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From White Elephants to Flying Geese: China in Africa a New Model for Development or More of the Same

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3.1 Introduction: Searching for New and Functioning Development Models

After World War II and de-colonisation, the newly independent states were exposed to its former motherlands, and a number of institutions and experts were all officially intent on helping them to find a shortcut to modernisation. Half a century later, it is possible not only to look at the ebb and flow of different development theories but also at the practical results.

Focusing on former colonies, including those achieving their independence during the nineteenth century, is it possible to find any common features for those managing to catch up with the most developed countries and for those falling hopelessly behind?

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The first part of that question was discussed in a study for the World Bank led by Michael Spence, a Nobel laureate in economics. Since 1950, 13 developing economies were identified to experience rapid growth, 7 % or more annually, for a prolonged period of time of at least 25 years. From these 13 economies, five can be dismissed because of very special circumstances. Hong Kong, Singapore, and Malta are offshore financial centres and ports strategically located, while two with small populations—Botswana sits on a diamond mine and Oman on an oil field—are exceptions. Of the eight remaining countries, half of them experienced rapid growth in the short run which later petered out Indonesia, Malaysia, Thailand, and also Brazil.

Of the remaining four, China is still questionable, more about it below, while Japan, South Korea, and Taiwan are the clearest examples of latecomers catching up. * These three countries had some crucial, common features in their agricultural, industrial, and financial policies in addition to having access to the US market at critical periods during their catch-up periods. A common defining feature was the active role of the state in development, another being the high savings ratio turned into high investments ratio, strong investment in education and an industrial policy creating jobs as well as pragmatic provision of social services for those already educated.

Most important according to a new study by Eric Reinert, professor of Technology, Governance and Development Strategies, is the fact that successful latecomers all had tariffs and different types of protectionism—imposed by their own governments—for their emerging industries during the first development stages, that is, reinterpreting the dependency school industrialisation model combined with Schumpeterian imperfect competition. To develop an industrial base was crucial, because industries generate increasing returns on investment while more nations prioritising agriculture, the consequences were not positive. For this reason, all countries needed their own manufacturing and the Ricardian doctrine of comparative advantage had to be scrapped, where countries are supposed to concentrate on developing what they can do best. For example, the intentions of the Morgenthau Plan of 1943—making post-war, defeated Germany totally agricultural—had to be discarded within two years of application because when de-industrialisation sets in not only did unemployment and poverty rise but agricultural productivity also plummeted.

Instead, the Marshall Plan of 1947 was devised to reindustrialise, thereby increasing overall productivity including that of agriculture through inter-sectorial synergies. Therefore, countries concentrating on their comparative advantage in activities with diminishing returns such as agriculture or extraction of raw materials will eventually end up with permanent underdevelopment, while building an industrial base is a sine qua non for economic development.

When the first industrialisation period of import substitution behind tariff walls was over and export production began, low wages and low overhead contributed to both higher employment and exports. In a later stage in order to be less exposed to the vagaries of the world market, the solution was domestic, demand-led growth. However, sustaining it requires higher wages. In order to achieve higher wages as well as more equal income distribution, most research points to the importance of independent trade unions.

Hence, countries that so far have an intensive export of raw materials have less developed manufacturing and processed goods industries, implying a connection between being resource rich and underdeveloped.

The second part of that question of why countries fail was eminently answered by Paul Collier, professor of Economics Oxford University, in his book *The Bottom Billion*. He showed that being landlocked with bad neighbours, having bad governance in a small country, recently having experienced civil strife and war, and being exposed to the "resource trap" was a recipe for disaster.**

After 30 years of a planned economy, China was in 1980 still a poor, developing country, worse off than the average for all of South Asia, Latin America, and Sub-Saharan Africa in relation to GDP per capita per annum. However, by 2000, China had outperformed them all (see Table 3.1). When China started its rapid growth period in 1978, it followed in the footsteps of the successful latecomers but has neither reached this later stage of domestic, demand-led growth nor of development towards a more equal income distribution.

The question is can China repeat its own successes in Africa while avoiding its mistakes? This chapter approaches first China's internal development and then how it relates to cooperation with African states.

Table 3.1 Comparisons of key variables China, South Asia, sub-Saharan Africa, and Latin America and the Caribbean

Change between				
	1980	1990	2000	1980 and 2000
GDP per capita per annum (*constant 2000$*)				
China	186	392	949	+763
South Asia	235	328	450	+214
Sub-Saharan Africa	590	531	515	–75
Latin America and the Caribbean	3566	3258	3852	+287
Share of agriculture in GDP (%)				
China	30	27	15	–15
South Asia	37	31	24	–13
Sub-Saharan Africa	19	20	19	0
Latin America and the Caribbean	10	9	7	–3
Population growth per annum (%)				
China	1.3	1.5	0.7	–0.5
South Asia	2.5	2.1	1.8	–0.6
Sub-Saharan Africa	3.1	2.9	2.5	–0.6
Latin America and the Caribbean	2.3	1.8	1.5	–0.8
Average years of schooling over age 15 (*year*)				
China	4.8	5.9	6.4	1.6
South Asia	2.5	3.2	3.8	1.3
Sub-Saharan Africa	2.2	2.9	3.4	1.2
Latin America and the Caribbean	4.9	5.5	6.2	1.3

Sources: World Bank, World Development Indicators, various years

Subsequently, it explores different development models employed by China and finally relates them to the Chinese development policy in Africa, particularly looking at the employment effect.

3.2 Background to Chinese Development Models

The Soviet development plan by Preobrasjenskij, also called the Stalin model—made for a resource rich country with a sparse population and low population growth—was extra ill-suited for China with the opposite resource set up in 1953 when it officially began its first five-year plan after

the Communist armies won over the Nationalists in 1949. With extensive Soviet help, 156 projects were put into practice for laying the foundation for modern capital-intensive industry. China learnt the importance of knowledge and technology transfer the hard way when the Soviet Union abruptly turned off its aid and left its turn-key projects in 1960. The collectivisation of agriculture in China eventually driven to its extreme during the ill-fated Great Leap in 1958–1961 led to the worst famine recorded in human history with 45–70 million dying from preventable causes.

Hence, when reviving the economy after this human disaster, pragmatism prevailed among some Chinese communist leaders, among them Deng Xiaoping. Using his experience from the first base area in Southern China in the 1930s—when Communist guerillas were dependent on good relations with the surrounding peasant population—Deng introduced tenancy agriculture and "small freedoms" with free markets for farmer's surplus produce in the early 1960s. The ensuing rapid recovery of agriculture in the early 1960s came later to serve as a model. After the death of the leader Mao Zedong in 1976, this development policy was launched in China in 1978. In agriculture, the Household Responsibility System (HRS) reintroduced tenancy farming permitting families to retain everything produced above a certain quota, leading to a rapid increase in agricultural production. After the HRS was a success at that time encompassing the majority of the population, limited experiments were introduced with the de-centralisation of State Owned Enterprises (SOE) in the early 1980s.

A radical, experimental banking reform in the early 1980s initiated from the highest levels of authority tolerated a variety of loan forms and policies particularly geared towards the poorest parts and provinces in China. This policy was meant to encourage private entrepreneurs often with the local authorities as partners to start small-scale businesses either developing along family lines or as Township and Village Enterprises (TVE) soaking up a large part of the underemployed in Chinese agriculture. As long as these types of businesses got equal treatment with SOEs, they developed rapidly. However, after the Tiananmen massacre and the ensuing boycott by the West in 1989, banking policies became altered by actively discriminating them and favouring SOEs.

Therefore, the promising development of the 1980s of getting a huge number of impoverished peasants to become either their own undertakers

or co-developers of local cooperatives stalled. Instead, they eventually became migrants working in sweatshop assembly lines in world market factories in China's Special Economic Zones (SEZs) after China opened up for foreign investment. Thereby, China created the largest difference in the world between urban and rural areas, as the urban registration system, the "hukuo", hindered rural migrants from enjoying the full fruits of industrialisation. It made them into both second-class citizens in their own country and an exploited labour force thus, indirectly favouring and subsidising the urban population.

In retrospect, China since 1978 experienced more of muddling through, ad hoc policies, experiments, pragmatism, flexibility, and feedback, and theoretical adjustments than clear-cut plans and visions. However, the contrary is usually stressed from the Chinese side. Nevertheless, these policies resulted in a prolonged, rapid growth period for China, thereby surpassing most other developing countries and regions (see Table 3.1).

China's current growth model characterised as extensive export-led growth with unbalanced regional, economic development shows many similarities to policies earlier executed in Japan, Taiwan, and South Korea. China has labelled it "feeling the stones when crossing the river". To counterbalance this lopsided development, China has eventually attempted to "Go West" by furthering industrialisation in its Western parts. When China was turning towards Africa, it could use its own development experiences.

3.3 From Political to Economic Cooperation in Africa

China in its encounters with Africa in the 1950–1970s stressed mainly the political aspects especially after the break with the Soviet Union after 1960. After re-approaching the West in the 1980s—followed by the debacle of Tiananmen in 1989 and the Western boycott of China—Africa again came into the Chinese limelight in the 1990s. In 1998, Chinese President Jiang ZeMin proclaimed, "Economic 'globalisation' is an objective tendency in world economic development. Nobody can avoid it, and we must all participate in it".

When China turned from a reactive, ad hoc foreign policy to an active one after the 1990s, it could draw on its experience of different development models.

Economic transactions became dominated with imports of raw materials to China and exports of cheap, light manufactured goods from China to Africa resembling Western trade patterns with Africa. In the West, a debate ensued with regard to the Chinese involvement in Africa. Some Chinese reports have also been released.

In Africa, some of China's development models have been used such as the White Elephant Model, the SEZs Model, Development Hubs, the Hong Kong Model, the Flying Goose Model, and the new international Land Lease Model.

3.3.1 The White Elephant Model

During the early era of Western and Soviet development aid to African countries in the 1960s and 1970s, there was heavy reliance on infrastructure development and sometimes on showcase constructions such as football stadiums and congress halls, while the antecedents in China were considered as "pet-projects" by local ministers. In Africa, the lack of funding for maintenance, combined with a hard, tropical climate and often coupled with local corruption, resulted in many of these "White Elephants" as they were called, decaying after a couple of years, standing there as monuments of ill-conceived aid. However, when the Chinese experienced the same phenomena, they began by repairing many of their old "White Elephants" from the 1960s, thereby demonstrating that they did not want to waste their resources. With so much of other infrastructure in disrepair, particularly in conflict-ridden countries, such as Angola, Sudan, Zimbabwe, and DR Congo, China began in the 1990s with massive infrastructure development in Africa.

This type of development was in tandem with the demands of Jeffrey Sachs who proclaimed that the West should build these large-scale infrastructure projects in Africa in order to "jump-start" economic development. The difference was that China repaired many of its old "White Elephants". They were criticised for acting just like the West, by placing

the large-scale infrastructure projects in geographically advantageous areas which could be useful in the future for the Chinese. To counteract this critique, China could refer to the 1960s when despite the fact that they were still very poor, much poorer than the countries she was helping, it did build the TAZARA railway from Zambia to Tanzania for shipping Zambian copper to avoid its dependence on railways controlled by a white colonial regime in Rhodesia (see Table 3.1).

However, much of this investment was wasted because of lack of functioning locomotives leading to grave underutilisation.

Some sources claim up to 60 % of all Chinese development aid went to this railway. At that time and also later, China mainly was using its own manpower—15,000 labourers—to a degree not seen before in Africa. This has been criticised as preventing local employment, transfer of knowledge and technology. China has delivered "turn-key" projects to African countries where planning, construction, and handling of the material were done by the Chinese, thereby achieving quicker implementation and simultaneously avoiding too much local siphoning off of resources. In the 1950s, Soviet "turn-key" projects had helped China to re-erect an industrial base after a generation of civil war and strife.

Hence, a Chinese "White Elephant" model would mean maintenance of old infrastructure combined with new turn-key projects with a heavy involvement of Chinese labour. This means that the development impact frequently remains limited, because of restricted use of African labour, local suppliers, and subcontracting to Africans firms leading to limited transfer of knowledge and technology, but results in rapid implementation of projects. After the uprisings against dictatorial regimes in North Africa and the Middle East, with more than 36,000 Chinese evacuating from Libya, China might have to reconsider its policy of investing in countries shunned by the West.

3.3.2 The Special Economic Zones Model

At the moment, China is busily erecting SEZs in Africa. So far, zones have been set up in Zambia, Mauritius, Nigeria, Ethiopia, and Egypt. In erecting these zones, China is doing what was usually earlier a success

in China. The first zone supposedly endorsed by Chou Enlai in 1968 to the 1978 creation of larger zones opposite Taiwan, (Xiamen*)*, bordering Hong Kong, (Shenzhen*)*, and Macao, (Zhuhai*)*, and finally *(*Shantou*)* in Guangdong province where most Chinese living in Thailand originate were eventually successful. These zones were closely modelled on those in Taiwan and South Korea at that time, viewed by the Chinese authorities as a shortcut to industrialisation by inviting foreign capital, modern technology, and management while guaranteeing favourable treatment in relation to taxation, land lease and "peaceful" and low-paid labour.

Visiting all the SEZs in Taiwan and South Korea while working for the United Nations in 1990 and 1991, I could see them being either moved to China or being integrated into local society. Hence, they could be regarded as a step towards more mature industrialisation.

Seeing China as the potentially largest consumer market in the world and investment in the SEZs as a way of getting access to this future market were major motives for foreign investment during the 1980s.

However, the Tiananmen massacre in 1989, with the ensuing Western economic boycott, showed China how fragile the dependence on export production to the West was as Chinese exports to the West fell dramatically in 1989 and 1990. Because of this, China began to redirect its attention towards Africa. After more than a month-long stay in Shenzhen, the main economic zone, Chinese leader Deng Xiaoping with his "Southern Tour" in 1992 tried to again jump-start the Chinese economy on to the path of continued modernisation and globalisation. In this, he succeeded so well that China eventually attracted more foreign capital than any other country except until lately the USA. Though Africa might be important for raw materials, new technology and capital are an indispensable aspect which could only come from the most industrially advanced countries; hence, China needed a dual approach, both the West and Africa. China encounters many obstacles in repeating its own success with setting up SEZs in Africa. Because China since the Bandung conference of non-aligned states in 1955 has stressed non-interference, it cannot push other African countries to change their laws in their SEZs in Africa. Can China forbid African trade unions, though it has tried to, as this is not only interference but also resembles old Western colonialism.

Using mainly Chinese labour as a way out of this dilemma, which has often been the case for a number of reasons, normally invites heavy local criticism in African countries with high unemployment, especially of unskilled labour. The main attractions of China's zones for the West was the future, large consumer market, which in most African countries does not exist or lies far into the future. Hence, for the SEZ model to work in Africa, China would need concentrated investment in infrastructure synchronised with compatible laws and a stable enough regime for at least the medium term in order to get something back on its investment.

3.3.3 Development Hubs

Currently, China is setting up a kind of logistics hub next to the port of Dar es Salaam in Tanzania. This hub is more than just an export processing zone as it is planned to concentrate on developing basic trade infrastructure, necessary for further economic growth and training of manpower to handle it. This maritime hub is planned to have five zones: a warehouse, an exhibition area for products, an area for technical training and one for service support and finally an import-export processing zone. First, the distribution facilities for imports from China will be built and later those ones for exports from Tanzania. This sequencing has already been criticised, but as China is the main financier its interests, naturally, are looked after first. This logistics hub is planned as well to serve neighbouring land-locked countries. This new hub and other infrastructure development, such as a natural gas pipeline and a power station also developed by China, are welcomed by the local authorities. Through this 150-acre hub, China could import more gas, minerals, and agricultural products from Tanzania. Land-locked markets and insufficient infrastructure are seen as major obstacles to economic growth in Africa according to a survey by the Africa Center of the Atlantic Council. Compared to other developing regions, transport cost is 63 % higher in Africa it stressed.

Since 2005, China has invested more in infrastructure in Africa than anywhere else.

In a similar way in Nigeria, China is helping to build another hub outside Lagos, the Lekki trade zone. This project will include a deep-water seaport, water plants, roads and power plants, and a new international airport close by.

China's own experience of developing trade infrastructure was the annual Canton trade fair, which functioned even during more autonomous, economic periods. As late as 1973, when I, as a PhD student, was interviewing and travelling within Southern China, in the month running up to the trade fair, only chicken skin and bones were served while, as, I was repeatedly told, the meat was preserved for the Canton fair.

This fair served China well as an important barometer of global textile trade.

Developing SEZs and hubs takes us one step further to the Hong Kong model.

3.3.4 The "Hong Kong Model"

Paul Romer, professor of economics, has been promoting the idea of a rich and modern country chartering a city in an un-industrialised country and then introducing a free-trade policy for that city running and developing it as a free-trade area. His model does not only concern Hong Kong but also Lybeck from the twelfth century since it got a free-trade charter, there were consequentially developments in the Baltic Sea area for a number of centuries. He maintains that physical capital including: the length of worktime, the labour force, and its education is important but what supersedes them are rules, regulations, and the ideas behind them. To further strengthen his argument, Romer puts an emphasis on the limits of geography, giving the example of Asia that in 1820 they stood for 56 % of the world economy, only 16 % in 1950 but 39 % in 2008 despite the fact that the geography of the place has not changed, but governing policy, rules, and laws did.

The ideal is how the British made Hong Kong into a free-trade area which led its rapid development. They introduced low taxation, a minimum of state regulation, and legal protection of property and contracts. In this way, economic productivity was eight-doubled between 1913 and 1980,

making every Hong Kong inhabitant ten times as rich as every Chinese under the planned economy in the People's Republic just across the border. When China reformed from 1978 onwards it began by imitating, eventually making a number of Hong Kong "light" copies by developing different types of zones along its Southeastern seaboard and outside major cities.

China might be recreating enlarged Hong Kong copies with its new zones in Africa. The question is can this increase local employment and transfer of knowledge the way it has happened in China's zones? The problem is also which other country, given the sordid history of imperialism, would like to act as a modern colonialist by taking over the governance of such an area?

The recent controversy in Honduras where apparently the richest man in the country planned to create such a zone after the Romer model by introducing rules and regulation customs made for investors but not for its future workers demonstrates the pitfalls of this model. Since the Supreme Court made the development of special zones legal in May 2014, the battle for guaranteeing rights for its future workers began. Meanwhile, Romer himself has opposed the way in which his ideas are currently being understood and applied.

3.3.5 The "Flying Geese" Model

This notion of thought is not necessarily a model but an image by Kanema Akamatsu seeing Japan as the culturally leading nation, symbolised as the first flying goose to break into the air and this leading to the other nations to follow, hence the benefits trickling down gradually to all. Later, this vision was applied to economics. The Japanese Minister of Foreign Affairs, Saburo Okita, used this "Flying Geese" Model in the 1980s, proposing that poor countries should be enabled to upgrade their technology by switching from producing one type of goods to another each with an increasingly, higher skill content. Meanwhile, the leading goose, Japan, will constantly, through innovations and inventions, upgrade and produce more sophisticated products. Through sequential technological upgrading, modern technology and knowledge would spread downwards through a vertical, international production chain.

Not only East Asian economic growth and integration, but as well the economic development in China moving from the coast to inland with its "Go West" policy has basically followed this pattern. By beginning with manufacturing in Africa, such as buying the whole tobacco yield of Zimbabwe—earlier employing up to three-fourth million people during peak times—China has developed the tobacco manufacturing industry in Zimbabwe so as to improve the value added of its tobacco harvests and to increase local employment.

This model with sequential upgrading spreading along countries is also in line with the World System theories of Emanuel Wallerstein. In the Flying Geese Model, industrialisation is helped along from country to country increasing modern employment. With China's new concern being ways to increase the African manufacturing capacity, this could be beneficial to Africa as a whole, in line with what Reinert is recommending. According to him, the only way forward for Africa is through industrialisation initially sheltered from international competition. This has to be done in the East Asian way and not the Latin American way. But usually the institutions are sorely lacking when it comes to accomplishing this form of industrialisation. Particularly, crucial is the existence of a bureaucracy following a national agenda and becoming greater than the vested interests of belonging in a clan or class. This contributes not only to higher industrial growth and employment but also over time to a more stabilised society.

While the Flying Geese Model is focused on transforming a country through manufacturing, the Land Lease model is concerned with the basic human necessities; food and food security.

3.3.6 The Land Lease Model

The simple idea of the land lease model is that any country with a lack of land can lease an area from another country for producing its own inhabitants. This kind of land lease has already been accomplished by, for example, Saudi Arabia, Qatar, South Korea, Jordan, and China in Africa. The idea is that by leasing part of its land, the leasing country will get access to not only more resources but also modern technology and modern

scientific, agricultural methods. However, the problem is of course, who is leasing? Is it a responsible elected government in agreement with the local population concerned or is it a neither responsible nor elected elite pocketing the proceeds from the leasing of land from people not at all consulted or knowing about the lease of their land? Many cases reported so far seem to be of the latter kind. To give a prime example, when Madagascar leased half of their arable land to a South Korean conglomerate, the president had to flee when the opposition got wind of it in 2009.

In Africa, land-lease is extra sensitive for a number of reasons. According to a recent report by the World Watch Institute, the leasing and even buying of land in Africa by rich countries does put local populations at risk of losing both land and work contributing to a deterioration of the hunger problems on this continent.

The International Food Policy Research Institute gives an approximation of 49 million acres of agricultural land that were negotiated for land lease 2006–2009.

A World Bank report leak to the Financial Times sums up, "investors in farmland are targeting countries with weak laws, buying arable land on the cheap and failing to deliver on promises of jobs and investment". Agriculture is important for Africa, more than any other continent. Up to two-third of Africa's employment, half of its export, and one-third of its Gross National Income were derived from agriculture in the early 2000s. In 2012, it still employed 60 % of its population but contributed only to 17 % of its GDP, showing the limited impact rapidly increased resource extraction and exports made on employment.

According to an analysis from the African Development Bank, 38 million people equivalent to 4 % of Africa's population are very highly vulnerable to hunger, malnutrition, and food insecurity, that is, Eritrea, Gambia, Djibouti, Zimbabwe, Mauritania, Niger, and San Tomé & Principe. Another 330 million people equivalent to 33 % of Africa's population in 11 countries are highly vulnerable; Congo Republic, Burkina Faso, Rwanda, Ghana, Nigeria, Kenya, Senegal, Cap Verde, Mozambique, Morocco, and Cameroon. In a similar vein, UNCTAD calculated that 300 million Africans are exposed to chronic hunger while 21 nations in Africa are facing crises of food security. The African Development Bank Group estimated that still 40 % of Africa's population was living in poverty in 2012.

In comparison, China in 2014 with 160 million out of 1356, just above 8 % of all, living in absolute poverty are not doing much better, on 1.25 USD/day. Aside from India, although it is predominantly due to the population dynamics, China has the greatest number of people living in absolute poverty. However, according to China's new poverty line from 2011 of living below 3.63 USD/day, only 6.1 % were poor.

Historically, just as earlier in China, famines were considered to be caused by natural catastrophes such as draughts and floods. Recent research by Professor Amartya Sen, Nobel Prize Laureate in Economics, has shown that bad governance coupled with an irresponsible elite of whom does not have to stand for the election is a main cause of famine.

Rising global prices for food since 2003—set in motion by price increases in agricultural inputs, combined with increased demand to a large part because of diversification of food to biofuel production, and export restrictions—have led to a deterioration of food security in Africa. Because of global warming 75–250 million Africans are likely to be affected by lack of water according to the UN Intergovernmental Panel on Climate Change. This means that food insecurity will increase as harvests from rain-fed agriculture could be halved and this type of agriculture is still the most prevalent form in Sub-Saharan Africa. Against this background, the official Forum on China-Africa Cooperation, (FOCAC), has developed on Action Plan for 2010–2012 promoting growth in agriculture through increased use of technology, by establishing centres for technology with technicians dispatched for transfer of scientific knowledge. In order to strengthen South–South cooperation, the need to put a higher skill content into African products was particularly emphasised at the FOCAC meeting in 2009 and again in its Beijing Action Plan, (2013–2015) at its fifth ministerial conference in 2012.

This makes sense considering the fact that in Africa one-third of the arable land is untilled. Seen from another angle, this makes up 60 % of the arable cultivable land in the world.

Therefore, Li Ruogu, head of China ExIm bank, could declare in Chongqing 2007 that his bank would help to resettle dislocated farmers, by dams and urbanisation, to Africa. "Chongqing is well experienced in agricultural mass production, while in Africa there is plenty of land…. Chongqing's labour exports have just started but they will take off once

we convince the farmers to become landlords abroad". This statement was first officially toned down, but later reiterated in subdued forms, stressing China's need for food security.

In addition to labour exports, China is in the process of training Zimbabweans in irrigation and aiding smallholders developing their plots. Improving the conditions for local smallholders is considered far superior to the Land Lease Model leading to increased employment, improvements in livelihoods, better environmental care, increased yields, and food security.

Interpreted in a positive way, the land lease model could lead to a transfer of agricultural knowledge, investment in infrastructure, and modern technology. However, in contrast, it could be just an amended form of land grabbing or a new form of colonialism.

3.4 Chinese Development Policy in Africa

China has stressed sovereignty and non-interference. However, China takes part in multinational peacekeeping in Africa which can be seen as a softening of this principle along the lines of the African Union, (AU), stressing non-indifference***. China has emphasised political equality and consistently treated all African leaders with dignity. Although China and African countries remain economically asymmetrical, China nonetheless in its rhetoric focuses on mutual benefit and "win-win" cooperation. On a practical level, all of the Chinese workers in Africa are supposed to live on the same level as their African counterparts and likewise all Chinese in a project live on the same level, sharing the same facilities, in contrast to Westerners.

However, surveys from international organisations, NGOs, and media in African countries report that Chinese firms in their labour policies offer harsher working conditions, lower minimum wages, longer working hours, more overtime, and show less concern for safety of their workers than the local or other foreign-invested firms do and in addition prohibit trade unions and are not prepared to follow local rules and regulations. Chinese encounter most resentment from locals when they compete with Africans in the simplest types of unskilled work such as hawking

in local markets, something not done by Westerners. Therefore, if not carefully prepared, mass resettlement of Chinese farmers in Africa, aided by Chinese banks, could lead to unrest among poor African farmers.

In their treatment of African labour, the large Chinese state companies do not seem to follow the original policy reserved for registered, urban employees in China, but instead lean more towards the minimum policies usually reserved for Chinese, rural migrants. In addition, being SOEs, they have a cavalier attitude towards laws and regulations just like in China.

However, in China out of a labour force of 772 million, 84 % of the total, in all 650 million, belong to the informal sector having no benefits and no protection. Because independent trade unions are not allowed, people can only vote with their feet and not organise legal, independent unions fighting for better conditions. In razor sharp competition for foreign investment, local Chinese governments are giving privileges to investors and circumventing costly formal regulations on protection of labour and environment resulting in both rapid growth and mounting social and environmental crises. This kind of "planned informality" is done "with the tacit approval of the central government".

Hence being used to riding roughshod over rules and regulations at home, it is no wonder Chinese SOEs behave in similar way abroad. For this reason, the only ones capable of modifying this would be either the Chinese state or outside actors. Many argue it is up to African governments to make stricter requirements and not only blame the Chinese. Some change is already on its way, for example, Nigeria and Angola have demanded increased local contents as a condition for foreign investment and more local enterprise participation and employment while Ethiopia has set up a Joint Committee on quality control for imports.

A contradiction is developing between ideal and reality. While the Chinese state is trying to transform its development vision into reality—by, for example, supporting manufacturing in Zimbabwe, or voluntarily introducing quota systems in South Africa in order not to wipe out their textile industry—their own SOEs are in practice sabotaging some of their actions. On the other hand, not accepting independent trade unions is a non-controversial issue for all official Chinese actors. Some argue there is no Chinese development model or "Beijing consensus", while others are more undecided. My point is that Chinese development model has

evolved over time based on China's own experiences. The more Chinese actors that are involved over time, the harder it is for Chinese authorities to impose any consistent model.

3.5 Conclusions

In discussing if there is a distinct Chinese development model or if China employs its own mix of different models, it is fruitful to look at China's earlier experiences at home, which is distinguished by wide swings and a hefty dose of pragmatism at times. The Chinese development model since 1978 has been characterised as "feeling the stones when crossing the river" implying flexibility, ad hoc solutions, pragmatism, and productive feedback. However, in contrast to the West, the stress in China on a high level of government activism with cavalier interpretations of rules and regulations, might lead to quicker economic development in Africa, but this has come with failures and heavy criticism from the local population. From earlier stressing politics to later economics in its dealings with Africa, a parallel development inside China took place. When the AU changed its policy on non-interference so did China but with a time-lag. In regard to intervention in Libya, China changed as well.

When an overall contradiction developed between China's growing need for energy and raw material what Africa can supply in abundance and African countries own need for a sustainable development instead of only being exporters of primary goods, China modified its policies in order to aid and develop the manufacturing sector within the African continent.

In its dealings with Africa, China is replicating what China judges as successful traits in the developing strategies it copied from the world's most successful latecomers; Japan, South Korea, and Taiwan. China's own massive investment in infrastructure is mirrored in its engagement with African countries.

Various "pet-projects" by different ministers in China can be seen as antecedents of the *White Elephant* policy. In the 1950s, Soviet "turn-key" projects helped China to re-erect an industrial base and China is attempting to implement the same means in the current day and age with heavy involvement of Chinese labour.

China's own model with *SEZs* succeeded because of its allure as the future largest consumer market in the world. However, this is not now the case in any African country. Hence, China must use its own resources to get the necessary investment. With these heavy outlays, it could be relevant to question if the regime in the chosen country is stable enough to justify these outlays.

Similarly, the same questions can be asked about *Development Hubs* and the *Hong Kong model*.

If successful, the "*Flying Geese Model*" could create industrialisation and employment eventually contributing to limited transfer of technology. Not only East Asian economic growth and integration, but also the economic development in China from the coast towards the Western interior has basically followed this pattern.

The Chinese *Land Lease model* could be viable if carried out according to the FOCAC plan with transfer of resources and technology. However, by encouraging skill transfers to smallholders in agriculture and by developing manufacturing in Africa, the employment effect would be much greater than large-scale interventions by outsiders in agriculture or exports of only raw materials.

In summing up, this means that the externalisation of China's own development experiences has steered Africa towards a path of development, from White Elephants to Flying Geese.

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