotton-growing spread steadily westwards from the eastern seaboard states of Virginia, the Carolinas and Georgia into Alabama, Mississippi, Louisiana and Texas. Over 800,000 slaves were forcibly moved to these new territories between 1790 and 1860 and this westward expansion of slavery was one of the main causes of the increasing divisions within the United States that were to lead to civil war in 1861. Even after the abolition of slavery cotton cultivation continued to expand, from 4 million acres in the 1830s to about 30 million at the end of the century (it is about 9 million acres now). The fall in production in the twentieth century came from a combination of lower demand and prices, soil exhaustion and the spread of the devastating pest the boll weevil from Texas after 1894.

The development of plantations and the domination of the economies of south-east Asia by the production of cash crops began in the nineteenth century. Here three major crops were involved – tea, rice and rubber. Until the early nineteenth century the cultivation of tea was restricted to China and Japan. As tea drinking grew in popularity in Britain during the eighteenth century, the value of annual imports rose two hundred fold. Once the East India Company’s monopoly on the tea trade was abolished in 1833 cultivation spread quickly into Assam and later into Ceylon and southern India. (By 1888 Britain was importing more tea from India than China.) Tea plantations were established on the hills of Assam by clearing the forests and by 1900 there were 764 estates covering about 350,000 acres. Tea cultivation moved into south India and Ceylon after coffee blight devastated crops in the 1870s – tea plantations on the island increased from about 1,000 acres in 1875 to nearly 370,000 acres by 1900. Harvesting the crop is highly labour intensive, needing about forty people per acre per day. In every area the tea companies which owned the plantations brought in large numbers of labourers – 400,000 into Assam alone by 1900. Many Tamils were taken to Ceylon, where they now form the main minority population and the resulting frictions within society led to civil war in the 1980s. Most of these labourers lived in wretched conditions in company barracks. Pay was kept low because labour costs constituted about two-thirds of production costs and the companies were determined to keep prices as low as possible to maintain tea as a popular drink in Britain.

Rice had been the staple food of south-east Asia for centuries before European control was established. It was grown by peasants mainly for their own use or sale in local markets. The first country to be transformed by rice production for export was Burma, the lower part of which was annexed by the British in 1852. Britain was cut off from its usual rice supplies from South Carolina by the American civil war in the early 1860s and the opening of the Suez Canal in 1869 also made it easier to transport Asian rice to Europe. The area under rice in Burma increased twenty-fold between 1855 and 1920 and by the latter date half of its rice production was being exported. These changes had devastating social consequences for the Burmese peasants. Landlords (half of whom were absentee) or those who owned rice mills had access to finance and were able to build up plantations and employ peasants at low wages. Those peasants who tried to compete with these large producers went into debt to moneylenders, who ended up owning over a third of the land. In this way Burma's peasants were being turned into landless labourers or poverty-stricken sharecroppers permanently in debt. The French also brought major changes to southern Indo-China, which they occupied in 1861. Here the area under rice increased five-fold between 1880 and 1940 while exports rose six-fold in the same period. Production was concentrated in the Mekong delta, where the French divided up the land and sold it in large blocks. The resulting large estates were generally worked by sharecropping tenants, kept in a position of quasi-serfs and tied to the land in a state of permanent debt. The situation in the colonies of Burma and Indo-China can be compared with the circumstances in Thailand, which remained nominally independent throughout the period. Here too the increasing demand for rice saw a six-fold increase in the area under cultivation between 1850 and 1940, with exports rising from about 50,000 tons in the late 1850s to 1½ million tons by 1940 causing problems in adequately feeding the local population. But with no colonial power to back the creation of large estates, small peasant producers remained the backbone of the cultivation system.

The rubber trade was very small in the early nineteenth century – Britain imported just over 300 tons in 1840. That year the accidental discovery of the vulcanisation process, which made rubber lighter, more flexible and less affected by heat and cold, greatly stimulated demand as did its use in new products such as bicycle and car tyres. (By 1900 Britain was importing 20,000 tons a year). For most of the nineteenth century rubber was gathered in the Amazon region from wild trees. The economy of this part of Brazil was transformed by the resulting boom in rubber – exports rose from 31 tons in 1827 to over 27,000 tons by 1900 and in the early twentieth century the town at the
centre of the trade, Manaus (over 2,000 miles up the Amazon), had eight daily newspapers, an opera house, telephones, and electric trams (one of the first cities in the world to operate them). The British were however determined to set up their own source of supply within the empire. Seeds of the rubber tree were taken from Brazil in 1877 and used to start the first experimental plantations in Malaya. By 1895 it was clear that rubber could be grown in south-east Asia and the Dutch also started developing plantations on Sumatra after 1906. From a low base (fewer than 5,000 acres of rubber trees in the whole of the area in 1900) south-east Asia rapidly came to dominate the world market. The area growing rubber in Malaya rose from only about 300 acres in 1897 to 3.3 million acres in 1940 and by 1919 half the world's rubber was being grown in the country. Initially production was concentrated on large estates and when the local peasants proved to be uninterested in taking up cultivation the British moved in large numbers of Tamil labourers from India to do the work. From the 1920s more indigenous smallholders did take up rubber cultivation but they were tied to the large companies and traders.

The rapid growth of rubber cultivation in south-east Asia dealt a fatal blow to the future of Brazil's trade. In 1910 there were still over 150,000 tappers but collecting it from trees spread out in the jungle was a far less efficient method of production than working on the neat rows of the Malayan estates and Brazilian output was already only a third of that of its rival. Demand for Brazilian rubber fell and output dropped to less than 10,000 tons in 1930. In the meantime Brazil (and other countries in south America) had attempted to copy Malaya and set up rubber plantations but these proved a failure. Rubber trees flourished in the wild but when they were planted close together leaf blight disease spread rapidly and destroyed them whereas the trees in south-east Asia were immune. Brazil now imports more rubber than it produces. Another attempt to provide an alternative source of supply was more productive. This was initiated by the Americans, who were determined to break the almost total British and Dutch control over the rubber trade. In the 1920s the US tyre company Firestone, with the full support of the US government, turned to the American semi-colony of Liberia for the land to grow their own rubber. The Liberian government granted them a concession of 1 million acres of land at a price of 0.04 cents an acre. By the late 1920s Firestone already had over 80,000 acres of rubber plantations in the country and a large force of labourers working on them in very poor conditions. The domination of the Liberian economy by US companies such as Firestone was such that in 1943 the American dollar became the currency of the country.

Plantations and cash crops for export were a comparatively late development in Africa. Two of the most important crops – coffee and cocoa – were originally grown elsewhere to supply the European market. Although coffee is indigenous to Africa it was never really grown there in any quantity and it was the Dutch who began its extensive cultivation in south-east Asia for the European market. It was first grown in Ceylon in the late seventeenth century, where it became the major cash crop, and on Java after 1712. It rapidly rose to be the main export of the Dutch East Indies (by 1840 there were over 300 million coffee trees in the area) but production fell after the outbreak of coffee blight disease in the 1870s. This setback established Brazil as the major supplier in the world. Coffee was introduced into Brazil by the Portuguese at the end of the eighteenth century. Cultivation began near Rio de Janeiro in 1774 and moved steadily westwards as the soil was exhausted and as railways were built during the nineteenth century. Coffee was grown on large plantations dependent on slave labour in order to keep production costs as low as possible and cope with steadily falling prices. After the abolition of slavery in the 1880s the industry survived by employing many of the large flood of European immigrants into Brazil as cheap labour in squalid conditions. By the late nineteenth century Brazil produced about three-quarters of the world's coffee and the economy was therefore heavily dependent on the price of coffee on the world market. In the late nineteenth century the British sought to secure their own supplies at the expense of Brazil by setting up plantations in their East African colonies. Coffee cultivation began in Malawi in 1878, in Kenya in 1895 and in Uganda in 1900 on European owned estates using African labour (often provided as forced labour by the authorities). Only after 1950 did the number of smallholders growing coffee expand rapidly but they remained dependent on large marketing companies and subject to severe fluctuations in prices.

Cocoa was first grown as a crop to meet European demand by the Portuguese on their Atlantic islands and later South America became the main producer in the world until the 1880s. It was introduced into West Africa in the late 1870s unofficially but the British colonial authorities recognised that it could provide useful export revenue for what had until then been relatively unproductive colonies. From the 1880s cocoa production received strong official backing plus support from major British companies such as Cadbury who wanted to secure their own reliable supplies. European controlled plantations, often
financed by chocolate manufacturers, were established and by 1911 Ghana was the world's largest producer. The French colony of the Ivory Coast also began cocoa production as a local African initiative but there too it was rapidly taken over by European owned plantations, which continued to spread across West Africa. These plantations employed natives as seasonal labourers or in some areas as sharecroppers.

The development of two other major plantation and cash crops began in the wake of technical advances made at the end of the nineteenth century. The growth of palm oil production in West Africa from its initial, limited role as a lubricant and as a constituent in soap was encouraged by its new use as the major ingredient in the manufacture of margarine. By 1900 West African exports to the UK of palm oil had already risen to 50,000 tons a year—fifty times higher than in 1880—but the main period for development of large-scale European owned plantations took place in the 1920s and after. Bananas were brought from the Canary Islands to the Americas by the Spanish in 1516 but remained a purely local food crop until it became possible to transport them in refrigerated ships to Europe and North America. By the 1890s bananas were grown extensively along the Atlantic coasts of central America, often using imported Indian labour. The crop needed investment in refrigeration and plantations and required cropping throughout the year to provide a regular flow to the consuming countries. Only a few large companies could provide the necessary finance and one in particular—the United Fruit Company (UFC)—which set up its first plantation in 1889, soon dominated the trade. The UFC bought land and railways in the producing countries and controlled the production, transportation, shipping and marketing of the bananas. Contractors were brought in to supply the necessary labourers, who were housed in company barracks, paid a small wage and given notes to exchange for goods (at inflated prices) in UFC owned plantation stores. In the 1930s soil exhaustion and an outbreak of both Panama and sigatoka disease badly damaged the plantations and new ones were established along the Pacific coasts of the Central American republics. The economies of many of these states became highly dependent on this one export and the UFC wielded enormous influence in the region. After 1945 Ecuador became one of the major producers in the world, relying on production from smallholdings rather than plantations, but the large companies still dominated the sale and marketing of bananas.

By the early twentieth century, Europe, and increasingly the United States, had brought about a major transformation in the economies and societies of what is now known as the Third World. Countries which had been largely self-sufficient in food and which grew crops mainly for local markets had become part of a world economy dominated by Europe, its white colonies and the United States. In area after area the same sort of sequence of events had occurred. Through a powerful mixture of political control, economic pressure, investment and market forces, 'development' of these economies took the form of growing crops for other countries. The crops were either to provide luxury items in the diet of people living in Europe and North America (sugar, coffee, tea, cocoa, bananas) or to sustain manufacturing industry (cotton, rubber, palm oil) in countries where development meant something very different—the building of a thriving and varied industrial base with rising levels of consumption for the population. In this process the dependent and colonial economies were restructured to specialise in a few commodities or in some cases a single crop. A diverse agriculture was increasingly displaced over large areas by a monoculture, with harmful environmental effects, particularly in terms of damage to the soil and loss of biodiversity. The production of export crops in the Third World rose at an annual rate of three-and-a-half per cent in the first half of the twentieth century, whilst food production for home consumption grew more slowly than the rise in population. As a result these countries had to import much of the food they needed at high prices. The perverse effects of this cash crop-oriented agriculture for the population at large can be seen in many countries. Sugar cultivation was the biggest single element in the Cuban economy—by the 1950s it took up 60 per cent of all the cropland on the island and constituted three-quarters of the country's exports. As a result half of its food had to be imported. On Fiji by the early 1980s sugar made up over 80 per cent of exports and employed a fifth of the population. On Tahiti, by the 1950s, three-quarters of all agricultural land was being used to grow crops for export and in Gambia the figure was only a little lower. In the Philippines over 50 per cent of farm acreage is used to produce crops for export.

The achievement of political independence by the African and Asian colonies in the 1950s and 1960s did not transform their economic position. The experience of the Latin American countries, which had been independent since the 1820s, had already demonstrated how difficult this could be to achieve. By the mid-twentieth century the agricultural, trading and land-owning patterns were well established and there were strong forces, both internal and external, opposing change. Once an economy had been set in a certain mould by a colonial
government, and when the western countries retained overwhelming economic and financial power and the terms of trade were in their favour, it was very difficult to change course. Given the difficulty of diversifying their economies many of the countries simply tried to increase their export earnings by producing more of the commodities introduced by the colonial powers. For example, the Ivory Coast had produced 75,000 tons of cocoa and 147,000 tons of coffee a year just before independence but by the mid-1970s these figures had risen to 228,000 tons and 305,000 tons respectively, resulting in an economy even more dependent on these two crops. Many other countries still depend for their foreign exchange earnings on a single crop—coffee, for example, constitutes 93 per cent of Burundi’s exports. Attempts at cooperation by the producing countries to stabilise agricultural prices have usually failed, and fluctuating commodity prices continue to undermine vulnerable economies. Even where the major corporations that formerly owned large plantations have been dispossessed of their land or nationalised, Third World countries do not control trade in the commodities they produce because multinational companies still dominate processing and manufacturing. One of the major tea companies, Brooke Bond, now owns only one per cent of the tea plantations on Sri Lanka but still controls one-third of the country’s tea exports and a similar degree of concentrated control is found in tropical fruit production, which is dominated by firms such as United Brands and Del Monte.

Despite major problems of hunger and malnutrition the Third World continues to export more food than it imports. Twenty per cent of the world’s food trade flows from the Third World to the industrialised countries and only twelve per cent in the opposite direction. This balance does not just apply to tropical crops. Within a year of the opening of the Suez Canal, India became a wheat exporter to supply the British market. Even in the acute famine of 1876–1877 wheat was still exported to Britain and by the 1880s India was providing ten per cent of the world’s grain exports. Latin America has increasingly provided large quantities of beef for the American market at the expense of home consumption. Between 1960 and 1972 Guatemalan beef production doubled but home consumption per head fell by a fifth. In the same period beef exports from Costa Rica quadrupled but there was a forty per cent fall in domestic per capita consumption. The average American cat now eats more beef than an inhabitant of Costa Rica.

The Europeans saw the rest of the world not just as potential suppliers of cheap food and industrial crops but also as a source of timber, minerals and other raw materials. Timber was one of the most important products sent to Europe from the early colonies; indeed the colony of British Honduras only existed as a result of a settlement by traders seeking mahogany for the European market. The scale of the operations, particularly in the nineteenth century, can be judged by British activities in India and Burma. By the early nineteenth century British merchants had almost completely destroyed the teak forests of India’s Malabar coast and needed to find new sources of supply. The exploited forests of Burma provided a strong motive for the initial British conquest in 1826 and the first area opened up (the province of Tenasserim) was stripped of teak within twenty years. The annexation of Lower Burma in 1852 allowed the massive forests of the Irrawaddy delta to be cut down to supply Europe with hardwood. By the end of the century about 10 million acres of forest had been cleared. In the western Himalayas, after British control of the Gorakhpur district was established in 1801, over one million trees were felled in the next twenty years. In other parts of the region commercial felling began with local Indian rulers selling rights to European merchants and by the 1860s severe depletion was already apparent across the whole area. In that decade the demand for railway sleepers rose rapidly as railways were built across India to move crops to the ports for export to Europe. As timber prices rose, felling moved further inland into the mountainous areas and by the 1870s half a million trees a year were being cut down just to provide sleepers.

Even very specialised trades could be highly destructive. In the early nineteenth century sandalwood was a prized commodity not just in Europe but also in China. It was obtained mainly from the islands of the Pacific but the trade lasted less than a quarter of a century until all the existing trees had been cut down. The European and American traders systematically exploited an island until it was exhausted and then moved on to another. The sandalwood trees on Fiji were destroyed between 1804 and 1809, those on the Marquesas Islands lasted for three years after 1814 and those on the Hawaiian Islands for slightly longer—1811 until 1825. Then the industry collapsed.

The establishment of American control over the Philippines after the Spanish-American war of 1898 provides a good example of the development of modern logging. Within two years a Bureau of Forestry was set up and commercial logging began in 1904. At that time about eighty per cent of the virgin forests were still in existence. Half had been destroyed
by the early 1950s and by the 1980s less than a third remained. The newly independent countries treated timber as simply another crop and sought to increase production and maximise revenue as the industrialised countries’ demand for tropical hardwoods increased (sixteenfold since 1950). The mounting scale of destruction is illustrated by the fact that Indonesian exports of timber rose nearly two hundred-fold in the twenty years after 1960. Similarly the Ivory Coast exported 42,000 tonnes of timber in 1913, 402,000 tonnes in 1958 and nearly 1.5 million tonnes by the mid-1970s. Rainforests covered 30 million acres of this former French colony in 1956, but only 10 million acres by the late 1970s when, over one million acres a year were being cleared. Most developed countries tax processed timber imports which means that Third World countries are pushed into selling logs and they then import value-added products such as paper and board.

Mineral exploitation has also been an important factor in the creation of the Third World. The first European colonial venture in Mexico and Peru was, in its early years, largely driven by the search for gold and silver. Gold was also important in the first European trade links with West Africa. It was the final division of Africa among the European powers in the 1880s that marked the beginning of large-scale exploitation of mineral resources on the continent as Europe industrialised and cheap supplies of mineral wealth were needed. Some areas were virtually controlled by mining companies. King Leopold of the Belgians actually sold Katanga with its rich copper deposits to a mining company in return for the company financing the conquest of what became in the early twentieth century part of the Belgian Congo. Two-thirds of all European investment in Africa until the 1930s went into mining enterprises, and mineral exports rose seven-fold between 1897 and 1935 to make up half of the continent’s total exports, mainly copper from the Congo and Northern Rhodesia together with gold and diamonds from South Africa. Europeans were prepared to invest in order to bring the minerals to Europe but not to set up processing plants in the colonies. Railways were built to transport the minerals to the coast but the railways did little to develop the local economy – copper from Katanga in the Congo went via the Benguela railway to Angola for export. Europeans provided the skilled workers and Africans the unskilled workforce. The introduction of poll and hut taxes, which had to be paid in cash, forced African workers into the labour market to work in the mines as well as on plantations. The native mineworkers were housed in squalid barracks, separated from their families and often working hundreds of miles from their homes – by the 1950s two-thirds of the workers in the South African mines came from outside the country.

In the same way that cash crop agriculture became the major sector in many colonial economies, and remained a vital source of earnings after independence, mining became a central part of the economy of others and that too did not change after political independence was achieved. For instance mining still provides over 90 per cent of the exports of both Zambia and Mauretania. The Third World’s share of global ore production rose dramatically in the twentieth century. Between 1918 and 1970 the proportion of the world’s iron ore mined increased from 3 per cent to 39 per cent and over the same period the rise in bauxite production was even more dramatic – from less than half a per cent to nearly 60 per cent. The overwhelming majority of all ores are used elsewhere – the Third World processes only 10 per cent of the copper ore, 4 per cent of the nickel ore and 17 per cent of the iron ore it produces. As before independence they are, for the most part, exporters of raw materials. Mining is largely in the hands of multinational corporations and the governments of the countries concerned are usually unable to exercise much control over this sector of their economy which remains largely autonomous. After 1945, Liberia awarded concessions to multinational companies to allow them to exploit the large iron ore reserves in the country. Four huge open cast strip mines (very damaging to the environment by stripping away vast quantities of top soil and rock and creating huge pits and canyons) were built together with railways to transport the ore to the coast but little local labour was employed in these highly capital intensive projects. Although the Liberian economy appeared on paper to grow with this new activity and exports rose, there were few benefits in other sectors of the economy. The same effects occurred in Mauretania with the exploitation of the large iron ore deposits in the country after 1959. The Mauretanian government had only a five per cent stake in the company set up to mine the ore. The company proceeded to build its own 400 mile-long railway to the port of Nouadhibou and even ran its own army to protect the mines. On paper the Mauretanian economy was two-and-a-half times larger after seven years of mining but few benefits had percolated through into other sectors from the largely autonomous mining company, which employed little local labour and imported most of its other requirements. Even a policy of nationalisation fails to change this state of affairs. The multinational companies are still employed on ‘managements contracts’ and through internal pricing arrangements are able to move their profits out of the country. The
companies also exclude many Third World countries from the most profitable parts of the industry by refusing to build smelters and processing plants, as both Ghana and Guinea found even when cheap energy supplies were available. Alumina is worth six times as much as raw bauxite and the final product (aluminium) is worth twenty five times as much as the bauxite but these high value operations are almost exclusively confined to the industrialised world.

European demand for resources was not confined to metal ores. In the late nineteenth century the use of fertilizers to increase agricultural output rose dramatically. The United States had its own internal sources of supply but Europe turned to Morocco and Tunisia and also the large guano deposits off the Pacific coast of South America. The latter were originally part of Bolivia but Chile's victory in the war of 1881 (fought over the deposits) gave it control of the coast and the offshore guano islands and turned Bolivia into a landlocked country. The guano was worked in dreadful conditions by Chinese labourers; Chile was soon exporting over one million tons a year and the tax on the exports made up over eighty per cent of the government's revenue. The British empire was dependent on external supplies until the discovery in the early twentieth century of huge phosphate deposits in the Pacific on Nauru and Ocean Island. This opened up the prospect of an easily accessible and cheap source of fertilizer with which to increase agricultural output from Australia and New Zealand, for the benefit not just of their economies but also that of Britain, which relied heavily on imported food from the empire. The story of these two islands illustrates in dramatic form many of the consequences of the developed world's demand for resources and the far-reaching impact it could have both on the environment and the people of the Third World.

Ocean Island was small (three miles long and two-and-a-half miles wide), covered in lush, tropical vegetation and inhabited by about 2,000 Banabans following a typically Polynesian way of life. Nauru was slightly bigger (eight-and-a-half square miles) with about 1,400 people. Ocean Island was formally annexed by Britain in 1901 whereas Nauru was a German possession until 1914. The islands consisted almost entirely of solid phosphate deposits, perhaps the richest in the world. In 1900 the British owned Pacific Islands Company bought the rights to all minerals on Ocean Island in return for a payment of £50 a year (in practice made in over-priced company trade goods) in a 'treaty' of dubious legality – made with the local chief even though it was well understood that he did not have authority to lease land belonging to other individuals. The company began to export large quantities of phosphates – shipments from Ocean Island amounted to 100,000 tons a year by 1905. Mining rights on Nauru were obtained from the German authorities and, after the necessary works were completed by Chinese labourers, mining began there in 1907. On both islands the company did not employ the islanders but brought in about 1,000 outsiders to work as labourers, about eighty Europeans to supervise operations and a detachment of Fijian police to keep order. In 1910 the company was bought out and the British, Australian and New Zealand governments established the jointly owned British Phosphate Commission to take over the work and provide them with phosphate at cost price (and therefore well below the world market price).

By the early 1920s mining was producing about 600,000 tons of phosphates a year and it was evident to the native inhabitants what was happening to their islands as a result. The operations involved clearing away the vegetation and stripping out the top fifty feet or so of land, leaving an uninhabitable wasteland of jagged pinnacles on which nothing would grow. It was obvious that if the mining continued the islands would be ruined. Seeking to safeguard their future, the Banabans refused to sell or lease any more land to the Commission. But the pressure from Australia and New Zealand for cheap phosphate was growing. In 1927 the British government authorised deep mining over the whole of Nauru and the next year took powers to confiscate all land from the Banabans that they refused to make available for mining. By 1930 phosphate output had reached about one million tons a year. On the outbreak of war with Japan the Europeans and most of the Chinese labourers were evacuated but the islanders were left behind. The Japanese occupied both islands and transported the natives to the Caroline Islands. Before the war the British authorities had considered removing the Banabans from Ocean Island in order to further extend mining operations and the Japanese action provided a convenient opportunity. The Banabans were not allowed to return and were resettled on Rambi Island (part of Fiji). 1,500 labourers were brought in to reopen the phosphate works and in 1947 deep mining over the whole of Ocean Island was authorised. The Nauru islanders were allowed home after the war, but in a second class capacity. Like the 1,300 Chinese labourers brought to the island, the natives were excluded from the company facilities (shops and recreation), which were restricted to the elite white workers. Throughout the 1950s about one million tons of phosphate a year were being extracted from the islands, rising to nearly three million tons a year by the mid-1960s. It was clear that at this rate the deposits would soon be exhausted. The last
shipment from Ocean Island was made in 1980 and the Nauru deposits were then only expected to last until the 1990s. In eighty years of mining twenty million tons of phosphate were extracted from Ocean Island, and Nauru had provided almost three times that figure, giving a total of about eighty million tons from the two tiny Pacific islands.

The imminent exhaustion of the deposits on the ravaged islands raised in an acute form the question of how to treat their owners. In the case of Nauru (administered by the Australians under a United Nations mandate) the government wanted to resettle the islanders on the mainland and abandon the island when mining ceased. The islanders rejected this idea in 1965 when, for the first time, they were given the right to apportion the royalties they received on each ton of phosphate as they wanted rather than as the Australian government decided on their behalf. After a long struggle Nauru was granted independence in 1968 and management of the phosphate operation was transferred to them in 1970. The islanders now live along a narrow coastal fringe, the only part of the island not devastated by mining. Their traditional way of life has gone and their only means of subsistence comes from royalties and profits from the phosphates. These have been sufficient to provide almost a parody of western style development. The islanders do not need to work and their material standard of living is high. There is one road on the island, which goes nowhere, but there is one of the highest rates of car ownership in the world. The population depends on imported western food and many have started to develop the health problems normally found in people who live in the industrialised world.

The Nauru islanders faced enormous problems but the treatment of the dispossessed Banabans, who did not have the United Nations to protect their interests, was far worse. In 1911 the British government suggested that a trust fund should be set up for the Banabans, to be financed from the phosphate earnings. The British Phosphate Company proposed a munificent total annual payment of £250 at a time when it was making a profit of £20 million a year and paying dividends of 40–50 per cent every year to its shareholders. Eventually the British government persuaded the company to pay royalties of 6 pence a ton, supposedly to be held as a fund for the Banabans when the phosphates ran out. The government’s action was less philanthropic than it seemed. They incorporated Ocean Island into the Gilbert and Ellice Islands colony, even though there were no natural links between the two and allocated most of the phosphate royalties to pay for the administration of the colony that had previously run at a loss. The Banabans were not told that 85 per cent of their royalties were being spent in this way. Indeed they were not told how much they were earning or what was done with any of the money and only very small sums were handed over because the government thought that they were ‘foolish’. Some of the money was used to buy Rambi island on their behalf (the proceeds going to the colonial administration of Fiji), although they were not consulted about the purchase. After 1946 they were left on Rambi, an island with a totally different climate from their home. Eventually the British offered the islanders £500,000 as a final settlement for the effects of all the mining. The islanders rejected the offer and took the British government through the British courts in the 1970s in the longest civil case ever heard. They failed in the main part of the case because the court held that the 1900 agreement giving the company the right to mine the island in return for £50 a year was a legally binding contract. The court did find that the British government had breached its obligation to care for the islanders but refused to make any award of compensation. Eventually the phosphate commissioners offered a sum that just covered the costs the islanders had incurred in bringing the protracted legal case. By 1980 Ocean Island had been destroyed by the mining and the deposits exhausted. The islanders had lost their home and had received pitifully small compensation for their loss. That was the real price of the cheap fertilizers for Australian and New Zealand agriculture and cheap food imports for Britain.

The fate of the Banabans was symbolic of much that had happened to the Third World. The creation of a world economy from several smaller-scale, self-sufficient, regional economies should have produced, according to the liberal, free market economists such as Adam Smith and Ricardo, a world-wide division and specialisation of labour, allowing each country and area to concentrate on growing or making the commodities it was best suited to produce. As a result of this specialisation every area should, in theory, have benefited from the most efficient allocation of resources. The theory, however, ignores the political constraints involved, in particular on the selection of commodities that were produced – European control enabled the colonial powers to ensure that the commodities they required were produced and allowed them to enforce a highly asymmetrical series of exchanges of products between the home country and the colonies. The words of Cecil Rhodes, one of the driving forces behind the last period of British expansion in Africa, reveal how different it all was in practice:
‘We must find new lands from which we can easily obtain raw materials and at the same time exploit the cheap slave labour that is available from the natives of the colonies. The colonies would also provide a dumping ground for the surplus goods produced in our factories.’

The way in which one part of the world – the West (Europe, North America and the white colonies) – became ‘developed’ and the way another part – given the collective title the Third World – became ‘underdeveloped’ are not separate phenomena; they are inextricably linked. In the world market that was created by Europe, one region was able to extract a large surplus of products and natural resources from the dependent area. The dominant economies of the West were characterised by the production of capital intensive goods and relatively high wages and profits whilst, the subordinate economies concentrated on producing crops, raw materials and minerals that were of low capital intensity and linked to low wages and low profits. Although development took place in the subordinate colonial economies, it was almost entirely geared to the needs of the home economies. Railways and distribution networks were built but they were largely confined to links between the inland regions and the ports and were designed to facilitate exports. There were few, if any, links between rural areas, or often even between adjacent countries where they were under different political control.

The achievement of political independence in the Third World did not bring economic independence. Economies remained tied into the global system created by the industrialised world and their structure, which had been largely determined by the colonial authorities, proved very difficult to change. A few countries managed to avoid this trap – those that retained their political and economic independence such as Japan, together with those that escaped European colonialism such as South Korea and Taiwan, ‘those that had small populations and vast resources required by the developed world such as the oil-rich states of the Near East’, and the trade-based economies of Hong Kong and Singapore. After independence the model of development adopted by many countries in the Third World was, not surprisingly, given their limited room for manoeuvre, based on accepted western models emphasising industrialisation, free markets and international competition. Only a few countries such as India and Brazil were able to make even modest steps in this direction and even here inequalities in the distribution of the benefits have been particularly marked. For most countries in the Third World, particularly in Africa, but also the poorer countries of Latin America and Asia, the only available option was to increase production of a few cash crops or minerals in an attempt to raise income and exports. The problem with this approach was that increased production tended to lead to lower prices, lower income, increased dependence on a few commodities and greater vulnerability. Borrowing money from the West in order to finance development projects (often of dubious value or relevance to local conditions) led to even greater difficulties, as countries such as Egypt and Venezuela had already demonstrated in the late nineteenth century (long before the great debt crisis of the 1980s) when they defaulted on their loans and were either occupied by foreign powers or had their revenues taken over in order to fund the debt. The people in the Third World who benefited most from this form of development were the elite, closely tied to the industrialised world, rather than the bulk of the population.

The consequences of this unbalanced development had profound effects for both the industrialised world and the Third World. Political and economic control of a large part of the world’s resources enabled the industrialised world to live beyond the constraints of its immediate resource base. Raw materials were readily available for industrial development, food could be imported to support a rapidly rising population and a vast increase in consumption formed the basis for the highest material standard of living ever achieved in the world. Much of the price of that achievement was paid by the population of the Third World in the form of exploitation, poverty and human suffering.