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THE ULTIMATE ECONOMIC MODEL HIDDEN IN PLAIN SIGHT

Submission Date: October 30, 2024, Accepted Date: November 04, 2024,

Published Date: November 16, 2024

Crossref doi: <https://doi.org/10.37547/ajsshr/Volume04Issue11-14>

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ABSTRACT

This paper examines the historical and contemporary impacts of capitalism, colonialism, and economic paradigms on global inequality and poverty. It highlights how the wealth of powerful nations, such as those in Europe, has been built on exploitation through colonialism, slavery, and resource extraction. The industrial revolution, fueled by capitalism, brought about economic growth in these regions but also led to severe environmental degradation and human suffering. The paper critiques modern economic paradigms that fail to account for these historical injustices, presenting a misleading roadmap for developing countries. It explores the unequal distribution of wealth, the role of multinational corporations, and the persistence of neocolonial practices. Furthermore, the study connects poverty and inequality to violence, migration, and restricted access to healthcare, particularly in marginalized regions. The conclusion asserts that economic growth models for poorer nations overlook the foundational violence and exploitation that enabled the wealth of the West, calling for a more honest reckoning with history in shaping global economic policies.

KEYWORDS

Capitalism, Colonialism, Economic Inequality, Neocolonialism, Economic Paradigms.

JEL Classification: B59, D63, F54, P10, N40, O10

INTRODUCTION



A myriad of economic models has been offered as a blueprint to nations and regions that are supposedly not yet in the category of developed countries or high-income regions of the world. First, let us identify the richest regions of the world and the economic path that led them to wealth. Some of the first regions of the world to become wealthy and powerful include Rome and Egypt. The contributing factors surely involve advancement in techniques of production, medicine, and weapons. What else do these empires have in common? Invasion of territories and slavery, creating colonies in regions that belong to people of other descents, maintaining foreign policies, collecting taxes, and claiming ownership of lands in other regions of the world.

The ancient Egypt empire expanded colonial regions in the southern neighboring regions and Canaan, at first establishing trade relations but later imposing direct control (The British Museum, 2023). The other regions that the Egypt invaded for economic resources include Canaan (Atwood, 2017). Likewise, the Roman Empire conquered England/Wales (then known as Britannia), Spain (Hispania), France (Gaul or Gallia), Greece (Achaea), the Middle East (Judea) and the North African coastal region. The Roman Empire built roads to connect conquered regions to Rome to facilitate supply and travel of roman soldiers. In this era, Rome had attained a level of civilization in civil engineering and architecture and military tactics and

weaponry. The Western countries who were previously under the colonial rule of the Roman Empire adopted the system of growing wealth through education, innovation, military force and colonialism. They exploited other regions through colonialism as far back as the 15th century into the 18th century (Britannica, 2023) since they had the upper hand of sophisticated weapons and the reason for this was to expand production and profit (capitalism) which contributed to the industrial revolution.

Moreover, the industrial revolution in Western countries carries some inherent costs to the environment and to the people of other nations, especially poorer countries today and many other consequences especially poverty that provokes violence. After the colonial era, the capitalist system of profit making in favor of the West continued through various agendas. However, the paradigms found in economic studies continue to project the impression that various factors and policies especially those implemented by countries that have progressed from primary stage of production -agriculture and the extraction of raw materials to pre-industrial stage, will automatically swing poorer and developing countries into the position of growth. The vacuum left by these paradigms and economists is a major factor that has immensely contributed to the wealth of Western countries –hegemony through colonialism and



slavery. Basically, poorer countries are being asked to partake in a race where the same rules and conditions do not apply and the West have a head start. This paper is a discussion about capitalism, the stages of economic growth, the consequences of capitalism specifically poverty and violence in poorer countries.

2.0 Capitalism

Capitalism is generally regarded as an economic system based on private ownership of the means of production and the pursuit of profit. The goal of a capitalist system is centered around individualism and it is capital accumulation, maximizing profit and minimizing cost - costs such as labor, energy, natural resources, etc.

As narrated by Robert Marks (2015), during the biological old regime which can be termed as the agricultural revolution – production of food, clothing, shelter, and fuel for heating and cooking came from the land, from what could be captured from annual energy flows from the sun to Earth. The textiles, leather, and construction industry likewise depended on products from agriculture or the forest. Even iron and steel making in the biological old regime, required charcoal obtained from wood. Justifying Malthus theory, a limitation to the size of the human population was certain but the productivity of the economy was affected as well. But by 1750 to 1850, coal paved way for the industrial revolution, -the use

of coal to generate the heat to fuel repetitive motion with steam-powered machines, replacing human muscle, wind, water, and animals to power machines. However, the use of fossil fuels and coal results in the release of greenhouse gases into the atmosphere.

3.0 Highlights of Europe's Capitalist System & Its Cost on Humanity

Before the industrial revolution, textile production in Europe was more expensive than in India. Indian agriculture was so productive that the amount of food produced, and hence its cost, was significantly lower than in Europe. To squash this competition, and reverse the comparative advantage, they raised tariffs on imports to Britain of Indian textiles, and the outright banning of the importation of some kinds of Indian cotton goods—mercantilist protectionism style.

The English East India Company (EIC) concentrated trade in India, where Indian states were weak and European competitors few, especially in Bengal and Madras. The leader of Bengal demanded increased payments from the British Companies for privilege of trading there. The British resisted and a war that ensued ended in the beginning of British empire in India, and over the next fifty years the extent of British control widened, with the entire subcontinent becoming a formal colony in 1857.



European New World agriculture was export oriented, their plantations in the Caribbean and South America, produced mostly sugar, tobacco, and cotton. The source of labor was African slaves because of labor shortages caused by the Great Dying and the unwillingness of Europeans to migrate to the New World. These plantations needed fish and grain, and cheap textiles for the slaves from the North American colonies. These created demand for textiles produced by the British cotton textile industry in England.

More quantities of Indian textiles were traded by the EIC in West Africa for slaves that would be sold in the Caribbean by the slave traders. New World products—sugar, tobacco, raw cotton—were taken back to England as an exchange.

4.0 Economic Paradigms

With all the strategies mentioned above, Europe and New Europe specifically had a head start in experiencing economic growth by engaging strategies without considering humanity. But what are the models of growth tailored for developing countries today?

Economic paradigms since the Middle Ages have been defined by the dominant sector of the economy in form of three stages: Primary production (agriculture and the extraction of raw materials), Secondary production (industrialization and the manufacturing of durable goods- modernization) and Tertiary

production (services and manipulating information-post industrialization). The dominant position has thus passed from primary to secondary to tertiary production. This hierarchical position reflects in the exchange relationships, credit and debt relationships among nations. The hierarchical structure creates a situation of dominance and subordination according to the stage of production an economy is at.

However, false historical analogies have been used as the foundation of economic policies, claiming that if developing countries continue on the path previously taken by the dominant countries and repeat their economic policies and strategies, they will eventually enjoy an analogous position or stage. Critiques of the developmentalist view, posed by underdevelopment and dependency theories in the 1960s within Latin American and African contexts, argued that underdeveloped countries will not attain developed status, as they are assigned different roles in the global system (Hardt & Negri, 2002).

5.0 Unequal Distribution of Wealth & Its Effect on Our Society

There is a divergence in income growth levels between developing and wealthy countries. Developing countries must strive to reach the same economic status as developed nations, despite a history of exploitation, colonialism, and trade regulations that hinder their exports.



For instance, although trade liberalization has been introduced in poorer countries, climate change—driven by years of greenhouse gas emissions from industrial activities in the West—has led to droughts and floods, negatively impacting agricultural production in some African countries. According to conservative estimates, by 2030, 231,000 people could lose their lives each year in poor countries due to the climate crisis.

Additionally, it is estimated that between 1765 and 1938, Britain derived approximately \$45 billion in economic benefits from India. Despite this, the British government continued paying the 'debt' owed to slave owners for the abolition of slavery in 1835, with payments completed only in 2015.

Furthermore, the wealth of billionaires saw its largest annual increase at the onset of COVID-19, driven by skyrocketing stock prices, the rise of unregulated entities, increasing monopoly power, and privatization, along with the erosion of regulations, tax rates on individuals and companies, labor rights, and wages. Simultaneously, unequal access to opportunities continues to be perpetuated through the instrumentalization of racism (Ahmed, 2022).

Generally, inequality disproportionately impacts individuals in poverty, women, girls, and marginalized racial and oppressed groups. This is evident in the disparate COVID-19 death rates among racial groups in

the USA and Brazil, where the black population faces a 1.5 times higher risk of mortality compared to their white counterparts. Similar patterns persist across Latin America. In the United States, Native Americans, Latino, and Black individuals are two to three times more likely to succumb to COVID-19 than their white counterparts. Furthermore, compounding this issue, pharmaceutical giants like Moderna and Pfizer price their vaccines at exorbitant rates, making them accessible only to G20 nations while low-income countries are left unable to afford them. Supported by Western governments, these companies obstruct initiatives from low-income nations seeking access to vaccine production through intellectual property rights, hindering efforts to save lives (Ahmed, 2022). Moreover, the impacts of capitalism are evident in the migration patterns of individuals from impoverished to wealthier nations. In 2019, Europe accommodated 82 million international migrants, while North America hosted nearly 59 million, accounting for 22 percent of the global migrant population (ONU Migracion, 2020).

Lastly, one of the most debilitating effects of inequality as a result of colonialism and capitalism is violence in poorer countries, the correlation between social inequality and crime rates has been widely and strongly supported at the global level (Adams, 2009). This is evident in the fierce drug war that have erupted over the years in Mexico as a result of the continual and unrelenting drug trafficking to the US.



The origin of slavery in Guatemala and Haiti entrenched poverty among the Afro descents in these countries and the presence of drug trafficking as well have created the presence of gangs and urban violence. Thankfully, a group called American Friend Service Committee are carrying out projects in regions with urban violence such as in these two countries by setting up groups – the Local Peace Platforms (PLP) that work towards conflict transformation especially in communities & areas with high levels of violence and social exclusion. The strategic programs in these projects are Mobile Conflict Resolution and Mediation Unit, Street interviews (face-to face, community research), and Youth focus group (Colon & Monzon, 2013).

In spite of all the awareness about the evils of colonialism, various forms of neocolonialism exist in modern times. A global order in which an imperial ideology of maintaining peace among nations through a world judiciary system is set up in the form of the United Nations, and the World Trade Organization. In the same vein, instruments such as Non-Governmental Organizations (NGOs) are covertly used to aid foreign agendas (Hardt & Negri, 2015). These setups are however, created to indirectly usurp the sovereignty of the nation state and its autonomy.

CONCLUSION

The economic model hiding in plain sight is basically rooted in violence itself; plundering other people's lands and taking advantage of their less sophisticated defense. Just as the Roman Empire and other rich empires did in ancient times, Western countries who used to be subjects of the Roman Empire seized control of the regions in the world mainly for the purpose of enriching themselves –a capitalist goal that does not consider the impact of their agendas on the humans in those colonized regions. This paper linked up the history of colonialism to its origin, and the consequences of colonialism on people –which are poverty and inequality that have in turn led to low access to health services for some groups of people, migration to rich countries and violence. Also, theories of growth and development seem to have turned blind eyes to the horrific history of rich countries and the issue of neocolonialism. Instead, these theories simply formulate or suggest paths of growth that supposedly led rich countries to the post-industrial stage.

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