# The Cost of Rebirth: How Capitalism Incentivizes Chinese Neocolonialism on the African Continent

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Scattered about by the unguided hand of time, natural resources such as: gold, oil, iron, diamonds, and coal filled the dark recesses of the earth, unknowingly driving human technology, history, and society. The root of all conflict and growth, natural resources and finance guide today's state to state interactions and relationships. The countries that rise to the top in our modern system use financial systems and resource control as tools, status symbols and as currency in a globalized world. These resources and financial relationships fuel both hard and soft power policy choices, leading to an ultimate dilemma. Can there be ethical production and consumption when power often comes from the exploitation of developing, resource rich nations? Can growth and international standing come at the cost of the most politically vulnerable areas of the world? This essay will analyze these financial relationships–namely that of the People's Republic of China and various African nations within the ideology of what Ghana's first president Kwame Nkrumah coined as "neocolonialism". Neocolonialism is defined as "the economic and political policies by which a great power indirectly maintains or extends its influence over other areas or people" [1]. China's neocolonial relationships with African nations are often masked by the soft power tools of foreign aid and various types of loans and development funding. These practices have served to bind African nations within neocolonial relationships that exploit their mineral and natural resource wealth. Capitalism as a system and its intersection with politics acts as the genesis of neocolonial relationships and serves to incentivize states into unethical action for the sake of both growth and international standing. The colonial histories of both China and African nations as well as postmodernist critiques of capitalism and the practices which define neocolonialism will be considered when analyzing the relationships between both entities.

To understand neo-colonialism, one must understand how capitalism as a system shapes society. There can be no neocolonialism without capitalistic intent, because they are intertwined at the deepest levels. In "Historical Capitalism", Immanuel Wallerstein considers capitalism not only to be the market interactions of supply and demand, but also a restructuring of society as a whole into classes of producers and consumers, of exploiter and exploited. It has allowed for the radical reshaping of conception of what "work" is, which work is valuable, and for state mechanisms to be reoriented into the acquisition of raw resources and the production of end stage goods for the accumulation of capital[2]. The industrialized global north forms the core, or the center of economic activity and political power. The former colonies of the world, now developing nations, make up the periphery where they provide raw materials and labor to the core in an unequal exchange. Many of these peripheral states have had their own neocolonial relationships with great powers such as the United Kingdom and the United States. One of the foundational myths of capitalism's supposed

[1] Merriam-Webster, "Definition of NEOCOLONIALISM," Merriam-webster.com, 2019, https://www.merriam-webster.com/dictionary/neocolonialism.

[2] Immanuel Wallerstein, Historical Capitalism: With Capitalist Civilization (1983; repr., London: New Left Books, 2011). Chapter 1 The Production of Capital

benefits is that the world is a better place because of it. The mass adoption of capitalism as the world's financial system promises technological growth, wealth, and better standards of living. Yet who is the real recipient of these supposed benefits? It is not the peripheral states that remain at the bottom of monopolistic commodity chains. These benefits are retained within the core, and even then, those benefits are highly stratified on the basis of social hierarchies of wealth and power. Due to this imbalance, modern neocolonialism arises directly from capitalism's intersection with politics. It is fed by the unending hunger for the raw materials that allow for the continuation of modern technologies and standards of living. Neocolonialism promises wealth and status to the nations that can hold other nations under their economic thrall. Instead of direct political control (and all of the ensuing rights and responsibilities that come with it), what neocolonialism really means is "power without responsibility, and... exploitation without redress"[3].

The imposition of the economic will of the global north onto the developing world first bloomed under direct colonial control, but gained its current form after the decolonization movements of the 20th century. Capitalism is the driving force behind these political actions which seek to trap the developing world into its peripheral place. Sovereignty where it intersects with capitalism is almost a myth, and "the rules of the interstate system [are] of course not enforced by consent or consensus, but by the willingness and the ability of stronger states to impose these restrictions, first upon weaker states, and second upon each other"[4]. We see this in the genesis of Imperialism and in the long shadow it cast over the political and historical trajectories of China and the various nations of the African Continent. The ability to enforce one's political and economic will onto other states is key to the survival of capitalism, and constrains a state's ability to act ethically in a world system. For it is the very act of exploitation that feeds capitalism's growth that begins the unethical relations associated with Imperialism and neocolonialism.

To understand how China and African nations reached their present global positions and their neocolonial ties to one another, one must first look to each entity's experiences with European imperialism. There were pre-existing relationships between Europe and both Africa and China, yet it is the Industrial Revolution that is the genesis of the imperialist relations that have shaped modern day China and the majority of African nations. Europe's industrialization, with a focus on that of Great Britain, was fed by rapid industrialization and the shift into wage labor. People flooded into cities, looking for the opportunities promised by the rapid technological advances and the social mobility that came with wealth. Despite the shifts in societal structures, the displacement of large groups of impoverished economic migrants, and the extreme income inequality that allowed for the horrific work/living conditions experienced by these migrants, wealth was to be found for the lucky few. The exploitation that marked the Industrial Revolution was not a new phenomenon, but the actions of Imperialism and neocolonialism have served to outsource that human misery to colonies and in more recent times, to weak and/or impoverished states within neocolonial relations.

In order to maintain these newly industrialized states, a burgeoning middle class, and to sustain the financial growth that rose with industrial capitalism, new markets and new resources needed to be sourced[5]. These needs were the driving force behind the imperialist expansions of the 19th century

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[3] Kwame Nkrumah, *Neo-Colonialism: The Last Stage of Imperialism* (1965; repr., London: Panaf, 2004). Page xi

[4] Wallerstein, Historical Capitalism: Page 57

[5] Osman Antwi-Boateng, "New World Order Neo-Colonialism: A Contextual Comparison of Contemporary China and European Colonization in Africa," Africology: The Journal of Pan African Studies 10, no. 2 (April 2017): 177–95

that would come to shape both Chinese and African history and each individual's political trajectory. Modern politics is shaped by legacies of the past, the echoes of past imperialism materializing to coalesce into modern neocolonialism. In the case of China and its varying African partners, their experiences with the capitalist impulse at the root of their political subjugation at the hands of European powers is recreated in their new neocolonial relationships. Their new neocolonial role has shifted the political control of Imperialism to the economic controls of neocolonialism.

China today is shaped by the end of a long and ancient Imperial history. The shift from regional great power to a weak state was precipitated by both the driving force of capitalist expansion and the destabilization of the Chinese state after European economic and military interventions. The British began their colonial interactions with China guided by the Canton system devised by Qing rulers to maintain trade balances in China's favor. The British came in search of tea, ceramics and other luxury goods. In return, they were bound to only peripheral engagement in the Chinese economy, forced to trade through intermediaries. Due to the Qing Canton system, Britain quickly realized that they must shift the balance of trade into their favor. This was achieved through the smuggling and trade of opium. After some time, opium began to represent the majority of the trade between the two nations, and by the time of the First Opium War, the British were importing 40,000 chests of opium to China annually[6]. This destabilized the Chinese economy. Chinese society was also under strain from the millions who had become dependent on British opium. In order to curb these dual crises, in 1839 the Qing Emperor ordered the destruction of British opium. Despite the heavy financial loss for the British merchants, this presented an opportunity for Great Britain. Using superior naval power[7], the British successfully navigated its' First Opium War with China. The loss of the Chinese forces to the British allowed for the British annexation of Hong Kong, as well as the abolition of the restrictions of the Canton system. In essence, the first colonial ties between Great Britain and China were forged. Capitalism and the enforcement of British economic will through war had created a weaker, more fragile China. Further conflicts, such as the Second Opium War, and the economic concessions demanded by Britain left China autonomous only in name, and trembling with civil strife. After decades of civil war and the failure of the Chinese state under Qing rule, the last Qing Emperor Puyi was forced to abdicate his throne in 1912 by rebels seeking an independent democratic nation. The Republic of China was then formed only to be subsumed by both civil war and conflict with Imperial Japan leading up to and during the Second World War. It is only after the Communist takeover of China, the social cleansing/state sanctioned genocide of Cultural Revolution (and its resultant backlash), and the initiation of the Open Door Policy and other economic reforms by Deng Xiaoping that the People's Republic of China grew out of their colonial ashes to become a rising power. However, these same economic reforms that allowed for the rapid expansion of wealth in China and fed its' rise to emergent great power also created the need for the economic exploitation of both their own citizens and the nations with which it would enter into neocolonial relations. In this reversal of their history, China rose from the global south to the world stage, allowing it to use its economic might

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https://www.researchgate.net/profile/Osman_Antwi-Boateng/publication/319528719_New_World_Order_Neo-Colonialism_A_Contextual_Comparison_of_Contemporary_China_and_European_Colonization_in_Africa/links/59b1344aaca2728472d0fce2/New-World-Order-Neo-Colonialism-A-Contextual-Comparison-of-Contemporary-China-and-European-Colonization-in-Africa.pdf.

[6] Peter C. Perdue, "MIT Visualizing Cultures: Opium Trade," Mit.edu, 2011, https://visualizingcultures.mit.edu/opium_wars_01/ow1_essay01.html.

[7] National Army Museum, "The Opium War | National Army Museum," Nam.ac.uk (National Army Museum, 2000), https://www.nam.ac.uk/explore/opium-war-1839-1842.

to snare other nations within its neocolonial traps.

Africa's colonial trajectory was tied not to the luxury goods produced within African nations as was the case with China, but rather the abundant raw materials and manpower that were exploited under European colonial control. The hunger for labor in the new world fed the beginnings of Europe's exploitation of Africa. Millions of souls had been bartered for and stolen, taken to die across the Atlantic under the bonds of chattel slavery. The anti-slavery movements of a moralizing and industrializing United States and Britain had ended these excursions, but the African nations still lie vulnerable to voracious European powers seeking not only to expand their political influence, but also to gain monopolies over the raw materials that fed industrialization. The economic might of colonies under their colonial masters fed their continued exploitation, first at the hands of avaricious companies and explorers, then by the colonial state apparatus that tied African colonies into servitude and exploitation in their own lands. Capitalism sought to bleed the wealth of the African continent, content to fed the industrialization of the West.

Beyond the human misery that often accompanied the European rule of Africa's nations, the restructuring of African political and civil society under direct and indirect colonial control had effects that continued past the end of European colonial rule in the decades following the Second World War. The decolonization of the African continent was marked with ethnic struggles, Cold War political positioning, foreign interventions within African nation-states, civil war, and the bolstering of authoritarian governments favorable to the global north[8]. The combination of Imperialism and the economic demands that capitalism placed upon the African continent continued to play out in the years following decolonization. It left an environment that was susceptible to the formation of neocolonial relationships because the weak and newly formed state apparatuses of African nations were still met with the global north's demands for African natural resources. The tying of capitalism as an ideology to the functions of democracy allowed for the unethical actions of the global north in its foreign interventions, its support of dictators and authoritarian regimes, and the creation of neocolonial networks. Now China is following this established Western model of economic control and exploitation, dictated by the pressures of capitalism within a globalized world.

What are the tools of neocolonialism? Nkrumah highlights the practice of foreign "aid" as one the primary tools of neocolonial control. Aid granted by the great powers of the world acts as both a form of bribery and as payment or credit to the state apparatus in order to ensure the exploitation that increases the revenue of the donating state[9]. The public face of foreign aid is that of altruism, a gift to those who cannot help themselves. This is seen in the coverage of food aid being delivered to various nations, where the faces of human misery and need sell the lie of altruism. It does little to reveal the truth of the core's exploitation of the south, and the terrible legacies of colonial rule. Instead, the blame is shifted to weak states and aid is sent to prop up foreign extraction of natural resources. This isn't to say that aid is not a valuable soft power tool. However, there must be an ideological separation between aid for the sake of interstate cooperation and the aid used to buy economic and political influence abroad. Nkrumah says it best, that "the aim of imperialist powers, in the application

[8] Elizabeth Schmidt, "Conflict in Africa: The Historical Roots of Current Problems | Perspectives on History | AHA," www.historians.org, July 26, 2016 https://www.historians.org/publications-and-directories/perspectives-on-history/summer-2016/conflict-in-africa-the-historical-roots-of-current-problems.

[9] Nkrumah, Neo-Colonialism: The Last Stage of Imperialism Page xv

of their aid programmes, is to turn the State sector into an appendage of private capital"[10].

Other tools of neocolonial control are the investments and loans that are considered a type of foreign aid. Investments in development and infrastructure building help to facilitate resource extraction which is also a venture that can be invested in or for which a loan is provided. The issue arises when the conditions of these loans and investments are examined. An older example of this was the loan from the Firestone Company to the country of Liberia which stipulated the closure of its customs office, and the appointment of a Firestone backed financial advisor.[11] In more recent neocolonial relationships, it can be the stipulation of the use of lending country's technology, workers, and meeting natural resource quotas.

So how does neocolonialism reveal itself when analyzing the relationship between China and Africa? Looking objectively at the current economic relationships between China and their partnering African nations, we see the emergence of China as a neocolonial power on the African continent. These Chinese financial ties run deep, and often carry exploitative rules and stipulations that further China's interests at the expense of their African partners. Their shared history of being held under colonial control and dealing with the resultant political crises that arise with independence feeds a sense of what could be termed "south-south" solidarity[12]. This allows for a partial masking of Chinese intent in its usage of soft power financial tools. Because both have been exploited by the West even after decolonization, with China becoming the workshop of the world[13] and the world's leveraging of African debt for natural resources, it creates a sense of shared history. We can even see this "kinship" in the Western perceptions of both Africa and China. China's growth as a rising power has been viewed with suspicion and worry. Africa has been portrayed to the world as a collection of failed states, with images of civil war, famine, ethnic cleansing, and despotic leaders paraded across tv screens for decades. Both are used as cautionary examples to Western audiences to provoke fear, pity, and distrust of both an economic competitor and of an entity that is key in maintaining the status quo. The "south-south" solidarity narrative uses this representation in Western media and in a shared colonial history as a convincing tool that China is not only a good trade partner, but a friend that shares the experiences and interests of developing African nations.

Chinese and African relations in the latter half of the 20th century emerged at the Bandung Conference in 1955[14], but true economic ties were reserved for the end of the century. The volume of trade between China and varying African nations increased by 700% in the 1990's[15]. China also gave foreign aid to multiple African nations, heightening their commitments from the 1980's onward, and that aid is typically contingent on the recipient state not recognizing the sovereignty of disputed states such as Taiwan[16].

What exact forms do these aid commitments typically take? China offers aid in the forms of Official

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[10] Nkrumah, Neo-Colonialism. The Last Stage of Imperialism Page 55

[11] Nkrumah, Neo-Colonialism: The Last Stage of Imperialism Page 80

[12] Osman-Boateng, Page 179

[13] Lumumba-Kasongo, Tukumbi. "China-Africa Relations: A Neo-Imperialism or a Neo-Colonialism? A Reflection*." African and Asian Studies 10, no. 2–3 (2011): 234–66. https://doi.org/10.1163/156921011x587040 Page 240

[14] "Milestones: 1953–1960 - Office of the Historian," State.gov, 2019, https://history.state.gov/milestones/1953-1960/bandung-conf.

[15] Osman-Boateng, Page 178

[16] Deborah Brautigam, "Chinese Development Aid in Africa," in Rising China: Global Challenges and Opportunities, ed. Jane Golley and Ligong Song (ANU E-Press, 2011), 203–22, Page 208, https://library.oapen.org/bitstream/handle/20.500.12657/33635/459495.pdf?sequence=1#page=227

Development Assistance (ODA) and Other Official Flows, (OOF). ODA was defined in 1972 as "concessional funding given to developing countries (with a per capita income below a regularly adjusted threshold) ...primarily for the purpose of promoting welfare and economic development in the recipient country"[17] ODA typically takes a few forms, but China provides ODA through grants, low-interest loans, and concessional loans. OOF is the acronym given to the loans and infrastructure investments that do not meet the criteria for ODA. China's Exim Bank is a state operated bank that is the main source of the Chinese OOF that flows into African nations. These loans and investments act as less regulated aid/assistance, due to the removal of the concessional nature and favorable interest rates that come with ODA. While not having the same regulations, the intent is similar in that these OOF are being provided as a way to facilitate resource extraction and 'development'. ODA is not as commonly given as OOF, and represents the minority of Chinese "aid" to African nations. OOF is the bulk of what is provided, and carries not only higher interest rates, but also offers export buyers credits, and strategic lines of credit, but they can also require annual commitment fees and the ability to pay being predicated not on the economy of the recipient nation but of the finance generating potential of the project. Many countries agree to resource secured loans that trap them in agreements highly favorable to Chinese investors and that feed Chinese economic growth.

China's stipulations on their ODA/OOF loans and grants form the basis of their neocolonial relations with the various recipient nations. Most of them stipulate the purchase of Chinese goods and services, with an estimated 69% of Chinese aid spent on Chinese equipment[18]. Loans might have natural resource concessions as a part of the financing terms. Ghana's Bui Dam was a resource secured dam, which entailed Ghana's government giving over roughly 6% of the annual cocoa bean harvest for the life of the loan[19]. Not only that, but China's Exim Bank required the Bui Dam to enter into a power purchase agreement with the Electricity Company of Ghana, where the net revenues from that venture would be placed into an escrow account to repay the loan[20]. These types of loans help build needed infrastructure projects, but come with steep costs. Angola entered into such an agreement with China, securing a loan by granting China the right to 10,000 barrels of oil per day[21]. The Angolan agreement also stipulated that 70% of construction bids should go to Chinese companies.[22] These resource secured loans that come with stipulations on how the money must be spent leave African nations in precarious situations that represent a mountain of debt that they cannot repay and leaves them dependent on the fluctuating sustainability of the natural resources used to secure the loans.

In 2008, China gave the Democratic Republic of the Congo a $9 billion dollar loan with the stipulation that $3 billion be used towards building up the mining industry[23]. These loans were presented as infrastructure project financing, though the terms of the original 2007 package would have set up a joint Chinese-Congolese mining venture called Sicomines to be held 32% by the CRC and 68% by

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[17] Brautigam, Page 204
[18] Lumumba-Kasongo, Page 256
[19] Brautigam, Page 212
[20] Brautigam, Page 212
[21] Lumumba-Kasongo, Page 257
[22] Tom Ogwang and Frank Vanclay, "Resource-Financed Infrastructure: Thoughts on Four Chinese-Financed Projects in Uganda," Sustainability 13, no. 6 (March 16, 2021): 3259, https://doi.org/10.3390/su13063259.
[23] Lumumba-Kasongo, Page 257

China[24]. This is the type of behavior typical of neocolonial relations in a modern era. The game is set up for China to win on every level. They get the natural resources they crave through the concessions that grant them vast resource rights and quotas. Then the Chinese are paid through the profits generated by these ventures, and then paid again through the hiring of Chinese contractors and workers, and the demanded use of Chinese technology.

With what eye should we view China's burgeoning exploitative ties with the African continent? In an idealistic manner, we can view this as evil exploitation by a foreign power. It is the narrative that is often pushed by skeptics and critics of China's rise to global power. It compares the historical narratives of Europe's control over African nations and resources. It appeals to the valid criticisms of capitalism and globalization that have spurred socialist movements across the world. However, reality has little place for idealism in this matter. We can acknowledge that the exploitation of the developing world is inherently wrong yet it has become incentivized as a 'smart' policy move in a world defined by capitalist relations.

Despite all the social and political ills of capitalism as a system, it is the current paradigm in which the world finds itself. Short of an international move towards a socialist restructuring of the world system, all nations must play by the rules of the game to maintain power and legitimacy. China's apparent desire to rise and create a multipolar world once more must be framed within the consideration of the system in which it must play. By opening their country to foreign investment and becoming the workshop of the world, China has made itself into an economic powerhouse. This has fed their legitimacy as well as put them at emerging great power status. Their rise from the periphery to the in-between state of being in the semi-periphery is marked by the Chinese embrace of capitalism and the exploitation of workers at home and nations abroad. The reality of China exploiting weak African states is that this is what furthers its own national interests and global positioning[25]. The raw resources of the African continent will continue to feed the growth of China as long as states remain within neocolonial relationships, appeased by an influx of foreign "aid" and infrastructure building. These relationships are mutually agreed upon, but at the cost of exploitation of these nations, China will rise.

Moralizing about China's motives and prescribing some kind of moral judgement to their actions does nothing to fix the reality of these neocolonial relationships. If the world truly cared about the sovereignty, stability, and economy of the developing world, then there must be systemic change in capitalist relations. The power of money and the interests of capitalism keep the world caught in old patterns of exploitation and limit a state's ability to participate ethically in a globalized world. The West must first look at itself, and it's remaining neocolonial controls over much of the developing world before it can point the finger at China following the Western path to power. The world must also recognize its dependence on these raw resource materials for the quality of modern life. As long as technology seeps into every aspect of life, and consumption goes on as it has, no nation would have any reason to ease their neocolonial controls. There is too much to be gained from the creation of end stage products that have become ubiquitous with day-to-day life in the global north. For now, China will court African nations with foreign aid and loans, the promise of infrastructure and resource extraction a heady pull towards a neocolonial trap. In the case of China and its associated African

[24] Brautigam, Page 213
[25] Lumumba-Kasongo, Page 262

partners, it has woven a neocolonial web that recreates the imbalances between the core and the periphery, feeding the insatiable tastes of an emergent China that is fighting for a multipolar world.

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