

Chinese Social Transformation and Its Implications for African Reconstruction

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Abstract: Since the start of the twenty-first century, there has been a revitalization of the energies of the African peoples. This revitalization has been shaped by two episodic events at the end of the 20th century. These were the defeat of the apartheid army at Cuito Cuanavale in 1988 and the process of returning the peoples to majority rule in South Africa after 1994. With this revitalization, have come many challenges of the reconstruction African societies. This paper argues that the reconstruction is being driven by the demographic asset of Africa at the current conjuncture and by the demands of this growing population for the fundamentals: food, shelter, clothing, reliable sources of energy, a decent environment and proper health care. This reconstruction process is occurring at a moment of tremendous transformations, essentially, a period of the bio-economy, internet and renewable energy sources. The paper focuses on the two sides of Chinese Social Transformation and African Reconstruction seeking to draw out how the ‘sovereign project’ of China converged with the accelerated revitalization of Africa. The literature on social transformation is very large but there are great differences between the conclusions as to the real foundations of the transformation of Chinese society since 1978. What is significant from the point of view of this paper is that China is new in the field of intense economic relations with Africa. China and Africa are not simply passive rules recipients at the seat of international economics and politics.

Keywords: Africa, China, social transformation, bio-economy, revitalization

1. Introduction

“In May 2013, Africa celebrated the Golden Jubilee of the founding of the Organization of African Unity (OAU). On that occasion, Africa’s political leadership took stock of past achievements and challenges, and through the 50th Anniversary Solemn Declaration rededicated itself to the continent’s socioeconomic and political transformation. In this regard, the Assembly requested the elaboration of a forward looking 50-year continental framework, namely Agenda 2063, founded on the AU vision of “*an integrated, prosperous and peaceful Africa, driven by its own citizens and representing a dynamic force in the international arena*”.

This collective vision of an integrated, prosperous and united Africa that emanated from the leaders of Africa had been one component of the decolonization process of Africa since the era of the call for a New International Economic Order (NIEO). The call for a NIEO had been echoed by the leaders of the Afro-Asian bloc since the historic Bandung Conference that was held in April 1955 in Indonesia.¹ At that moment, President Sukarno of Indonesia had declared, “Let a New Asia and a New Africa be born.” The

Spirit of Bandung emboldened the national liberation forces all around the world. But President Sukarno did not live to see the realization of the Spirit of Bandung; he was overthrown in a violent counter-revolutionary and anti-communist putsch which killed more than half a million Indonesians.² This military coup in Indonesia, the war against the Vietnamese people, the occupation of Palestine, the assassination of Patrice Lumumba in the Congo and the western military support for apartheid were all part of the efforts of Western Europe and the United States to destroy the national liberation project and diminish Afro-Asian solidarity. Despite these measures, after the revolution in Cuba and the expansion of the Tri-continental conference, the efforts to create the nonaligned bloc created a new force with calls during the seventies for a New International Economic Order.

In 2005 at the moment of the 50th anniversary of the historic Bandung meeting the leaders of Africa and the leaders of Asia signed the Declaration on the New Asian-African Strategic Partnership (NAASP). With deliberation and a shared understanding of the need for a changed international situation, the specific aspirations were worked out in meetings over the next decade with clear cooperation between Asia and Africa in the search for Strengthening South-South Cooperation to Promote World Peace and Prosperity. Vijay Prashad in his book, *The Poorer Nations*, has traced the positive efforts that emanated from this spirit of cooperation that was based on building South-South cooperation and the different visions of social transformation that have evolved since the 1955 Bandung meeting.³ South-South Cooperation was going to be based on the five cardinal principles of Bandung:

- Mutual respect for each other's territorial integrity and sovereignty.
- Mutual non-aggression.
- Mutual non-interference in each other's internal affairs.
- Equality and cooperation for mutual benefit. and
- Peaceful co-existence.

This same spirit of equality and cooperation for mutual benefit inspired the meeting of the 60th anniversary of the Bandung Summit in 2015. It was at this summit where the Chinese President elaborated on the ambitious vision for the One Belt One Road (OBOR) and the Asian Infrastructure Investment Bank (AIIB). The Chinese leadership had embraced this Afro-Asian platform to reaffirm the goals of peaceful co-existence along with the spelling out of the plans of China for greater integration with Asia and Africa on the diplomatic, political and economic fronts especially highlighting the China-proposed Silk Road Economic Belt and 21st-Century Maritime Silk Road, international trade and infrastructure projects.

Since 1990, a real change in the global political economy has been evident with the emergence of the Association of Southeast Asian Nations (ASEAN) states as one of the primary engines of the global economy.¹ Initially during that decade of economic dynamism 1990-2000, the political leadership of China had been lukewarm toward ASEAN societies preferring bilateral relations instead of multilateral relations, but after the lessons of the Asian financial crisis of 1997 and later the Wall Street crash of 2008 China has been more energetic in currency swaps and other creative ways to engage with Asia and Africa. By 2014 this new embrace of multilateralism by China had seen the start of the BRICS New Development

¹ The 10 ASEAN States are: Indonesia, Malaysia, Philippines, Singapore, and Thailand. Brunei Darussalam, Vietnam, Laos, Myanmar, and Cambodia.

Bank. Elsewhere this author has written on the implications of the BRICS Bank in challenging the Exorbitant Privilege of the US dollar.⁴

It is in Africa where the last dynamic decade 2005-2015 has been most evident with dramatic growth figures to the economies of Africa. By the end of 2014, while there was either zero growth or one per cent growth rate in Europe, it was in Africa where 7 of the fastest growing economies in the world were to be found. This has given rise to new literatures on the relationships between Africa and emerging powers from both the academic writers and scribes for the financial press.⁵ There is at the same time awareness that this economic growth has not fundamentally changed the conditions for the majority of the producers. In this context there have been massive uprisings all over Africa.⁶ A decade earlier, the same press had been calling *Africa, the Hopeless continent*.⁷ There is no doubt from the day to day life of the peoples of Africa that a period of reconstruction is at hand. It will be the main argument of this paper that this reconstruction is being driven by the demographic asset of Africa at the current conjuncture and by the demands of this growing population for the fundamentals of life: food, shelter, clothing, reliable sources of energy, a decent environment and health. The demand for these fundamentals has created a certain dynamism that is independent of governments and drives the agenda for the reconstruction of the quality of the lives of the people.

Increasingly, as the recession and sluggishness of the North Atlantic economies are played out on the world stage scholars seek to understand this new phenomenon and have coined the idea of ‘secular stagnation. This is a condition of negligible or no economic growth in a market-based economy. This concept had been in use by western economists in the last depression and in 2013 Larry Summers revived this concept among mainstream economists.⁸ The other unspoken side of this debate about stagnation has been the confidence unleashed in Asia where there is clarity that the Emerging Markets will shape the world economy in the next decades. Of the Asian economies, the Chinese economy has stood out as a force in the global political system. Increasingly, there is also a better understanding of the importance of the new sources of economic diplomacy between Africa and China since 2000. This economic diplomacy manifest in the ‘strategic partnership’ between Africa and China has been sealed over decades and formalized in the meetings of the Forum on China-Africa Cooperation (FOCAC). This strategic partnership between Africa and China has provided new room for African negotiations with former colonial forces so that China and Africa are not simply passive rules recipients at the seat of international economics and politics. As the Trade Minister of South Africa summed up, “we don’t have to sign on the dotted line whatever is shoved under our noses any longer; we now have alternatives and that’s to our benefit.’ The FOCAC opening developed at a moment when investment funds from western financial institutions had dried up after the 2008 financial crisis. FOCAC offered choices for Africa. This was best manifest by the bold declarations of the sixth FOCAC ministerial meeting in South Africa where the President of China pledged US\$60 billion over the next three years for African reconstruction.

Yet, faced with their intellectual limitations at the current conjuncture, the reflex of the western academy is to understand China’s transformation within the framework of the liberal rendition of human history based on ideas of modernity and progress. Such an understanding inevitably leads to the conclusions of thinkers such as John Mearsheimer who have been trapped by the vision of hegemony to state that China cannot rise peacefully. In this understanding, there can only be one major power and the emergence of alternative centers of economic and political power will inevitably lead to warfare. These realist scholars

of International Relations have not yet fully grasped the *Meaning of the Second World War* and the impulse of capital to seek to resolve economic challenges by military means.⁹ Since the end of the Cold War the western leaders have attempted a military management of the international system with implications for Africa in the creation of the US Africa Command. In Asia, this militarism has now been manifest in the ‘pivot to Asia.’¹⁰

Many of the mainstream writers on the global economy from the official think tanks of the West have retreated from a full analysis of the implications of the continued fallout from the global financial crisis of 2008. Report after report from organizations such as the OECD and the Bank for International Settlements have documented the reality that the financial crisis of 2008 was not a temporary downturn in the world economy, but arose from fundamental contradictions at the very heart of the financialization of the international political economy.¹¹ For some of these mainstream thinkers, war and militarism can be the engine for economic recovery, hence the lack of focus on the social catastrophe induced by the regression in the world economy and the transfer of wealth from the poor to the rich. Thomas Piketty in the book, *Capital in the Twenty First Century*, went a long way to spell out the income inequalities generated by financialization, but like so many writers from Europe and North America, Africa and the future prospects for African reconstruction is not part of the analysis of international economics.¹² Even without the inclusion of one billion persons in his analysis, there was merit to the warning of Piketty that “Unchecked market fundamentalism could devour the social capital essential for the long-term dynamism of capitalism itself.”

From the most recent period of capitalist crisis 2008 to 2015, there is day to day evidence that unchecked market fundamentalism is devouring social capital in Europe while in Asia, Africa and Latin America there is new energy for alternative modes of economic organization. The processes of financialization which focuses on financial services and financial markets rather than the basic needs of humans has become the norm in the centers of the financial industry in spaces such as the United States, Britain and Japan. In its 2015 report the Bank for International Settlements stated that the economic policies of the financial centers run the risk of entrenching instability and chronic weakness.¹³

It is in this period where the Chinese investments in infrastructure have filled the breach of the absence of funding for productive investments. Chinese engagement with the traditions of Bandung has dented the recent economic situation, in which a few dozen major banks and transnational corporations monopolize and dominate the world economy, providing ever greater wealth to the ruling corporate and financial elites and their hangers-on. Reports from the IMF on the vitality of the Chinese economy have led to a slow awareness that China now makes up a large portion of the world economy. This awareness has led to debates as to when the Chinese economy will overtake the United States. Commentaries from financial leaders such as HSBC economist Frederic Neumann noted that if you adjust this year’s gross domestic product data for purchasing parity (smoothing out foreign-exchange differences by making the price of products the same in each country), not only is China bigger than the U.S., but the emerging economies of Asia would be bigger than those of the U.S. and euro zone combined.¹⁴

In this paper there will be an emphasis on the forms of economic planning in China which provided the basis for rapid economic transformation. The literature on social transformation is very large but there are great differences between the conclusions as to the real foundations of the transformation of Chinese

society since 1978. Within China itself, the 'Reform Agenda' which has been put in place by the Chinese Communist Party has diluted rigorous analyses of the nature of the Chinese social formation. This dilution is itself related to the social differentiation within China so that when the CCP made a decision and recommitment to socialist transformation at the Third Plenum of 2013, the main headline in the media was that China was opening up for more reforms focusing on the development of the Shanghai Free Trade Zone. This emphasis on reform downplayed other outcomes of the Third Plenum such as the need for cleaning up the environment, reversing the demographic crisis, stabilizing the work force and reforming the *hokou* system.²

2. Economic transformation in China

In the massive study published by Cambridge University Press in 2008 on *China's Great Economic Transformation*, the authors mostly concur with the now conventional western view that the transformation of China occurred after the opening to western capitalist investments after 1978.¹⁵ The limitation of much of this literature from western sources is that there is very little acknowledgment of how China's planned economic system after 1949 delivered important gains in the creation of human capital. It is the foundation of that human capital on which the 'reforms' have been built and there remains skepticism by western social scientists of the staying power of the Chinese Communist Party. At least this is thesis that is offered in an alternative understanding of Chinese Socialist transformation as offered by Lin Chun in the book, *The Transformation of Chinese Socialism*.¹⁶ The pace of social and economic transformation is occurring so fast that within four to five years the basic assumptions about the economic changes in East Asia have to be revised because of tremors in the global economy. Although the book by Chun is now nearly twenty years old his analysis had pointed out the Maoist successes in economic modernization and argued that the physical and human capital accumulated in the Maoist era had contributed to the post-Maoist economic success.

It is now possible in the midst of the worst depression since 1929 to re-evaluate the ideas and policies of capitalist development and socialist transformation. Conceptions of reconstruction from the International Monetary Fund (IMF) and the International Bank for Reconstruction and Development (IBRD) had reinforced the underdevelopment and exploitation of the peoples of Africa, Asia and Latin America.¹⁷ Reconstruction and transformation under the aegis of planned economic activities are proving far superior to the fluctuations and severe dislocations generated by the cycles of capitalist accumulation. After the Asian financial crisis of 1997/98, the peoples of Asia have been making a break with the neo-liberal ideas of the USA and the rapid growth of the ASEAN economies now point to the reality that state intervention for economic planning is a more rational form of economic management than neo-liberal economic arrangements based on financialization and the centralization of profit in the hands of a few.¹⁸ As Mark Weisbrot observed ten years after the Asian Financial crisis, "The IMF's failure in the Asian crisis was profound and publicized as never before, which permanently damaged the institution's credibility and authority in much of the world." This failure of the IMF led to real changes in the sources of finance for infrastructure and for massive state projects in the Third World.

² The *hukou* system, introduced in the 1950s, ties people's access to services to their residential status. A household registration record officially identifies a person as a resident of an area and includes identifying information such as name, parents, spouse, and date of birth. Since the 1980s, an estimated 200 million Chinese live outside their officially registered areas and under far less eligibility to education and government services, living therefore in a condition similar in many ways to that of illegal immigrants. Since 2013 the CCP announced plans to reform this system.

The Afro-Asian world did set the pace of regional cooperation and this was later accelerated in Latin America and the Caribbean. One part of the world where the changed world economy has been most dramatic has been in the Resource for Infrastructure (R4I) swap arrangements between China and other parts of the Third World. These arrangements have served to open up whole new areas of needed investments for roads, bridges, hospitals, ports, pipelines, schools and railways and are speeding up the reconstruction of Africa with multiplier effects for all parts of Africa. Although the level of Chinese economic involvement in Africa is modest compared to other the multidimensional reach of China in Asia, the impact of these investments have made a dent on the economic path of Africa. One study from the Brookings Institute noted that, “The popular focus on China’s vast economic endeavors in Africa (especially in the extractive industries) seems to suggest that Africa is somehow “critical” for China. In reality, Africa accounts for only a tiny percentage of China’s overall foreign economic activities: China’s investment in and trade with Africa represents 3 percent and 5 percent of its global investment and trade, respectively.”¹⁹

What is significant from the point of view of this paper is that China is new in the field of intense economic relations with Africa. Many states and societies that are called ‘strategic partners of Africa’ such as the European Union, the United States, Japan, Brazil and India have a head start over China but in the context of the intense global political competition, China is increasingly routing its economic diplomatic activities through new vehicles such as the Brazil, Russia, India, China and South Africa (BRICS) formation. In 2014, the Chinese announced their most ambitious project the One Belt One Road Project. One of the many challenges will be to grasp how these initiatives from China and Asia will impact African reconstruction. The leadership of the African Union recognizes this critical period and noted that “Africa today is at the cusp of a significant transition and actions taken now, individually and collectively will determine the fate of future generations.”

This pace of reconstruction is now acknowledged in the Agenda 2063 of the African Union for the full integration of Africa. The African Union has been making a clear distinction between infrastructures for extraction of resources from Africa and the infrastructure for the integration of Africa.²⁰ In this paper we will focus on the two sides of Chinese Social Transformation and African Reconstruction seeking to draw out how the ‘sovereign project’ of China converged with the accelerated revitalization of Africa. Drawing from the experiences of navigating the perilous contours of the current rules of the western financial moguls, the paper examines how new initiatives such as the Asia Infrastructure Investment Bank (AIIB) is cementing the independence of China while providing an alternative sources of investment for reconstruction in Africa and Asia. In the conclusion we will seek to highlight the great possibilities of this reconstruction in the coming era of the Bio-economy. [The] bio-economy can be thought of as a world where biotechnology contributes to a significant share of economic output. The emerging bio-economy is likely to involve three elements: the use of advanced knowledge of genes and complex cell processes to develop new processes and products, the use of renewable biomass and efficient bioprocesses to support sustainable production, and the integration of biotechnology knowledge and applications across sectors.²¹

In order to examine the positive and negative aspects of the plans for African reconstruction and transformations, it will be necessary for schools of business to reconsider the dogmas about social transformation that has brought about the present economic and social crisis. From all corners of the world there is clarity that the current mode of economic organization and the attendant intellectual starting points

of western liberalism that has dominated the planet are unsustainable. The full effects of this current crisis are to be seen all over Western Europe with Greece as the epicenter of the choices before societies. What has not been discussed in the economic journals was the historical fact that in the last major capitalist depression Europe was able to pass on some of the costs of the burden of the reconstitution of the capitalist system onto the backs and shoulders of the colonized peoples of Asia and Africa. The Italian invasion of Abyssinia in 1935 and the Japanese invasion of China in 1937 were two dark sides of this era of capitalist crisis where military means were mobilized to support capitalists. The struggles for independence and the declaration for socialism by China in 1949 had opened a new path towards the transition away from the property relations and political forms of the semi feudalism aligned with enclave capitalists on the Chinese coast. The leaders of China clearly outlined in 1949 that they were on a path towards socialist transformation.

What do we understand by transformation? After the coming to power of the Chinese Communist Party in 1949 the leadership of China declared that the society would be organized along new principles that centralized political power in the hands of the producing classes, principally the workers and the poor peasants. This was undoubtedly a major challenge in so far as the only other society that had made such a declaration was the former Soviet Union. The political choice of the leadership of China to declare for socialism was inspired by the fundamental question of how to maintain independence and economic autonomy. Orville Schell and John Delury in their book *Wealth and Power: China's Long March to the Twenty-first Century* detailed how the 'Century of humiliation' at the hands of western capitalist states had shaped the consciousness of the leading intellectuals of China after the Opium Wars.²² The importance of this scholarship is that it does not minimize the twists and turns of socialist transformation after 1949, but that it outlined the foundations that were laid in the process of establishing political independence. One of the other contribution of this study was to critique the view that China's rejuvenation after 1978 emanated from a sudden post Mao miracle inspired by President Deng Xiaoping. The authors posed the question about the current pace of economic change in this way, Were the seeds of the present planted long ago, only germinating so slowly that at the time it was difficult to see or imagine the shape of things to come?

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Their answer was that in order to understand what is happening in China today it is necessary to go further back in history than 1978. In 1949 the decision was made that the political leadership of the CCP would rationally coordinate the planning of an entire national economy of China in such a way as to transform the major economic choices of the society into political choices, responsive to the will of the people. Central to this process were the sacrifices made by the Chinese people to overcome economic backwardness. In that period the state squeezed more work out of the workers and peasants in order to accumulate a surplus that could be reinvested for the diversification of the economy. In the first 30 years the social protection provided to the workers and peasants meant that these citizens could be motivated on the basis of moral incentives about national development.

It was from this era where the state developed planning at the national level and key to this were measures to keep consumption down among the producers in order to amass surpluses for investment. The tradition of low consumption by the producers was carried forward in the period of reform where workers labor to put money aside for insurance against health care costs, for their children's education and as a hedge against potential loss of pensions. The effect was that in Chinese society there developed the culture of

postponing consumption and the billions that workers and poor peasants put in the banks represented an expansion of funds that were available as capital for reinvestment. This aspect of the sacrifices of the Chinese workers has been left out of the major discussions on reforms.

China is a low wage economy and the low labor costs presented as an attractive basis for foreign investments. This low wage economy has been characterized as a form of state capitalism in so far as conditions to which the 'workers are subjected by the authorities who organize production is similar to the one that characterizes capitalism: submissive and alienated labor, extraction of surplus labor. Brutal forms of extreme exploitation of workers exist in China, e.g., in the coal mines or in the furious pace of the workshops that employ women.'²⁴

The current trajectory of 'reform' in China has inspired discussions on whether China is on a path to socialism with Chinese characteristics or a brutal form of authoritarian capitalism. Some Chinese intellectuals have branded the current phase of economic experimentation as 'Socialism with Chinese characteristics.' From the point of view of this author there is certain shallowness about this formulation because of the absence of intellectual rigor in explaining the relationship between socialism and 'harmony.' There are sections of the top Chinese intelligentsia who equally quip that the current path is based on 'Capitalism with Chinese characteristics.' Conceptions of 'harmonious development' and the call to revert to 'traditional' values conceal the deep class differences that are growing every day in China. African scholars such as Samir Amin and A. M. Babu have argued that it was the planned socialist organization that laid the foundation for impressive rejuvenation of Chinese society away from the dictates of the international financial institutions such as the International Monetary Fund and the World Bank. Samir Amin has been unequivocal on the foundations of Chinese transformation,

*"To say, as one hears ad nauseam, that China's success should be attributed to the abandonment of Maoism (whose "failure" was obvious), the opening to the outside, and the entry of foreign capital is quite simply idiotic. The Maoist construction put in place the foundations without which the opening would not have achieved its well-known success. A comparison with India, which has not made a comparable revolution, demonstrates this. To say that China's success is mainly (even "completely") attributable to the initiatives of foreign capital is no less idiotic. It is not multinational capital that built the Chinese industrial system and achieved the objectives of urbanization and the construction of infrastructure. The success is 90 percent attributable to the sovereign Chinese project. Certainly, the opening to foreign capital has fulfilled useful functions: it has increased the import of modern technologies. However, because of its partnership methods, China absorbed these technologies and has now mastered their development."*²⁵

Samir Amin, as an African scholar who has studied the challenges of transition has noted that liberal scholarship has minimized the importance of the challenges of the transition away from capitalism.²⁶ Amin characterized the period of transition that China undertook since 1949 as that of following a *sovereign project*. The three elements of this sovereignty that he identified were to: i) construct an integrated and sovereign modern industrial system; (ii) manage the relation of this system with rural petty production; and (iii) control China's integration into the world system, dominated by the generalized monopolies of the imperialist triad (United States, Europe, and Japan). To these, this author would add a

fourth, navigating the independence of the banking system and managing the currency and capital accounts.

Periods of transition from one mode of production to the next is never completed within decades but usually takes centuries. This has been the lesson of the transition from feudalism to capitalism. Two hundred years after the French Revolution and the establishment of capitalist property relations in Europe, the transition from feudalism to capitalism is still incomplete with feudal forms still manifest in the prestige of feudal monarchs within the capitalist system in Europe. Zhou En Lai, (former Prime Minister of China during the Mao era) when asked in the 60's about the French Revolution quipped; 'it is too early to say.' This author would also agree that it is too early to determine the fate of the transformation to socialism in China.

According to Samir Amin, the formulation sovereign project has guaranteed the independence of China since 1949 and the pursuit of these three priority objectives mentioned above was unavoidable. "As a result it permits a possible advance on the long route to socialism, but at the same time it strengthens tendencies to abandon that possibility in favor of pursuing capitalist development pure and simple. It must be accepted that this conflict is both inevitable and always present."²⁷

Since the successful socialist revolution of 1949 and the coming to power of the Chinese Communist Party (CCP), the Chinese peoples have escaped the claws of the financial oligarchs and its banking system is completely national and focused on the country's internal credit market. Management of the yuan is still a matter for China's sovereign decision making. The impressive economic growth rate in China is now recognized by all, but especially Africans who yearn to escape the kind of humiliation of western military and economic interventions in Africa. Building of the foundations of the investments made in human capital under the planning models after 1949, in the past 35 years there has been the doubling of the size of the Chinese economy every eight years. Between 1978 and 2005, China's economic output—as measured by real gross domestic product GDP—grew 9.6% per year. "Between 1981 and 2005, an estimated 600 million Chinese people moved out of poverty. This growth has led to a substantial increase in real living standards and a marked decline in poverty. Between 1981 and 2005, the proportion of China's population living on less than \$1.25/day is estimated to have fallen from 85% to 15%, meaning that roughly 600 million people were taken out of poverty."²⁸

In 1949, 89% of China's population lived in the countryside, with agriculture accounting for about 60% of total economic output. The backbone of China's economy, agriculture and industry together employ more than 70% of the China's labor force and account for over 60% of the country's GDP. Beyond these empirical facts of the impressive growth there is a great difference between scholars on the foundations of this economic transformation. One Canadian publication summed up the economic dynamism of China in this way,

"Chinese firms have positioned themselves to exploit China's comparative advantage as the final stage in sophisticated global value chains producing computers, sports equipment, clothing, household fixtures and a wide range of other products. Understanding China's role in these global production networks is critical to understanding China's emergence as an economic power. The popular image of China as the manufacturing center of the world is

thus misleading. Instead, China has become an integral part of a much more complicated reality that involves leading firms in North America, Europe, and Japan, resource firms all over the world, manufacturers of components in the more advanced economies of East Asia such as Korea, Taiwan, and Malaysia, and final assembly in China, Vietnam, and other countries in East Asia.

Chinese leaders have now concluded that their success in positioning China as the point of final assembly in an integrated East and Southeast Asian manufacturing system is no longer the key to future development. They are now trying to reposition the country so that it can create a capacity for indigenous innovation, pursue scientific development, develop its own technologies and industries, and bring further inland the benefits of industrialization. If the past thirty years are anything to go by, these goals are likely to be reached sooner rather than later.”²⁹

2.1. Building an alternative financial architecture

The literature on the dynamism of the Chinese economy is diverse and is as different as the intellectual orientation of the authors.³⁰ Whatever the disagreements among the authorities on the ‘Rise of China,’ by the time their papers and books are produced there are new circumstances that overtake the thrust of the debates. This has especially been the case with the arguments about the ‘overvalued Chinese currency,’ the liberalizing of the capital accounts in China and further opening up financial markets inside of China.³¹ For the last decade there had been massive propaganda about the manipulation of currencies by western commentators (what Samir Amin terms as *China bashing*),³ but these same writers were mostly silent in the face of the massive creation of money that was carried out by the United States under the policy of Quantitative Easing (QE).⁴ What was most egregious about this QE policy was that the very same USA that was the source of the global financial crisis was benefitting from the crisis in so far as the dollar was a safe haven in the current turbulent tremors of the world economy. For decades, the emerging states that

³ China bashing according to Samir Amin refers to the favored sport of Western media of all tendencies—including the left, unfortunately—that consists of systematically denigrating, even criminalizing, everything done in China. China exports cheap junk to the poor markets of the third world (this is true), a horrible crime. However, it also produces high-speed trains, airplanes, satellites, whose marvelous technological quality is praised in the West, but to which China should have no right! They seem to think that the mass construction of housing for the working class is nothing but the abandonment of workers to slums and liken “inequality” in China (working class houses are not opulent villas) to that in India (opulent villas side-by-side with slums), etc. *China bashing* panders to the infantile opinion found in some currents of the powerless Western “left”: if it is not the communism of the twenty-third century, it is a betrayal! China bashing participates in the systematic campaign of maintaining hostility towards China, in view of a possible military attack. This is nothing less than a question of destroying the opportunities for an authentic emergence of a great people from the South.

⁴ See the explanation of the Economist of what is meant by Quantitative Easing, “To carry out QE central banks create money by buying securities, such as government bonds, from banks, with electronic cash that did not exist before. The new money swells the size of bank reserves in the economy by the quantity of assets purchased—hence “quantitative” easing. Like lowering interest rates, QE is supposed to stimulate the economy by encouraging banks to make more loans. The idea is that banks take the new money and buy assets to replace the ones they have sold to the central bank. That raises stock prices and lowers interest rates, which in turn boosts investment. Today, interest rates on everything from government bonds to mortgages to corporate debt are probably lower than they would have been without QE. If QE convinces markets that the central bank is serious about fighting deflation or high unemployment, then it can also boost economic activity by raising confidence. Several rounds of QE in America have increased the size of the Federal Reserve’s balance sheet—the value of the assets it holds—from less than \$1 trillion in 2007 to more than \$4 trillion now.” The Economist, March 2015. <http://www.economist.com/blogs/economist-explains/2015/03/economist-explains-5> By the end of the year 2015, The central banks of the United States, Britain, the eurozone and Japan have so far spent US\$6.57 trillion (or €6.06 trillion if you prefer) on “quantitative easing” programs.

have been hostages to the *Exorbitant Privilege* of the dollar and the Chinese had pegged their currency the Renminbi to the US dollar.⁵ By the end of 2014 the Chinese held over US \$4 trillion in foreign currency reserves and one of the biggest challenges of the society has been to find a way to diversify its foreign exchange holdings from the clutches of the US dollar.

For the dominant Atlantic powers, the optimal choice would be for China to fully internationalize the RMB with the accompanying political changes of opening up the capital accounts and fully liberalizing capital markets inside of China. Instead of a full throated liberalization of capital markets, the political leadership has opted for incremental changes in establishing swap arrangements, offshore bases for trading in the RMB (such as Hong Kong, Singapore, Shanghai,) and what the Chinese term - financial centers for limited trading in the RMB. Taiwan, London, Luxemburg and Frankfurt and Paris have all been jostling to sign agreements with the Chinese government to establish clearing banks for the Chinese currency. The experiences of Greece since 2010 and the experience of the Asian countries in 1997/98 exposed the reality that there can be no sovereignty without control over currency and credit. It is this control over currency that has been dubbed the fourth leg of the sovereign project of China.

The efforts by European bankers and financiers to become financial centers for the RMB have arisen from the reality that more and more the peoples of Asia, Latin America and Russia are seeking an exit from the dollar to escape the devaluation of their foreign reserves through the policies of Quantitative Easing. Like the rest of Asia, the growth of the international trade of China had led to increased liquidity and the challenge was to ensure that this increased liquidity did not strengthen the dollar. In taking a leaf from the cooperative arrangements that had been forged by the ASREAN states, transactions of trade settled in the RMB climbed from 3 per cent in 2010 to 22 per cent in 2015. At the same time the Chinese have been strategically managing the amount of foreign reserves held in the US dollar.

This shift in the diversification of foreign reserves and establishing currency swaps had been initiated earlier by members of the ASEAN group after the 1997 financial crisis. Malaysia, a key member of the non-aligned movement had been vigorous in the proposing of a an East Asia Economic Caucus comprising the members of ASEAN as well as the People's Republic of China, Japan, and South Korea. The raiding of the currency and the attacks by currency traders such as George Soros ensured that Asia learnt many lessons both from their own experiences and the 'shock therapy' that had been applied to Russia and the countries of Eastern Europe after 1991. The Malaysian political and intellectual leadership, in particular, became pro-active in pushing the South-South Cooperation even while deftly wooing top corporations from Western Europe and North America. Based on its negative experience with the Wall Street financiers, the political leaders of Malaysia wanted to counterbalance the growing influence of the United States in the Asia-Pacific Economic Cooperation (APEC) and in the Asian region as a whole. These ASEAN societies built new institutions within the framework of the Regional Comprehensive Economic Partnership (RCEP) to change the nature of how they were integrated into the global economy on terms that better supported the quality of life of their populations.³² These ASEAN states had embarked on coordinated economic management projects that generated a rising rate of GDP growth (or exports) over a long period of time (more than a decade). Simultaneously these societies were able to obtain a higher level of GDP per capita than in other parts of the Afro-Asian World.

⁵ Westerners call the currency the Yuan but the Chinese leadership calls it the Renminbi (RMB) or people's currency

Simultaneously, these East Asian societies strengthened local economic capabilities and deepened initiatives which could be categorized as schemes which fostered greater cooperation among Asian nations. These schemes also fostered the integration of the economies of Asian nations. In an effort to escape the Dollar Wall Street Regime (DWSR), these countries were seeking to deepen ways to strengthen their firewall to protect their economies from the continued devaluation of the US dollar.

The primary initiative that Asian societies used to build a firewall is that each nation took steps to build up large amounts of hard currency reserves so that they would have the financial resources to avoid ever having to be dependent (at the mercy) on the IMF. The second initiative that the ten ASEAN nations plus Japan, China and S. Korea embarked upon was to deepen their cooperation with each other by pooling their financial resources into a regional pool of money which all of them could have access to if they ever faced a financial crisis again. This was the Chaing Mai Initiative (CMI). Initially when the CMI was launched, the government of the People's Republic of China (PRC) had been lukewarm to the goals of the CMI, but over a decade, especially after the 2007-2008 Wall Street crash, the preliminary partnership that was called ASEAN plus three (viz ASEAN countries plus China, Japan and Korea) matured to the point where the ASEAN Swap Agreements have now been expanded to the Chiang Mai Initiative Multilateralization (CMIM) agreement. The CMIM set of rules with structured mechanisms for financial regionalism to work for the development of Asian bond markets.

These three pillars of the new Asian economic cooperation—CMIM, Asian Bond Markets and bilateral swap agreements - marked a new stage in the international political order. In March 2012, the CMIM leaders agreed to double the size of a regional fund that aims to defend their economies against currency volatility. Though modest in international terms (from US\$120 billion to \$302 billion) it was one indication that countries were seeking an exit from the dollar. At the May 3, 2012 ADB meeting this cooperation continued to evolve to a deeper level on wide range of fronts, all of which in total reflect the efforts by Asian societies to develop a regional financial architecture with their own institutions which again helps to create better development opportunities from the ways in which Asian nations are integrated into the global economy.

These measures in Asia to escape the volatility of the US financial system and the devaluations that came in the crisis management of this international financial architecture was hastening the discussion of new financial agreements in all regions of the world. In the immediate aftermath of the 2008 crisis there had been hastily convened meetings of the G20 but the US law makers never moved to change the rules about the voting powers of the US in the IMF and the redistribution of Quotas. Countries such as Russia have been vocal within the G20 calling for energy producers to develop trading mechanisms outside of the orbit of the dollar and the financialization of energy markets.³³ Both Russia and China had been negotiating energy and infrastructure pacts to minimize their transactions in the US currency and in May 2014 there was the signing of the massive deal in Shanghai between China and Russia. As reported by the financial papers in 2014,

“With the historic May 21st agreement, the China National Petroleum Corporation (CNPC), the country’s largest integrated energy company, and Russian energy giant Gazprom, which controls Russia’s export gas pipelines, finally signed a thirty-year, \$400 billion deals that will see as much as thirty-eight billion cubic meters (bcm) of Russian gas go to China

annually from around 2018 to 2047. Gazprom will send gas pumped from its Kovyktin and Chayandin fields in eastern Siberia to the Beijing-Tianjin-Hebei metropolitan area in the north of China and the Yangtze River Delta in the east. The deliveries, which may take a few years to reach full capacity, will provide China with more than one-fifth of its present-day annual consumption of some one hundred and seventy bcm, although Chinese demand for natural gas is expected to rise above two hundred bcm by then.”³⁴

Even before the ramifications and implications of this massive energy infrastructure deal could be digested by western capitals this momentum was carried further by China in the establishment of the BRICS New Development Bank. African leaders especially the Chairperson of the African Union had lobbied hard for the establishment of this bank and at the 2012 meeting of FOCAC, the South Africans had lobbied hard for the BRICS New Development Bank to be engaged with the projects for the infrastructure development in Africa. Brendan Vickers analyzed in great detail the economic- diplomatic activities of Africans within the framework of BRICS drawing attention to reality that the 2013 meeting was the first BRICS summit to have an explicit geographical focus and associated normative framing, under the rubric ‘BRICS and Africa: partnership for development, integration and industrialization’ (a theme endorsed by AU member states). He continued,

*“South Africa for the first time invited a range of African leaders to engage with their BRICS counterparts through the BRICS Leaders–Africa Dialogue Forum. The eThekweni Declaration includes a number of commitments, notably BRICS support for the continent’s industrialization, infrastructure development and integration processes. BRICS trade ministers similarly made commitments to support Africa’s development agenda by ‘strengthening their cooperation in the search for synergies for investment in Africa’s infrastructure, agriculture and manufacturing sectors.’”*³⁵

African oil and gas reserves has become an important aspect of the international attention paid to Africa as the European Union, India and China increasingly look to Africa to fulfill their energy needs. China has long engaged with top suppliers of fossil fuel such as Angola, Nigeria and Sudan. The kind of commercial diplomatic offensive that had been witnessed in Africa can now find an institutional base in the New Development Bank of BRICS. Along with the formal establishment of the New Development Bank (NDB) in Brazil in 2014, the leaders announced the launch of a Contingency Reserve Arrangement (CRA), which in 2013 was approved to receive a \$100 billion fund to combat currency crises. According to the *Wall Street Journal* in the first quarter of 2015 China reported \$3.73 trillion in currency holdings as of the end of the first quarter, down \$113 billion from the previous three months.³⁶ For the reader who follows the reports of the currency reserve holdings by countries one can see that since 2012 countries such as Russia and China have been seeking to dexterously manage their foreign reserve holdings in the US currency.³⁷ Washington does not want to give publicity to this fractious relationship because of the fear of other societies rethinking their holding of US dollar reserves.

The proposal for the BRICS bank had been announced at the BRICS summit in New Delhi in 2012 and at the summit in Durban in 2013 the plan for the CRA was also outlined. The long term goal of the CRA will be to provide emergency cash to BRICS countries faced with short term credit crisis or balance of payments problems. Ultimately, in the context of the present currency wars, the CRA will ultimately

replace the International Monetary Fund (IMF) as the provider of resources for BRICS members and other Third World societies when there is balance of payment difficulties.

When the announcement was made of the bank to be capitalized with the US\$ 50 billion and the CRA with US\$100b, it was also announced that the leaders of BRICS were also considering the establishment of a BRICS Exchange Alliance to challenge the opaque derivatives market of the Wall Street oligarchs and an energy alliance to challenge the speculative activities of the Intercontinental Exchange (ICE). These four institutions (a) the New Development Bank (b) the Contingency Reserve Arrangement (c) The BRICS exchange alliance and (d) the BRICS Energy Alliance - when fully operational will engender a tremendous change in the direction of strengthening the goals of the Bandung call of 1955 for new directions in the international system. The NDB and the CRA will not simply be like other regional development banks such as the European Investment Bank or the *Corporación Andina de Fomento* (CAF), also known as the “Development Bank of Latin America.” The BRICS bank is emerging at a moment when the entire international financial system continues to be in a state of instability because of the recklessness of the predatory speculators of Wall Street. In the midst of this recklessness, one section of the US leadership is promoting a ‘pivot to Asia’ to limit the growing integration between China and her ASEAN neighbors.

A decade earlier John Mearsheimer had posed the question whether the rise of China will be peaceful.³⁸ Mearsheimer had posed the question in the context of working out realist theories of international relations about the hegemons of the 20th century, but this theoretical exercise excluded the lessons learnt from the insights of the Bandung Spirit about peaceful cooperation and South-South Cooperation. So it is with IR intellectuals who cannot fully develop theoretical creativity to understand the transformation of China within the context of its history of humiliation, so it is difficult for western economist to understand any other western economic models of economic engagement other than the lessons of the rise of Britain and the USA as imperial states and the dominant reserve currency in their time.

Economists such as Barry Eichengreen who has built a reputation on the study of international currencies and reserve status since the 19th century has been among those who have been sounding the drumbeat that the future evolution of the Chinese economy must result in the internationalization of the RMB. Behind the technical details about whether the role of the RMB as a major trade invoicing and settlement currency will result in the liberalization of capital markets lay the unspoken challenge to the forms of property relations that has so far guaranteed the economic sovereignty of China.³⁹

2.2. AIIB and one belt one road

The foregoing analysis was laid out to highlight the historical reality that the most recent economic directions of China cannot be understood outside of the dynamism of what has been occurring in Asia in the past three decades. What is of special significance for this analysis was that it was Chinese foundation of social experimentation with new property relations that formed the foundation of the economic vitality. By the time President Xi Jinping of China rolled out the Asian Infrastructure Investment Bank and the One Belt One Road Strategy, it was agreed by many that there was a new global era in the world economy anchored in Asia with China as a driving force.⁴⁰ In 2014 the Chinese leadership spelt out the new economic framework that would link together three continents, Africa, Asia and Europe. Dubbed as the

new silk roads, the project combines new infrastructure networks of roads, railway lines, ports to strengthen trade, investment, and people-to-people cooperation. Under the action plan laid out by the leadership of China, the three main routes approximate to historic trade routes linking China with the West, and have been dubbed the New Silk Road, South Silk Road, and the 21st Century Maritime Silk Road.

“The proposed network has enormous geographic scale. The belt on land connects China, Central Asia, Russia, and Europe in the north and links China with the Persian Gulf and the Mediterranean Sea through Central Asia and the Indian Ocean in the south. The maritime route starts from China’s coast to Europe through the South China Sea and the Indian Ocean in one route and to the South Pacific in the other – estimated to cover 4.4 billion people and US\$2.1 trillion gross production, respectively 63 percent of world population and 29 percent of world GDP.China’s vision is no less impressive than the geographic scope. The belt and road will not only enhance “five connections” – trade, infrastructure, investment, capital, and people.”⁴¹

In order to create the financial base for the massive infrastructure plans of the One Belt One Road, in October 2014 the Chinese political leadership unveiled the Asian Infrastructure Investment Bank (AIIB). This new financial institution came in the same year as the launch of the BRICS Development Bank and exposed the strident efforts of the Chinese leadership to escape the regulatory and monetary ‘reform’ framework that are dominated by the economists trained in neo liberal political economy.⁶

Once the AIIB was proposed in 2014 most of the major trading partners of China in Asia were first in the queue to join and by the formal launch of the Bank in May 2015 there were 57 founding members. Among these founding members were states such as Britain, Germany, France, Australia, South Korea and Israel. Despite pressures from Washington to oppose the launch of AIIB, many of the key allies of the western system such as Britain, Germany, Saudi Arabia and France rushed to become founding members of this Bank. Both the AIIB and the BRICS Development Bank will allow the Chinese government to optimize the use of its foreign reserves and diversify its foreign currency holdings away from the US dollar. Since the financial crisis of 2008 there had been persistent calls from most countries for the reform of the voting powers of the IMF but the US lawmakers have refused to change the structure of the IMF which has been in place since the end of WWII. In the words of two commentators, “Since 2010, the U.S. Senate has refused to ratify an agreement on governance reform that would have doubled resources available to the International Monetary Fund (IMF) by increasing capital contributions from emerging market countries, which would proportionately expand their voting power on the IMF Executive Board — where current quotas treat France as though it were more economically dominant than China, and Belgium more dominant than Brazil.”⁴²

⁶ Long term planners from the West see the training of the next generation of Chinese students as central to the proposals for liberalization of the Chinese economy, hence billions are poured into training Chinese students in the most conservative schools of business and finance in North America and Europe. Stephen Schwarzman, CEO and co-founder of Blackstone Group, one of the world's biggest private-equity firms established a Cecil Rhodes type of scholarship at Tsinghua University in Beijing and was lobbying other capital equity managers to raise \$300 million, including \$100 million of his own money, to fund a new program aimed at bringing students from around the world to study at Beijing's Tsinghua University. African policy makers were following this development closely to see if the political leadership grasped the implications of training students in China in the traditions of Cecil John Rhodes.

These writers noted that “Asia faces a massive infrastructure gap. The Asian Development Bank (ADB) estimates that Asia will need \$8 trillion over the next decade for energy, transportation, telecommunication and water/sanitation. Private investment in infrastructure, according to the ADB, hovers at \$13 billion a year, the majority of which is concentrated in low-risk projects. Official development assistance adds another \$11 billion a year in financing. If true, this means that the shortfall exceeds \$700 billion a year.”⁴³ The AIIB was developed to fill this shortfall and the United States became isolated in Asia and Europe in its opposition to the AIIB. Lawrence Summers the former Economic Adviser to US Presidents summed up the folly of US opposition to the AIIB by stating,

*“This past month may be remembered as the moment the United States lost its role as the underwriter of the global economic system. True, there have been any number of periods of frustration for the United States before and multiple times when U.S. behavior was hardly multilateralist, such as the 1971 Nixon shock ending the convertibility of the dollar into gold. But I can think of no event since Bretton Woods comparable to the combination of China’s effort to establish a major new institution [the Asian Infrastructure Development Bank] and the failure of the United States to persuade dozens of its traditional allies, starting with Britain, to stay out.”*⁴⁴

What Lawrence Summers did not grasp was that the loss of influence of the traditional financial oligarchs was part of a dynamic process that emanated from Afro-Asian and South-South Cooperation. It was the same Larry Summers who as Chief economist of the World Bank in the 1990’s had recommended the dumping of toxic waste in Africa. For the peoples of global South, the changed world economy was accelerating the diversification of sources of finance for investments in infrastructure and social projects. This very same diversification provided the opening for Africa to have alternatives for the stultifying structural adjustment programmes of the IMF that sped capital flight from Africa.⁴⁵ Yash Tandon has now added to our understanding of the role of trade and investment agreements that originated in the West and that these agreements should be seen as a servant of the global business of multinational corporations.⁴⁶

After readjusting their international alliances and diversifying their trading partners, there was a new burst of economic reconstruction which broke out after 2000. There were five interconnected elements of this reconstruction: the recovery of the health and demographic make-up of Africa, the control of African resources to stem capital flight, the unification of Africa, building the infrastructure for African Unity and peace. These five elements of reconstruction are interconnected and linked to agricultural transformation, housing and new forms of urbanization, mobilization of the vast energy resources, but for this paper we will focus on how the pace of transformation in China and the ASEAN countries is affecting the project for unity and building a peaceful and prosperous Africa.

3. Accelerated revitalization in Africa

From the period of the historic visit of Zhou en Lai to Africa in 1964 there had been a special relationship between China and Africa. The bonds were deepened; more so, because both societies had a very large peasantry and the challenges of the agrarian question in China were followed very closely by African planners. The support of China for the massive TanZam Railroad to end the transport dependence on apartheid South Africa had fixed the solidarity between China and Africa in ways that could not be easily

shaken by China bashing. There are many studies on the most recent relationship between China and Africa but for this author the two scholars whose work stands out are the works of Dunia Prince Zongwe and Deborah Brautigam.⁴⁷ In particular, the work of Zongwe on the resource for infrastructure contracts showed what engaged African scholarship could do to shed light on the dynamic impact of this mode of reconstruction.

The period of the escape of Africa from the structural adjustment programs coincided with the energies that had been unleashed by the end of apartheid and the launch of the African Union 1994-2002. Freed from the constant warfare and destabilization by the forces of white supremacy, in this ten year period 1995-2005 average African economic growth surpassed 5 per cent. Even after the period of secular stagnation in Europe and North America after 2008 Africa maintained strong economic performance so that by 2011 Africa ranked second in economic growth among all the six continents, only next to Asia.

In 2013, at the celebration of the fiftieth anniversary of the founding of the Organization of African Unity (OAU) the leaders of the African Union Commission outlined an ambitious program for the reconstruction of Africa. Called Agenda 2063, the plan outlined priority areas, established specific targets and defined strategies to provide the big push and breakthroughs for Africa's economic and social transformation. In a speech before the Pan African Parliament, the Chairperson of the African Union Commission, H.E. Dr. Nkosazana Dlamini- Zuma asserted, "As we celebrate our Jubilee year, we must boldly repeat that this is Africa's age – the dawn of her fulfillment, the moment she must grapple with destiny to reach the summits of sublimity."⁴⁸ There were seven aspiration that were to anchor this plan for reconstruction,

- *A prosperous Africa based on inclusive growth and sustainable development;*
- *An integrated continent, politically united, based on the ideals of Pan Africanism and the vision of Africa's Renaissance;*
- *An Africa of good governance, respect for human rights, justice and the rule of law;*
- *A peaceful and secure Africa;*
- *An Africa with a strong cultural identity, common heritage, values and ethics;*
- *An Africa whose development is people-driven, relying on the potential of African people, especially its women and youth, and caring for children; and*
- *Africa as a strong, united, resilient and influential global player and partner.*

Numerous statements during the celebrations (on the acceleration of political and economic unity along with the reforestation and repopulation of Africa) reflect a new urgency in the era of the depression. Africa's unification and growth is predicated on providing the fundamentals: food, shelter, clothing, water, sanitation, environmental repair, education and health. These elements of economic vibrancy in Africa have meant that African societies are creating a certain dynamism that is coming from the demands of the ordinary African.

The more progressive leaders of Africa had been aware of the intense scrutiny of Africa and engagement with Africa by new global actors and the AU was working to end this spectacle of 54 heads of states going to meetings of India and Africa, Brazil and Africa, French- Africa meetings or the FOCAC meetings. The international and continental context of this 50th anniversary meeting can be distinguished from the previous meetings on full unity because the question of full continental unity was on the agenda.

External interference and manipulation of African politics had been a staple of European diplomacy in Africa and countries such as France dictated economic and currency policies in former colonial territories. Military intervention remained the hidden weapon behind the nice sounding words about donor relationship and the Economic Partnership Agreements (EPA) between Europe and Africa. Many of the leaders who had retreated from supporting unity were given a rude awakening when the North Atlantic Treaty Organization (NATO) intervened in Libya and used the language of “responsibility to protect” to carry out regime change and to execute the President of Libya, Moammar Gaddafi. The very leaders who opposed full scale unity shuddered as they saw the desecration of the body of Libyan leader Gaddafi, as well as the terror against black Africans who were called “mercenaries” in Libya.

The political leadership in Libya had committed publicly to a reconstruction process that built up the infrastructure for the monetary union of Africa and for mobilizing African resources for the benefit of the people. In the book, *Global NATO and the Catastrophic Failure in Libya*, I argued that the way that the execution of Gaddafi was carried out was an effort to humiliate Africans internationally. This experience clarified the linkages between peace and Reconstruction. The conclusion of the book compared the invasion of Libya to the Italian invasion of Abyssinia in 1935. Then, the global mobilization against fascism built new alliances internationally and quickened the pace of decolonization in all parts of the world after the Second World War. That anti-fascist internationalism had in all continents and deepened with mass resistance inside of Africa. Given the shared experiences of humiliation and exploitation by western powers, the ideals of Chinese transformation were supported by Africans and the current leadership in China never forgot that it was the African bloc that had been firmest and most consistent in lobbying for China to take its rightful place in the Security Council of the United Nations in 1971.

The decolonization process of Africa and the social transformation of China were occurring at the same historical moment, but prior to the end of apartheid, Africans did not have the political autonomy to embark on the process of economic reconstruction. What was clear from the lessons of Chinese reconstruction was that the rise of China is very much linked to the unity of China. In the zigs and zags of Chinese transformation over the past 60 years, the experience of economic planning and the centrality of state intervention to guarantee the preservation of alternative property relations offer positive lessons for the new path for the reconstruction of Africa. More importantly, political unity offers the economy of scale so that the investments in infrastructure are buttressed by clear goals of the continuous consolidation of unity. There are now numerous research programs and collaborative efforts from the African Union to speed the processes of social and economic integration and to tap into the knowledge and skills to accelerate the pace of transformation which is now causing the world to pay closer attention to Africa.

Since 2008 there has been a new dynamic in international politics and the African peoples are not simply bystanders. An invigorated leadership in collaboration with the Africa Development Bank, the UN Economic Commission for Africa (UNECA) and the AU has been working hard to build the full integration of Africa with the Program for Infrastructural Development in Africa (PIDA). This PIDA was rolled out within the context of Agenda 2063 with about 50 projects and programmes grouped into a set of general categories, including: energy (hydropower, interconnections, pipelines), transport (connectivity, corridor modernization, ports and railways modernization, air transport modernization), water (multipurpose dams, capacity building, water transfer) and ICT, (capacity building, land interconnection infrastructure, internet exchange points).⁴⁹

The authors of these projects are quite clear that these plans cannot be fully realized without stemming the capital flight out of Africa. A report on illicit financial flows from Africa established by the African Union found that at least US \$50 billion was lost every year in unpaid taxes, royalties and other charges as companies, criminals and wealthy individuals illegally siphon money from the continent. A 2008 study covering the years 2002 to 2006 found that the continent lost US\$859 billion in cumulative capital flight. This compares to a 2010 study of the period 1970 to 2008, which arrived at a figure of between US\$854 billion and US\$1.8 trillion in illegally lost capital.⁵⁰ This kind of capital flight is central to the operations of contemporary finance capital and one of the potentialities of both the BRICS Development Bank and the AIIB will be to develop an alternative financial infrastructure for minimizing capital flight. China's Resource for Infrastructure Projects and the Currency Swap agreements with a number of African states have offered new sources of funding for the reconstruction of Africa.

4. Integration and transformation of Africa

This PIDA plan placed on the agenda major projects for investments in information and communication technologies (ICTs), irrigation, power, sanitation, water, and transport (including air, maritime, rail, and road). In the planning of the African Union for Reconstruction, the official documents note that the proper harnessing of water resources with irrigation are indispensable for economic reconstruction and transformation. One crucial area for reconstruction and transformation that is still being debated outside the AU is that of the future of the canal systems of Africa. In the past one hundred years, the major canals such as the Suez Canal and the irrigation canals of Sudan and Namibia served the interests of external forces.

Prior to this period of canal building, students of ancient Egypt had grasped the fundamental transformations in all areas of scientific research from the irrigation and canal schemes that had paved the way for humans to increase agricultural production. These capabilities of canal building were transferred to Greece (with the building of the Corinth Canal) and later to Rome. Today the canals of Venice are a testament to how an elaborate canal system can assist commerce and a better quality of life. Experience from China more than 2,500 years ago pointed to the reality that the unity of China was reinforced by the Grand Canal system that linked different regions to build an integrated society. Whether one was a nationalist or socialist in China it is known that the harnessing of water is central for the transformation of the lives of the people. Today, African engineers can study the positive and negative impacts of the canal systems of the world as there is need for the exploration of a major canal linking the Ubangi tributary of the Congo River to replenish Lake Chad.

The discussion on the reversal of the condition of Lake Chad is one of the major tasks of African Reconstruction in the era of the Bio-economy. Persistent droughts and the ravages of colonial economic activities have decimated what was once the sixth largest lake in the world, Lake Chad – straddling the borders of Nigeria, Chad and Cameroon. Over the past four decades, the lake's surface has reportedly shrunk from 22 000 km² (8 494 square miles) to a meager 300 km² (115 square miles). The Lake Chad replenishment project is a proposed major water diversion scheme that has been discussed for decades. This project would involve damming the Ubangi River at Palambo in Central African Republic and channeling some of the water to Lake Chad through a navigable canal (Project for Water Transfer 2009). According to engineers who have been dreaming of this massive reconstruction project to transform the

heart of Africa, This Transaqua project would link roads, canals and an artificial Lake to create the “Inter-African Polyfunctional Exchange Area” (ASPI):

At the extreme north of the canal, in the territory of the Central African Republic, near the Congo/Chad watershed line, at the level of the upper valley of the Bamingui River, a large artificial lake is planned, where the canal would accumulate its waters to then use them in the first hydroelectric plant of the system, and then release them north of Lake Chad. On the banks of this artificial lake would be an “Inter-African Polyfunctional Exchange Area” (ASPI) in a region crossed by an East-West road corridor connecting the two ocean ports of Mombasa [Kenya] and Lagos [Nigeria], which route already partially existed at the time, and only needed to be completed and adapted to the most important needs of a “coast-to-coast” highway between the shores of the Indian and Atlantic Oceans.⁵¹

Such bold plans for transformation require a new breed of scientists and hydrologists so that African scholars and researchers can be in the lead with respect to these ambitious projects. In the past five years the political leadership in Kenya has pointed the way in organizing the planning and financing for the Lamu-Southern Sudan-Ethiopia Transport Corridor Project also called LAPSSSET. The unification of the water resources of Africa is one of the primary bases for African unity with a system of canals, linking rivers and lakes in the kind of infrastructure planning that ensures that all will have water. It is central planning at the Pan African level which can make water for all a reality. Such planning will of necessity incorporate new infrastructures for energy, transportation, irrigation, and telecommunications.

5. African unity and alternative energy

It has to be simply restated that social and economic transformation in Africa cannot be meaningfully undertaken unless the continent is approached as a single political unit. In the era of the bio-economy when Africa needs to make a break with Enlightenment ideas of hierarchies and “development,” it is becoming clearer that reconstruction and transformation must start with the key political unity. In almost every analysis on Africa’s strategic resources there is always a missing component: the continent’s wealth of biological/genetic and alternative energy resources. There should be clear agenda to make sure that the harnessing of these resources eschews the ideational deficiencies of the Enlightenment-inspired notion of “development.”

Within the past decade the cost of producing solar energy has been dropping to the point where the Kenyan Scholar, Calestous Juma, is forecasting that in the next five years solar power will do for the energy sector what cell phone communications had done for the telecommunications sector. Just as the mobile phones enabled Africans to leap frog one hundred years of fixed telephone lines, the emerging solar technologies will speed up new forms of diversified economic activities.⁵² The connection between mobile telephones and the deployment of solar power is already evident with the forms of electricity that power cell phone towers in the most remote parts of Africa.

In May 2015, Elon Musk unveiled a range of batteries that can be used in homes and businesses to store power from wind or solar or take advantage of cheap electricity to charge up overnight and then be used in peak hours. The launch of the Tesla battery opened one window into how to reconceptualize communities

for the 21st century in order to combat global warming. Elon Musk announced that Tesla Motors was offering a home battery product, which people can use to store energy from their solar panels or to backstop their homes against blackouts, and also larger scale versions that could perform similar roles for companies or even parts of the grid. In what was called the battery to revolutionize energy supply, the details of this technology and the potentialities sparked new discussions about opening up technological hubs to speed the processes of innovation and transformation. Technology hubs are springing up all over Africa's cities at a moment when major tech companies such as companies like Facebook and Google have ambitious plans to deploy wireless internet across the globe using drones or hot-air balloons to carry the signal.

In the case of countries such as Ghana and Kenya, there are already advanced plans for technological innovation using the new batteries, tech hubs, knowledge centers that can be mobile - breaking the distinctions between different regions and access to energy and other resources. "Just like the mobile phone allowed the continent to surge ahead in internet connectivity, so a battery pack that can power a home or business could allow Africans to leapfrog the limits of the grid."⁵³ The battery could allow millions to leapfrog from no electricity at all straight to renewables. In reflecting on the new potentialities for transformation Calestous Juma noted that it is not necessary to build new paths of industrialization in the bio economy based on past production of primary products,

"Let us look at a few examples of countries that have taken different paths. Taiwan's leading exports in the late 1950s were mushrooms and shrimps. But within a couple of decades Taiwan emerged as a world leader in semiconductors. It did not do this by adding value to mushrooms or shrimps. South Korea's first exports after its split with the north were wigs and false teeth. After a few decades, the country became an industrial powerhouse. It did not do this by adding more value to rice.In Africa, Kenya became the origin of the money transfer industry that has since gone global. The country did not achieve this by adding value to coffee, tea, or cut flowers. Kenya's example echoes to some degree the historical case of Finland, whose rise as a leader in mobile technology was not a result of the beneficiation of its traditional timber industry.....These examples underscore the fact that industrialization and economic diversification result from the acquisition of technological capabilities that can be easily combined to create an increasingly diverse set of products. Some technological capabilities generate more combinations than others. Chemical or semiconductor industries are an example of such platform or generic technologies."

African policy makers are following these debates very closely and the authors of Agenda 2063 were very clear that the future technological development of solar energies would speed the reconstruction of Africa. The Chinese government has been working with countries such as Nigeria, Ghana, Kenya and Ethiopia to develop projects for harnessing solar energy and in 2013 the United States rolled out its own plans to accelerate the deployment of solar panels in the Power Africa Project. Solar energy sources and solar resources include sunlight and solar heating, wind and wave power, hydroelectricity and energy derived from plants and other organic materials.⁵⁴

The abundant sunshine that beams on Africa, from the Sahara desert to Southern Africa, knows no boundary, and so should be the harnessing of this resource for continental transformation purpose. The

planning for the transformation of energy will have significant multiplier effects for the transformation of Africa similar to the new demands for electricity and broad band which has been precipitated by the cell phone revolution. Hydro power constitutes one subset of solar resources.

6. Engaging a proactive research agenda

One of the important aspects about rapid economic growth is that it pushes demand for liquidity. Asia's growth from 1990-2010, for example, pushed the demand and the expansion of the dollar because the expansion of the Asian economy meant that there was more requirement for liquidity in the world economy. The liquidity could only be met by the US dollar. In the book, *The Global Gamble: Washington's Faustian Bid for World Dominance*, Peter Gamble discussed the rapid growth of the Asian economies in the early nineties and how this growth tied these economies closer to the US dollar and US financial markets.⁵⁵ These Asian economies are growing and the main difference with the current African leaders is that there is a clear political project to establish this Asian region as a central node of the international economy.

African states and societies are increasingly linking their trade and economic gaze on to this new emerging region of trade, investment, finance and economic dynamism. This economic dynamism reminds older scholars of a period when there were debates of "Growth without Development." Although there are debates about the uneven impact of this current phase of economic growth, Africa is growing. The emergence of the BRICS formation and the infrastructure plans of One Belt One Road converge with the planning of the nonaligned world who want to ensure that this period of economic dynamism reinforces self-reliant reconstruction so that this new growth impact African societies without pushing the same liquidity to strengthen the dollar as was the experience of Asia in the nineties. Increased trade between Asia and Africa is intensifying this rise in liquidity and the Chinese trading link to Africa has been the most dynamic.

The White Paper on China-Africa Economic and Trade Cooperation published by the State Council of the CCP in 2013 and point out that despite the 'sluggish global economic recovery in recent years, China - Africa trade development has maintained comparatively rapid momentum. In 2009, China became Africa's No. 1 trade partner. In the following two years, the scale of China Africa trade expanded rapidly. In 2012, the total volume of China -Africa trade reached US\$198.49 billion, a year-on-year growth of 19.3%. Of this, US\$85.319 billion consisted of China's exports to Africa, up 16.7%, and US\$113.171 billion was contributed by China's imports from Africa, up 21.4%. Total China -Africa trade volume, China's export volume to Africa and China's import volume from Africa all reached new highs."

This expansion of Chinese engagement with Africa has been evident from the many visits of the Chinese leaders to Africa. In December 2015 at the 6th Ministerial Conference of FOCAC meeting in Johannesburg, President Xi Jinping announced \$60 billion in financial support for Africa, more than double the amount promised at the 2012 Forum, and proposed a new upgraded comprehensive, strategic and co-operative partnership. "We will work with Africa to embrace a new era of win-win cooperation and common development." In this announcement it was outlined that, "China's financial support for the coming three years included \$35 billion in preferential loans and export credit lines, \$5 billion in grants,

\$15 billion allocated to two China-Africa funds and \$5 billion for the Special Loan for the Development of African SMEs (small to medium businesses).”

One year earlier, during a four nation tour in 2014 the Chinese Prime Minister Li Keqiang had laid out a framework for China-Africa cooperation where he stated that China had set the target for bilateral trade volume to top 400 billion U.S. dollars by 2020. Conscious of the media focus on the relationship between China and the oil producing states of Africa, The Prime Minister of China affirmed that, "The collaboration must not be limited to energy and infrastructure but expanded to industrialization, urbanization, the modernization of agriculture, with more attention given to green, low-carbon development and environmental protection," Li Keqiang, also said. China wanted to become "actively involved" in the continent's economic advancement and would seek to promote the development of its textile, home electronics and manufacturing industries. But it would also consider projects in telecoms, aviation and other forms of travel.

"The Chinese government proposes to establish joint venture airlines between Chinese companies and Africa and providing civilian aircrafts to develop the regional aviation industry. We will also set up a high-speed railway research and development center."

The empirical figures from the State Council in China or the statements of the Prime Minister cannot be judged with any degree of accuracy because the nature of Chinese engagement with Africa has meant that there are hundreds of thousands of small Chinese capitalists who have descended on Africa in the past 20 years. Thus there are three ways that China has engaged with Africa (a) through state to state relationships (b) through Chinese State Owned Enterprises and (c) through individual Chinese capitalists. The elements from the latter category are now so numerous that hostile commentators on the role of China in Africa have seized on the role of these capitalists to label China as the new imperialists in Africa. The most publicized of these studies has been that of Howard French, *China's Second Continent: How a Million Migrants Are Building a New Empire in Africa*.⁵⁶ Progressive African scholars such as Dunia Prince Zongwe have dissected this book and one of the challenges of Social Science Research in China will be to exhaustively document the positive and negative aspects of China's engagement with Africa so that the Chinese intellectual infrastructure can grow at the same pace as the Economic Zones in Shenzhen and Shanghai.

6. Conclusion

Pressures for reconstruction and transformation in Africa have intensified since the explosion of the demographic recovery of Africa. In 2040, 2 billion of the 9 billion people on the planet will be from Africa. And out of those 2 billion Africans, most will not even be 60 years old then. Most investment bankers and the forward planners are talking about the demographic strength of Africa and what it is going to mean for the world economy. There are deep inequalities in Africa in the midst of these demographic and economic changes, but for this discussion, we have focused on how the demand for the fundamentals of life, food, shelter and clothing is driving economic change in Africa. While governments have focused on big projects of rails and roads, initiatives from communities are changing the social infrastructures of health, education, cultural infrastructures. One of the positive lessons that Africans have learn from China has been the fact that economic transformation cannot be divorced from political independence and

control over currency and trade. After a century of humiliation, the transformation and reconstruction of China is linked to healing the society from the possibilities of external military aggression. In this paper this author highlighted the fact that reconstruction is inseparable from peace and a sovereign project. It is in countries such as Angola and the Democratic Republic of the Congo where the infrastructure investments of China have assisted in consolidating peace. African citizens have a profound interest in life, health, peace and environmental repair. It is in this sense that issues of transformation or regression becomes important for Africans. In this paper, Agenda 2063 was highlighted with the ambitious projects of the Program for Infrastructural Development in Africa.

Issues of transforming societies are always shaped by wars and revolution. The Chinese Revolution of 1949 opened prospects for the sovereign project of China and in the past thirty years after the end of the war in Vietnam, the region of Asia has become the engine of the world economy. Taken together the planning of the Regional Comprehensive Economic Partnership (RCEP) and the One belt One Road initiative provides a new continuum for African reconstruction and breaks the old dominance of the European Union over Africa. In this paper, we have argued that the initial burst of economic diversification of the last ten years will be a foundation on which to build the advantages from the bio economy to leap from the old forms of economic development. New scientific breakthroughs in solar energy and new applications of information technology will change many of the understandings of industry that had arisen from the old forms of industrialization (textile, iron, steel etc.).

Even though the twenty first century has started out with the promise of the scientific revolution, those with strategic control over the US economy continue to plan for hydro carbons and plan to fight prolonged wars to ensure the survival of an outmoded model for the majority of humanity. The current wars in West Asia remains a testament of old style imperial interventions at a moment when the planet needs to focus of repairing the natural environment. One area of reconstruction that has been championed by Africa is for legal changes to the international attitude to global warming. Chinese transformation has now come face to face with the challenges of pollution and environmental degradation and one positive lesson that can be drawn for the reconstruction of Africa will be how to leap beyond old forms of industrialization in the 21st century.

The ideas of Pan African liberation had survived the storms of capitalist expansion and had been fertilized by a movement that inspired great sacrifices for African freedom. As the African Union launched Agenda 2063, there were also celebration of the heroes and heroines of the African freedom struggle. Kwame Nkrumah's call that *Africa Must Unite* and Patrice Lumumba's fight for freedom and unity is remembered by those who see the bright future for Africa. In 1960, Lumumba had stated firmly that "A free Africa, a united Africa, an undivided Africa, a determined Africa will play a great role in creating a better world, a fraternal world." In the words of Patrice Lumumba "United as the children of one family, we shall defend the honour and freedom of Africa."

The assassination of Lumumba and the overthrow of Nkrumah were meant to blunt the spirit of freedom but certain ideas are indestructible. Despite efforts by western hegemons to discredit the Pan Africa ideas, these ideas survived and are now finding new spaces for dissemination in different media platforms (books, paintings, pictures, crafts, songs, films, documentaries and poems). The Pan African ideas of freedom and unity had inspired the global anti-apartheid struggles and out of this struggle emerged an old

idea with new urgency, the idea of Ubuntu. Both the spirits of Bandung and the ideals of Ubuntu are now prominently reflected in the policy documents of the African Union.

The African philosophy of Ubuntu emphasizes linked humanity and our intrinsic connection with a complex universe. Ubuntu opens a space for us to understand how different parts of the universe fit together, with an understanding that “everything is connected to everything else.” As temporary inhabitants of the physical space on earth, we begin to appreciate the reality that the biosphere is the global ecological system integrating all living beings and their relationships, including their interaction with the elements of the cooperating systems (atmosphere, geosphere, and hydrosphere). A philosophical re-orientation anchored on Ubuntu is required to humanize the universe, away from the destruction and dehumanization caused by centuries of the hegemonic European Enlightenment thoughts, which had emphasize human hierarchies and justified the economic cannibalization of supposedly inferior humans and the unhinged conquering of the planet.

Throughout this paper on Chinese transformation and African reconstruction, I have argued that the old forms of economic arrangements have brought humanity to a tipping point. Global warming threaten the future of the planet and the very same forces who profited from the industrialization of the past two hundred years want to profit from the ‘mitigation’ mechanisms for climate change. Our analysis of reconstruction and transformation started from the point of view that the unification of the peoples and clear planning will be the prerequisite for making the break with western domination. New ideas about economic organization are emerging at the same moment when the convergence of the information revolution and the solar revolution opens new possibilities for energy production. New forms of industrial organization and the harnessing of African resources in this period of the Bioeconomy opens vast opportunities and the same youths who have engaged the political systems are seeking new educational formations that deepen the use of African languages and incorporating the latest technologies from all parts of the globe.

Ultimately, in the era of genetic engineering, militarization of the earth, and global warming, the ideas that celebrate domination over other humans and over nature hold great danger. The Spirit of Bandung and the promises of Asia and Africa cooperation can be a major antidote to the military management of the international system. The African Union is emerging from an old economic system that is based on realist principles of hegemons and who will rule the world.

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