

Western media is painting a grossly misleading picture of Chinese investment in Africa, write Barry Sautman and Yan Hairong

Smear campaign

International media have reported up a storm on the recent surge in China-Africa links. They invoke a theme familiar from the past two centuries of colonialism and cold war: Africa is beset by poverty and ignorance, caused by ruthless and corrupt rulers. Westerners are trying to bring them to book and instil order on the continent, but other forces, in this case Chinese interlopers, are making that difficult. The facts on the ground show China's engagement in Africa has been more positive than this discourse claims. The Chinese are getting bad press in the West because they are from a country that is not liberal, democratic or white, yet are effectively competing with those who are – to the point that some Africans see Chinese development activities as providing a model.

The Chinese, it is said, are in Africa only for natural resources, to feed China's industry and huge population. To exploit the continent, they provide loans and aid to rogue regimes. They worsen the plight of Africans by dumping cheap, shoddy products in their markets and ruin local industry. Chinese investors pay Africans a pittance, in contrast to more ethical Western firms. China can only be an obstacle to Africa's development.

It's an exciting tale but, alas, the media has it all wrong. It's not mainly China that impairs Africa's development, but a world system of neo-liberal capitalism, based on privatisation, trade liberalisation and reduced social spending, into which China

Many Africans question the binary view of a new Western 'civilising mission' versus actions of 'amoral' Chinese

is now partly integrated. As part of the same world system, China and the West have many activities in common in Africa, but there are also some distinctly Chinese trade and investment practices, and these are often more appealing to Africans.

China-Africa trade was US\$3 billion in 1995, but US\$107 billion in 2008. That's still only 4 per cent of China's world trade. Yet, it makes China Africa's second-largest trading partner and trade is balanced in Africa's favour. On imports from Africa, the China-in-Africa media discourse focuses overwhelmingly on oil. It's often alleged that Chinese demand perpetuates Africa's

reliance on petroleum exports, at the expense of growth in more labour-intensive industries, such as agribusiness and manufacturing.

Most of what China buys from Africa is indeed oil (62 per cent) and ores and metals (17 per cent) but, in 2008, oil was 88 per cent of US imports from Africa and minerals made up most of the rest. China's investment in oil production in Africa equals only 8 per cent of that of Western multinationals and 3 per cent of all investment in African oil. China received 9 per cent of Africa's oil exports, but Europe and the US each took 33 per cent. China also couples oil acquisition with low- or no-interest loans to build the infrastructure Africa needs. For 2006-2013, China lent or will lend US\$28 billion to Africa for infrastructure and as trade credit. There is also less scope for corruption with China's loans for infrastructure projects – often built by Chinese firms paid directly by Beijing – than with the all-purpose aid Western sources provide African governments.

The focus of the China-in-Africa discourse on China's exports is almost wholly on basic consumer items and their alleged negative consequences. Chinese goods are held responsible for the decline in Africa's textile and clothing industry. But when Chinese goods first came en masse, in about 2000, Africa's textile and clothing industry was already decimated by the international financial institutions' forced trade liberalisation of the 1980s and 1990s, which opened the market to second-hand and new clothing from developed countries. The fact is that Chinese goods are much cheaper than imports from other countries, as well as locally produced goods that are made costly by poor infrastructure, pricey utilities and corruption. A British government study found that Chinese exports to Africa mainly displace developed country exports.

China's stock of investments in Africa rose from US\$49 million in 1990 to US\$7.8 billion in 2008. Total foreign direct

investment in Africa in 2007 was US\$36 billion, with most of it from the European Union, US and South Africa. There are about 1,000 significant Chinese enterprises in Africa, but the media reports focus only on investment in extractive industries, particularly on one investment, the Chambishi copper mine in Zambia.

Conditions at the Chambishi mine, with its 2,200 employees, have indeed been deplorable. But, Chambishi is not the only mine where conditions are highly oppressive, as the many strikes at Western and white South African mines show. Both Chinese and Western firms in Africa have oppressive conditions, but Western firms are more profitable. In contrast to Western investments, many Chinese enterprises share profits with Africans.

China is presented as "indifferent to Africa's authoritarian despots, as it courts the continent for energy and minerals", as a leading British journalist put it. But the US and France support most despots in Africa, providing them with military assistance and legitimacy. The West is also implicated in the trade in money and trade in people. Some 40 per cent of Africa's private wealth has been sent overseas.



Christine Loh

cloh@civic-exchange.org



A dark horse?

Is there a "dark horse" in the race for the next chief executive? There are two candidates the media frequently refers to – Chief Secretary Henry Tang Ying-yan, and Leung Chun-ying, convener of the Executive Council. But, in keeping with mainland political tradition, there may well be another whose identity won't be revealed until later. The dark horse would pip the others to the finishing line.

Hong Kong's first chief executive, shipping tycoon Tung Chee-hwa, did not come to the public's notice until 1992 when he was appointed to Exco by the last British governor, Chris Patten. A hot favourite then was Lo Tak-shing, a lawyer and former member of the colonial establishment. Lo achieved notoriety for his visit to Beijing soon after the 1989 crackdown to meet the then premier, Li Peng (李鹏), regarded as the man who ordered the tanks into Tiananmen Square. Lo cultivated relations with Chinese leaders and saw himself in the running to be the first chief executive.

There were others in the mid-1990s who thought they had a chance too – former chief justice Yang Ti-liang, a former high court judge, Simon Li Fook-sean, and tycoon Peter Woo Kwong-ching. Indeed, Yang and Woo had enough nominations from the Selection Committee to formally enter the race in 1996 even though, by then, Tung clearly had Beijing's blessing. Yet, it was important to have a contested process. Beijing did not want the world to think the match was fixed.

The current chief executive, Donald Tsang Yam-kuen, was also the dark horse. Pundits didn't think a knighted civil servant who was not known to have Beijing's trust could be the one. Tsang's rise showed Beijing's pragmatism and willingness to set the past aside when it had determined Tsang could do the job and would be loyal to "one country".

There didn't even need to be a "contest", since it was deemed desirable in 2005 that Tsang, who was then the acting chief executive after Tung's resignation, would be the sole candidate for the by-election. In 2005, there was debate about whether Tsang's remaining second term of office (2002-2007) counted as a term

under the Basic Law. The post-1997 constitution imposes a two-term limit on the post of chief executive, thus the answer would affect when Tsang had to step down. Beijing provided a constitutional interpretation of the law that the remaining term was a term, and thus Tsang would have to step down by 2012 at the latest. So, Hong Kong knew in 2005 that there would have to be a race soon enough.

According to many media reports at one time or another, horses in the stable have not only included Tang and Leung, but also Rita Fan Hsu Lai-tai, the former Legislative Council president and now a National People's Congress Standing Committee member, and possibly Regina Ip Lau Suk-ye, the former secretary for security who is now a legislator. There has also been occasional mention of Wong Yan-lung, the secretary for justice appointed in 2005. Today, the media limelight is on Tang and Leung; they are considered the front runners.

They will need to run very different campaigns. Tang is in power. As chief secretary, occupying the second-highest post in government, he needs to show he can make good decisions, get ministers and civil servants behind him and pull the levers of the administration to get things done. Up until now, he has taken what seems to be a hands-off approach but he will need to show he can use power as part of his campaign.

Leung is different. He has influence but he doesn't hold an executive post. He has been throwing darts at government policy recently to set himself apart from Tsang's policies, and he can be expected to do more of that. He is trying to show he has a new vision. So, is there a dark horse? If so, this person is most likely already in government since Beijing has learned it is too risky to catapult a businessman with no political experience into the seat. Catapult may not have made a final decision, but we shouldn't rule out a surprise contender.

Christine Loh Kung-wai is chief executive of the think-tank Civic Exchange

Voices: Hong Kong

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Dependable heads are the best fit for public bodies

Bernard Chan

The selection of former civil servant Lam Woon-kwong as the new chairman of the Equal Opportunities Commission has prompted several questions from commentators. Can he be independent of the government? Does he really have a human rights vision or relevant experience? And, not least, why do so many former civil servants get top posts in public-sector bodies?

I won't go into the specifics of this case (I sat on the selection board), but I think the whole issue really boils down to the last question. In recent years, we have seen former administrative officers (AOs) join the Hong Kong Monetary Authority, the Vocational Training Council, the Office of the Ombudsman, the Hong Kong Productivity Council and others.

A Chinese newspaper recently reported that more than 100 AOs have left their posts in recent years. Most had more than nine years' experience and nearly half were under 55, the minimum retirement age.

First, there are push factors, as well as pull factors, at work here. Being an AO has become much harder as society has grown more politicised. Even though we now have a ministerial system and additional layers of political appointees, the AOs still carry much of the burden of promoting and defending policy.

This means, for example, being questioned, criticised and even insulted by legislators, and maybe by the press. It is unpleasant, and it is hardly surprising that some of them would like to leave.

Public bodies offer a more congenial environment. The administra-

tive duties are familiar; the position may have a public profile, but there is far less pressure and criticism from politicians. The pay is often better.

Then there is the selection process. I have sat on committees reviewing candidates for public bodies, and I have noticed that AOs tend to have some clear advantages, or maybe I should say that other candidates are more likely to have drawbacks.

For example (I am thinking of a real case some years ago), the head-

AOs tend to have clear advantages ... or, others are more likely to have drawbacks [to lead public bodies]

hunter might supply a shortlist that includes several very enthusiastic non-civil servants. But one might not have the management experience to run a bureaucracy, while another might represent a beneficiary of the body's funding activities, so be open to suspicion of favouritism. A third might have no experience in handling the media or stakeholders.

On top of that, in some cases, the government makes the final decision based on the selection committee's recommendation. Officials today are nervous about possible embarrassment, such as a scandal over expenses claims. They would weigh up the risk: someone relatively unknown versus someone dependable and predictable, like a former AO.

They also have to consider public

acceptability. Imagine the complaints if a senior manager from a property developer was selected, or someone with extreme political or social views. Even the appointment of former judges to run public bodies has been controversial.

Some people might say that we have too many of these public bodies. Maybe some of the older ones, set up decades ago, no longer serve their original purpose. But rising public expectations over things like equal opportunities and accountable government create a demand for new organisations, and it will not go away.

Another criticism is that we have an elitist establishment in Hong Kong, and too many people who could contribute are excluded for such reasons as background or political stance. As an appointee to quite a lot of councils and panels, I am very aware of this, and I think advisory and other bodies can and should draw from a bigger pool of talent.

The truth is that not many people have all the skills required to run major statutory and other public organisations. Many that do are in business, and would not get the same buzz (or pay) from a non-entrepreneurial organisation. So I understand when people say "Oh no, not another AO," but it's hard to find alternatives.

Bernard Chan is a former member of the executive and legislative councils

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Voices: Hong Kong

Fire and brimstone on fung shui tricksters

Philip Yeung

Tony Chan Chun-chuen's fellow fung shui practitioners, originally green with envy over his "luck" of the millennium, must be fearing the fallout from his court battle over Nina Wang Kung Yu-sum's billions. They will certainly be seeing red as they suddenly appear on the radar of tax collectors; until now, fung shui has been largely an untaxed, lucrative and unregulated business in Hong Kong.

In Canada, by contrast, those who eke out a living at the edge of the paranormal are not allowed to openly advertise their services. Those who read palms, tarot cards or tea leaves are forced to masquerade their trade as a tea service and can only charge a few dollars for cakes and things, with the readings thrown in for free – a far cry from the freewheeling ways of our self-important fung shui masters.

But here, no practitioner has ever been hauled before the courts for deception or false advertising. Few have been asked to account for their undeclared income, until now.

In the early days of the People's Republic, fung shui was banned as a social evil. Even now, its practitioners are not allowed to openly advertise their services. But mainland China's spectacular economic upsurge has triggered a revival, even if mostly underground.

In Hong Kong, fung shui's popularity and power over people is above-ground and overblown. It has been fanned by glib members of the entertainment industry, who are notoriously insecure and jittery about the vagaries of their trade. Fung shui masters are fixtures on TV talk shows. Some have become celebrities in their own right.

Mathematically, fung shui masters who make bold predictions about the future have a 50-50 chance of being right, the same odds as a coin toss.

Consider the case of a couple who bought a flat in upscale Ho Man Tin. After the purchase, they hired two fung shui masters to check the positive energy of their property. Both applauded the purchase, both charged them by the square foot, predicting marital bliss and business prosperity. Alas, within a year, their marriage fell apart, and so did their business.

And how about the spectacular public failure of Hong Kong Disneyland? On the advice of fung shui masters, it shifted its main gate by 12 degrees to induce good luck. But, from day one, it has been bleeding red ink by the billions. Such bankrupt ideas are conveniently swept under the rug, while successful predictions are paraded as evidence of their infallibility.

Fung shui should be seen as common-sense practices in designing human dwellings to suit the shape of the land. It has its uses in architectural designs that promote harmony between man and nature. But when it veers into sorcery, it should be banned and condemned.

It is time the government put a stop to this claptrap that preys on the gullible and dupes the desperate. It is beyond belief that, in this futuristic society, such medieval practices are still winked at. If the tax man doesn't put a squeeze on these tricksters, perhaps the law man ought to.

Philip Yeung is a Hong Kong-based university editor. philipkyeung2@yahoo.com

Voices: Economy

Spendthrift Europe needs a tea party, too

David Ignatius

At the risk of taking contrarianism to extremes, I offer this suggestion: the global economy needs a "tea party" movement in Europe to lobby for fiscal conservatism there.

Many "mainstream" analysts deride the US tea party agitators as a right-wing fringe group and, in many respects, that label is deserved. But these conservative populists do perform the useful function of focusing American political attention on the need for fiscal responsibility.

Europe, by contrast, lacks this sort of potent conservatism to constrain government spending. Europe is, in many respects, an economic never-never land. It has a central bank to run a co-ordinated monetary policy, and a single currency, but also several dozen finance ministries pursuing separate fiscal policies, many of them based on high levels of spending.

Investors accept such shaky situations right up to the moment that, for whatever mysterious reason, they panic and decide that the situation is unsustainable. And that's what has been happening over the past several weeks as the financial markets have been voicing a collective "eek!" about the European debt and fiscal mess.

The focus of concern has been the debt of the so-called "Pigs" countries – Portugal, Ireland, Greece and Spain, with some economists adding another "I" for Italy. But debt is only part of the problem. The larger problem is the lack of political will in slower-growing European countries to put fiscal policy on a sustainable path.

The best analysis I've seen of the problem of global fiscal imbalances

comes from Mervyn King, the Bank of England governor. I may be biased (he taught me economics in graduate school) but I think King is the wisest central banker around.

King captured the basic problem in a little game he called "Sudoku for Economists". It's a simple, nine-box diagram summarising interaction between "high-saving countries" (read: China and many other Asian nations) and "low-saving countries" (read: America and Europe). In King's formulation, total demand (or gross domestic product) is the sum of domestic demand and net trade. The Sudoku numbers add up only if the high savers' big surpluses match the low savers' deficits – but, as we've seen, this isn't a sustainable mix. The imbalanced system came crashing down in 2008 and 2009.

Asian surpluses are "too high to last", says King, but "Sudoku for Economists" shows it is essentially a political, not a technical, problem in which the low-saving countries must "reduce their net borrowing from abroad" and stop playing "the role of consumer of last resort".

So how will this political adjustment take place? This brings us back to the tea party movement. The success of fiscal conservatives in recent political races in the US means politicians must pay closer attention to debt and deficit issues.

I wouldn't really wish the tea party movement on anyone, but the Europeans could use some of its passion about fiscal responsibility. And while we're thinking contrarian thoughts, how about a "conspicuous consumer" movement in high-saving Asia to push for greater domestic spending there?

David Ignatius is a Washington Post columnist