
CAPITALISM WITH CHINESE CHARACTERISTICS: ENTREPRENEURSHIP AND THE STATE

Yasheng Huang, Cambridge: Cambridge University Press, Stg£15.99, hardback, ISBN 978-0521-89810-2

CHINA AND AFRICA: EMERGING PATTERNS IN GLOBALISATION AND DEVELOPMENT

Julia C. Strauss and Martha Saavedra, Cambridge: Cambridge University Press, Stg£21.99, paperback, ISBN 9780521122009

China and its relationship with Africa has in recent years become an academic sub-discipline, with students of Africa having also to engage with an emerging –emerged– Asian economy if they are to understand what is happening in their own area of interest.

Until recently, much scholarship on sub-Saharan Africa and its relations with the rest of the world focused, understandably, on the role of European imperialism and colonialism, and the aftermath. This was in part a result of occidental ignorance of older African trading patterns. Now, as many African countries again shift orientation, that is changing. The United States, France and Britain remain the largest trading partners of sub-Saharan Africa, but everywhere an easy assumption of dominance is being challenged, not only in raw materials markets, but also by cheap Chinese imports, Chinese merchants working directly in African markets, Chinese farmers working African fields and by Chinese models of development and aid.

Africa has therefore become a bell-wether for Chinese dominance in arenas once considered the exclusive domain of Western interests: China in Africa as symptomatic of a more general Western decline. This has produced responses ranging from those tinged with an older Cold War rhetoric suspicious of what is seen as Chinese “parvenuism”, to a more passive acceptance that the world is changing irrevocably and the only sensible thing to do is learn to live with it.

This begs a number of questions. Can lessons learned in China over the last thirty years be generalised to produce results elsewhere? What are the long-term implications for Africa and western development strategies in Africa?

The sheer scale of what is happening in China needs to be emphasised: mass industrialisation, but also mass de-industrialisation as older state industries are allowed to decay. Hundreds of millions of people taken out of poverty, but in some provinces by the expedient of halving the poverty threshold from life on \$2 a day to \$1 a day. A state apparatus of 40 million people; 200,000 people a year killed in industrial incidents; over 80,000 serious street protests against government policy in one year.

Fifty years ago, China was experiencing a man-made famine in which perhaps 25 million people died. Now it is shifting the axis of world power. In the broadest terms, two reasons stand out as to why this has occurred. One is the sheer determination of the communist leadership, from the 1920s on, to transform China. There is, at one level, a fundamental continuity with what is happening now with what went before the 1978 reforms, summed up in Deng Xiaoping’s famous remark that he did not care whether it was a black or a ginger cat, as long as it caught mice. The other is the Maoist legacy of education provision that created the small-scale entrepreneurial cadres that would transform the Chinese countryside in the 1980s. In contrast, African states, pre- or post-independence, never had the resources needed to achieve the sheer momentum (for good and bad) of which China was capable. With the introduction of fees, Chinese educational attainment has fallen in recent years, but nothing like the catastrophic levels in some parts of Africa.

In *Capitalism with Chinese Characteristics*, economist Yasheng Huang locates the motor for initial Chinese transformation in rural areas, something possible once the security of the person – freedom from arbitrary imprisonment – rather than security of property rights *per se* were assured to people who went into business. Huang is committed to two principles which may seem

contradictory to some people: a perfect neo-classical economic model and improvements in human welfare from the bottom up. He challenges the idea of a seamless rise of China, slotting it into three roughly decade-long episodes characterised by various levels of state involvement, about which he is always sceptical.

No one questions the long-term rise of China, but Huang sees all the conditions for crises in the Chinese economy on a scale Western economies have experienced in recent years. Huang makes a strong case for India as more developed, if less visibly so, on account of its institutions and rule of law, something not often recognised. As a macro model, China has little to offer most of Africa, except the idea that indigenous culture and effort are far more important than imported economic models and foreign direct investment. The serious implications of this type of thinking for Africa are being explored, particularly in the UK Overseas Development Institute, but it is still early days.

Strauss and Saavedra, in *China and Africa: Emerging Patterns in Globalisation and Development*, seek to replace the unitary and binary notions of China and Africa with something that conveys the complexity and variety these two words connote. A general introduction is followed by essays on both general themes such as energy and agriculture, but also more specific subjects such as relations between Chinese managers and African workers in Tanzania and Zambia, a particularly finely observed chapter by Ching Kwan Lee, who has also done exceptional work on labour protests in China. There are also, amongst others, chapters on Chinese expatriate shopkeepers in Namibia and Chinese investment in the Zambian copper belt.

Chinese rhetoric on Africa has remained remarkably consistent since the Bandung Conference of 1955, as expressed in the Five Principles of Peaceful Co-existence, with the emphasis on respect for sovereignty and non-interference in internal affairs. African leaders have responded in similar terms. Fifty years later, after China has gone through the travails of a command economy and a cultural revolution, and Africa has, in many cases, had some form of independence during which many of the political elites have earned less than glowing reputations, cleaving to an anti-colonial and anti-imperialist rhetoric: to some ears it is a hollow echo of dependency theory in an era of massive Chinese investment in Africa, and acute African disillusion with its own political leadership. Yet, as Julia Strauss points out in the concluding chapter, it is a rhetoric flexible enough to accommodate radical changes in policy direction, even to the point of being self-contradictory. It still finds popular resonance

in both Africa and China: invocations of an analogous past of colonialism and underdevelopment, despite ever-increasing divergence in economic performance. Chinese rhetorical constancy in contrast to changing and escalating western trends, demands, above all for the elites, respect for state sovereignty which posits a formal equality; all suggest some commonality of purpose.

In these circumstances, and with perhaps a million Chinese having moved to Africa in recent years in search of economic opportunities, many at much the lower end of the scale, China can no longer pretend to be operating at arm's length. In Zambia, for instance, it pursues its interests, most notably in copper mining but also in manufacture and retail, alongside Western companies. During the 1990s and into the early 2000s, the World Bank led the drive to privatise what was left of the Zambian copper mining industry. It did so at a time when world copper prices were a third of post-privatisation prices. Profit taking by Western companies was engaged in, and the final deal is both secret and known to be highly favourable in tax terms for Western companies. At the same time, China bought the mothballed Chambishi mine and restarted production. World prices drove production, with development and welfare secondary concerns.

In a short review, of necessity a great deal is omitted: instead it becomes necessary to crystallise concerns. A central question is whether what is happening now, using Zambia as an exemplar, is a new inter-power rivalry struggling to divide the world for markets and investment, in classic imperialist manner. What are the effects on Africans?

The World Bank spearheaded mining privatisation to the benefit of western extractive companies. The Zambian Poverty Reduction Program, among other things, seeks to control public spending, overriding popular political opposition with the active support of the Zambian government. China took advantage of privatisation to acquire mining assets and uses the Zambian government to broker relations with African workers, not always successfully. Zambian copper miners, once *the* labour aristocracy of East and Central Africa, have seen welfare benefits discarded and wages reduced, in the case of Chambishi to levels equivalent to domestic Chinese. The Chinese are more visible on the ground in Zambia so bear more of the brunt of popular anger. One Zambian reaction can be expressed in words reminiscent of Deng: it doesn't matter if it is a black cat or a ginger cat, as long as it rips the food from your belly. Zambians, it is made clear in a

chapter in Strauss and Saavedra on African attitudes to China, are atypically unsympathetic to the Chinese presence; elsewhere a far more mixed and frequently sympathetic attitude prevails.

Both Huang and Strauss and Saavedra have produced very useful books. Huang has done extensive archival work and written a book that is both highly lucid and accessible to non-economist readers. While cautious, he does see some causes for optimism in the policy reorientations of the present leadership, with their tentative recognition of the need for household income growth over increases in GDP. By combining general accounts with country-specific analyses, Strauss and Saavedra bring an impressive range of expertise to bear on an enormous subject. Many contributors mention the preliminary nature of their work: understanding the Afro-Chinese relationship, and how it works out, is very much a work in progress.

But three broad possible trajectories can be discerned: Western and Chinese interests will continue to maximise exploitation of Africa while being careful to keep off one another's toes; Western and Chinese interests will devise ways to maximise – or at least contribute to – benefits to Africa, by for instance agreeing mutually binding levels of corporate responsibility; Western and Chinese interests will divide the continent as part of a world-wide geo-political struggle in the 21st century.

Eoin Dillon