

## **From Colonialism to Institutional Dependency**

Following the collapse of the Soviet Union and its global role as super-power in the 1990s and the increasingly aggressive foreign policy of the United States, interest in studies of imperialism and colonialism is again on the agenda of social sciences. In recent years increasing number of books and articles in scientific journals are being published that focus on the 'new imperialism'. The analyses of the new imperialism do not only highlight the hegemonic position of the USA in terms of military leadership and the economic interests of USA and her allies in gaining access to oil, cheap materials and cheap labour in the developing countries. The analyses observe as well the phenomena of 'cultural imperialism' according to which American culture and values are actively promoted by US companies and the industrial-military complex and exported around the world (D. Harvey 2005: 56).

Critique of Western imperialism has come in waves that have followed phases of the development of capitalism. Following the golden age of European colonialism, between 1880-1914, in which European countries colonized 620000 square kilometres per year in the average, J.A. Hobson, Rosa Luxemburg and V.I. Lenin all wrote their books on imperialism in the first two decades of the 20<sup>th</sup> century. In the Cold War era of the 1960s and 1970s, massive publication and research into neo-colonialism and American imperialism took place. Scholars like C. Wright Mills, S. Amin, A. Gunder Frank, A. Emmanuel and E. Mandel were among the most influential writers.<sup>1</sup>

It is common to the studies mentioned above, that their approach is macro economic and they cover long historical periods and phases in the development of capitalism. In this paper we will focus on the micro level and the institutional dynamics of colonialism, i.e. on the substantive level in which colonialism is implemented and reproduced. First, we will discuss some of the main concepts of this paper. Then we will highlight the main phases of European colonialism and discuss Nordic colonialism. Following this discussion we will observe the cases of Iceland and Greenland and compare their different paths of development from an institutionalist point of view. Finally we will discuss globalization and the emergence of a new transnational capitalist class in order to estimate its impact on the contemporary process of de-powering of people.

### **Some conceptual clarifications - from colonialism to Eurocentrism**

The concepts of colonialism and imperialism have the same basic common meaning. They refer to the purpose of the colonial power to exploit economically the colony's natural and intellectual resources, create new markets for the colonizer, and to expand the colonizer's way of life beyond its national borders.

The difference between the two concepts is that colonialism focuses more on economic exploitation than the concept of imperialism does, while imperialism

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<sup>1</sup> It appears that the upswings in anti-imperialist writings follow the long wave pattern of Kondratieffs and sit on the top of every Kondratieff wave with approximately 40 years intervals.

concentrates more on the international power relations of states, in particular in terms of military relations and hegemony.

Basically the concepts refer to the situation when one state or economy is in the position to be able to realize its economic and political interests and implement its culture and organization of society in another society. It does so sometimes brutally with military power or at times it does not face active resistance.

The process of colonization is today not limited to separate states as cross border investments are an important part of modern capitalism and the nation states are today organized as part of supra-state bodies such as the European Union and military alliances such as NATO (I. Jonsson 1995). As a consequence the term 'Eurocentrism' appears to have more relevance in the present context as it refers to strategies and actions taken by western states, supra-states and corporations to realize their economic and military interests and extend western culture to the rest of the world (O. Mehmet 1995: 8-9). The 'Eurocentrization' of culture or the spread of western cultural values to the rest of the globe, involves the diffusion of western individualism, market ideology, western technology and organization of work and every day life.

Globalization and globalism are the latest form of processes and ideology of Eurocentrism that presumes that westernization and the opening of economies concerning investment of western corporations and uncritical acceptance of mass produced western culture, is the best path towards prosperity. Globalization is set about by forces such as mass media, corporations, global economic forces, institutions and structure politics and global marketing (L. Sklair 2003: 2). These forces or structures and networks are realized by active strategies and actions of individuals who belong to an emerging new 'transnational capitalist class' that

“...pursues people and resources all over the world in its insatiable desire for private profit and eternal accumulation. This new class is ... composed of corporate executives, globalizing bureaucrats and politicians, globalizing professionals, and consumerist elites.” (L. Sklair 2001: 4).

It is through consumerism that globalization is legitimized and reproduced. This is an ideology that presumes that the meaning and value of our lives are to be found principally in what we possess, that we can never be totally satisfied with our possessions (a feeling that is constantly created by ever-changing fashion and style), and the goods and services we consume are best provided by the free market that is driven by profit maximization (ibid: 6).

### **A quick look at the history of colonialism**

The history of modern European colonialism started with European settlements in the New World in the 16<sup>th</sup> century. Colonialism in the Americas, Africa and Asia was organized to secure trade of precious metals, spices, tobacco, sugar and slaves. Following the growth of European manufacturing industries a new period set in, in the latter part of the 18<sup>th</sup> century. The main aim of the European powers was to secure markets for their increasing industrial production. The trade structure changed so that the imports to Europe of spices, sugar and slaves diminished relatively at the same

time as demand for raw materials and food for the growing working class in the industries increased.

In this second period of colonialism, the European powers transformed the institutional base of the colonies in a more systematic way: 1) Private ownership of land was introduced and lands of the aboriginal people were confiscated and given to white settlers in order to introduce large scale agriculture; 2) Cheap labour was provided for the mines, both directly with forced labour, and indirectly by the emergence of the reserve army of the unemployed; 3) Monetary system and monetary transactions were introduced as the state required that taxes and land rents should be paid in cash and; 4) export production owned by native people was undermined as companies owned by the colonizers were given exclusive rights to produce export goods.

The third period, 1880-1914, was characterized by great intensification of colonialism and struggle between the colonial powers for power, expansion and territories. While the European powers colonized 215000 square kilometres of land each year in the average in the first three quarters of the 19<sup>th</sup> century, they took over 620000 square kilometres in the average between 1880 and 1914. At the beginning of the First World War almost all opposition by aboriginals was gone.

### **Nordic colonialism**

Nordic colonialism, like the colonialism of the other European countries, was motivated by the mercantilism of the 17<sup>th</sup> and 18<sup>th</sup> centuries. However, it was different in the sense that the Nordic countries did not take part in the race for colonies in the period after 1880. Nordic colonialism is also different from the rest as they already had colonies in neighbouring regions as early as in the Viking period. However, although Sweden had colonies in Finland in relation to their trade with Russia, Finland did not become part of the Swedish state until 1323 with the Treaty of Nöteborg.

Denmark has had colonial possessions since early in the 13th century, when it obtained possessions in Estonia. In personal union with Norway in 1536, Denmark-Norway had possession of old Norwegian holdings, i.e. Greenland, the Faroe Islands, 6 Orkney, Shetland and Iceland. In the 17th century, Denmark-Norway suffered territorial losses on the Scandinavian Peninsula. In the aftermath, she began to develop colonies, forts, and trading posts in Africa, the Caribbean, and India.

**Table 1.**  
**Nordic colonies**

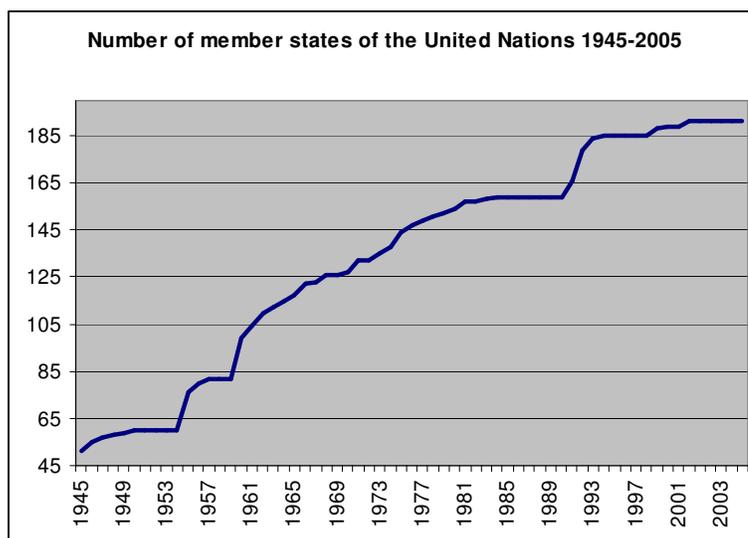
<b>Colonies of Sweden</b>	<b>Colonies of Denmark</b>
North America: New Sweden (1638-1655) Africa: Cape Coast (1650-1663) West Indies: Saint-Barthélemy (1785)-1878) West Indies: Guadeloupe (1813-1814)	Europe: Estonia/Tallin 1219-1346 Europe: Faroe Islands 1389/1536-1948 Europe: Greenland 1389/1536-1979 Europe: Iceland 1389/1536-1904 Europe: Orkney islands 1389-1472 Europe: Shetland islands 1389-1472 Asia: India/Tranquebar 1620-1845 West Indies: St. Thomas 1672-1917* West Indies: St. John 1683-1917 West Indies: St. Croix 1733-1917

\* These three islands were conquered by the Danish West India and Guinea Company and became royal Danish colonies when the Danish king bought them in 1754. They were sold to USA in 1917. In accordance with what took place in the other colonial powers, East-India and West India companies were established to lead the colonization and organized the trade of spices, slaves and sugar.

**Independence struggle and the rise of autonomy movements**

In the aftermath of the Second World War, many former colonies became independent states. Independence movements had been struggling for independence since the romantic wave of the 19<sup>th</sup> century. In some of them the struggle was violent while in others it was peaceful such as in India. When the United Nations were established in 1945, 51 states became member states. Today the number of the states is 191. As can be seen from the figure below, the growth in the number of member states was fast in the 1950s to 1970s and again in the early 1990s. It seems obvious that the nation state is not a disappearing political institution as many social scientists presume. The independence struggle in e.g. Palestine, Tibet, the Basque regions, Northern Ireland to name but few examples, suggest that there is more to come.

**Figure 1.**



Source: United Nations

It is interesting to point out that the formation of independent states is not limited to large economies or military strength. Out of the 191 member states of the United Nations, there are 40 states that are microstates, i.e. states that have less than 1 million inhabitants.

**Table 2.**

**Microstates in the UN**

Microstates are states with less than 1 million inhabitants

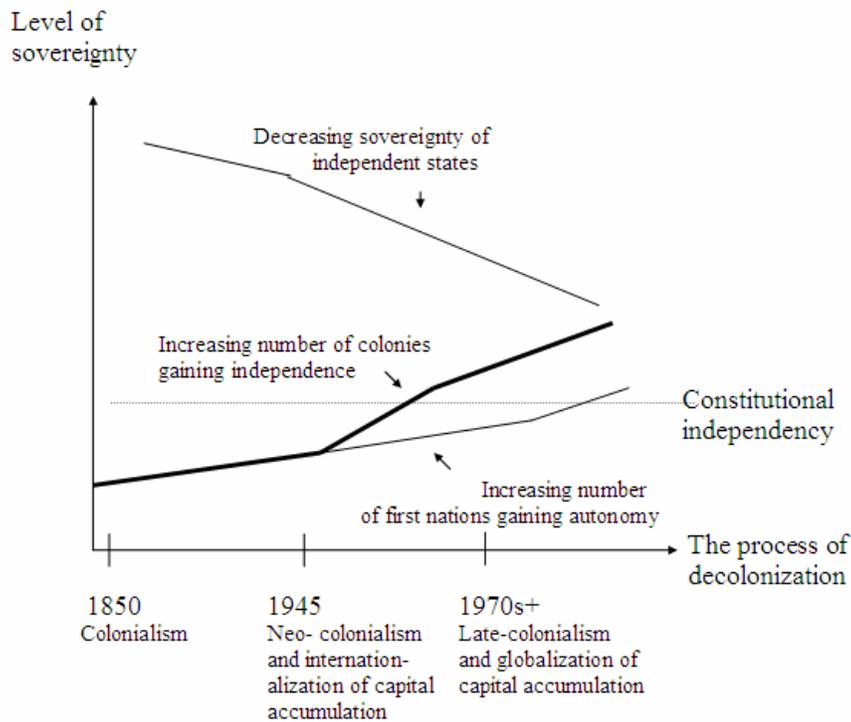
State	Population 1995 (or nearest year)	Became UN member state
Andorra	70,549	1993
Antigua and Barbuda	68,722	1981
Bahrain	688,345	1971
Barbados	279,254	1966
Belize	279,457	1981
Brunei	372,361	1984
Cape Verde	418,224	1975
Comoros	671,247	1975
Cyprus	780,133	1960
Djibouti	476,703	1977
Dominica	69,029	1978
Equatorial Guinea	535,881	1968
Federated States of Micronesia	108,105	1991
Fiji	893,354	1970
Grenada	89,502	1974
Guyana	765,283	1966
Iceland	299,404	1946
Kiribati	103,092	1999
Liechtenstein	33,717	1990
Luxembourg	468,571	1945
Maldives	349,106	1965
Malta	398,534	1964
Marshall Islands	59,071	1991
Monaco	32,409	1956
Nauru	13,048	1999
Palau	20,303	1994
Qatar	863,051	1971
Saint Kitts and Nevis	38,958	1983
Saint Lucia	166,312	1979
Saint Vincent and the Grenadines	117,534	1980
San Marino	28,88	1992
São Tomé and Príncipe	187,41	1975
Seychelles	81,188	1976
Solomon Islands	538,032	1978
Suriname	438,144	1975
The Bahamas	301,790	1973
Tonga	112,422	1999
Tuvalu	11,636	2000
Vanuatu	205,754	1981

Source: United States Central Intelligence Agency's **The World Factbook**,  
<http://www.cia.gov/cia/publications/factbook/rankorder/2119rank.html>

Some of the microstates are very small indeed. The smallest states, Tuvalu and Nauru have 11,636 and 13,048 inhabitants respectively. These states carry fewer inhabitants than many of the autonomous areas that have in recent years been established within the old colonial countries themselves. Autonomous regions with different levels of home rule have been established in Spain, Britain, Faroe Islands and Greenland to name but few. Some counties in Sweden have been granted regional parliaments in order to increase their economic and political independence following Sweden's membership of the European Union and the introduction of the principle of 'subsidiarity'.

Taken as a whole, the post war establishment of new independent states and autonomous regions may be considered as two sides of the same process, i.e. the process of de-colonization. The figure below highlights the process of de-colonization.

**Figure 2.**  
**The process of de-colonization**



### The West-Nordic colonies – problems of de-colonization

The West-Nordic countries, the Faroe Islands, Greenland and Iceland, are cases that represent different stages in the process of de-colonization<sup>2</sup>. Iceland received its home rule in 1904 and became a sovereign kingdom in 1918 that had a common king with Denmark. In 1944 Iceland became an independent republic after almost a century of non-violent independence struggle. Home rule was implemented in the Faroe Islands

<sup>2</sup> For a detailed study of these countries as microsocieties and their social, political and economic development, see I. Jonsson 1995.

in 1948 and Greenland received her home rule in 1979. In relation to the process of de-colonisation, the Faroe Islands and Greenland like other autonomous regions with home rule may be thought of as cases of dis-integration of the states they belong to.

In general terms, the processes of dis-integration and de-colonization appear to be rather complicated and difficult to explain. Social or economic determinist explanations that reduce the scenario to one factor, such as ethnic conflicts or the necessary logic of global capitalism, are inadequate. The reason is that states are widely different in terms of size of the population and territory, level of affluence, role in the international division of labour, structure of the state and patterns of distribution of national income, balance of power of different ethnic groups and, history of societal conflicts.

Although ethnicity in most cases is a critical factor, dis-integration can not be reduced to it alone. Primordial nationalists (A.D. Smith 1995: 32) would not accept this view claiming that dis-integration of the existing states is inevitable due to nations inner or essential urge, whether biological fitness or emotional need, to organise themselves in an independent collectivity, a nation. This process of collectivity formation is rationalised and realised by nationalism and nationalist movements. However, primordialism does not explain why forces of dis-integration are more important in political development today than before the 1970s. It can not explain why the reproduction of 'one's own kind' is a biological necessity and not socially determined.

Rather than adhering to primordialism, but accepting that nationalism is at least an important force in the process of dis-integration, one may support the view that nations are cultural communities or 'ethnies' that have established formal legal, public and cultural institutions and defined their territory on the basis of

"common ancestry myths and historical memories, elements of shared culture, some link with a historic territory and some measure of solidarity, at least among their elites" (A.D. Smith 1995: 57).

In this sense, a nation is a cultural collectivity or 'ethnie' as Smith calls it. However, as one can see from this quotation, 'ethnie' is a mixture of common cultural background and relations of solidarity, i.e. a mixture of culture and politics, in so far as solidarity concerns ways of distributing economic, cultural and political resources among the members of the collectivity.

According to this train of thought, nationalism and nation building can not be reduced to common culture alone. It has an important rational pragmatic element, namely arguments for better and/or just distribution of material resources. It is no coincidence that the bulk of nationalist movements in former colonies were socialist and not simply anti-colonialist. To the same token, it is no coincidence that the struggle for national identities and independence in the Faroe Islands and Greenland is affected by the extent to which one identifies with Danish culture and society. Solidarity is always reciprocal and as long these two nations have access to the Danish welfare state and do not proof that they will be better off without Danish welfare contributions, the strength of Danish identity will be difficult to fight for separatists. Furthermore, as the Faroese bank crisis in the early 1990s has shown, solidarity is not purely a question of distribution of economic resources. A general feeling of unfair treatment by the

Danish state and powerlessness has undermined the feeling of solidarity and obligations towards Denmark and its commonwealth (rigsfællesskab).

Following Smith, we would emphasise *ethnie* as an important element of potential nation building, but unlike him we would emphasise more clearly the role of solidarity. Nation is an ensemble institutionalised processes of interaction of *people* who identify themselves with shared culture and solidarity. Culture and solidarity are always 'in the making' here and now, but not pre-given. The consequent identity is produced and reproduced by processes of socialisation and by activities of constantly transforming the shared culture and solidarity in interaction with external forces and development. At the same time as national identity in this sense is an instrument of unification it is an instrument of exclusion. Solidarity as concerns distribution of resources among members defines boundaries as to who can enter the territory and have access to the resources. Furthermore, socialisation and the transformation of shared culture and solidarity does not fall on our heads as manna from the sky, they develop within a context of balance of power of social and economic forces that fight out their different interests within the framework of the state. In short, they become a part of 'hegemonic politics' (see I. Jonsson 1991, 1993 and 1995).

As a consequence, political struggle and the state play a central role in nation building and reproduction of nations. Historically the case is, however, more complicated: Nations have indeed built states, but equally states have built nations.

The people of Faroe Islands and Iceland are homogenous nations characterised predominantly one *ethnie*, while the Greenlandic society consists of three *ethnies*, i.e. that of West- and East-Greenland and Denmark. The Faroe Islands and Iceland are particularly good examples of 'kulturnations' and the populations of these countries are unusually small. The number of inhabitants in the Faroe Islands is around 47000 and 300000 in Iceland. 57000 people live in Greenland.

One wonders how so small nations can even dream of building an independent sovereign state. Taking Stein Rokkans (1987) model as a point of departure one can ask how these micro-societies can: 1) execute necessary diplomatic functions and defend themselves?; 2) standardise and reproduce their culture?; 3) mobilise the population in collective decision making? and; 4) arrange economic redistribution and reproduce solidarity?. To this functional scheme we can add the question: 5) how can these countries secure that investment in the economy is optimal in the sense that it leads to the exploitation of best practice technology, optimal accumulation of know-how, industrial innovation and expansion of production and services for the domestic and international market?

Let us answer first the last question. The West-Nordic countries are very different as it comes to the question of the institutional framework of economic activity. Iceland has had for decades the policy of concentrating the population on the South-West corner of the country around the capital of Reykjavik. Today 60 percent of the population lives in this spot. This has helped to some extent exploit economies of scale and constant inflow of cheap labour to the Reykjavik area. Although expenditure on research and development has been low (less than one percent of GDP until the 1990s), universities and research institutions have had close collaboration with the private sector and worked well in terms of transferring new technology and

knowledge of new technology into the economy. Although the bulk of all production technology is imported, know-how has accumulated fast and Iceland today is leads in some areas in the development of technology-related to fisheries. Large portion, around one third, of students studying at university level study abroad and bring with them frontier know-how when they return back to Iceland after their studies. Know-how is therefore not dependent on imported experts, but accumulates locally. With very long working hours, Iceland is one of the richest countries in the world in terms of per capita income.

The situation is different in Greenland. In the case of Greenland know-how accumulates slowly due to the predominance of foreign, mostly Danish, experts in the administration and the university. Expertise is mostly bought from Danish research and technology institutions. Furthermore, it is difficult for the local population to get access to management posts due to emphasis on formal education rather than work experience (for more detailed discussion of institutionalised racism, see I. Jonsson 1999). Know-how among the local population accumulates slowly as most of the foreign experts move back to their home country within three years and take the know-how they have accumulated with them. The population is spread across very small towns and villages with great distances between them. Transport costs are therefore very high and it is very difficult to exploit economies of scale. GDP per capita is very low and much lower than that of Iceland although export income per capita is similar. Expensive goods are imported from Denmark, over 90 percent of all import, which makes trade relations less than optimal (I. Jonsson 1998). Compared to Iceland, Greenland needs in her state building to develop lot of institutions and 'externalities' that are necessary for the development of domestic production.

The West-Nordic countries are characterised by much greater economic instability than most other countries. This is due to their dependence on fisheries as the main export industry. They are furthermore characterised by unusually large portion of small firms in their economies. It is hard for these small firms to invest in risky innovative activity and develop long term investment plans. Due to these structural factors, it is necessary that the state plays much more role in the economy than is the case in larger economies where larger firms are frequent. This situation makes the development of effective state institutions even more important in state building microstates than larger states.

If we look now at the third question - how can nations mobilise the population in collective decision making? - we approach a central question in state building. This question touches upon the problem of popular sovereignty as one of the cornerstones of nation states. One usually takes for granted that the formal representative democracy will secure popular sovereignty, but this can only be activated if the members of the nation actually hold real power positions. Again, there is a great difference between Greenland and Iceland. The ruling political elites, intellectual elites and state elites in Iceland have always been constituted by Icelanders. In Greenland, the situation is different. Although almost 100 percent of the political elite is Greenlanders, i.e. MPs and ministers of the home-rule government, the state elite consists predominantly of Danish persons. As a consequence, there exists a kind of dual power situation in which the Greenlandic political elite functions as a bumper between the state elite and the local population. This makes nation building and state building very difficult (see I. Jonsson 1999).

As for the second question - how can they standardise and reproduce their culture? - it is fair to say that the West-Nordic countries of Faroe Islands and Iceland manage very well and Greenland less so. All of these countries have their own universities that have the function as a source of knowledge of and help preserving their national language, culture and history. However, the staff of the University of Greenland. Ilisimatusarfik, is predominantly Danish. Less than 10% of academic staff are native Inuit.

The media is predominantly national. Local cultural production and media appears to be emphasised even more strongly in the Faroe Islands and Iceland than the rest of the Nordic countries. Greenland is relatively weak in this respect (see the tables below). Publication of books highlights the great emphasis on cultural production. There are relatively more books published in the Faroes and Iceland than in the other Nordic countries, i.e. measured per 1000 inhabitants. Theatre visits point as well at more intensive local cultural activities in the two countries than the other Nordic countries, except Finland. Finally, the market share of domestic full length films is in the mid range group compared to other West-European countries.

**Table 3**  
**Books published in the Nordic countries per 1,000 inhabitants 1990–2001**

	1990	1995	2000	2001
Denmark	2,1	2,4	2,7	2,7
Finland	2,0	2,6	2,3	2,3
The Faeroes	3,4	3,6	3,7	2,5
Greenland	1,7		1,2	1,3
Iceland	6,0	6,0	6,6	...
Norway	1,2	1,3	1,3	1,1
Sweden	1,4	1,4	1,2	1,2

Source: The Statistical Bureau of Iceland 2003.

**Table 4**  
**Theatre visits per capita in the Nordic countries 1985–2001**

	Denmark	Finland	The Faeroes <sup>1</sup>	Iceland	Norway <sup>1</sup>	Sweden
1985/86	0,2	0,5	...	0,7	0,3	0,3
1990/91	0,2	0,5	...	0,8	0,3	0,3
1995/96	0,5	0,6	0,3	0,9	0,3	0,3
1999/00	0,4	0,5	0,3	1,0	0,3	0,3
2000/01	0,4	0,6	0,7	1,3	0,3	0,4
2001/02	...	0,6	0,5	1,0	...	...

Note: Professional theatres and amateur theatre groups subsidised by the state.

<sup>1</sup> Figures refer to the calendar year.

Source: The Statistical Bureau of Iceland 2003.

**Table 5**  
**Market share of full-length feature films by origin 2000.**  
**Percent distribution**

	Domestic	Total	Foreign		
			European	US	Other
France	28,2	71,8	5,6	63,7	2,5
Sweden	24,8	75,2	6,7	66,5	2,0
UK	21,4	78,6	0,4	75,3	2,9
Denmark	19,2	80,8	8,6	70,8	1,4
Italy	17,5	82,5	11,5	69,5	1,5
Greece <sup>2</sup>	16,7	83,3	...	...	...
Finland	14,6	85,4	9,9	74,6	0,9
Iceland	13,7	86,3	5,6	80,2	0,6
Germany	11,6	88,4	6,2	81,2	1,0
Spain	10,0	90,0	7,0	81,6	1,4
Ireland <sup>1</sup>	9,8	90,2	...	...	...
Norway	9,0	91,1	21,4	66,0	3,7
Portugal <sup>2</sup>	8,3	91,7	23,7	65,2	2,8
Netherlands	5,5	94,5	11,0	79,3	4,2
Switzerland	4,2	95,8	20,0	75,8	0,0
Belgium	1,9	98,1	26,3	70,6	1,2
Austria	1,6	98,4	13,9	82,3	2,3

<sup>1</sup> Figure refers to the year 1998, <sup>2</sup> Figure refers to the year 1999, <sup>3</sup> Unweighted average.

Notes: The figures are not strictly comparable between countries since they are in some cases based on GBO revenue and in others on cinema admissions.

Source: The Statistical Bureau of Iceland 2003.

The first question above is considered fundamental by many students of international relations - how can nations execute necessary diplomatic functions and defend themselves? Obviously, microstates like Iceland and to-be-microstates like the Faroe Islands and Greenland can not realise this function alone. But, the same goes for smaller states like e.g. the Nordic countries. Microstates can realise the diplomatic and military function and secure their independence by collaboration with other countries in the field of diplomacy. Indeed, the Nordic countries have long history of such collaboration. Furthermore, microstates secure their military interests with contracts with military powers (c.f. the contract from 1951 between Iceland and USA), by membership of defence organisations such as NATO (which is now-a-days has at least disputable role in terms of delivering USA's military strategies) and peace organisations such as the UN. As a consequence, they can keep their independence and sovereignty, although not having any army (I. Jonsson 1997).

Finally, in the era of the neo-liberal ideology of globalism, it is presumed in a deterministic way that nation states are no longer able to defend the welfare state any more as they are obliged to minimise tax levels and labour costs in order to attract foreign direct investment and improve competitiveness of firms. If true, this would probably be most serious of all problems concerning nation building as it would undermine the building up of national solidarity. As we will discuss below, globalisation is largely a myth created in the neo-liberal era. Even if we presume it to be true, one does not necessarily come to the conclusion that the end of the welfare state is inevitable. As one of the main globalist, R.B. Reich (1991) has argued, if a particular state is more successful than others in investing in national resources of research and development and frontier technological infrastructure, and can by doing that attract global firms to locate that part of their activities or departments that bear highest level of value added, than this will mean that the GDP of that state will grow

faster than the GDP of competing states. To this train of thought we can add, if the level of value added is higher, than one can afford better welfare state, stronger grounds for national solidarity and better conditions for nation building. Finally, Reich's position is fundamentally a request for extending the scope and power of the state, i.e. by requiring that the state should become a technological-strategic-state. As we argued above, this is even more important in microstates than in the larger states due to economic instability and the relatively great number of small firms.

### **The problem of institutional dependency – the case of Greenland**

As we highlighted above, Greenland is characterised by a labour market situation in which the state and corporate elite is predominantly Danish. This phenomenon is part of the Eurocentrism or Dano-centrism that prevails in Greenland. This Eurocentrism is not limited to the labour market. It appears in fields such as foreign trade, organisation of work, investment strategies of the bank, and university education.

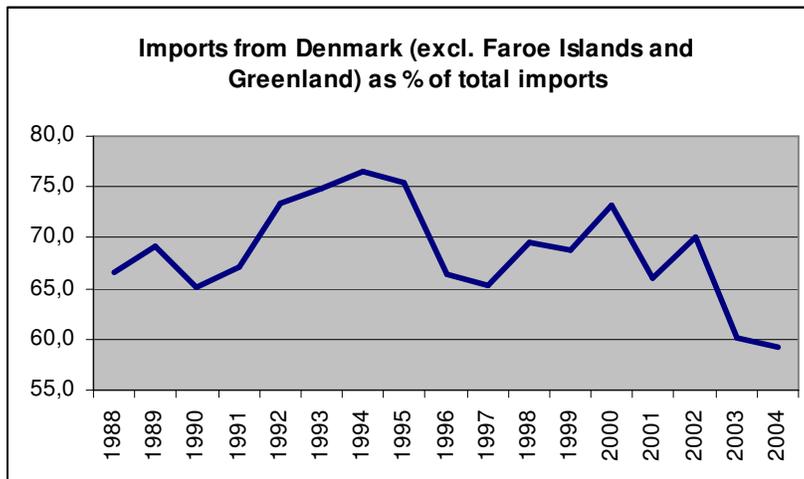
The labour market is dominated by Eurocentric criteria that hinder Greenlanders to have jobs in the higher circles of the administration and corporations. The reason is that those who hire people for such jobs emphasise formal educational degrees rather than work experience or 'learning-by-doing'. As a consequence, as the educational level of the native Greenlandic people is lower than that of Danish people, there are always many more Danish persons than Greenlandic that "are fit" for the jobs (I. Jonsson 1999).

Furthermore, the corporate sector is organised on the basis of western ideas of economies of scale and Taylorism, although the work culture of the native Inuits is team based and fits better small scale industry (I. Jonsson 1996). A related problem is the criteria upon which the investment of the only bank in Greenland is based. Investment in large scale production with high profitability or margins is emphasised rather than small scale projects based on native or local skills, know-how and culture. This situation is the opposite of what took place in the phases of industrialisation of the Icelandic economy.

The local Inuit work culture as it appears in their traditional way of hunting is based on collaboration, team work and cooperation. In Greenland the economy is not based on this tradition, but on state and private organisations. As a consequence, cooperative companies have not developed. This is very different from the experience of Iceland where coops played substantial role in the development of the economy (I. Jonsson 2003).

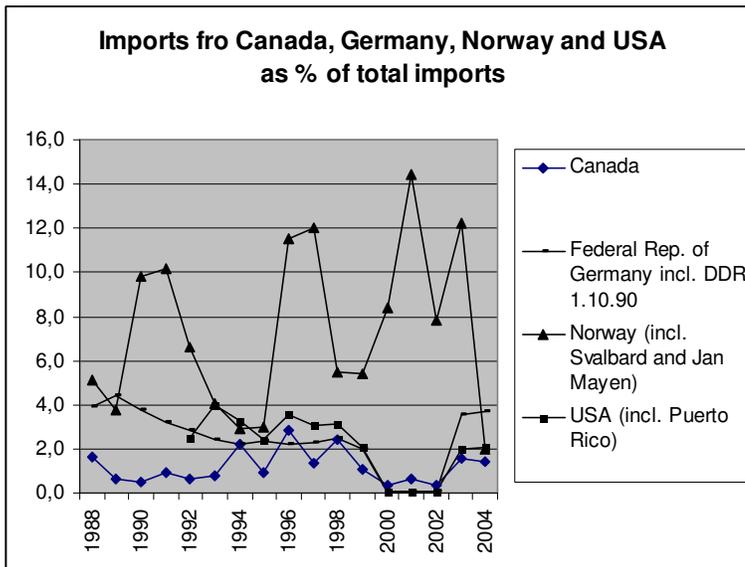
Furthermore, the structure of foreign trade is unusual in Greenland as the emphasis is trade with Denmark. Around 90% of Greenland's export goes to Denmark and almost all import comes from Denmark. As the graph below shows, around 60% of imports measured in terms of country of origin of goods come from Denmark. To this figure one must add goods that originate in other countries than Denmark. These goods are imported via Denmark, except imports from USA and Canada, but such goods are less than 4% of the imports. Again this situation is very different from what took place in Iceland, where import and export has since the Second World War been both to Europe and America and only to minor degree to Denmark.

**Figure 3**



Source: Statistics Greenland 2006. Figures refer to imports by country of origin of goods.

**Figure 4**



Source: Statistics Greenland 2006. Figures refer to imports by country of origin of goods

**Table 6**  
**Imports to Iceland by selected countries 2002–2004**

	<i>% Percentages</i>		
	2002	2003	2004
Germany	10,7	11,9	12,6
United States	11,1	7,5	10,1
Norway	8,0	7,0	9,6
Denmark	8,5	8,1	7,6
United Kingdom	7,5	7,5	6,8
Sweden	5,9	6,5	6,2
Netherlands	6,0	6,2	5,7
Japan	3,1	3,8	3,8
China	2,9	3,6	3,8
France	3,1	3,2	3,0
Ireland	1,4	2,4	2,6

Source: Statistical Bureau of Iceland (2005). Import figures are not in terms of country of origin of goods.

Finally, as was mentioned above, the University of Greenland is predominated by Danish staff. Furthermore, the bulk of Greenlandic students that study at university level study in Denmark and only 40% of them come back. Greenland suffers from serious brain-drain in this respect.

### **Globalisation and the new transnational class**

For the last twenty years, globalisation as an economic policy has predominated the political discourse in most countries of the world. The worldwide globalization lobby is strong and one gets the feeling that a fundamental change is taking place in the world economy and a new base for worldwide prosperity is born. This picture does not seem to reflect reality.

Among the criteria, that is often mentioned in order to show the scale of globalisation is the growth of international trade in the era of globalisation, i.e. since the 1980s. Figures of world trade do not support the thesis of globalisation. As an example, between 1953 and 1974 foreign trade as percentage of world production increased from 6% to 15%. In the globalisation era this figure has not increased. In the period 1975-1997 the figure fluctuated a lot but, in the average it was 14,3%. It follows from this that over 85% of world production is still for the domestic market. Furthermore, in 1953, 59% of foreign trade belonged to the developed countries. This percentage was 67% in 1993 and the figure was in the average the same since 1973 (N. Fligstein 2002: 196-8). As a consequence the structure of foreign trade has not changed much since the 1970s.

Prosperity is often measured in terms of economic growth. This indicator is somewhat misleading as it does not take into account income distribution. But taken at its face value, economic growth has not increased in the globalisation era. In fact world domestic production has indeed decreased in the globalisation era (after 1973): 1913-50 world GDP was in the average 1,1,8%, 1950-1973 it was 4,9%. In the period 1973-2001 it was 3,1% (A. Maddison 2004: 260). Globalisation did not bring about the prosperity that globalists claim it is bound to do.

The average growth of foreign trade was also slower in the globalisation era compared to the post war era: 10,5% in 1951-1973; 10,2% in 1973-2001 (WTO 2003: 40). Among the outstanding feature of globalisation is reduction of tariffs and increased freedom or deregulation of foreign trade. Despite this development, the growth of foreign trade has decreased in the world during the globalisation era.

Furthermore, the structure of foreign trade is regional rather than global. In 2004, 56% of USA export was within North-America and 5,4% of her export was to Mid- and South-America. At the same time, 73,8% of Europe's export ended in Europe. Asian economies sold 50,3% of their export to other Asian countries (WTO 2005: Table III.3).

The structure of foreign investment is similar to the structure of foreign trade, it is predominantly regional (L. Weiss 1998).

Finally, one can ask why economic growth has been slower in the globalisation era. One of the reasons may be that the bulk of foreign direct investment and acquisitions have been financial speculation rather than investment in real innovation and increased value creation. Another reason may be that increased foreign trade has been between units of the same transnational corporations. This kind of trade is not between independent states as it used to be (R. Saul 2005: 21-2). Finally the reason for lesser economic growth may be because foreign investment and acquisitions have led to increased productivity and saving of labour, that has led to increased unemployment, that has led to lower real wages, that has led to lower general demand in the world economy, that has led to lower growth in the world economy.

Although globalisation does not seem to be as extensive as its propagators presume, it has no doubt led to growth of transnational corporations, particularly in sectors such as the finance sector, the electronics sector and the automobile sector. This development appears to have created the conditions for a new transnational capitalist class (L. Sklair 2003). A class like that may be a sign of a development that re-introduces a system of absentee capitalists that characterised the plantation economies of the colonies of European powers. The new transnational class would in that case move the headquarters of the companies to the metropolises of the richest developed countries and direct their companies around the globe from their.

In recent years Icelandic companies have invested huge amounts in foreign economies, particularly in Europe. For the last five years, all the major banks in Iceland have become transnational. The managers have already threatened that their headquarters may be moved abroad if the government does not provide agreeable conditions for their businesses. We must not wait and see.

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