Rewriting the Rules:  
China’s New Economic Power, and its Effect on Global Governance Decisions

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Abstract

The domestic policy of any country cannot be explained without accounting for economic ties with the rest of the world. Countries trade with each other, seek aid from other countries and institutions, provide and accept foreign investment, and interact economically in other ways to gain economic utility. Economic isolation is a punishment, and countries will avoid angering economically powerful countries and institutions to avoid economic isolation out of a rational desire to maximize their economic utility. This drive creates economic power. Countries with the ability to determine whom to trade with, invest in, and give aid to can change the governance decisions of countries trying to attract trade, investment, or aid, or other economic interaction. This power is effectively different from military hard power or cultural soft power, and instead lies somewhere in between, showing how economically powerful countries can change the way other countries act through the incentive of economic interaction. Frequently, economically powerful countries use economic interaction to incentivize others to follow what they consider important rules for domestic governance decisions. These rules can be lofty humanitarian norms or impositions that exist to serve the powerful, but no matter what the motivation, countries with economic might have the third economic power to make other countries follow their conception of these rules.

China, in the midst of an unprecedented economic rise, is rapidly gaining this economic third power. China uses its economic power to enforce a different set of rules than past economically powerful countries. The United States-led West held most of this economic power since World War II, encouraging countries to follow the Washington Consensus. China’s rules differ from the Washington Consensus in two main categories: economic and social. As for economic, the Washington Consensus pushes economic liberalization, whereas China pushes economic decisions best for China’s national interest. (This is not to say the West is not also self-interested, but China’s economic rules more directly apply to pragmatism, rather than economic ideology of the open market). As for social, post-colonial Western countries typically try to enforce humanitarian norms, including political and social human rights protection, good governance, and corruption fighting. China’s leaders formally state their social rules take a “hands-off,” pragmatic approach, allowing national sovereignty in social decisionmaking. While this is somewhat true, like in the economic rules, China usually pushes social rules that benefit China’s national interest. Again, this is not to say the West’s rules only exist to benefit the West, the point is that rules that benefit the West, both economically and socially, are different than those that benefit China.

The difference in these two sets of rules change the governance decisions of countries switching from seeking economic interaction with the West to seeking economic interaction with China. To test this effect, I use six different case studies. All six are countries in Sub-Saharan Africa that are similar and different in a few ways, to try and control for other factors that may affect governance decisions. Over the past decade, three of the countries have switched from economic interaction with the West to economic interaction with China, and three have not. I track the different governance decisions in the six countries through newspaper reporting from within the countries, and using the human rights ratings and assessments provided by the Freedom House Freedom in the World Study. The effect shows the difference between Western and Chinese rules for economic interaction, in both economic and social rules, and shows how countries with economic power can change the governance decisions of the countries in which they operate.
Acknowledgments

This thesis grew out of my interest in China’s foreign policy. Specifically, I found it fascinating that something so nebulous and newly important, like China’s role in international affairs, could have such a huge impact on something so seemingly country-specific, like the way a government treats its people. In addition, it was interesting to me that China accomplished this not through maintaining a threatening army or exporting Chinese culture, but rather through choosing who to trade with, invest in, and give aid to. Once I started looking into the effect, I found the most interesting, and seemingly most important part of the phenomenon, is China’s challenge to the global power structure through its own economic growth, and the rapidly globalizing and opening world economy that gave China the ability to grow in the first place. This thesis attempts to explain a small part of a very important change in global power and how countries gain and utilize it, and hopefully adequately explains how power to change the domestic governance of any country can come from economic connection, and how China is using this economic power to become a world leader.

I truly enjoyed my time writing and rewriting this thesis, mostly because I had the chance to learn from some of the best teachers I’ve ever had. Through the writing process, I learned so much about the topic, about writing, and about myself. First, I want to thank my professor for the thesis seminar class, Professor Andy Markovits. Professor Markovits’s help was always amazingly insightful and helpful, and his advice guided me through the every step of the process, constructing a topic and theory describing the topic, finding supporting evidence, and evaluating the evidence. Second, my thesis advisor, Professor Barb Koremenos. Since this thesis’s inception over a year ago, Professor Koremenos has been a great source of help and knowledge, allowing me to make the thesis better and better. Third, everyone in the thesis seminar for this year. My fellow students’ constructive criticism helped me fill out the thesis to improve its content. Out of this group, I’d like to especially thank Elizabeth LaBelle, for reading drafts, helping me develop an idea that makes sense, and buying me coffee when I was worried I was going insane. Lastly, I want to thank my friends and family, for being a source of unwavering support for both writing the thesis and putting up with my complaints during the writing process.
Index of Acronyms

AG-Action Group
AGS-Accelerated Growth Strategy
ANC-African National Congress
AU-African Union
BBC-British Broadcasting Corporation
BRIC-Brazil, Russia, India, China
CCP-Chinese Communist Party
CIF-China International Fund
CNR-National Council for the Revolution
CNTB-National Confederation of Workers of Burkina
CSP-Council of Popular Salvation
DRC-Democratic Republic of the Congo
EU-European Union
FDI-Foreign Direct Investment
FNLA-National Liberation Front of Angola
FOCAC-Forum on China-Africa Cooperation
GATT-General Agreement on Tariffs and Trade
GDP-Gross Domestic Product
IFC-International Finance Corporation
IMF-International Monetary Fund
IRIN-Integrated Regional Information Network
MEND-Movement for the Emancipation of the Niger Delta
MFDC-Movement of the Democratic Forces of Casamance
MPLA-People's Movement for the Liberation of Angola
NCNC-National Council of Nigeria and Cameroons
NGO-Non-governmental Organization
NIF- National Islamist Front (Sudan)
NOSDRA-National Oil Spill Detection and Response Agency
NPC-National People’s Congress
OECD-Organization for Economic Co-operation and Development
OPEC-Organization of the Petroleum Exporting Countries
PANA-PanAfrican News Agency
PRGF-Poverty Reduction and Growth Facility
PRSP II- Second Poverty Reduction Strategy Paper
SAP-Structural Adjustment Policy
SPLA-Sudan People’s Liberation Army
UDV-Voltaic Democratic Union
UN-United Nations
UNITA-National Union for the Total Independence of Angola
UNMIS-United Nations Mission in Sudan
WTO-World Trade Organization
Introduction

China overtook Japan in July, 2010 as the world’s second largest economy behind the United States, and is projected to surpass the US in 2025. The country has experienced 11 percent gross domestic product (GDP) growth in 2010, sustaining an average of 9.5 percent growth since Deng Xiaoping’s free market reforms of the 1970s. If China sustains even a modest 5% growth rate until 2020, it will have experienced 50 years of rapid growth, a feat unprecedented in human history. This explosive economic growth is rapidly translating into political power. China’s economic growth is shaking up the structure of international influence, showing how international economic power can translate into the political power to change the rules on an international scale. This thesis will test the effect of China’s rising political power on countries subject to China’s influence through economic interaction.

This thesis is based in the idea that there is an international set of norms all countries, to some extent, follow in order to gain utility as part of an international community. There always will be rogue states who do not follow the rules, for example, North Korea, but for the most part, this set of international norms affects the governance decisions of any country. These rules are set and enforced by powerful countries. Power comes in many forms, such as power through large or destructive militaries, hard power, or power through culture diffusion, soft power. This thesis, however, details a third kind of power to set and enforce international norms: economic power. Economically powerful countries can decide which norms to set and enforce through choosing whom to interact with economically-whom to trade with, give aid to, or invest in, and choosing whom to isolate. These “rules” affect governments’ decisions for many reasons, one of which is the utility states derive from economic interaction here defined as trade, aid, and foreign direct investment. Governments will follow the rules to keep getting aid, to encourage

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trade, and to attract foreign direct investment. Since World War II, the United States, followed by Europe, Japan, and the rest of the Organization of Economically Developed Countries (OECD) have held the power to set the rules, the military hard power, cultural soft power, and dominant economic third power. Now, however, a new group of countries is rising to economic prominence, led for the most part by China. China has another set of rules, one developed throughout its history and now shaped by its foreign policy, that is very different than the “traditional,” Western set.

Since World War II, the West and the associated international institutions (the International Monetary Fund and the World Bank, among others) held the economic power to judge governments on how well they were following the rules, and the power to determine who they interacted with economically. Only since the 1990s has a new set of rules emerged—one set by newly rich countries, led by the most newly rich of them all, China. China now has the power to provide the economic interaction other countries need, even to the extent that they can stop following the West’s rules. Interacting with China certainly comes with its own stipulations, but they are often very different than those required by the old, Western powers.

Economic might can translate into political power through this mechanism to make and enforce international norms, or the rules for economic interaction. Countries with economic power can change domestic governance incentives in countries seeking economic interaction. Different motivations to enforce different sets of rules exist and can be explained and argued more important, including national interest, ideological beliefs in human betterment, security strategies, and many others. I do not try and untangle the many motivations economically powerful countries have, or try to explain why they exert their power the way they do. Instead, I seek to explain the difference between the rules the West enforces and the rules China enforces, and show how countries will follow one or the other depending on who they are seeking to interact economically with, and the effect these different sets of rules have on their
governments’ decisions. This effect is detailed through looking at three countries that have made the switch and three that have not, all less economically powerful and with a history of international influence in their governments.

Chapter 1 will discuss the mechanism of how economic power translates into the power to influence governments’ decisions, and trace the effects through history since the end of World War II. It describes the way states exert economic power, through generating foreign exchange reserves to use for trade, aid, and investment, and how this power in the past followed the center-periphery model with the United States, and to a lesser extent the other Western powers, at the center. It goes on to describe how Chinese economic growth is forcing the breakdown of the center-periphery model through gaining enough economic power to challenge the West. Chapter 1 also describes the theoretical basis for an international set of rules governments are incentivized to follow, how these rules are structured, and how powerful countries use their economic power to enforce them. The last part of Chapter 1 describes how China is gaining this power, and how the rules China brings to the table are different, through discussing analyses of China’s foreign policy. Western rules can be described as the Washington Consensus-predicated on the expectation of economic liberalization, fiscal austerity, and democratization. Chinese rules are more ambiguous, but have been described as a form of neocolonialism: resource extraction and opening up markets to serve Chinese economic interests.

Chapter 2 goes on to discuss the six case studies through which I test this effect. All six are in Sub-Saharan Africa, chosen because the countries there are some of the most influenced by international forces, with colonial histories, shifting government set-ups, and smaller economies. The specific case countries illustrate the effect to its fullest potential by showing how it can be applied in countries with different economic bases, different regime types, and different historical situations. The three countries that trade the most with China, chosen to show the effect, are Sudan, Angola, and South Africa, and three cases that do not trade with China more
than they trade with any other country chosen to be the control category are Burkina Faso, Senegal, and Nigeria. Chapter 2 includes a short history of international economic influence of each of the case studies, from both the West and China, including current analysis on the influence on their present economies. Throughout the histories, emphasis is given to show how China is replacing the West as a factor in the first three, and has not yet in the second three.

Chapter 3 expands this effect, describing China’s actions in Sub-Saharan Africa as a whole. This chapter expands on the last part in Chapter 1, mainly, how China’s rules differ from the West’s rules, and postulates the effect should be governments that trade with China start evading Western pressure. Chapter 3 describes the independent variable of the theory tested: the level of economic interaction with the West versus the level of economic interaction with China. I break down China’s economic involvement into trade, aid, and foreign direct investment, and uses data from the CIA World Factbook and World Databank to give empirical evidence to show the switch in the first set of countries from trading with, getting aid from, and being invested in by the West to China. I also break down the components of this trade, aid, and investment, showing how most trade with China is in the form of commodity exports and light consumer good imports, aid from China is mostly in the form of infrastructure improvements to help China’s extraction of resources, and investment is typically spurred by the Chinese government encouraging firms to invest in areas where there is little competition in Africa.

Chapter 4 describes the dependent variable in the theory, namely, the effect this switch has on governance decisions. To test the effect, I use two different ways to illustrate what the governments are choosing. To see the effect domestically, I analyze newspaper reports about government decisions within the case study countries. I will trace a few different newspapers from each country with editions going back to 2000, and document how they report on the decisions their government are making regarding trade with, aid and investment from China versus that from the West. Two trends arise out of the newspaper reporting: changes in
decisions regarding each country’s economy, and changes in political, cultural, and ideological governance decisions, henceforth referred to as social decisions.

In the set of countries that interact more with China, both kinds of decisions sometimes refute the Washington Consensus—and the policymakers frequently denounce the West in favor of China in international fora, and invest in the sectors China extracts from, like natural resources, in a way that does not require the standards typically required by the West. The set of countries that interacts more with the West, compliance with the Washington Consensus is more clear, and the leaders go out of their way to try and attract Western trade, aid, and investment.

To look further into these government decisions, specifically the social decisions, Chapter 4 also details the level of human rights respect in each of the six countries. To do this, I first describes how human rights is an important point of contention between the West’s rules and China’s rules, and how the West has used economic interaction to enforce human rights in the recent past, whereas China follows a more non-interference strategy. The evidence I use here is from Freedom in the World Study rankings and reports dating back to 2002 until the present. The Freedom in the World Study is a good measurement because it measures civil and political rights, rather than the economic and social Chinese investment can often improve. The six case studies have a range of ranking throughout the years, but through the ranking and reports it can be shown that the three countries that trade with China primarily have seen a decline or stagnation in their rights statuses, while the countries that do not have seen modest improvements, if just to get a certain aid package, as in the case of Burkina Faso and the Millennium Challenge grant or to follow IMF structural adjustment policies, as in the case of Nigeria.

The conclusion documents the overall change in both economic and social decisionmaking in the six case countries, demonstrating the effect of the switch from Western to
Chinese rules for economic interaction. China’s new economic power changes the way countries make decisions, because it enforces a different set of rules than does the West. As China’s economy continues its expansive growth, China’s rules will only become more and more important to countries seeking international economic interaction. This has many possible implications, introducing important new considerations in evaluating domestic decisionmaking in the years to come.
CHAPTER 1: A HISTORY OF INFLUENCE THROUGH ECONOMIC POWER

China changes the governance incentives of countries in which it operates through economic power, and this effect is expanding as China become more economically powerful relative to the West. This theory relies on the idea that countries exert political power through economics. Economic power, for the purposes of this paper, is different than traditional hard power and soft power. Hard power in international relations is held by states who use military means to influence the behavior of other political bodies, contrasted with soft power held by states that exert influence through diplomacy, culture, and history. Economic power can be referred to as a type of hard power, because it is a power with costs associated with noncompliance. For the purposes of this paper, however, it can be separated out as a third power that affects what countries choose to do, comes with a cost of noncompliance, but is only indirectly enforced through norms rather than militarily.

The power China exerts in the countries it trades with, invests in, and gives aid to does not come from China’s coercive power or China’s cultural influence. Instead, it is a power concentrated in other countries’ voluntary compliance in the quest for economic utility. I assume states act rationally and want to maximize their utility. Current economic development relies on international connection to maximize this utility, and participation in this connection drives states to change their behavior. State behavior must match the set of rules defined by the economically powerful, and the cost of breaking those rules is economic isolation. This can be seen in the direction of preferential trade agreements, sanctions, aid disbursements, loan granting, foreign direct investment decisions, and many, many other economic mechanisms between states. China holds economic power through these mechanisms, and can decide who
to include and who to exclude. This used to be limited only to the Western powers. The shift in economic power can be seen in developing countries throughout the world, and has a profound effect on the governance decisions. Now, instead of one set of rules, the Western rules, developing countries must follow for interaction, they are presented with an option: Western rules or Chinese rules. With the choice, developing countries’ incentives change. To maximize their own economic utility, they can implement policies that follow the Western rules, or policies that follow the new Chinese rules. China now has the economic power to set its own rules, separate from its hard power or soft power. This economic power causes change in the governance decisions of the countries China trades with, as evidenced by the shift outlined later in the paper.

A history of economic power

This idea has a long tradition and history of which countries have held this power. For the past 50 years, international economic power belonged mainly to the United States, the countries of Western Europe, and Japan. After World War II, the US willingly assumed the role of world power, scarred by its isolationism between World Wars I and II that contributed to the Great Depression and the outbreak of the second war. Through the development of the Bretton Woods system, the US almost singlehandedly determined the world economic order. As the world’s central banker, it controlled almost all foreign investment, and helped rebuild Japan and Western Europe’s economies.² By the 1970s, after two decades of economic growth, Western Europe and Japan joined the US as economic powers³.

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Starting with the oil crisis and continuing with the advent of the Cold War and worldwide decolonization, the US continued to support economic development of its allies through economic leadership and intervention to stem the rise of communism, maintain its position of power, and develop an international economic system that supported its own prosperity. This new prosperity ushered in an era of interdependence, characterized mainly by market liberalization. Across the world, quotas and tariffs were gradually lowered, non tariff barriers eliminated, and trade freed. At the same time, newly independent and developing countries demanded more of a role on the international economic system, and clamored to be a part of the rapidly expanding free trade. The General Agreement on Tariffs and Trade (GATT) signed in 1947 by 23 countries, introduced the concept of rounds of negotiations to free international trade further and further. As the rounds of negotiations progressed, the international organization eventually replaced with the World Trade Organization (WTO) in 1994 gained more members and expanded its jurisdiction over more areas of the world economy. The liberalization trend met with some resistance in the form of regional agreements and institutionalized non-tariff barriers and subsidies, but the overall trend was toward freer, faster, and higher volume international trade and international capital flow.

With the fall of the Soviet Union and the end of the Cold War, the power structure in the international economy shifted to become more inclusive. Former communist and other less developed countries began taking a much more active role in the international system, including WTO negotiations, even though they remained secondary to the power exercised by the US.


Western Europe, and Japan. By the 1990s, growing technology had taken economic liberalization to a new level. Lower shipping costs made more goods “tradeable” and improved communication and international connections gave rise to phenomena like outsourcing. International trade in goods and services grew impressively, and multinational corporations that transcend any one state increased their foreign direct investment. The world financial system, in response to worldwide financial deregulation as well as this improved economy, integrated more fully. By the late 1990s, the volume of foreign exchange trading (buying and selling national currencies) in the late reached approximately $1.5 trillion per day, eight times that of 1986. Moreover, the global volume of exports (goods and services) for all of 1997 was $6.6 trillion, or $25 billion per day.

This explosion of world economic interaction, commonly called globalization, has had far reaching and mixed effects on domestic economies, accelerating flows of capital and goods that can cause wrenching change for hundreds of millions of people. There is no consensus about whether or not following the West’s rules to participate fully in this new globalized economy, rules like privatization and international trade liberalization, make developing countries better or worse off. What is known, however, is that some countries that have accepted the challenge, including China, have rapidly growing GDPs and a new place of power on a global scale. Some states in Latin America and Asia have been able to attract foreign investment, capital, and technology to expand exports succeeded, whereas other states that have not, like some states in Sub-Saharan Africa, and have become increasingly marginal. Globalization has expanded the playing field for domestic economies, giving both firms and consumers different options and

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challenges, forcing them to compete and consume on an international scale rather than under the jurisdiction national sovereignty gives domestic governments. This new system of markets changes the power structure in both international and domestic governance.

**Influence through economic power**

Economic interaction is closely intertwined with political influence. The international economic system, through growing economic interaction, is changing the constraints and incentives faced by policymakers. In an increasingly economically connected world, “domestic” politics can no longer be explained without the context of economic linkages. The pressure of the international economic system changes the incentives of domestic institutions and the policies they make, across the world. Economic motivations driven by economic powers can change this system because individual states gain utility through attracting investment, aid, and other forms of economic participation with the economic powers. The desire for participation in the international system changes the policies within states to comply with the the rules set by the leaders of the system.

The basic idea of economic power throughout history is that countries with economic power can set the rules for interaction. These rules are not only economic, they are also political and cultural. The West, dominated by the United States, have set these rules for the past 50 years. Now, however, on a global scale, China’s trade surplus is giving it the power to set new rules weaker countries must follow, and the power to allow them to disregard rules that were previously set by other global powers.

This idea of a global set of rules-norms that countries must follow in order to be considered legitimate on an international scale-has much history. Many authors propose a

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powerful system of norms and ideas with universal jurisdiction that gives rise to international legislation enacted by consensus\(^{11}\) or strengthens international interdependence outside of international legislation bodies\(^{12}\). Although national sovereignty still allows states to act out of self interest and ignore international pressures out of this interest, the literature indicates current world trends strengthen the international system defined by the set of norms held by all of humanity. Behind the idea of the legitimacy of this influence is the idea of a set of international norms that transcend any one political entity. Much of the literature asserts these norms exist, and states that violate them commit crimes against humanity in general instead of a national crime governed under national sovereignty. These norms are important because they form the basis for the idea of a cooperative international community\(^ {13}\). Most agree the system of interdependence will make the will of the international community more important than that of individual states; by changing the idea of sovereignty from self determination to the ability to participate in international organizations\(^ {14}\) or moving individual states’ commitment to national interests to a commitment to broadly defined human welfare through a set of international human rights law that supersedes state sovereignty\(^ {15}\). As these arguments show, norms defined by powerful international actors are becoming more and more important in the growing volume of international dealings.


Since the end of World War II, the United States, later joined to a lesser extent by Western Europe and Japan, have been those with the economic power to define these norms and set the rules of the game, along with the global economic institutions like the World Trade Organization, International Monetary Fund, and World Bank, multinational corporations, non-governmental organizations that also push Western interests. All of these factors have generally adhered to the same rules, however—the Washington Consensus. This economic power translated into political and cultural power: the power to change the incentives of domestic policymaking decisions. Those with economic power can determine what these incentives will become.

Domestic policymakers are incentivized to change in both economic and social areas of domestic policymaking, heavily influenced by the rules touted by the economic powers as correct. For example, trade agreements are increasingly linked with principles and policies domestic governments must follow in order to get the trade agreement—including the austerity measures and measures to improve standards of living. States have been shown to give up some measure of sovereignty over their own policy to comply with the standards set by lending bodies like the World Bank and International Monetary Fund. In addition, individual states often use economic agreements to export their own ideals. The United States and Western Europe as economic powers have had the most leverage in making developing countries implement Western ideals in exchange for trade. For example, the United States in 2005 made “good governance,” including adhering to international human rights legislation the United States upholds, a requirement to qualify for Millennium Challenge Account aid, a large foreign

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aid gift\textsuperscript{18}. (A significant Millennium Challenge grant was given to Burkina Faso, used as a case study later in this paper to illustrate countries that still follow Western rules).

In addition, these ideals can include requirements for regime type. So far, economic liberalization through the Washington Consensus has been linked with expectations for political liberalization. Economic interdependence since World War II has been linked with a wave of democratization. Since the mid-1970s when dictatorships in Southern European countries started relinquishing power coinciding with the formation of the European Economic Community, economic inclusion has typically correlated with compliance with economic leaders’ norms—in this case, liberal democracy. By the mid 1980s, all of the South American military regimes (with the exception of Chile and Paraguay) had relinquished power to democratic regimes, and transitions had begun across Asia, in South Korea, Pakistan, the Philippines, Taiwan, and Thailand. By the end of the 1980s, the Soviet Union fell, leaving behind several post-communist countries that transitioned into democratic governments. In the 1990s, increasing pressures from foreign aid sources and international lending institutions had begun to weaken authoritarian regimes in Africa\textsuperscript{19}. The reason for this shift is complicated and involves many interplaying factors beyond the scope of this paper, but one of the factors toward democratization is the desire to participate in the international economic system, with the stipulation of following the rules set by the most powerful economic players. This change in the world’s political landscape, arguably the most dramatic in the historical development of the world since World War II, has coincided with the economic liberalization pushed by the world’s


economic powers. The Washington Consensus, although discredited as actually effective, pushes democracy as well as economic liberalization as compatible changes\textsuperscript{20}.

The United States’s position of power gave it the chance not only to export its economic system, but also its ideas of what international norms should be on a political scale for world peace and security. Cordell Hull, US Secretary of State from 1933 to 1944, argued the US had an obligation to impose economic liberalization on the world in the name of international security and world peace\textsuperscript{21}. During the Cold War, this argument had particular salience for the US, as it tried to export capitalism and economic liberalization to counteract the Soviet Union and China with their influence of communism.

After the Cold War, with the alternative economic route and set of norms to follow partially eliminated, the international economic system was dominated by the US ideal of liberalization. Capitalism became the consensus across the world, with the capitalist policies of deregulation, privatization, and international liberalization adopted by domestic governments across the globe\textsuperscript{22}. The United States, with secondary roles played by the new European Community and Japan, used its economic power to enforce a set of ideals across the globe. Called the “Washington Consensus,” the United States used its economic power to change the context of decisionmaking of policymakers around the world.

For this paper, I will divide the Washington Consensus, and the set of rules China offers as an alternative, in two parts: rules that influence political and economic decisions, and rules that influence political, cultural, and ideological decisions, which I will refer to in the rest of the paper as social decisions. For the Washington Consensus rules that influence economic


decisions, I use John Williamson’s summary of the “Washington Consensus” in a set of ten rules for developing countries trying to better their economies through using aid, trade, and investment efficiently:

1. Fiscal policy discipline.

2. Redirection of public spending from subsidies (especially in discriminate subsidies) towards broad-based provision of key pro-growth, pro-poor services like primary education, primary health care and infrastructure.

3. Tax reform – broadening the tax base and adopting moderate marginal tax rates.

4. Interest rates that are market determined and positive (but moderate) in real terms.

5. Competitive exchange rates.

6. Trade liberalization – with particular emphasis on the elimination of quantitative restrictions, any trade protection to be provided by low and relatively uniform tariffs.

7. Liberalization of inward foreign direct investment.


9. Deregulation – abolish regulations that impede market entry or restrict competition, except for those justified on safety, environmental and consumer protection grounds, and prudent oversight of financial institutions.

10. Legal security for property rights. 23

Williamson’s article, written in 1990, reflected the prevailing attitude of capitalism’s “victory” with the fall of the Soviet Union, but still rings true 20 years later in the policies pushed by the Western world and the organizations they dominate24. Of these rules, the ones most directly


refuted by Chinese economic interact are 6, 7, 8, and 9. I show with the case studies that one of the effects of the switch from Western to Chinese economic interaction is the change in how outside money (investment, aid, loans, trade) is used-rather than adhering to these rules of liberalization and privatization, Chinese interaction focuses more on what is good for China, such as developing infrastructure in the natural resource sectors of countries China imports natural resources from.

The International Monetary Fund (IMF) and World Bank have mandates that fit these rules as well. When they were formed directly following World War II, the World Bank was intended as a source of long term investment for infrastructure development, and the IMF as a lender during crises. Starting in the 1970s, however, both organizations started focusing more on program lending-giving cash to aid in specific areas- to encourage governments to reform important sectors of their weaker economies. Both would only disburse potions of the loans in the context of Structural Adjustment Policies (SAPs), and as the receiving country successfully carried out reforms they would receive more and more of the loan. They have been incredibly far-reaching, as well: ‘Between 1980 and 1995, SAPs were applied to roughly 80 percent of the world's population. Some of the more notable examples of adjustment stress include Mexico, Argentina, Bolivia, Peru, Ecuador, Venezuela, Trinidad, Jamaica, Sudan, Zaire (now Congo), Nigeria, Zambia, Uganda, Benin, Niger, Algeria, Jordan, Russia, and Indonesia.” Occasionally in the past SAPs have worked, but can and have gone very, very wrong. Halper goes on to say “Each of these countries saw violent protests, in many cases deadly, against specific SAP stipulations, from sharp increases in fuel prices to steep currency devaluation and subsequent price hikes, and from food-price riots to university sit ins over the IMF mandating doubling the cost of bread or transport.”25 This liberalization has been contested by many social scientists as

detrimental to human standard of living, but regardless of the effect, the cause remained the same: the ability to use economic power to exert power of domestic policymaking\textsuperscript{26}.

Both Western countries and the institutions they dominate push the Washington Consensus, so the Washington consensus became the prevailing “rules of the game” economically powerful countries enforce, and countries hoping to share in some of the prosperity follow. The Western rules of the game determined who participated and who did not, and the desire to participate in globalized markets changed individual states’ incentives. Under the pressure of post Cold War globalization, this set of rules has only become more important.

Also included in the Washington Consensus are social reforms to introduce Western standards like human rights, environmental protection, transparency and accountability, and good governance\textsuperscript{27}. For this paper, this is well illustrated by a set of standards called the Equator Principles, adopted by the private international financial sector first but then amended and accepted by international financial institutions like the IMF and World Bank. The Equator Principles attempt to include the social and environmental cost to the local population when making international financial decisions in an attempt to ensure economic projects are “ethical, sustainable, and in accord with environmental and human rights principles”\textsuperscript{28}. The Equator Principles demonstrate how Washington Consensus rules at least attempt to transcend having profit as a paramount goal. Instead, the Washington Consensus also tries to better the social situations of the countries in which it governs economic interaction. Specifically, I will use human rights respect to show how countries that trade with China are changing in ways countries that do not trade with China stay the same, or change in the opposite direction. Human rights are a

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good way to show the social rules of the Washington Consensus, and the social policy change countries undergo when switching away from the Washington Consensus.

These social rules are not as well defined as the economic rules, but are no less powerful in terms of forcing compliance for international economic interaction. For the purposes of this paper, I will demonstrate the shift in social rules using one subset of them, human rights rules. Human rights are just one area covered by this influence: empirical evidence shows how trade agreements linked with human rights standards can improve human rights practices in states with even the poorest human rights records, and international media and non-governmental organizations can change consumer behavior by exposing human rights abuses, and through this, generate enough economic incentive for states to improve their human rights practices. Lebovic and Voeten show how human rights abuses in a country lead to that country’s isolation by Western countries and international institutions, but institutions more so than bilateral interaction. Research suggests that human rights abuses are a small, but negative predictor of bilateral aid, trade, and investment allocations. But, seemingly symbolic resolutions condemning certain human rights practices can lead to tangible differences in the amount of aid countries get from international organizations. The reason Lebovic and Voeten postulate for this effect is the difficulty individual countries face in holding up human rights in their political considerations of where to give aid, whom to trade with, and where to invest, and international organizations are better suited to avoiding these hurdles.

In terms of trade, Hafner-Burton asserts in both an article from 2004 and a book in 2009 that Western states use preferential trade agreements to try to influence other countries’ domestic policies toward human rights by making trade conditional on human rights


conditions. In terms of investment, Western states often impose economic sanctions on noncomplying countries to keep any investment from entering the countries. Of the 186 economic sanctions they analyze in their book, Hufbuaer et al. classify 50 of them as motivated, at least in part, by human rights. Just to name a few examples, the United States and the United Kingdom sanctioned Uganda in the 1970s as a result of Imin’s repressive policies, and beginning in 1976, the United States used sanctions to coerce Uruguay to improve its human rights conditions. To more specifically address exactly what human rights are addressed, a series of studies show aid from Western countries and institutions is more elastic in response to violations of civil and political rights rather than personal integrity and economic rights. Some sticking points seem to be corruption (brought up often by Paul Wolfowitz during his tenure as World Bank president as to where to give aid), not liberalizing economies, and crimes against humanity as described by the Universal Declaration of Human Rights. Human rights respect in a country can indicate whether the policies the leaders of that country put in place follow the Washington Consensus to avoid punishment for human rights abuses, as indicated by the information presented in the preceding paragraphs. China, on the other had, as a radically different idea of human rights, described in Chapter 3. Human rights respect is a good way to see how countries’ domestic social policymaking shifts from one set of rules to another because of the difference in human rights rules between the two sets. This effect is explained further later in this chapter.


International norms, while far from universally binding, do have an effect on state actions. The question, however, is how individual states set the rules of the game-and how economic power gives certain countries the influence to set these rules. Economic power is important because states gain utility from participating in economic interdependence. Through this mechanism, economic power can, and has in the past, transform into political power. Economically powerful states can incentivize change through making some actions unacceptable in international dealings\(^\text{35}\). Countries that violate set principles are excluded from international involvement. The structure of international influence is taken as a given in this paper: states that are economically powerful have the power to define international political and cultural norms. What this paper explores is how a new set of rules is emerging—giving less economically powerful states an alternative option for economic interaction—a set of rules defined by new economic powers that frequently conflict with the norms set over the past fifty years.

**China’s rise to prominence**

Explicit in this analysis of economic power is the idea that size matters: states with large, powerful economies have power, economically, culturally, and politically, to influence actions on a world scale. Gross domestic product, however, does not fully explain this power. Instead, the power structure this paper will rely on as background is Paola Subacchi’s idea of economic power, basically, that economic power is concentrated in trade account surpluses. Potential international influence does not only rest in size of GDP, but rather the potential to amass foreign exchange reserves and use them for imports, foreign aid, and foreign investment\(^\text{36}\).

In the past, this economic power lay with the state with the largest GDP, the United


States, and the US used this power to bolster the GDPs of its allies, Western Europe and Japan, through a mechanism described by the center-periphery model. In the classic center-periphery model, the center exports financial capital and high-value manufactured goods to the periphery, in addition to exerting political power, in exchange for commodities and low-value goods. This model captures the economic effects since World War II, namely, the United States bolstered the economies of Western Europe and Japan with an open market for imports, and the other countries accepted US hegemony in foreign policy. The periphery typically peg their currencies to the center’s (seen across the world with the US dollar).

Now, however, China specifically is forcing the breakdown of the center-periphery model. Formerly a member of the periphery, with a closed capital market, commodity exports and managed exchange rate with the US dollar, China now has an account surplus in world trade, whereas the former hegemon, the United States, has an account deficit. Immanuel Wallerstein, in “Patterns of Development of the Modern World System,” argues China is a part of the semiperiphery—a growing number of manufacturing-based economies that exist as an intermediary between the core and periphery. Even as a member of the semi-periphery, however, China’s economic growth is starting a system of multi-polarity, promoting their own status and minimizing the role of the United States. Even United States Federal Reserve Chairman Ben Bernanke recognized this shift in his opening remarks at the Federal Reserve Bank of Kansas City’s 2006 Annual Economic Symposium: “the nineteenth-century pattern, in which the core exported manufactures to the periphery in exchange for commodities

References:


breaking down] as an increasing share of world manufacturing capacity is now found in emerging markets... In the nineteenth century, the country at the center of the world's economy, Great Britain, ran current account surpluses and exported financial capital to the periphery. Today, the world's largest economy, that of the United States, runs a current account deficit, financed to a substantial extent by capital exports from emerging-market nations."  

Bernanke's comments illustrate the way power—power that translates into international influence—is distributed on a world scale, in terms of account surpluses. Although China's GDP growth definitely gives it an edge on the world stage, its ability to generate $20-30 billion dollars per month in trade surpluses and foreign direct investment flows gives it the foreign exchange reserves it needs to start exerting economic power on a world scale. China has built up an enormous amount of foreign reserves (due in part to its currency being undervalued coupled with tremendous growth driven by comparative advantage, as will be discussed later). It can use these foreign reserves to invest in and give aid to other nations, as well as influence trade flows. China has the money it needs to exert its power all over the world. This effect is especially being felt in Sub-Saharan Africa, and area with the resources China needs and the small, economically weak governments that are frequently buffeted by international influence.

Of course, this does not tell the whole story. Trade surpluses do not translate directly into economic power—for example, Sudan has a trade surplus with China (Sudan sells more to China than China sells to Sudan). Sudan has an effect on the way the Chinese government makes some decisions concerning trade deals they otherwise would not make, but on the whole, Sudan has not changed the way China does business. China has a trade surplus with the rest of the world, giving it the power it needs to effect change on a global scale.

This effect is more complicated on a country-by-country basis, however, as to which countries influence and which countries are influenced. In this respect, it is more important to look at other factors, like the size of the countries’s economies, their histories of dominating or domination, and how those trends have shifted, and their incentives to work with other countries. In the next chapter, I attempt to explain the historical background of the six case study countries to explain why they are forced to comply with the rules, rather than set the rules, and explain the way China has gained this rule setting power. The different countries’ motivations in setting or complying with these rules is beyond the scope of the paper, however. Instead, I will attempt to explain the effect China’s rise to power is having on these countries’ governments choices-choices on whether to follow the old rules set by Western power or the new ones set by China and other rising powers that frequently defy these old rules.

China has always defied the trend set by Western powers, but its explosive economic growth is now giving it the power to start exporting its own norms. When Western countries had a monopoly on economic power, other states were incentivized to change their domestic policies to match the rules set by the Western countries through the allure of foreign direct investment, favorable trade deals, aid, alliances, and other kinds of foreign involvement from powerful countries and institutions. This is only one mechanism of enforceability, but it is powerful, and it is the mechanism China’s economic growth changes the most. In the past, Western powers, like the United States and Western-dominated international organizations, determined what was acceptable and what was not. China’s explosive economic growth, however, gives it more and more of a say in changing what these rules are.

The policy that China projects that changes this system is difficult to untangle, because a mix of motivations and outcomes determine how international changes are affecting Chinese foreign policy and how Chinese foreign policy is changing the international system. In his article, “The Beijing Consensus Versus the Washington Consensus”, Ronald McKinnon describes this
effect well. He describes the “Beijing Consensus” as pragmatism-involving “a commitment to innovation by constant experimentation as per the old Chinese saying, crossing a river by feeling the stones.” The biggest difference, he writes, between the Beijing Consensus and the Washington Consensus is that at least since the end of the Cold War, Western institutions have what they believe the donor recipient countries’ best interests at heart; they design their aid, trade, and investment packages to reflect what Western interests see as key to raising per capita incomes and standards of living. Chinese economic interaction, however, if focused more on what China can get out of the deal, and China is willing to forgo trying to “change” the countries it deals with in return for economic interaction. This sets up a sometimes preferable alternative for countries who do not want to change, who do not want to be seen as the supplicant to the Western powers but rather equal partners in mutually beneficial trade deals. What is clear is that China, with its different idea of the structure of the relationship it wants to have with Sub-Saharan African countries, is displacing Western economic power on the continent.

China is increasingly becoming a viable alternative to institutions and states that require domestic policy changes for economic interaction. This idea relies on some assumptions about the system. First, that global economic interdependence is increasing, and that domestic governments gain utility from participating in the interdependence that outweighs the cost of their loss in sovereignty. Second, countries with economic power define the rules of the game for other countries that want to participate. The paper covers how China, as a growing power, is redefining this trend. China frequently disregards existing international norms and principles in its foreign policymaking, leading to the question of its effect on the respect for legislation that

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arises out of these norms and principles. China’s growth makes it an alternative to the previous
rule-setters, and because of its unique value system that refutes the current international trend,
its growing economic power lowers the cost of defecting from current international norms. Not
all countries will inherently defect, but with a lower cost we should see more domestic
governments choosing to refute existing norms and the international legislation that codifies it.

China’s Rules

If China is indeed gaining the economic power it needs to provide an alternative set of
rules for economic interaction, then it is important to know how China will use this power. I will
not focus on China’s motivation behind these rules, a topic beyond the scope of this paper, but
instead on how China’s foreign policy is structured and how it differs from the Washington
Consensus rules outlined earlier in the chapter.

According to the Daniel Lynch, Chinese foreign policymakers have two options going
forward: they can cooperate with and add to the system that produced the economic
interdependence that gave China legitimacy in the first place, or they can work to undermine
this Western-led system in favor of Chinese national interests. China rose to prominence
through following all ten of Williamson’s Washington Consensus rules mentioned earlier in the
chapter, with reforms in the 1970s making China’s economy more and more capitalist, open,
liberalized to international trade and investment. At the same time, however, its foreign policy
has become less and less concerned with pushing the values that have made its own economy
succeed. McKinnon defines its economic intervention as “largely apolitical concern to build

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infrastructure to sustain payment in the form of...natural resources-a mutually beneficial exchange."\textsuperscript{45}\]

China’s foreign policy has shifted throughout its own domestic regime changes. From the 1950s to the 1970s, China, along with the Soviet Union, encouraged its own ideology in the countries it operated in—including trying to introduce Maoist principles in Africa. However, since its economic reform, neither China’s government nor its firms investing abroad would attempt to impose economic reforms on a new potential trading partner, and would definitely not get involved in its domestic politics\textsuperscript{46}. Now, China’s unprecedented economic growth in a system increasingly defined by economic power, making China, as Kim puts it, “inescapably part of the world-order problem and the world-order solution”\textsuperscript{47}. Taking Chinese economic growth into account, however, it is clear while China is increasingly drawn into international economic independence China’s interests disregard the old, Western rules.

In 2002, the Chinese government defined its national defense policy as “primarily consisting of defending state sovereignty, national unity, territorial integrity and security; steadily enhancing comprehensive national power through persisting in the central task of economic development; upholding and improving the socialist system; maintaining and promoting social stability and solidarity; striving for a long-term peaceful international environment and favorable periphery environment” \textsuperscript{48}. This definition shows a few of the key aspects of Chinese foreign policy: first, adherence to defending state sovereignty from foreign influence, emphasis on domestic protection and economic development, and commitment to a socialist ideology. Deng

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and Wong argue that although these conceptions seem antagonistic to the “United States dominated world order” that currently governs the international system, the system as it stands benefits China with “win-win cooperative economics” because of the stability it protects. Therefore, China has no incentive to pursue its “ultra-nationalistic” and antagonistic foreign policy ideas. Kim also argues China is too far wrapped up in the capitalist world system to challenge it.

China’s emergence as a rising international power makes it a viable alternative to Western economic interaction for many developing countries around the world. As for the rules that differ from the first part of the Washington Consensus, those that influence social and economic considerations, China’s government’s official approach to foreign affairs is termed “noninterference in domestic affairs.” Outside its demands for trade security, China officially recognizes state sovereignty in determining the rights of its people—each country should have the right to determine its own norms, and implement its own timetable in enacting them. Attempts to enforce international norms are an infringement on sovereignty. Unlike the United States, Western Europe, and Japan, China argues, it does not mix business with politics.

However, this reluctance to enforce international norms leaves developing countries with an option for economic interaction that will turn a blind eye to their own violation of international norms. Most often, Chinese foreign policy in these areas defends national sovereignty and China’s priority on economic development rather than protecting the rights considered the norms and principles the Western-led international system relies on. Elizabeth Economy

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argues that China is following a prescribed path forged by Europe, Japan and the United States: offering poor countries comprehensive and exploitative trade deals combined with aid to serve their resource interests and gain political and cultural influence in new areas\(^5\). The difference, however, is the Western countries have largely moved away from these exploitative trade deals, because they are now wealthy enough to care about exporting ideology like that in the Washington Consensus. China presents an alternative to Western powers who have moved on by offering investment and infrastructure that benefits China’s national interests without imposing standards that require potentially difficult political changes, and this economic interaction offer changes the incentives of the poor countries to attract the investment and infrastructure.

In terms of refuting the social side of the Washington Consensus, China frequently signs on to international human rights treaties and makes a show of complying with visible efforts, but usually these are superficial and only serve to ward off Western pressure\(^5\). Van Ness shows how the different conceptions of the state, as either a body that can impinge on political and civil rights (the Western ideal) or the provider of economic and social rights (the Asian ideal), leads to this difference\(^5\). China argues that its actions in developing countries protect the right to subsistence and development, both of the Chinese people who need the resources and of the populations that supposedly benefit from Chinese involvement in their countries\(^5\). China consistently asserts the primacy of social and economic rights over the rights typically upheld by Western powers, defined as civil and political rights, and uses this as justification for its actions

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that counteract Western human rights enforcement. China is undermining international human rights norms specifically not because it is overtly antagonistic to them, but rather because of its hands-off approach in international dealings.

This is not to say economic interaction with China is stipulation-free. China pushes its own agenda in the countries it exerts political power through economic interaction in, but this agenda frequently leaves out the standards in the Washington Consensus, justifying the the way the Chinese describe their foreign policy as “hands-off” in a way the West’s is not. Most often, Chinese foreign policy toward human rights defends China’s national sovereignty and China’s economic development as well as the national sovereignty and economic development of the countries it operates in. By ignoring rights standards, China can still extract resources it needs for development from countries Western standards require Western countries not to trade with. In addition, by arguing its own rights conception, the Chinese government is also protecting itself from possible human rights accusations.

In all areas of the Washington Consensus, China may not directly challenge current foreign policy norms with its expanding economic power, but the alternative it provides for economic interaction lowers the costs for other countries to defect. When developing countries reject Western rules, though, they must accept China’s. This switch shows China is gaining economic power, the power to set the rules for international economic interaction. To see the switch in countries China interacts with economically, I will use six case studies: three that trade significantly with China and three that do not as a control. The next chapter outlines the political and economic history of these six and their interactions with the West and China to set the stage for the next two chapters, where I will show how China’s economic interaction leads to its power to change the governance incentives of the first three cases.

CHAPTER 2: A POLITICAL AND ECONOMIC HISTORY OF THE SIX CASE COUNTRIES

Case study selection

To test China’s effect, this paper will document effects on the governments in six different countries in Sub-Saharan Africa. Sub-Saharan Africa as a whole, as well as the six case countries that I will test, fulfill the requirements of case studies asserted by King, Keohane and Verba in their book Designing Social Inquiry: Scientific Inference in Qualitative Research. The six countries show the connection between the theory and observable implications of the theory in the real world data. Three of the countries fall squarely under China’s influence and three fall under the West’s, so three confirm the existence of the hypothesis and three control for other effects. They also converge in several different areas the theory should affect, such as commodities traded. They maximize the leverage of the theory—that is, they show the theory’s most far reaching effects in a few variables by showing the causal effect of economic interaction versus noninteraction58.

Three of these countries, Angola, Sudan, and South Africa, have, in the past decades, made a significant switch from economic interaction with the Western world to economic interaction with China. The other three, Burkina Faso, Nigeria, and Senegal, have not. To control for other economic effects, the six cases were chosen to mirror each other in a few different areas: in commodities imported and exported (such as Sudanese oil, of which most goes to China, and Nigerian oil, of which a much smaller percentage goes to China), regime type, history, and government set-up. These six present good case studies to help construct the overall effect China has on governance in the countries, because they each have different domestic governance structures (from strict totalitarianism to representative democracy),

different levels of economic development (from majority subsistence agriculture to industrialized), and different exported commodities (oil, other natural resources, and light consumer goods). Each country has a unique historical background of international economic influence that sets the stage for how China is changing the game now.

Africa in general is of particular importance to testing this theory because African government set-ups aren’t organic as they are in the rest of the world, but rather other countries’ ideas of how government should be structured for the people in an area undefined by the people themselves because of their colonial legacy and recent independence. This can, and often does, lead to the shifting, unstable governance we see in African countries. In terms of economic influence, most African states have small economies, and therefore at the mercy of the powers that surround them. This influence is frequently characterized by its Western focus and Western imposition. On the whole, the West has maintained control over the standards that define political and cultural norms, and in Africa, it supersedes existing frameworks. African ideals are often even seen as dangerous—for example, the idea of balancing the rights of the individual with the overall benefit to society is seen as dangerously close to denying individual human rights as defined by the West. Africa, therefore, makes a good case study for the effect of international influence on accepted norms, and how economic power changes this influence.

Chinese involvement in African developing countries, as an example to illustrate the overall effect, is defined by the Chinese drive for resources. As Bi and Zweig argue, “Beijing’s access to foreign resources is necessary both for continued economic growth and, because growth is the cornerstone of China’s social stability, for the survival of the Chinese Communist


The Chinese government’s need for stability forces its insatiability for natural resources, and therefore its drive to secure these resources from any source possible, including sources considered wrong to support through economic interaction by the Western standard of human rights. This economic interaction provides an alternative to more traditional investments with stipulations from Western governments (particularly the United States) and Western institutions, allowing African governments to sidestep previously imposed political and cultural norms. China defends these policies with the justifications of defending national sovereignty and facilitating economic development.

Africa is a clear example of the effect of Chinese economic actions on domestic policymaking, and can be extrapolated to estimate China’s effect on the policies of other developing states under China’s economic influence. The six case countries exemplify this effect on domestic policymaking. Each has a unique history of influence from the outside world, leading to their current political and economic set-up that make them still vulnerable to influence. These histories illustrate the current situation in each country, setting the stage for the effect I will demonstrate in the next chapter. Each history explains why each of the case countries has an influenceable government, and is working to find partners to interact with economically on a world scale. In addition, each history explains how each case country relies on China or the West for trade, aid, and foreign direct investment, and why they choose the economic partners they do. These case country histories begin to show the effect Western or Chinese economic interaction has on domestic governance, an effect expanded in the next two chapters.

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Case Study History

South Africa

Modern humans have inhabited South Africa for more than 100,000 years, making the country one of the oldest sites of civilization in human history. The country also has a long history of foreign influence. In 1487, Portuguese explorer Bartolomeu Dias became the first European to reach the southernmost tip of Africa, naming it the Cape of Storms, later renamed the Cape of Good Hope. A century later, the cape became an outpost for the Dutch East India Trading Company. The Dutch transported goods as well as people from the port, bringing in slaves from Indonesia, Madagascar, and India as labor for the Dutch colonists who had settled in what they named Cape Town. As the Dutch expanded, they met with resistance from the indigenous populations in a series of conflicts called the Cape Frontier Wars. The discovery of resources like diamonds and gold triggered the biggest conflict in 1806, but this time between two of the colonizing forces, the British and the Boers (original Dutch, Flemish, and German settlers). The British won the Anglo-Boer war, taking control of the colony including Cape Town. The British continued the frontier wars, expanding their territory.

South Africa was used as a hub for the British slave trade until it abolished all slavery in its colonies with the Slavery Abolition Act in 1833. During the 1830s, the defeated Boers moved further inland, establishing the South African Republic and the Orange Free State. As more and more resources were found in the inland territories, competition for control increased between the British, the Boers, and the indigenous groups. The British eventually took control of these inland territories, as well, after fighting in the First Boer War in 1880 and winning the Second Boer War in 1902. After years of negotiating, the South Africa Act of 1909 created the Union of South Africa from the amalgamation of different colonies, all under the dominion of the British Empire. Up until this point, segregation had been mostly informal, but the Natives’ Land Act of
1913 severely restricted ownership and control by the newly labeled “blacks,” giving them control of only 7% of the land in the country. The system evolved into legally institutionalized segregation, called apartheid. The new South African government, with two different political parties representing the Afrikaaner Dutch and the English-speaking “whites,” established three classes of racial stratification: white, coloured, and black, with different rights afforded to each.

In 1931, the government was granted autonomy by the British government under the Statute of Westminster. The racial stratification only intensified throughout the years, and the white minority had the highest standard of living in all of Africa, while the black majority remained stagnant in a much worse standard, more comparable to the rest of Sub-Saharan Africa. As the years went on, however, apartheid became more and more controversial. Widespread divestment and international sanctions from the Western world, as well as growing unrest in the country, including strikes, marches, and violent sabotage carried out by groups, most notably the African National Congress (ANC) led by Nelson Mandela. After years of internal protests and international pressure, finally in 1990 the government took its first step by allowing the ANC and other political organizations to operate. Nelson Mandela was released from prison after serving 27 years on a sabotage charge, and the government started dismantling apartheid legislation. South Africa held its first universal elections in 1994, and the ANC won in an overwhelming majority, and has been in power ever since. One problem the new government must deal with is the high unemployment in the country, as unemployment skyrocketed after apartheid fell. Also, the United Nations Human Development Index of South Africa has fallen since the end of apartheid, whereas before it was steadily rising. Some attribute this to the AIDS pandemic, but the underlying economic problems remain.


South Africa is the only of the three that trades with China to have a well developed
government regulation of the economy and modern infrastructure that supports further
development. Only a small portion of South Africa’s economy is based in oil exports; the country
mostly exports its vast supply of natural resources, including gold, diamonds, and platinum. It is
these natural resources that sparked China’s interest in the country, and the main exports that
go to China. Economic problems still remain from the apartheid era, however, with social
stratification, lack of upward mobility, and high unemployment. China is South Africa’s largest
country-to-country trade partner, and also the biggest investor in African infrastructure. China’s
involvement in South Africa is particularly telling because South Africa is very different than
Angola or Sudan. Its economy is much more developed, it has a functional democratic
government, and it has not suffered from decades of civil war. South Africa does face a unique
set of problems no less serious than those faced by Angola and Sudan, but the China’s similar
effect in such different areas points to its overall effect through economic power.

Angola

Angola is perhaps Africa’s most shocking discrepancy between its economic potential
and the poverty of its citizens, an effect colored by decades of international economic, political,
and cultural influence. Until the beginning of the 20th century, Angola was divided into several
small kingdoms led by militia-backed strongmen. The population was split between free people
and slaves. Portugal colonized the largest area of what would eventually become Angola in the
16th century, and used the country for its resources, including natural resources and slaves.
Under the Portuguese regime, the country developed strong connections with the Atlantic

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October, 2010, 47(8): 18793B.
economy, trading with Europe and even with the new world. The two great rivers in Angola divide the country into several distinct ethnic and political identities, but the country was untied as whole under European control after World War I. The Portuguese controlled most of the land, but the British also exerted influence, with both countries’ investment fostered mining, railways, and agriculture based on various forced labour systems. The first political organizations overtly mobilizing for independence appeared in the 1950s. The Portuguese did not accept these calls, provoking an armed conflict beginning in 1961—a war dubbed the Colonial War. Here, the three main Angolan groups vying for power were the MPLA (Popular Movement for the Liberation of Angola), founded in 1956, the FNLA (National Front for the Liberation of Angola), which appeared in 1961, and UNITA (National Union for the Total Independence of Angola), founded in 1966. Angola successfully gained its independence in 1975.

Within two months of independence, however, the FNLA, MPLA and UNITA were fighting each other for control. The civil war soon fell under international influence, especially because of the shadow of the Cold War. The United States, former colonist Portugal, and neighbor South Africa supported the FNLA and UNITA. Communist forces the Soviet Union and Cuba supported the MPLA. South Africa even went so far as to send troops to support UNITA and the FNLA, but with Cuba’s help the MPLA was eventually able to secure control in the 1970s. The US pulled out support at this point because of the Clark amendment following the Vietnam war, leaving South Africa to fend for itself. The MPLA set up a Soviet-style planned economy with its control, but failed to achieve any meaningful economic growth—most of the country’s social capital left with the mass exodus of the educated Portuguese, and the years and years of fighting destroyed a lot of the country’s infrastructure. The only exception was the military, built up with Soviet support and the country’s oil revenues that started to take off. The FNLA was all

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but destroyed, but UNITA remained a force to be reckoned with, with charismatic leader Joseph Savimbi. Helped by South Africa and eventually the United States after the Clark amendment was repealed in the 1980s under US president Ronald Reagan, UNITA fought a decades long civil war with the MPLA. Because the civil war was bolstered by international influence, changes in the external environment started the first peace attempts\textsuperscript{69}. Cash strapped South Africa started removing their troops in the mid 1980s, the crumbling Soviet Union started pulling out their forces, and all Cuban troops had left the country by 1991\textsuperscript{70}.

Angola reached a tense peace in 1992, with UNITA and the MPLA signing the Bicesse Accords, which set up a multi-party system. The country held democratic elections that year, with the MPLA achieving a majority in parliament, but with neither the MPLA candidate, Jose Eduardo dos Santos, or the UNITA candidate, Jonas Savimbi, capturing a majority. A runoff was never organized, and the country again plunged into civil war, with the MPLA clinging to power with political purges and the UNITA conducting guerrilla warfare throughout the country. This continued for the next decade, until MPLA forces successfully killed Savimbi in 2002. After the death of their leader, UNITA was fragmented and disarmed, leaving the MPLA with political and economic control over the country that has lasted to this day\textsuperscript{71}.

The civil war that colors Angola’s history since World War II has been affected by two forces: economic control and foreign influence. UNITA held on so long because they controlled diamond exports, and the MPLA grew so powerful because of their control over the oil fields, among other economic factors. UNITA was propped up by outside forces working for ideological norms-like the US and South Africa fighting communism-and the MPLA propped up by forces on

\textsuperscript{69}Tony Hodges. \textit{Angola: from Afro-Stalinism to Petro-Diamond Capitalism}. (Bloomington, Indiana: Indiana University Press, 2001).


the other end of the ideological spectrum. China’s history of involvement in Angola is tied up in these two forces: economic factors, and ideological influence. Chairman Mao often spoke of a strong conviction that the rural approach in the struggle for independence that had been successful during the Chinese revolution should be encouraged in developing countries. China’s history of involvement in Angola is tied up in these two forces: economic factors, and ideological influence. Chairman Mao often spoke of a strong conviction that the rural approach in the struggle for independence that had been successful during the Chinese revolution should be encouraged in developing countries. 72 UNITA represented the rural force in Angola’s civil war, and China did provide military training for UNITA and its leader, Jonas Savimbi. This is contrary to what one might expect, especially because the Soviet Union and other communist forces supported the MPLA, and China was also taking the side of its polar opposite, the United States. China provided some sort of support to all three sides of the civil war at some point, however, for the varying ideological and economic reasons.

Because of its ties with UNITA, China did not establish diplomatic ties with the MPLA-led country until 1983, six years after independence. Since this diplomatic link, however, China’s relationship with Angola has been fundamentally been based in economic exchange. Angola’s economy over the past two decades has seen enormous growth, mostly driven by its oil sector and high world oil prices. This slowed since 2009 because of the global financial crisis, however. Oil is the main component of the Angolan economy— in 2010, 85 percent of Angola’s GDP was accounted for by oil production and supporting activity. Much of the country’s infrastructure is still destroyed from the ongoing civil war, but rebuilding has also added to growth in the construction and agriculture sectors. In terms of outputs, Angola’s main export is oil, but it also exports diamonds, coffee, and other agricultural products. In terms of aid, Angola has used billions of dollars in credit and aid to rebuild its infrastructure, from countries all over the world.

Corruption remains a major challenge, and it is disputed how much of these loans and aid packages have gone toward their intended goals\textsuperscript{73}.

In the past, Angola has made a show of following IMF recommendations to reduce corruption, but recently is less concerned, and has never entered a formal monitoring agreement with the IMF or other loan-granting international organization\textsuperscript{74}. Angola became a member of OPEC in 2006, and China’s insatiable drive for oil makes is a major power player in the country. China is now Angola’s third largest trading partner. The economic cooperation involves China’s need to invest its massive amount of foreign reserves matched with Angola’s need to find an alternative to traditional Western financing institutions, especially because it usually fails in negotiations.

China is quickly becoming Angola’s anchor in its economic relationship with the rest of the world\textsuperscript{75}. China and Angola wrote an agreement in 2002 where China provided Angola with a 2 billion dollar package of loans and aid that includes funds for Chinese companies to build railroads, schools, roads, hospitals, bridges, and office buildings, lie a fiber optic network and train Angolan workers to work in telecommunications. In exchange, Angola gives China a large portion of its oil; it exported roughly 465,000 barrels of oil per day to China in 2007\textsuperscript{76}. Over the past 20 years, China’s economic influence in Angola has changed the policymaking incentives of its leaders, an effect which will be looked further into in the next section.


\textsuperscript{76} Stephanie Hanson. “China, Africa, and Oil” (2008) Backgrounder, Council on Foreign Relations
Sudan

Like Angola, Sudan has a long history of international influence. Since the 17th century, the country has been controlled by Egypt, then the Mahdists, and the British. War broke out between the occupying forces in the 1890s, leading to joint Egyptian and British agreement, but making Sudan a de facto British colony. Italy invaded Sudan during World War II, but were eventually beaten back by the British. For the first half of the 20th century, the British basically ran the country as two separate territories, the Muslim north and the Christian south, inciting the deep divide that affects the country to this day. After World War II, in the 1950s, Egyptian nationalists and the British governors fought for control of the country. In 1952, the Egyptian Revolution abolished the Egyptian monarchy and left Gamal Abdel-Nasser in power in Egypt, who believed the only way to throw off British rule was to get out of Sudan. In 1954 the British and Egyptian governments signed an agreement guaranteeing Sudanese independence. Newly independent Sudan was plunged into a civil war between the predominantly Christian South and Muslim North, a war that lasted until 1972, when both sides signed the Addis-Ababa agreement following arbitration by the World Council of Churches. This agreement gave the South significant autonomy, so when President Gaafar Nimeiry of the North attempted to create a federated Sudan in 1983 the civil war reignited. It continued even past the democratic election that replaced Nimeiry with Sadiq al Mahdi, from the Umma party.

After the election, the Sudan People’s Liberation Army, led by John Garang, refused to accept the results and kept the country embroiled in conflict. Omar al-Bashir seized power from al-Mahdi in 1989 as part of an Islamist revolution77, and remains in power to this day. He appointed himself president in 1993, and won an election for president in 1996, of which the only candidate was himself. After his “election,” he disbanded the other political parties and

created an Islamic totalitarian single-party state, with a parliament manned purely by members of Bashir’s party, the National Islamist Front. Throughout this time, the NIF fought the SPLA in the South, but the civil war died down somewhat with al-Bashir’s consolidation.

Under al-Bashir, Sudan became an Islamic totalitarian single-party state. In response, the United States condemned Sudan as a state sponsor of terrorism, and barred all US firms from doing business in Sudan. During the 1990s, prominent members of the government argued the country should stop its antagonism and instead focus on pragmatic policymaking to try to recover from Sudan’s “disastrous international isolation,” but no such policies were adopted. Peace between the North and South ultimately occurred with the Nairobi Peace Agreement signed in 2005, after substantial talks between al-Bashir’s government in the north and the Sudan People’s Liberation Army. The south was given considerable autonomy in the agreement, and the north and south split control of the oil fields. The United Nations Mission in Sudan (UNMIS) was left with the power to implement the agreement and provide humanitarian assistance.

Since the agreement, however, Northern sponsored militias have been seeking out vestiges of the SPLA in the South suspected of conducting guerilla warfare. This continued conflict, combined with the suspected genocide of the Southern population by the government-sponsored Janjawid militia, has killed upward of 400,000 southern Sudanese and displaced over 2 million, plunging the country into a humanitarian crisis, especially in the country’s Darfur region. In addition, Sudan’s relationship with Chad, where many of the displaced refugees have sought safety, has rapidly deteriorated. Now, Southern Sudan has split from the North based on a referendum held in early 2011. Currently, it’s unclear the effect this will have on the North and the South’s relationship with the rest of the world. China’s objectives are not changed because of this, however-its main goal is to keep the oil flowing, no matter what the political situation, and will make appease both governments to make sure this stays true.
Similar to Angola, Sudan’s past has been colored by international influence and civil war fueled by resource export dollars, which in Sudan, come from oil. Also like Angola, Sudan’s economy is mostly based in oil production, and grew strongly until 2008 when world oil prices fell due to the financial crisis. Sudan only started exporting oil in 1999, but now oil is the largest sector in Sudan’s GDP. Still, though, 80 percent of the population is employed in agriculture, though, with most in subsistence agriculture. The Darfur conflict and long civil war led to a lack of basic infrastructure in much of the country, leaving most of the country in abject poverty. Sudan has been working with the IMF to stabilize its currency, but a large portion of foreign reserves in the country still comes from aid\textsuperscript{78}. Until 1989, China played a very small role in foreign influence over Sudan, but since the Islamist revolution in 1989, China has been the National Islamist Front’s, and its leader, Omar al-Bashir’s, key international sponsor. Faced with sanctions from most of the Western world, Sudan approached China for assistance, and China targeted Sudan as a long-term overseas oil supply base and area to support the development of Chinese corporations\textsuperscript{79}. In the past twenty years, Sudan has become crucial for Chinese economic interests, with trade dominated by oil. Sudan was China’s sixth largest oil supplier in 2007\textsuperscript{80}; it sends 60 percent of its oil to China.

Sudan is an area that tests China’s doctrine of noninterference-China frequently politically protects Sudan from international sanctions and other punishments from the international community for its humanitarian crisis by vetoing resolutions in the UN Security Council. Stephanie Kleine-Ahlbrandt and Andrew Small write "China has found noninterference increasingly unhelpful as it learns the perils of tacitly entrusting its business interests to


repressive governments. China sells Sudan arms, as it does to many other repressive governments on the continent. In fact between 2003 and 2006, China’s arms sales to Africa made up 15.4 percent of all conventional arms transfers to Sub-Saharan Africa. The Congressional Research Service reports that China views these sales as a means of "enhancing its status as an international political power, and increasing its ability to obtain access to significant natural resources, especially oil." China has strong ties with Omar al-Bashir and his government in Khartoum, but its political involvement with Sudan goes beyond the central government in the north, though; since the 2005 peace agreement China has also cultivated its relationship with the semi-autonomous South Sudan government. Through maintaining these relationships, China has given itself a unique position with Sudan’s two governments: the ability to extract resources and protect its resource supplies and investment, and the power to influence any new political trajectories in the country. China’s influence on the incentives of policymakers in both North and South Sudan will be explored in the next section.

Nigeria

Portuguese explorers were the first to reach Nigeria in the 17th century, and begin trading there, mostly taking slaves to the detriment of the multiple Nigerian ethnicities. Most Nigerian slaves went to the British empire, and Britain expanded its control over the area. In 1885, British claims to the area achieved international recognition. The Royal Niger Company, a British trading group, already had significant control of the territory, but the British government


began to consolidate the area in addition to the company’s territory. In 1901 Nigeria became a British protectorate, part of the British Empire. The indigenous Nigerian population resisted the occupation, including the British Conquest of Benin in 1897 and the Anglo-Aro War from 1901-1902. Britain continually beat the resistance, however, and formally united what is now Nigeria as the Colony and Protectorate of Nigeria in 1914.

After World War II, Nigerian nationalism and demands for independence led the British government to draft successive constitutions for the country moving it toward self-government on a representative and federal basis. On October 1st, 1960, Nigeria gained full independence. The new government was a coalition of political parties that represented the country’s different ethnic groups, of which there are three major: the Northern, Islamic Hausa, represented by the National People’s Congress (NPC), the Eastern Christian Igbo, represented by the National Council of Nigeria and the Cameroons (NCNC), the Western Christian Yoruba, represented by the Action Group (AG). However, in 1961, part of Nigeria broke off to become part of the Republic of Cameroon, making the north larger relative to the south, and the AG was ousted in the West by the Nigerian National Democratic Party, suspected to have ties with the NPC dominated government. The disequilibrium plunged the country into civil war, called the Nigerian-Biafran war, following a series of military coups.

Finally, in 1970, the military seized power, putting Murtala Mohammed in power, followed by Olusegun Obasanjo after Mohammed was assassinated. The military was dominated by northern influences, further isolating the east and west. During the oil boom in the 1970s, Nigeria joined OPEC, and the northern military and those in power benefited greatly from the billions of dollars generated by oil production. However, increasing corruption in the government ensured most of Nigeria’s population never saw the benefits. Nigeria moved back to

86 Michael Watts. State, Oil, and Agriculture in Nigeria. 1987
democracy briefly in 1979, when Obasanjo gave power to the civilian-based government led by Sheu Shagari, but it was viewed a corrupt and incompetent by the population and overthrown by another military coup in 1984 led by Mohammadu Buhari, who was overthrown by another military coup in 1985 by Ibrahim Babangida. Babangida declared himself president, set a schedule to return the country to democracy by 1990, and put an IMF structural adjustment program to start paying back the country’s crushing international debt. Babangida has been credited as Nigeria’s most corrupt leader, and is the regime where corruption started permeating all levels of government. He pushed back democratic elections to 1992 after a coup, and then declared the election results null and void when he didn’t win. After civilian protest broke out across the country, he instated Ernest Shonekan as a civilian leader, but he survived only until 1993 when replaced with another military coup, and its leader, Sani Abacha. Abacha was perhaps Nigeria’s most ruthless leader, crushing political opposition and using violence to quell growing civil unrest. He was found dead in 1998, giving Nigeria another chance at democracy. In 1999, Obasanjo was again elected as president, and was reelected in 2003. His elections were considered unfree and unfair, but he put in programs to fight corruption and aid in economic development. Umaru Yar’Adua of the People’s Democratic part won the presidential election in 2007, and following his death in May, 2010 Goodluck Ebele Jonathan was sworn in as the next president, and cited anti corruption and electoral reform as the foci of his term. He remains in power to this day.

Although Nigeria has returned to somewhat of a democracy after almost 30 years of military rule, it is still faced with similar problems as in Angola and Sudan, namely, lack of infrastructure, leading to poor investment possibilities, and ethnic violence fueled by control of


resources. Like Angola and Sudan, Nigeria offers an example of the “paradox of plenty,” where enormous oil profits go to a few, engendering extravagant corruption, deep poverty, polarized income distributions, and poor economic performance. Also, decades of civil war have left most of its population destitute, and international influence focuses on the country’s ability to export oil. According to the IMF, in 2005 oil revenues accounted for 99 percent of all Nigerian export revenues, 88 percent of government income, and 50 percent of total GDP, amounting in total to over $50 billion US dollars. Nigeria’s economy has long been troubled with corruption, political instability, poor government regulation, and inadequate infrastructure.

Nigeria does participate with China, along with Sudan and Angola, it is a major oil producer for the country. Chinese firms also have significant infrastructure investments, especially in the oil rich delta region. Nigeria is considered a case under more Western influence rather than Chinese influence, however, because even though a significant percentage of Nigeria’s oil exports go to and a significant percentage of infrastructure investments come from China, most of Nigeria’s foreign direct investment and aid comes from the Western countries. The United Kingdom is Nigeria’s biggest trading partner, and Nigeria is the United States’s largest trading partner in Africa, and almost half of Nigeria’s oil is sent to the US, which accounts for 8 percent of US oil consumption. The US is also the largest provider of FDI in the country, and US firms Chevron and Exxon Mobil have the largest stakes in the Niger

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Delta region\textsuperscript{93}. Nigeria’s economic set-up reflects this Western influence, as well. In 2003, the government deregulated oil prices and privatized the country’s four oil refineries, and instituted a program modeled on the IMF’s Poverty Reduction and Growth Facility for fiscal and monetary management. Nigeria signed a deal with the IMF in 2000 for a debt restructuring deal and 1 billion dollars credit contingent on economic restructuring, but pulled out in 2002 after failing to impose the reforms. In the data table, use of IMF credit by Nigeria is shown as zero for the ten years surveyed because of this, but in reality Nigeria has been working toward IMF approval since dropping the loan in 2002.

These country descriptions hopefully provide a framework for comparing the six case countries’ political and economic set-ups, and show how all six have long, tangled histories of international involvement that make their current governments susceptible to international influence. The case countries are comparable in a few different dimensions, both economic and political. In terms of their economies, Sudan, Angola, Nigeria, and Burkina Faso all have similar pasts riddled with coup d’etats and civil wars, creating infrastructure deficits in all four. South Africa has a more tumultuous political history than does Senegal, but both of their economies are more stable, and both have a history of European influence. Burkina Faso exports mainly non-oil resource commodities like South Africa, and Nigeria mainly exports oil like Sudan and Angola. Nigeria and South Africa have two of the largest economies in Sub-Saharan Africa. In terms of political similarities and differences, South Africa and Senegal have the most functioning democracies. Burkina Faso, Nigeria, and Angola all have constitutions that suggest democratic governance, and periodically hold elections, but most are considered unfree and unfair by the international community. Sudan is a political anomaly in the six with a complete dictator, but the recent referendum and split points to possible future change.

Obviously, many, many factors affect domestic governance decisions in the six case countries, as illustrated by their political and economic histories. The similarities and differences across many different political and economic dimensions hopefully control somewhat for the factors that affect domestic governance beyond international economic interaction. The factor that definitively separates one set of case countries from another is whether the case country falls under the West’s influence or has been moving away from it in China’s direction. This distinction strengthens the causal relationship between the switch in economic interaction described in chapter 3 and the switch in the set of rules to follow for this economic interaction described in chapter 4.

Senegal

Senegal was colonized by France, but not until 1850, after the slave trade had already been abolished. France governed the country until 1960, when it became fully independent. At the time, Senegal was combined with the French Sudan to form the Mali Federation, but due to internal political struggle the two split two months after independence into Mali and Senegal. Leopold Senghor was named Senegal’s first president. Senghor was more of a personality than a political figure—he gave most of the authority of running the country to the lingering French powers. He did, however, remain president until 1980, even jailing his prime minister Mamdou Dia, in 1962 because of the challenge he presented to his power. In 1980, when Senghor decided to retire, he gave the position to his handpicked successor, Abdou Diouf. Under Diouf, Senegal briefly combined with neighboring the Gambia to form Senegambia in 1982, but the union dissolved peacefully in 1989. Diouf served four terms as president, and in 1999, opposition leader Abdoulye Wade defeated Diouf in elections recognized as free and fair by the international community. Wade ran on a platform of making peace with the separatists in

Senegal’s Casamance region, and started a round of talks in 2005, but the talks did not end in a resolution. The low-level, anti-government insurgency in Casamance has recently increased violence, however\(^95\).

Senegal is one of very few countries in Africa to never experience a coup, and enjoys relative peace and political openness compared to the other countries in this paper. Kante argues this is because Senegal had two major electoral successes most African countries lack: after achieving independence, it formally recognized freedom of association, and officially provided for multiparty elections in its constitution\(^96\). In the past few years, some international observers have expressed concern about Senegal’s democracy “backsliding,” however; corruption is growing and Wade plans to subvert the constitution and run for a third term in 2012. Public demonstrations against government corruption are growing, as well\(^97\).

Through colonialism and support for its democracy afterward, Senegal has long been under the influence of Western powers. The United States, in particular, considers Senegal a “key strategic partner” and a stronghold of stability and partner in combating regional security threats, like terrorism, narcotics trafficking, and maritime piracy. Th US policy in Senegal is stated to encourage economic development, health development, food security, democratic governance, and a military that follows international law. US foreign assistance, through the State Department and USAID, has increased significantly following the 9/11 terrorist attack in the US, as Senegal is seen as a pro-Western Muslim country in a region affected by extremism. It is one of 13 countries cited by the Obama administration as an African focus country for the new global food security initiative, Feed the Future\(^98\). Senegal’s leaders make decisions

following the West’s rules to keep up this economic interaction, as shown in the next section. The effects of the switch to Chinese interaction seen in Angola, Sudan, and South Africa are noticeably absent in Senegal, as in Nigeria and Burkina Faso.

Burkina Faso

Burkina Faso was settled in the 18th and 19th centuries by the Mossi people, but after a series of power struggles led by individual explorers and government sponsored expeditions by both the British and the French colonialists, the French conquered the Mossi and set up a French protectorate in 1896. A convention between France and Britain in 1898 drew the borders between the countries’ colonies, dividing Burkina Faso, but with the majority still under French control. Burkina Faso become a part of French Upper Volta, a conglomeration of French colonies in West Africa, in 1919 as a part of France’s attempt to quell a surprisingly large and powerful series of armed uprisings protesting French rule.

After World War II, with the surge of independence movements on Africa, Burkina Faso achieved independence in December, 1958 as the Republic of Upper Volta. The first president, Maurice Yameogo, was a member of the political party the Voltaic Democratic Union (UDV, based on the French translation). The constitution passed in 1960 provided for universal suffrage to elect a president and parliament every five years, but as soon as Yameogo took power, he banned all political parties other than the UDV and held on to the presidency despite the five year limit. In 1966, mass demonstrations and strikes by students, labor unions, and civil servants inspired military coup that deposed Yameogo, suspended the constitution, dissolved the parliament, and put Lieutenant Colonel Sanguole Lamizana as head of government.

The military government remained in power until 1970, when the population ratified a new constitution that proposed a four year transition to civilian rule. After some conflict, the
The constitution was eventually adopted, and Lamizana was reelected by open elections in 1978. The constitution was again overthrown in 1980, though, when Colonel Saye Zerbo overthrew the president in another military coup. Zerbo was overthrown two years later by Major Jean-Baptiste Ouedraogo and his political party, the Council of Popular Salvation (CSP). The CSP continued the ban on all other political parties and organizations, but promised an eventual transition to civilian rule. Factional infighting developed in the CSP, leading to another coup led by Captain Thomas Sankara, who became the head of government in 1983. He formed a new political party, the National Council for the Revolution (CNR), and established Committees for the Defense of the Revolution (CDRs) to “mobilize the masses” to implement his policies. Under Sankara, the country changed its name to Burkina Faso, which translates to “land of honest people.” Sankara was eventually killed and overthrown by his colleague, Blaise Compaore in 1987. Compaore cited deterioration in foreign relations as one of his reasons that Sankara had to be overthrown, as Sankara had been isolating the country from foreign influence. One policy Sankara put in place was the nationalization of industry, but Compaore quickly privatized and reversed Sankara’s economic policies, putting Burkina Faso back in compliance with the IMF stipulations it needed to follow to get foreign assistance from the West, as Burkina Faso has been under IMF monitoring for decades.

As of 2010, Compaore is still in power. The country adopted a constitution in 1991 providing for elections of a president and parliament. Compaore has won every election since the constitution, even though five year term limits were added to the constitution in 2000. The parliamentary elections in 2002 somewhat eroded Compaore’s party’s power in the parliament, marking a major achievement for democracy in the country. There have been no challenges to Compaore’s hold on the presidency, however, and the authoritarian legacy remains strong in the
Burkina Faso remains one of the poorest countries in the world, ranking as the third least developed.

Burkina Faso economy is bolstered by Western influences, so its domestic policymakers have an incentive to follow the policies pushed by them. A large part of economic activity in the country is funded by international aid from the West—for example, in 2006, the country received a debt relief package from the Multilateral Debt Relief initiative that amounted to 21 percent of the country’s GDP, and will provide an average relief flow of close to 1 percent of GDP every year through 2010\textsuperscript{100}. The government updated its development program in 1994 to comply with international aid agencies, and since then, exports and GDP growth have increased. This also may be because of the growing price of commodities Burkina Faso’s exports are made up of, and because the country relies on commodity exports, like Sudan, Angola, Nigeria, and South Africa, the country was hit hard by the global financial crisis and fall in prices. Burkina Faso is one of the poorest nations in the world; about 90 percent of the population is employed in subsistence agriculture, and its largest export is cotton. It has significant deposits of minerals: gold, zinc, manganese, copper, nickel and antimony, but due to a lack of infrastructure mining only accounts for a small fraction of GDP. It has been expanding into gold, however, revising legislation to encourage gold exploration and production. The country’s economy is continuously brought down by the internal conflict in neighboring Côte d’Ivoire\textsuperscript{101}.

Burkina Faso’s exports are similar to South Africa’s, and its political history riddled with coups and civil wars is similar to Sudan’s and Angola’s. Unlike the other three, however, Burkina Faso still falls under the West’s sway, mainly because of the decisions of long-time leader Blaise


Compaore. Therefore, the effects in the first three should not appear in Burkina Faso. So far, its leaders’ decisions have matched this Western influence, privatizing industry and following other standards to make sure the aid the country receives from Western sources keeps coming.
CHAPTER 3: CHINA’S INVOLVEMENT

China’s influence in Africa goes back a long way, but recently, China’s interaction and influence on the continent has increased exponentially. China’s economic ties with Africa span the diplomatic spectrum. China has established embassies in 38 of the 48 countries in Sub-Saharan Africa, exchanged military attaches with 14, created Confucius Institutes in many national capitals, and has established many student exchange programs for African students to travel to Chinese universities. Hu Jintao, China’s president, has visited Africa five times since 2003, and Premier Wen Jiabao once. Rotberg writes, “winning and keeping friends is important and is effected through intensive party-to-party contact, vigorous wooing of African party leaders and personnel, and extensive hospitality—all in conjunction with China’s developmental and trade objectives.”

In 2006, the two celebrated 50 years of diplomatic relations at a summit in Beijing, the biggest in China’s history. The Chinese government declared 2006 as the “Year of Africa.” The African Financial Review reported in December, 2006 that the summit’s slogan “Peace, Friendship, Co-operation and Development” underscored Beijing's pledge not to discriminate or intervene, and that the summit indicated China is far ahead of other power in the modern day “scramble for Africa,” gaining influence in the resource rich but politically unstable countries. During the forum, a plethora of trade deals worth over 2 billion US dollars were signed, China promised to double the amount of aid to Africa by 2009, and Hu Jintao, the Chinese president, said in a speech China pledged 3 billion dollars in preferential loans, 2 billion in export credits, and a 5 billion dollar fund to encourage Chinese investment in Africa. This “scramble” is nothing

102 Robert I. Rotberg, China into Africa: Trade, Aid, and Influence (Cambridge, Massachusetts: Brookings Institution Press, 2008)

new, the article relates the rush to the European colonialism of the 19th century. Now, however, China is clearly winning-taking advantage of the Western world’s treatment of Africa as non-diplomatic priority for decades.

Ironically, China frequently invokes Africa’s colonial legacy as to why the two should be friends-Hu Jintao, at the summit, said a strategic partnership should be built on “political equality and mutual trust.. and emphasize win-win economic cooperation” as well as going on to say “common destiny and common goals has brought us together.”104 China’s effect in Africa is markedly different from the West’s because of its economic clout and political noninterference. For this, China has been criticized for ignoring standards for human rights, environmental protection, transparency and accountability, and good governance. China refuses to link its economic interaction with Western ideals like human rights or democracy. Premier Wen Jiabao has said: “Chinese assistance to Africa is sincere, unselfish and has no strings attached.” This no-strings-attached policy is propagated by the Chinese media, which attempts to show China as a kinder rising power than the West that does not exploit the global South’s resources, calling China “selfless” and saying its actions are only to provide Africa with a model to escape poverty as China has in the past few decades.

McKinnon argues China can use this position as leverage to gain influence on the continent because of the difference between China and the West. Western aid agencies are typically enmeshed with foreign affairs councils or political bodies, and the countries that contribute act as “benevolent donors” to poorer countries. China, as a much poorer country than any in the OECD, can approach countries in Sub-Saharan Africa as an equal-because many of its preferential trade deals, investment projects, and aid packages are commercially mutually

beneficial, it escapes this condescending stigma. Where the West shames into compliance, China encourages development to its own benefit\textsuperscript{105}.

Selfless or otherwise, this paper will not go into China’s motivation for this explosion of economic interaction. Instead, I take China’s rules as given, and then attempt to illuminate the difference between Chinese economic interaction and Western economic interaction for the developing countries of Sub-Saharan Africa, and the change in incentives this switch has caused in African governments. Overall, Chinese participation has been shown by several studies to be linked with attempts by the countries that participate with China to evade Western pressures from governments and international organizations\textsuperscript{106}.

China’s intent is mostly in securing the raw materials and commodities to fuel its booming economy, while finding new markets for Chinese exports at the same time. It typically does not concern itself with the good governance and economic liberalization policies pushed now by Western powers and institutions. This effect is what this paper attempts to illustrate: how does the amount of Chinese economic participation, defined by these three factors (trade, FDI, and aid), when compared with Western involvement, affects domestic policies in the countries that trade more with China. China’s effect is varied and complex. Ignoring existing norms for its own interests is nothing the West hasn’t done before in its long history of colonialism, and China is providing some of what Africa needs, like cheap credit, infrastructure, and cheap imports. But it is clearly having an antagonistic effect to the West’s current interests on the continent. After the 2006 forum, a Western diplomat said to the \textit{African Financial Review} that the event “reads like a direct rebuke of US and Western powers’ foreign policy on the continent...It is one of the first times they have so openly articulated their diplomatic priorities in Africa and it is meant to


present them as a more attractive world power than the US\textsuperscript{107}. This rebuke of Western powers, combined with China’s economic boom and growing international power, should have an effect on the countries it deals with economically.

Chinese economic activity on the continent has been characterized by two different forces: Chinese investment in African infrastructure and Chinese imports of African natural resources and Chinese exports of light consumer goods to African countries. Differences in China’s and Africa’s resource, labor, and capital endowments make this trading scheme work, and makes the two complementary trading partners\textsuperscript{108}. China’s economic effect transcends just trade, though-Kaplinsky McCormick, and Morris state that the three main economic links between China and Sub-Saharan Africa are trade, foreign direct investment (FDI), and aid.

Trade, aid, and investment comprise the independent variable in the question being tested. The independent variable is the amount of economic interaction the six countries have with China as compared with the West, and how these amounts has changed over the past decade. To measure the level of economic interaction the different influences have in the six countries, I use three different kinds of data sets: the amount of foreign direct investment in US dollars, the amount of foreign aid in US dollars, and the amount exported from the African countries in US dollars. Western countries are defined as countries in the Organization for Economic Cooperation and Development; the countries that controlled the system of economic power following World War II.

The data table in the appendix summarizes the six countries’ economic involvement with China versus that with the Western world in these three areas, but some key data points are summarized in this chapter in the following graphs. In terms of trade, China enjoys a large trade


surplus (China can sell more to Africa than Africa can sell to China), giving it significant influence on the countries that import Chinese goods. China’s aid and foreign direct investment, as well, are applied strategically. Chinese firms, mostly state owned and therefore not subject to the immediate profit maximizing pressures other firms are, are attracted to investing in Africa where capital is relatively cheap. In 2008 China’s trade with Africa reached 117 billion US dollars, increasing more than 60 percent from 2007 when it totaled 73 billion and more than double 2006’s level of 55 billion. This puts China in front of France as Africa’s second largest trading partner, only behind the United States. China would have eclipsed the United States by some economic predictions by this time, but following the 9/11 attacks the oil-hungry United States focused its attention on oil-rich West Africa to replace its more dangerous sources of foreign oil. China imports more varied commodities from Africa, but oil still plays a large role in their trade. Chinese exports to Africa mostly consist of light consumer goods. Also in 2008, China was the largest provider of aid to the continent and the largest supplier of foreign direct investment.

The graphs below show exports and imports-namely, percentage of exports and imports that go to China and come from China versus the percentage of exports that go to Western countries (defined as countries in the OECD).

The three countries that interact with China have seen exports to and imports from China skyrocket over the past ten years, and their exports are mainly natural resources-oil for Sudan and Angola, and metals for South Africa. Of the other three countries, Burkina Faso is the only country that trades with China at all. Overall, African countries import more than they export to China, so the area has a growing trade deficit. China’s trade dependence on Africa, though, mostly consists of China’s resource needs. China mostly imports oil and metals like

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copper, iron ore, and platinum from African countries, as well as some other natural resources like logs and cotton. This is especially apparent in the share of certain commodities in the export percentages shown in the table: 100 percent of Angola’s exports to China are oil, 98 percent of Sudan’s exports to China are oil, and 45 percent of South Africa’s exports to China are metals. Nigeria and Senegal, as shown by the table, do not export a significant amount to China. Burkina Faso does, but its exports to China represent a small amount of the goods China imports from Africa, and is mostly left out of studies that focus on African trade with China because it is not considered a significant trading partner China would exert power on. Data in both of these charts is from successive editions of the CIA World Factbook.

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Exports to China

Imports from China

South Africa  Angola  Sudan  Nigeria  Senegal  Burkina Faso
Disentangling China’s amount of aid from this amount is more difficult, because little is known about China’s aid flows. China provides no official figures for the amounts of aid it gives to other countries-China scholar Chin-Hao Huang said in 2008 “There is no systematic sharing of data by Chinese ministries with international and bilateral donors...or with African participants.” However, it is known that Chinese aid, sometimes even more than Western aid, is linked to other stipulations. Chinese aid has been growing to the region for the past two decades, but seems to be carefully targeted like the foreign direct investment to serve China’s commercial interests. For example, the 5 billion US dollar China-Africa Development Fund, portrayed by the Chinese government as economic assistance, will be used to invest exclusively in Chinese enterprises and their projects on the continent. In most of its aid, China requires infrastructure construction and other contracts to be divided up, with 70 percent going to “approved”, mostly state-owned, Chinese companies and the rest handed to local businesses, many of which are also in joint ventures with Chinese groups. The idea of linking aid with purchasing goods and services form the donor country has been shown to be inefficient and to reduce aid effectiveness, but Chinese aid is increasingly linked to these kind of deals. In addition, China has contributed many troops to UN peacekeeping forces in Africa, perhaps trying to gain leverage in the region.

Contrary to Western aid, though, Chinese aid is not linked to governmental or economic reform-since the 1990s, aid has been linked with infrastructural projects to aid the extraction and export of minerals and oil to China. The data table in the appendix shows the aid each of the six countries get from the OECD countries, and the total aid they receive, so the difference

113 Robert I. Rotberg, China into Africa: Trade, Aid, and Influence (Cambridge, Massachusetts: Brookings Institution Press, 2008)

114 Michelle Allendoerfer. Human Rights in Foreign Policy. Diss. University of Michigan, pending.

between the two can be inferred as the aid they receive from the rest of the world, including China. This number is rising for all six countries, but because China’s aid specifically cannot be isolated, it is better to look at this as an overall trend.

The third variable, foreign direct investment, represents a different kind of incentive to governments. The data in the table is only for total foreign direct investment, but for most countries this number has gone up. According to the World Bank, China’s ‘go global’ strategy for investment, put in place by the Chinese government in 2001, has encouraged Chinese investment in all of Sub-Saharan Africa. As a Chinese hotel manager in Sierra Leone observed, ‘Africa is a good environment for Chinese investment, because it’s not too competitive.’ When China does invest, however, it is typically in the energy and resource sector or in infrastructural projects, areas where the countries that interact with China are desperately searching for. Most of China’s FDI has been concentrated in South Africa’s manufacturing sector and Zambia’s copper sector, but China is also more likely than other sources to invest in areas with fragile governments, so places like Angola and Sudan, resource rich, fragile states, are ideal. This is because of the effect described in Chapter 2-China is resource hungry, and does not limit its resource extraction to countries that follow the West’s rules. Therefore, resource rich countries the Western world isolates because of their human rights abuses, corrupt governments or other reasons, like Sudan, or countries that would gain utility from leaving Washington Consensus stipulations behind, like Angola, have the option of leaving the Western rules behind because China is willing to invest in their resource extraction industries. I will discuss this effect further in Chapter 4. Like aid, the total amount of foreign direct investment is reported in the data table in the appendix, but China’s amount as compared to the rest of the world’s is not immediately clear. Therefore, the overall effect of foreign direct investment of China in Sub-Saharan Africa,


combined with the research already done about the effect of this foreign direct investment, is more important.

Economic interaction, defined here as trade, aid, and foreign direct investment, has a direct effect on countries seeking it out, because they change their domestic policies to follow the rules of the economically powerful countries offering interaction in exchange for compliance. In the increasingly globalized economy, countries seek connection for economic utility, and economic isolation is considered a punishment. Through this economic interaction, countries are incentivized to follow the rules of the countries that can choose to grant this interaction or not. As China is gaining this power, its economic interaction becomes more and more important for the impressionable countries it trades with, gives aid to, and invests in. This section describes the independent variable of this effect, namely, how much economic interaction is going on between China and certain countries in Sub-Saharan Africa. By choosing three countries that interact significantly with China and three that do not, the effect of trade with China can be isolated in the next chapter describing the dependent variable to some extent. The independent variable also shows how the two sets of countries differ, and why economic interaction with China leads to the effect described in Chapter 4.
CHAPTER FOUR—CHINA’S EFFECT

As discussed in Chapter 1, economic interaction, here defined as trade, aid, and foreign direct investment, gives economically powerful countries the power to shape the governance decisions of the interacting countries, by enforcing a set of rules interacting countries must follow with the threat of isolation. Thus, the main story of China in Africa is economic might—how China’s growing economic role in relation to the West in some countries is changing the governance decisions in those countries. China has proved itself capable of providing the economic interaction these countries are looking for, with entirely different stipulations than those demanded by the West. This chapter will assess how China’s level of economic involvement with a country affects its domestic policies through changing the incentives policymakers face.

Economic interaction with China changes domestic policy decisions because it negates the effect of the traditionally Western-dominated system’s influence through acting as an alternative to the that system’s stipulations. Therefore, as countries switch from Western economic interaction to economic interaction with China (through trade agreements, foreign direct investment, and loans and aid), countries should start to deviate from the Washington Consensus, despite outside factors like how the domestic governments are set up, the commodities governments export or import, or how developed their economies are. These six countries were chosen as case studies to help illuminate the overall effect China has, because they each have different domestic governance structures (from strict totalitarianism to representative democracy), different levels of economic development (from majority subsistence agriculture to industrialized), and different exported commodities (oil, other natural resources, and light consumer goods). As detailed in the previous chapter, each country has a unique
historical background of international economic influence that sets the stage for how China is changing the game now.

The dependent variable is the way this change in economic interaction affects the incentives, and in turn the actions, of domestic policymakers. To this end, I will document how the domestic policymaking has shifted in two different areas. First, in economic decisions. The Washington Consensus stipulates economic liberalization and privatization, and politically, leaders of less powerful countries express their support for these policies and other Western goals for political gains in international discussions. On the other hand, Chinese rules do not stipulate liberalization, instead, they support economic decisions that build up the sectors exports to China come from, and politically, leaders of less powerful countries express support for these and other Chinese goals for political gains in international discussion. Media reporting in each of the six countries can demonstrate how these decisions are different between countries that interact significantly with China and those that interact more with the West. Second, in social, political and cultural decisions, which from now on I will refer to as just social decisions. To test the difference in social decisionmaking between the two sets of countries, I will only use one part of the Washington Consensus that falls under the category of social decisions: human rights respect. Western ideas of human rights, and the extent to which they need to be protected, are very different from China’s ideals, as I will later explain. Looking at the trends of human rights respect in the six case countries should isolate the effect economic interaction with China versus that with the West\textsuperscript{118}

\textsuperscript{118} Both of these approaches have serious limitations. They both only anecdotally address the change rather than systematically and by no means capture everything occurring in the country and take only a random sample of events. In addition, the patterns that arise can occur for a number of other reasons aside form China’s effect. However, the large number of events related to the switch in economic interaction indicate that the changes at least in part are due to this switch. The limitations are clear, but the indication of an effect makes the theory open for future testing through more research.
Economic Decisionmaking Changes: Media Reporting

The first set of information I will use to show how governments currently in power in the six countries are changing their decisions based on economic interaction is through newspaper reporting. Newspaper reporting shows both areas of the rules that differ between the Washington Consensus and China’s rules, economic decisionmaking and social policy. The topics are general and more anecdotal than systematic, but through looking at domestic newspapers the general political opinion can be inferred. From the newspaper anecdotes, two broad trends arise, one economic and one a mix of economic and social. First, the three cases that trade with China are more likely to use trade, investment, and loans and aid to develop infrastructure natural resource sectors, mainly in the natural resources they export to China. Second, the three cases that trade with China’s leaders are more likely to take China’s side in key international arguments and make statements supporting China or putting down the West, in either economic decisionmaking or social decisionmaking. China’s growing presence in the countries through economic interaction correlates with these changes, pointing to China’s new economic power to set international rules different from the West’s. The two trends break the Washington Consensus in two ways: the investment changes refute the privatization and liberalization rules, and the quotes from leaders show they are not as concerned with Western rules as a whole. Other effects might be the cause of this, but the strong correlation, theory behind Chinese economic interaction, and rapid change in the three countries that trade with China and not in the ones that do not point to a possible causal relationship.

All three cases, however, have not left Western economic interaction behind completely. Reliance on commodities made the global financial crisis particularly painful for all three, encouraging them to return somewhat to Western stipulations. This will perhaps make them change investment structure and be more careful about what they say on an international scale, but this effect has yet to be seen. Overall, the three cases that interact economically with China
do not change their behavior completely. Just like there is anecdotal evidence their behavior switches along the three dimensions listed, there is also anecdotal evidence for their following Western rules. I do not assume the switch is complete in either the independent or dependent variable; rather, that China’s power to effect that switch may not be total, but even the incomplete switch has repercussions in the developing countries governance choices.

**South Africa**

Since 2000, as South Africa’s economic interaction has switched from the West to China, South African newspapers have overwhelmingly reported how South African leaders have publicly refuted the West and supported China. In October of 2010, South African newspaper *The Mail and Guardian* published a story about Xi Jinping’s, China’s vice president’s, visit to the country. The paper reported the Chinese government pledged 20 billion US dollars in loans to South Africa in exchange for South Africa’s support for China’s stance on climate change. The paper reported because South Africa is a member of the UN Security Council, it can do this. In addition, a climate change summit is being held in South Africa in 2011, and “diplomatic sources” state China wants to ensure that the climate change summit in South Africa in 2011, rather than any G20 agenda, becomes the decisive forum for negotiation. South Africa’s official view, as stated to the Chinese, is “we need an agreement that recognizes the common responsibility of all nations to reduce emissions, while not impeding the development of developing countries.” This is precisely the view China pushes in climate change policy.

In addition, the paper reported the government’s stance in the negotiations was colored by the fact that “South Africa wants to expand its nuclear power capacity and China is the country with the most under-construction nuclear power projects in the world.” South Africa accepted the loan and agreed to side with China on the climate change debate, and the paper
reported this favorably\textsuperscript{119}. This is an example of how social decisionmaking changes with interaction with China, with South African leaders politically supporting China and politically bashing the West. South Africa’s position on the UN Security Council gives it leverage in the debate, but China still changes the political decisions of its leaders, and how they represent these on a world scale.

South African leaders break the social Washington Consensus rules outside the climate change debate, as well. After visiting China, South African president Jacob Zuma gave a speech in which he called for the overhaul of traditional Western funding bodies like the IMF, World Bank, and even the UN Security Council, and quoted him as saying “the developing world is told that if it does not Westernize, and change its political systems to mirror those of the West, they can forget about achieving economic growth and development” and saying these sentiments were wrong. Instead of compliance with this “Westernization,” Zuma is lobbying for the country to join the developing nation bloc BRIC—Brazil, Russia, India and China\textsuperscript{120}. President Zuma also visited the UK in 2010, and repeated the same sentiments. The interaction was reported in the \textit{Financial Times}, a newspaper in London rather than in South Africa. He called on the US and EU to lift their sanctions on Zimbabwe, and “warned that Britain and other former colonial powers must adjust to the increasing sway of China and other big emerging economies to preserve their influence in Africa”\textsuperscript{121}. Zuma repeated the same idea in his visit to both China and the UK—that South Africa is solidly under China’s influence and will help China with its foreign policy objectives.


Beyond the social decisions to support China’s foreign policy objectives, South African leaders are also switching from Western economic rules to Chinese economic rules. In economic decisionmaking, South Africa is switching to China’s rules by changing the industries it invests in and by rejecting sources of Western funding to rebuild its infrastructure. Two months earlier, in August, *Business Day*, another prominent newspaper in Johannesburg, reported about Jacob Zuma, South Africa’s president, visit to China. In the article, it cited four agreements the two countries signed, all in the fields of geology and mineral resources, environment management, and railways and transportation. Commodities make up most of South African exports to China, but unlike some of the other case studies, South Africa does not primarily export oil. The *Inter Press Service* in Johannesburg in 2006 reported that resources like copper and aluminum are what have attracted China. Wen Jiabao visited South Africa in 2006 as part of a tour of Africa, and part of his visit was dedicated to securing trade deals in these commodity industries. Essentially, China gave South Africa knowledge to more efficiently extract minerals and the capital needed to build a railroad between Durban and Johannesburg.

The strong economic ties between China and South Africa change the way South Africa focuses investment, following the economic trend identified with the switch. It also changes other economic considerations the leaders in South Africa make. One of South Africa’s most important economic considerations is unemployment, as noted in chapter 2. Relatively cheaper Chinese imports exacerbate unemployment. When Wen Jiabao, China’s premier, visited South Africa in 2006 one topic of conversation was China’s textile exports—the *Financial Mail* in South Africa reported that cheap textile imports from China have displaced over 65,000 jobs in South Africa. However, South Africa’s handling of the situation showed just how much the government is willing to sidestep local needs to appease the Chinese government. Even though South Africa suffers from one of the highest unemployment rates in the world, instead of forcing a legally binding restraint, the two governments signed a memorandum of understanding that carries no
measures to monitor imports. The paper reported that Martyn Davies of the Center for Chinese Studies said voluntary restraint won’t work, because it's not feasible to expect the Chinese government to command thousands of privately owned firms to hold back their exports, and smuggled products will continue to enter the local market despite any tariff the Chinese government imposes. The paper went on to report, however, that the most important issue in the dealings was the prospect of a free trade agreement between the Southern African Customs Union and China, and any voluntary export restraint should be seen only as a way to adjust to free trade between the two, clearly favoring China’s presence in the country\textsuperscript{122}.

Economic interaction between China and South Africa has only grown throughout the years. In May of 2010, \textit{Business Day} reported on the China-South Africa Economic and Trade Co-operation Forum. It quoted South Africa’s finance minister, Rob Davies, who spoke favorably about a series of business deals and contracts conducted between the two countries, saying the deals would “most certainly” secure jobs in various industries. In an era of devastating unemployment in South Africa, these promises for secure jobs from the finance minister are an important governance decision\textsuperscript{123}.

The switch in economic interaction is not complete in South Africa, however, and neither is the switch in the set of rules the country follows. South Africa has been hit hard by the financial crisis, like many other countries who rely on commodities for most of their GDPs. This slump has somewhat decreased its ability to write off Western assistance. In August of 2009, the \textit{Financial Mail} reported on a large loan South Africa received form the IMF as part of an IMF program to help countries hardest hit by the global financial crisis. The paper commented that


the loan acceptance was a sign of how bad the economy really was, and quoted economists who expressed relief that real GDP only contracted by three percent\textsuperscript{124}.

**Angola**

Like the other two case countries, Angola’s economic decisionmaking has changed with growing economic interaction with China, most notably, investment structure has changed to match China’s rules rather than the Washington Consensus rules. Angola has been quick to dismiss Western stipulations in other areas, as well, especially in financing post-war reconstruction. In 2007, the Africa Financial Review stated that “The influence of the IMF has been waning for years, as oil revenues replace its financial support.” Angola paid back most of their IMF debt in the early 2000s, and has been switching to dealing with countries directly rather than submitting itself to IMF conditions. *Africa Confidential*, a London-based African magazine, interviewed Angola’s Finance Minster, José Pedro de Morais in March of 2007. In the interview he spoke bluntly about his country's future path in 2007, saying that Angola would not be an African country dependent upon the international community for budgetary support. “We can conceive and implement our own policies … what we find unfair is that because of these choices we are called non-transparent, corrupt, whatever. This is not fair.” Instead, the country chose to rely on commercial loans from banks all over the world coupled with large Chinese financing agreements to rebuild their infrastructure. When asked about international transparency like the Extractive Industries Transparency Initiative, De Morais retorted, “the international private sector has confidence in the rules of the game in Angola, so we don’t bother about those international initiatives. Our main partners are what we care about”\textsuperscript{125}


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Oil is mainly driving Angola’s ability to forget Western political influence, and Angola is the largest supplier of oil to China from Africa. Angola joined OPEC on February 1st, 2007, the newest member of the cartel since Nigeria in the 1970s. Le Monde, a French newspaper, reported that they worried about Angola’s political clout in joining OPEC, strengthening OPEC’s “anti-West” clan of Venezuela and Iran. The newspaper stated “Angola has already proved it is adept at playing the US against China and has become the latter’s largest supplier.” Oil gives Angola the power to reject the West—the Africa Financial Review reported in August 2006 that “China’s unconditional billion-dollar credits lift the pressure on Luanda to meet Bank/Fund conditions on transparency and accountability. Cooperation with Bank and Fund could reduce the massive premium paid to service Luanda’s oil-backed loans; but there is immediate relief to the Treasury in Chinese credits and construction projects by Chinese companies. Trade between the two countries totaled nearly 7 billion US dollars in 2005, according to the Ministry of Finance.” Africa Confidential reported in July of 2006 that licensing deals between Angola’s state owned petroleum company, Sonangol, and China’s, Sinopec, conducted a joint venture which paid Angola 2.4 billion dollars—including a record 2.2 billion signature bonus—for a 40% controlling stake for Sinopec in parts of offshore oil blocks. The deals between Sonangol and Sinopec represent the most blatant refusal of the Washington Consensus rules, because both companies are nationalized. Angola, by keeping its most lucrative industry partially under state control, is breaking Western privatization and liberalization standards. Trade with China enables the country’s leaders to keep the oil industry under their own control, and in turn Angola provides China with significant oil resources.


In addition, China provides funds for Angola to develop its infrastructure in a way that benefits China, or, in developing infrastructure in the industry Angola exports to China. Unlike South Africa but like Sudan, Angola’s main export commodity is oil. In the same visit as the climate change talks with South Africa reported later, Xi Jinping, China’s vice president and leading Communist party member, visited Angola in 2010 where he met with Angola’s president and vice president. On November 20, The countries announced they would establish a “strategic partnership to continue shoring up bilateral cooperation.” Xi praised Chinese businesses in Angola for actively participating in rebuilding Angola’s infrastructure, and the “new way of cooperation by integration” that has led Angola to be China’s largest trade partner in Africa for the past four consecutive years. Earlier, in 2006, Premier Wen Jiabao visited Angola as part of a tour of Africa-just after Angola overtook Saudi Arabia as China’s biggest oil supplier. During the meeting, Wen promised Angola 3 billion dollars of “no-strings-attached” credit to repair Angola’s infrastructure, mostly in the oil sector, so Angola can more efficiently export oil to China.

Angola’s relationship with China, similar to South Africa, has emboldened its leaders to start ignoring Western constraints and instead complying with Chinese ones, especially when considering the social rule divide between the Washington Consensus and China’s rules. Angola’s newspapers report economic interaction has emboldened Angola’s leaders to stop complying-or pretending to comply-with Western obligations and recommendations in these social areas, including human rights abuses, corruption, and Angola’s relationships with other countries.

After a visit to China in December 2008 to secure more infrastructure loans to fund his $42 billion US dollar spending plan, Angolan president dos Santos has blatantly ignored

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accusations of corruption and human rights abuses when traveling the rest of the world\textsuperscript{130}. 

\textit{PANA}, reporting from Luanda, Angola’s capital, reported about President Jose Eduardo dos Santos’s traveling in May, 2009. His trip followed the release of the US State Department’s annual human rights report to Congress, which revealed “widespread” government corruption and numerous abuses of human rights and freedom of expression. Angola does interact significantly with China, but some of its largest investors and trading partners are Portugal and Brazil. Germany, as well, contributes significantly to foreign direct investment. During the trip, dos Santos visited Germany first, where, \textit{PANA} reported, he “sidestepped charges of human rights abuse and corruption in Angola”. He then travelled to Portugal, which is becoming an important part of Angola’s economy—apart from the oil and diamond sectors, Portugal is currently the main foreign investor in Angola\textsuperscript{131}. Portugal, however, has even started accepting Angola’s rulebreaking—it is careful to avoid annoying Angola in favor of the UK, because Angola is a strong supporter of Zimbabwe’s dictator Robert Mugabe, and does not support the UK’s sanctions against him\textsuperscript{132}.

China also has played a role in relations between Angola and neighboring Democratic Republic of the Congo, providing funding for transportation between the two and between mainland Angola and the Cabinda enclave, an oil rich area that belongs to Angola but is separated by the main part of Angola by the DRC. ChinaRoad and Bridge Corporation implemented The “cabinda link project” at a cost of 2 billion US dollars. In addition, China is providing Angola with significant nuclear technology to develop nuclear power plants. Angola is still in full compliance with the International Atomic Energy Agency and the Nuclear


Nonproliferation Treaty, but nuclear technology is an important component in international trade influence\textsuperscript{133}.

China is not the perfect alternative to the West for Angola, however. Just like South Africa, Angola has not completely switched to Chinese economic interaction, and China’s rules. In all of Africa, but in Angola especially, there have been allegations that Chinese loans are not what they seem. Angola has responded to these allegations, however, by protecting its relationship with China by veiling their dealings in secrecy\textsuperscript{134}. The \textit{Financial Times} in London reported that the Angolan government has long refused to comment on their loans from the China International Fund (CIF). The money from the loan is controlled by the Cabinet of National Reconstruction, headed by a general close to President José Eduardo dos Santos. Human rights groups have accused the cabinet of misusing some of the funds and have been continuously calling for greater transparency in their disbursement\textsuperscript{135}.

Chinese loans have been called into question by the Angolan government as well as international forces, as well. Earlier in 2007 the government broke off negotiations with Sinopec, China’s state oil company, over a proposed 200,000 barrel-per-day (bpd) refinery. The \textit{Africa Financial Review} reported, however, that the falling-out does not mean relations between the two are any worse, merely that they are moving out of “the honeymoon period into a more conventional relationship.” At the same time, as well, Angola ejected US firm ExxonMobil from a liquefied natural gas project\textsuperscript{136}. In addition, even though Sonangol broke off relations with

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Sinopec, in 2009 it partnered again with Beiya, another Chinese oil firm. *Africa Confidential* reported in October 2009 that the important factor about Sonangol is that it has remained nationalized, and only partners with other nationalized companies. The Angolan oil industry does not have to follow the Washington Consensus rules and privatize, rather, the Angolan government has the option of keeping its most lucrative industry nationalized, and can find partners such as China with the same idea.

In addition, similar to South Africa, Angola has not been able to reject all sources of Western funding. Similar to South Africa, Angola has also been hit hard by the global financial crisis and has reverted to Western sources of economic assistance. As part of a 27-month Stand-By Agreement (covering 2009 and 2010), the IMF is providing the country with 1.4 billion US dollars. The IMF website reported the restrictions it has on Angola’s governance in one of the reviews during the 27 month period: “In setting the 2011 budget, the Angolan authorities face the challenge of balancing the need to increase spending on essential infrastructure throughout the country with the need to further build foreign reserves—Angola’s key safety buffer against oil price volatility—and clear its remaining arrears to domestic firms. The global economic outlook...provides a strong case for proceeding gradually in entering into new spending commitments.” This credit is the first IMF lending to the country since the end of the 27-year civil war. *Agence France Presse*, a French newspaper that reports on Angola, reported that Angola was “desperate” for the money after the huge drop in the price of oil, causing Angola’s international reserves to fall by 30 percent in 2009. In an interview on state radio,

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Economy Minister Manuel Nunes said: “Our approach has been to see how they (the IMF) can support Angola in financing the balance of payments”.139

Similar to South Africa, newspaper reporting on Angola does include some information about how Angola complies with Western rules at times to keep economic ties with the West. Also similar to South Africa, however, this information does not negate the trend Angola’s infrastructure development is taking, or the statements Angola’s leaders make when they speak publicly. Economic interaction does not totally switch, and neither does the rules the country follows.

Sudan

Sudan is the prime example of Chinese involvement allowing the government to ignore Western interests, especially in the social area of the Washington Consensus. This effect has been particularly acute in Darfur, where Chinese oil contracts-and China’s veto power in the UN Security Council- insulate the government from United Nations action. Operating under a doctrine of national sovereignty, trade with China gives Sudan free rein to continue egregious human rights abuses in exchange for favorable trade terms.140 Amnesty International has reported time and time again that China’s economic support-including secret arms exports-are fueling the conflict in Darfur.141 For example, on March 4, 2009, Omar al-Bashir, the current Sudanese president, was charged with war crimes against the people of Darfur and was to be prosecuted in the International Criminal Court. On March 5, Sudan expelled all humanitarian organizations from the country. The government accused the aid groups of supplying information against the president. This raised alarm in many Western countries and institutions-


141 “The Big 4-How Oil Revenues are Connected to Khartoum,” Amnesty International
“President al-Bashir’s response to being charged with crimes in Darfur is nothing less than retaliation against the millions of people there. The Sudanese government should reverse this decision immediately, or civilians in Darfur will again suffer the consequences of Khartoum’s abusive policies,” Georgette Gagnon, Human Rights Watch’s Africa director said in a statement on March 5th. In response, the Sudanese government suggested non-western humanitarian organizations could fill the gap: “We have received many applications from Arab and Asian countries. They want to go to Darfur”, said Ahmad Harun, Sudanese State Minister for Humanitarian Affairs, who is also sought by the ICC, on 51 charges of war crimes and crimes against humanity. In negotiations with Sudan in the past, Chinese officials have called for a “peaceful solution” in Darfur, but make it clear that “Any solution [in Darfur] needs to respect the sovereignty of Sudan and be based on dialogue,” as attributed to Hu Jintao, China’s president, in the Xinhua news agency. China has used its veto power in the past to block sanctions on Sudan until it ends the violence in Darfur.

China’s interaction with Sudan has emboldened its leaders to dismiss the West in international fora, just like in South Africa and Angola. Similar to South Africa, the climate change debate is an easy place to see how Sudanese officials are operating according to new social rules on an international scale. The Sudanese government is already going ahead with pilot projects costing about $300m to examine ways of responding to an increase in temperature of about one degree celsius causing drought, flash floods and increased malaria, officials said. During the Copenhagen climate change negotiations in December 2009, Lumumbe Di Aping represented Sudan. The conference quickly showed the gap between developing countries and developed when it came to climate change policy, with China leading the developing countries


the the US and Europe leading the developed. The tension even led to a walk out of African countries on December 14th, stopping the negotiations for several hours. During the walk out, Di Aping was quoted as saying “The gap between developed and developing nations is getting wider.” Sudan, and the rest of the developing countries, opposed a US backed plan that binds China and other emerging economies to targets. Ibrahim Mirghani Ibrahim, another Sudanese diplomat and chairman of the G-77 plus China, which broadly represents the developing world, said that “rich countries have shifted responsibility for adaptation on to developing countries themselves. The costs are eating into their mainstream national budgets.”144

In addition to social decisionmaking, economic interaction with China is changing economic decisionmaking in Sudan. The different investment structure trend is also evident in Sudan, especially in the recent split between North and South Sudan. China has kept diplomatic ties with both governments strong, just to keep its hold on Sudan’s oil industry. Through its actions in propping up the Northern government have angered the South, China’s pragmatism separate from ideology is present in its dealings with the Southern government. An article in the most recent Africa Financial Review from December, 2010 describes China’s recent strategy in Sudan as focused on winning over the Southern government, which may split off in 2011. Southern officials have recently made a radical shift from in the past, when they had been hostile because of the diplomatic assistance and arms China provides to the Northern government. China is “hedging its bets” pragmatically, setting up a consulate in the South in 2008 and hosting Southern president Kiir Mayardit in 2007. Now, more than ten senior officials —ministers, governors and even county commissioners—have recently flown to Beijing. Unsurprisingly, the Chinese focus is on the states in Southern Sudan with significant oil reserves. The article says this gain of China’s has been at United States expense-because the

United States has not invested in Southern Sudan, instead seeking out more stable markets, and has sanctions against the country that hurts trade. *Africa Asia Confidential*, a magazine based in London, reported on the same idea in November, 2010. In an interview with Liu Guijin, China’s highest-ranking Africa envoy, Liu suggested the basic principle of Beijing’s diplomacy is that it will do business with anyone. Its main concern is to keep the oil flowing, from whoever is in control.

Strong sanctions against the Sudanese government by many Western countries have kept the trend of Western resurgence following the global financial crisis seen in Angola and South Africa out of Sudan. However, the absence of Western involvement is not the important factor here; rather, the part of the story crucial to this thesis is that ties with China have made the Sudanese government act in a way it would not have before.

**Nigeria**

Nigeria still falls under Western influence, and follows both the social and economic Washington Consensus rules outlined in Chapter 1. The contrast between Nigeria and the three countries that do interact significantly with China indicates the changes in the first three are due to the effect of the switch in rule-following, rather than due to other factors. Nigeria’s similar government structure, GDP size, commodities traded, and political and economic past hopefully controls for these factors, indicating the causal relationship. The other two case countries that do not trade significantly with China serve the same purpose.

Nigeria does trade somewhat with China as shown in the data, but the switch is not nearly as extreme as in South Africa, Angola, or Sudan. In 2001, then vice president of the US Dick Cheney wrote “Along with Latin America, West Africa is expected to be one of fastest-growing sources of oil and gas for the American market…. Nigeria, in partnership with the private sector, has set ambitious production goals as high as 5 million barrels of oil per day over
the coming decade.” After the September 11th attacks in 2001, the US’s strategy for Nigeria became one of counter-terrorism and energy security, listed as a front line state in the Global War on Terrorism. Similar to the Cold War before it, this ideological intervention in the name of US interests changes the political interests of Nigeria as well in order to attract the economic interaction.

Like Sudan and Angola, Nigeria suffers from an infrastructure deficit after decades of civil war. Unlike Sudan and Angola, though, when seeking sources of investment to rebuild this infrastructure, in economic decisionmaking, newspapers do not report how the government risks angering some sources in favor of others. In December, 2010, The Guardian, a Lagos independent newspaper, reported that Russia and Nigeria confirmed a partnership deal to develop Nigeria’s infrastructure to extract natural gas, including a pipeline to run to Russia to deliver the natural gas. Nigeria lags behind Algeria and Egypt in gas extraction even though it has more proved resources. In addition to looking for other sources of investment for infrastructure, Nigeria is changing the set up of its most important industry in a way that follows Washington Consensus rules, namely, by privatizing its oil industry. In February, 2008, African Business reported that then president Yar’Adua announced he would restructure state owned oil and gas assets, transferring most of the Nigerian National Petroleum Corporation’s, the largest state owned actor in the sector, functions into five new organizations, with a national energy council to merely oversee the sector as a whole. This move counters the wishes of the powerful trade unions in the country, but the new structure should improve efficiency, increase competition, and counter corruption, all stipulations of much Western economic interaction.

This privatization can be contrasted to Angola’s decision to keep its oil industry nationalized with China’s partnership, showing the difference in economic decisionmaking—and the economic rules they follow—between the two countries.

Privatization as a means to keep Western economic interaction also pervades Nigeria’s banking sector. One month earlier, This Day, another Nigerian newspaper, reported in Abuja how Nigeria partnered with a British bank to try to raise funds from the global debt market. Minister of Finance, Dr. Olusegun Aganga said in September at an investor road show in London that there was a huge amount of investor interest in Nigeria, and the country is willing to adapt its financial decisions to accommodate those investors preferences. He wanted to set a “benchmark price” that would make it easier for domestic businesses to raise money with more confidence as corporate borrowing rates had declined substantially.\(^\text{148}\) Aganga has also spoke many times about the need for Nigeria to decrease its public debt to comply with international standards. Even though Nigeria left the Paris Club of IMF borrowers in 2004, in an article in the News Agency of Nigeria in June, 2010, Aganga stated Nigeria’s debt is 40 percent above the internationally accepted benchmark, and warned every reason for borrowing must be justified in order to secure the cash flow Nigeria needs to address its infrastructure problems\(^\text{149}\).

In July of 2010, the Central Bank of Nigeria held a forum in Benin to discuss reforms in the baking sector to comply with the Washington Consensus. The four pillars of the reforms which began one year earlier in 2009 are: enhancing the quality of banks, establishing financial stability, enabling a healthy financial sector and ensuring that the financial sector contributes to the real sector. At the same time, This Day reported how the International Finance Corporation (IFC), an arm of the World Bank, announced that it was injecting 300 million US dollars into


Nigerian banks to support revamping the banking sector. The IFC’s vice president for global industries, Jyrki Kosekelo, stated “In the wake of a crisis, Nigeria has made significant progress towards creating a policy environment in which good banks can thrive. IFC is stepping up its support for the financial sector in Nigeria to help local banks grow more and contribute to the private sector development.” 150 Also in July, This Day reported about how the Central Bank of Nigeria was privatizing and opening up other banks in the country to foreign ventures, including one that has been bought and restructured by an Italian bank151. Trade policies are also an important component of Nigeria’s finances, and an example of how decisions are made to follow the West’s rules. In March 2009, the United States and Nigeria met under the existing Trade and Investment Framework Agreement between the two countries to advance the ongoing work program and to discuss improvements in Nigerian trade policies and market access. Among the topics discussed were cooperation in the World Trade Organization (WTO), market access, export diversification, intellectual property protection and enforcement, commercial issues, trade capacity building and technical assistance, infrastructure, and investment issues152.

In addition, this investment in infrastructure development has been tied with loans from Western countries and debt relief in Nigeria, an effect not seen in the countries that trade significantly with China. Nigeria instituted the National Economic Empowerment Development Strategy in 2003, a program modeled after the IMF’s Poverty Reduction and Growth Facility for fiscal and monetary management, in an ultimately successful attempt to win a debt relief deal. The government deregulated fuel prices, privatized oil refineries, and put in other measures to comply with IMF rules based in the Washington Consensus, and in exchange, in 2005, the IMF


grated Nigeria a debt relief deal worth $30 billion of Nigeria’s total $37 billion external debt\textsuperscript{153}. The deal requires Nigeria to be subject to stringent IMF monitoring, but shows how Nigeria is willing to comply with Western stipulations for economic benefit. Instead of using IMF credit, Nigeria’s government follows IMF rules for debt relief. President Yar’Adua has promised to continue the IMF-suggested economic reforms, and follow the stringent reforms for debt relief. The biggest challenge is infrastructure development, and in line with IMF rules the government plans to develop stronger public-private partnerships to develop this infrastructure.

In this way, Nigeria does not conform to the same trend as does Angola, Sudan, and South Africa—it has not abandoned Western sources of economic interaction for Chinese sources, and stayed with these Western sources before the beginning of the financial crisis. Investment structure in Nigeria is in line with the Washington Consensus rules listed at the beginning of the paper—including privatization. Nigeria, Angola, and South Africa has similar infrastructure needs, but the investment structure in Nigeria is significantly different from that in Angola or South Africa, reflecting the different incentives imposed by the group the government decides to interact with economically.

The second effect, social decisionmaking, is also a difference between Nigeria and the three case countries that trade significantly with China. Nigeria’s leaders are much more careful about what they say about China, reflecting a political decision to stay under the West’s sway. China eclipsed the United States as Nigeria’s biggest import partner in 2007, but \textit{This Day} reported that during a meeting of the US Department of State Advisory Committee on International Economic Policy a Nigerian government official expressed Nigeria’s relationship with China would never rival its relationship with the US. He said that while US businesses may be “intrigued” by the role China will play, Nigeria’s relationship with China, while “cordial,” is also

“complex.” He went on to say “The average Nigerian resents the use of Chinese laborers in construction projects and perceives the Chinese as harsh employers. Nigeria's pharmaceutical and textile industries are suffering from what appears to be ‘dumping’ of Chinese pharmaceutical and textiles and from counterfeit goods originating in China”, he said. Explaining further the circumstances under which the Chinese operate in the country, he observed that “Nigeria's infrastructure could clearly benefit from Chinese aid, but the Chinese are discovering that their largest, and most highly touted, proposed infrastructure projects have not even broken ground because of cultural and market misunderstandings, bureaucratic hurdles and corruption.” Even though China is making inroads into Nigerian decision making, the committee disclosed between 2000 and 2007 the US had provided Nigeria with 53 percent of Nigeria’s foreign investment, over 11 billion US dollars. The official went on to reaffirm the US government position that Nigeria is a strategic partner, a dependable ally and that a prosperous Nigeria is important to US security, democracy, trade and energy needs. The article in This Day almost seems to be thumbing its nose at China, showing how even if China begins throwing its weight around in Nigeria the United States can just laugh off their efforts, and the Nigerian government will support the US.

In addition, Nigerian leaders are careful in social decisionmaking to keep Western firms in the country as well as Western governments. The Niger Delta is a huge point of contention in Nigerian politics, a hotbed of international investment and influence, as well as ongoing violence for control of the oil there. The Movement for the Emancipation of the Niger Delta, or MEND, is a separatist group that carries out sabotage attacks on the oil infrastructure there. This Day reported in Lagos in October 2010 about oil spill damage in the region, and how the federal government implemented a Committee on Oil Spill Prevention Strategy in August of 2010. The

Director General of the National Oil Spill Detection and Response Agency, or NOSDRA, Uche Okwechime, said the “committee is to promote dialogue and create enabling environments for harmonious relationships among the stakeholders in the oil industry.” By “stakeholders,” she means large oil multinationals-most of them Western. One of the main goals of the committee is to protect these firms from sabotage by MEND and other groups. The article specifically mentions Shell, a United States company, but Exxon Mobil, Total, and Chevron also have a significant stake in the region. The projects by these US-based multinationals account for about 80% of production. Shell’s Vice President for Health, Safety, Environment, Infrastructure and Logistics in Africa, Mr Babs Omotowa said in a statement that each incident was thoroughly investigated by a Joint Investigation Team (JIT), comprising government agencies, regulators, the Shell Corporation and community representatives. In addition, the committee is working with the United Nations Environmental Program to carry out an environmental assessment of the damage done by oil sabotage and other sources of oil spills. The article is about a specific targeted approach the Nigerian government is using to make sure Western interests are kept in the area, both through protecting investment in infrastructure but also complying with international norms about environmental protection. One of the main demands by the groups conducting violence in the area is that more of the oil wealth is seen by the local people. In October 2007, however, the BBC reported then president Yar’Adua sought emergency powers to deal with sabotage, in his own words, “much more severely than is normal.” His announcement came after a Dutch national was killed in Port Harcourt, the region’s biggest cities.

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Another huge problem Nigeria faces in social decisionmaking that relates to attracting any sort of economic interaction is corruption. Nigeria’s government is plagued with corruption; newspapers continually report that billions of dollars of oil revenue have been lost to graft throughout the years\textsuperscript{157}. Former president Umar Yar’Adua and current president Goodluck Jonathan have promised to enforce a zero tolerance policy when it comes to corruption, partly to make the country more attractive to foreign investment. Although their efforts may prove fruitless, their words prove the point that countries that trade significantly with the West at least say they are trying to follow the West’s rules, rather than dismissing them as impositions or ignoring them, as Angola, Sudan, and South Africa are doing.

**Senegal**

Unlike Nigeria, Senegal has often been lauded as an example of peace and security in a volatile area. However, like Nigeria, it still follows Western liberalization rules in its economic decisionmaking, showing the difference between its own investment structure and that in Angola, Sudan, and South Africa. The comparison between Senegal’s governance decisions, following both the economic and social rules of the Washington Consensus, can also show the difference between the governance decisions of the countries that trade with China and those that do not.

In 1994, Senegal, with the support and direction of the Western donor community, started a huge economic reform program. The economic reforms all followed the rules of economic liberalization-the currency was devalued, subsidies and price controls dismantled, and inflation controlled. Since then, Senegal has signed agreements with many foreign firms and governments to develop its resource extraction industry, including a group of firms from Dubai that have agreed to modernize Dakar, Senegal’s capital’s, port and turn the city into a

special economic zone. In addition, the country relies heavily on Western lending institutions. Under the IMF’s Highly Indebted Poor Countries program, Senegal’s debt was slashed by two-thirds, and in 2007, Senegal and the IMF agreed to a new, non-disbursing, Policy Support Initiative program. Senegal continually meets with an advisory group of development partners. PANA reported that in October 2007, a meeting between Senegal and the advisory group focused on Senegal’s economic competitiveness, as well as the financing of both the Accelerated Growth Strategy (AGS) and the Second Poverty Reduction Strategy Paper (PRSP II). At the opening of talks, Senegalese Prime Minister Cheikh Hadjibou Soumaré expressed firm commitments, insisting on “budget and financial transparency, especially through the implementation of the new legal and institutional framework of the public contracting system, which is expected to help restrain the use of waiver procedures in the execution of public contracts”.

Senegal also follows Washington Consensus rules in its social decisionmaking. As in South Africa, climate change has had a huge impact in Senegal. Instead of antagonizing the West for their overwhelming contribution to climate change, however, Senegal is taking full advantage of the aid offered. Rather than dismissing the West as causing the problem, Senegal’s leaders are much more careful with their words, accepting Western interaction and agreeing to play by the West’s rules to keep the money coming. The UN’s news service in September 2010 reported how Senegal was one of the first countries to accept aid from the Adaptation Fund, aid set up by the UN to help poor countries cope with climate change. A 14 million US dollar project will help Senegal deal with rising sea levels and less rainfall. In addition, in 2009, Senegal partnered with the UN for the “Great Green Wall” project, in which

African countries have agreed to plant trees to combat the effects of desertification. Senegalese president Abdoulaye Wade told the UN news service that he hoped the UN would support the project, “which contributes to the protection of the environment, helps in the battle against climate change and would mobilize thousands of people”\textsuperscript{160} In April of 2010, Senegal accepted aid from the International Finance Corporation arm of the World Bank. The IFC announced it would invest in an provide advisory services to MicroCred Sénégal to help it increase lending to micro and small entrepreneurs who currently have limited access to formal financial services and products. MicroCred Sénégal is a microfinance corporation based in Dakar, and its CEO, Ruben Dieudonné, said to the IFC’s reporting arm: “Microfinance institutions play a key role in helping improve the financial infrastructure in developing countries...Microcred’s partnership with IFC will help our growth strategy.”\textsuperscript{161}

**Burkina Faso**

Like Senegal and Nigeria, Burkina Faso’s government makes decisions that comply with both the economic and social rules of the Washington Consensus. These decisions, compared with those of South Africa’s, Angola’s, and Sudan’s governments, suggest how economic interaction with China is having an effect on the governance decisions of the countries that interact with it, and that effect is not seen in the countries that do not interact with it.

In direct contrast to the countries that interact economically with China, since 1998, Burkina Faso has been complying with Western economic rules to attract investment by privatizing state-owned enterprises. Its investment structure did not follow the same trend as in Angola, Sudan, and South Africa, where nationalized companies dominate and privatization is


sacrificed for more efficient resource extraction. Instead, Burkina Faso chose to comply with the rules laid out by the Washington Consensus.

The United States openly criticized Burkina Faso’s industry for being dominated by unprofitable government-controlled corporations in 2004, and Burkina Faso’s leaders responded by revising the country’s investment code to attract foreign investors. Like Nigeria, Angola, and Sudan, the country suffers from an infrastructure deficit, and needs to attract investment if they want to escape poverty. According to the *Africa Financial Review*, the government is eager to “win the faith of donors” by following the policies of the IMF and the World Bank. The sources of this investment are varied and numerous. In November, 2010, the African Development Bank signed a deal to finance basic energy infrastructure projects in the country, as reported on the Development Bank’s website. In 2008, the country received a Millennium Challenge Corporation grant to improve education, and signed a compact to focus on the areas of infrastructure, agriculture, and reform\(^\text{162}\).

The government has brought state finances under control, liberalized trade and privatized state companies since embarking on reforms. In return, donors have written off debts and in 2007 paid half of the country’s budget\(^\text{163}\). The IMF, especially, has praised Burkina Faso’s efforts. Burkina Faso has a Poverty Reduction and Growth Facility (PRGF) arrangement with the IMF, and has followed all of the stipulations attached to the credit the country receives from the IMF. The two areas where the IMF has especially praised the country is in privatization of industry and debt management. In February, 2006, the IMF website reported “The authorities’ strategy to pass on world prices to domestic producers and consumers is well-placed and will facilitate the adjustment of the economy to the recent terms-of-trade shocks....The proposed


new producer price mechanism for cotton could represent a substantial improvement over the previous system by...aligning incentives for producers with world market conditions...The 2006 fiscal program strikes an appropriate balance between responding to urgent expenditure needs and maintaining debt sustainability...The projected fiscal deficit is expected to be financed mostly with net donor flows in the form of grants, debt relief, and highly concessional borrowing, and the envisaged fiscal deficit is consistent with maintaining debt sustainability. Unlike Sudan, South Africa, and Angola, Burkina Faso’s investment structure is completely in line with the Washington Consensus rules of privatization and liberalization.

One big area where Burkina Faso is trying to attract foreign investment is in mining. After a decade of free market reforms, in 2007 the country changed its focus to harness private mining investment. “Taking the analogy of a car, we have already put in the petrol, we have checked the engine is working, we’ve turned the key and started going”, says Tertius Zongo, the Prime Minister. “Now we need to speed up.” The country has significant mineral deposits, but as of 2008 the main mineral commodity exploited was gold, all of which was extracted by small scale gold miners. According to the February 2008 edition of Mining Journal, a weekly newspaper that covers the global mining industry, the country has been allowing foreign firms to undertake resource exploration and develop more intense base metal mines. Most of these foreign companies are Western. The Taparko-Bouroum gold mine is operated by Canadian High River Gold Mines Ltd, the Youga mine by Canadian Etruscan Resources Inc, the Mana mine by Canadian Semafo Inc, and the Perkoa zinc mine by Australian Aim Resources Ltd.

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Burkina Faso’s president, Blaise Compaore, has taken economic liberalization to an extreme, even where it compromises stability in the country. This is an example of social decisionmaking, because he is following the West’s rules even when politically unpopular. Compaore’s predecessor, Thomas Sankara, was known as “Africa’s Che Guevara” for his beliefs about keeping industries nationalized, but was quickly killed once Compaore took power. In February 2008, protests erupted across the country over the rising cost of living after price controls were relaxed. The secretary general of Confédération Nationale des Travailleurs du Burkina (CNTB), Laurent Ouédraogo, told the Integrated Regional Information Network (IRIN) news service of the UN that “This reaction was expected... Misery does not wait and you see people witnessing everyday rising prices and they do not know what to do. The situation is like having matches near cotton that can catch fire at any moment.” Despite the situation for the population, Burkina Faso’s leaders comply with Western rules for economic interaction—even if it angers the population.

In addition, Burkina Faso’s leader make international political decisions compliant with the West. For Burkina Faso, there are fewer stories about leaders making pro-West or anti-China statements. However, the African Financial Review reported that in 2006, China formally invited Burkina Faso to the Forum on China-Africa Cooperation (FOCAC), but Burkina Faso declined. Burkina Faso, along with Swaziland, Malawi, Gambia, and Sao Tome e Principe, is considered Taiwan’s diplomatic ally, and frequently clashes with China in discussions about China’s rival, Taiwan, in international negotiation.

Domestic newspaper reporting can show the actions of the leaders of the countries studied on an anecdotal level on a domestic scale. As all the cases show, trade with China does

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affect the ways the leaders make decisions in South African, Angola, and Sudan, but Nigeria, Burkina Faso, and Senegal all still play by the rules of the game established by the Western powers. Nigeria’s, Senegal’s, and Burkina Faso’s investment structures and leaders’ stated positions about the West show they have not experienced the same switch as in Angola, Sudan, and South Africa. As countries that do not significantly interact with China, this points to the relationship with China as causing the changes we do not see in Nigeria, Senegal, and Burkina Faso in the other three countries. Newspaper reporting shows both of the differences between the Washington Consensus and China’s rules: the difference in economic rules, and in social rules, and the decisions leaders make in either case. While newspaper reporting can show this effect broadly, it is also important to look at the effect specifically, as well. To look at one specific difference between the Washington Consensus and China’s social rules, and the effect switching from following one set to following another, I use human rights respect. Human rights is a specific area in which China and the West frequently clash in ideology. It is also an area where the West usually ties economic interaction to the promise of improvement, but China typically takes a more hands off approach, as explained in chapter 3.

Social Policy Changes: Human Rights Respect

Human rights respect in all of the case studies is of course affected by many, many factors. Trade with China changing governance incentives in ideological decisions is only one of these reasons. However, human rights norms codified in international law and otherwise are an important difference between the set of rules Western powers export and the set of rules Beijing expects its trading partners to follow. Many authors propose a powerful system of norms and ideas with universal jurisdiction that gives rise to international human rights legislation enacted by consensus or strengthens international interdependence outside of international legislation.

bodies\textsuperscript{169}. Although national sovereignty still allows states to act out of self interest and ignore human rights legislation out of this interest, the literature indicates current world trends strengthen the international system defined by the set of norms and principles held by all of humanity. Human rights treaties rely on this normative enforcement, because they frequently lack any sort of meaningful punishment mechanism\textsuperscript{170}. In terms of punishment through withholding economic interaction, this can also happen through trade, aid, and economic interaction. Human rights respect falls squarely in the social side of the Washington Consensus rules, and tracking the human rights respect in the six different countries shows how the difference between the Washington Consensus’s social rules and China’s social rules affect governance decisions in the six case countries.

China’s action towards human rights in the countries it trades with can be characterized by the non-interference it pledges in other areas of government-it has refused to interfere on the behalf of Western ideals of peace and human rights. It practices this idea in all kind of international fora, from the UN Security Council to opposition to NGOs\textsuperscript{171}. This effect should allow countries that trade significantly with China and fall under its sway to refrain from improving their human rights records-overall, Chinese economic interaction legitimizes human rights abuses under the disguise of noninterference. For the purposes of this thesis, I am using the measurements published by Freedom House’s Freedom in the World Study from every year form the past decade to measure the change in human rights adherence that has occurred in the past twenty years. The Freedom in the World Study is used by many of the scholarly works


\textsuperscript{171} Robert I. Rotberg, \textit{China into Africa: Trade, Aid, and Influence} (Cambridge, Massachusetts: Brookings Institution Press, 2008)
that measure human rights cited in this paper as well as in the media as an accurate measurement of civil and political rights in the 194 countries it assesses. In addition, the Freedom in the World Study focuses specifically on civil and political rights, the rights most ignored by the Chinese government in favor of economic development. This way, China’s effect can be isolated from the economic and social rights that might improve with China’s aid, investment, and export support. In addition, the additional information provided by the freedom in the world survey provides information about democratization, one of the areas where the “Beijing Consensus” clashes with the “Washington Consensus.” Therefore, as countries switch from one set of rules to the other, we should see their Freedom in the World Survey rating worsen.

The Freedom in the World Study gives a numerical rating between 1 and 7, with 1 being the most free and 7 the least free, for each of civil rights and political rights, and also an overall status (free, partly free, or not free), for each country it reports on. It may be difficult to assess changes based on trade with China for two reasons: human rights respect in countries changes slowly, over time, and is not highly responsive to changing norms in the short term, and human rights differences in the six countries can be caused by many, many reasons other than China’s economic power in the countries. No broad trends arise out of this reporting like they did from the newspaper reporting, perhaps suggesting that domestic ideological decisions are not as receptive to economic interaction as domestic political or economic decisions, or that ideological decisions take longer to change. What is important for this paper, however, is how the trends in human rights respect correlate with trade with China to show a possible effect of the power of economic interaction. The theory behind human rights compliance, and the differences in the way China and the West view and enforce human rights described in the preceding paragraphs, show how this could be the case. Also, as in the newspaper anecdotes, one of the most important differences between the countries that do interact economically with China and the
countries that do not is the type of economic agreements they subject themselves to. All three of the countries that have not significantly switched to Chinese economic interaction have signed on to some kind of economic agreement that includes provisions about human rights respect. The three countries that do all have not. All data and report information comes from successive Freedom in the World reports, published yearly.\footnote{Freedom House, Freedom in the World 2010 - South Africa, Angola,Sudan, Nigeria, Senegal, Burkina Faso, 3 May 2010, available at: http://www.freedomhouse.org/template.cfm?page=15 [accessed 20 March 2011]}

**South Africa**

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In 2002, the Freedom in the World Survey praised South Africa for its progress in improving its relatively new democratic government, only consolidated under the new constitution that passed in February 1997. The study asserted “South Africa continues to provide a remarkable, powerful example of a positive democratic transition in an extremely diverse country.” In 2002, the Constitutional Court ruled the government had to provide treatment for women with HIV or AIDS, and then-President Thabo Mbeki lead the creation of the Africa-wide New Economic Partnership for Africa, an initiative that puts emphasis on improved democracy and governance. The independent judiciary continued to function well, and regular elections are considered free and fair. The study also praised South Africa for its flourishing civil society, where the press, trade unions, and many other independent institutions were free to
articulate their interests. In 2002, though, the study did note some reservations-South Africa’s democracy is challenged by deep divides along ethnic and class lines, AIDS threatens many of its citizens, and corruption and crime were on the rise. 2004 marked a decade of democracy in South Africa, but the Freedom in the World study started noting more and more concerns.

In 2004, even under Western pressure President Mbeki refused to publicly condemn repression in neighboring Zimbabwe, marking a deviation from social Washington Consensus rules. In addition, tension was growing between the ruling party, the ANC, and different interest groups in the country, including unions, the independent media, and the white minority. In 2005 these allegations against the ANC only intensified-the study reported controversies surrounding the ANC, including the corruption trial against then-former deputy president Jacob Zuma-dominated the political landscape. Mbeki fired Zuma after the allegations of political conspiracy were brought against him, a move that incited strong opposition from Zuma’s supporters in the party. In 2006, Zuma was acquitted of the corruption charges brought against him and returned to his position. Elections in 2006 gave another huge victory to the ANC, and were largely conducted fairly, but the study reported many violent demonstrations protesting the redistricting plans and government actions preceding the election. Also, the ANC attempted to remove the opposition mayor of Cape Town using “antidemocratic means.” In addition, in 2006, the government started putting increasing pressure on the previously independent media. Because of the ANC’s growing monopoly on power, the study decreased South Africa’s political rights rating from 1 to 2 in 2006. Changes in political rights protection in South Africa could have some basis in South Africa’s switch to economic interaction with China.

In 2007, protests against poor government provision of public services and strikes for better pay characterized the political attitude in the country, and relations between the government and media worsened. Also in 2007, Jacob Zuma was selected as president of the party, making him Mbeki’s likely chosen successor. Pressure from the party led by Zuma forced
Mbeki to resign in 2008. The deputy leader of the ANC, Kgalema Motlanthe, became the interim president until Zuma was elected president in 2009. Mbeki supporters formed a new party, the Congress of the People, and posed competition to the ANC in 200, but were never really taken seriously as a threat by the ANC. Zuma faced more corruption charges in 2009, but prosecutors dropped the case just before the national elections in 2009.

Since switching some of its economic interaction from the West to China, South Africa’s government has consolidated power, started eliminating its competition, controlling the media, and holding more unfair elections. While the correlation does not necessarily imply causation, the evidence suggests a connection between the two.

### Angola

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In 2001, Angola was still embroiled in a civil war between President Jose Eduardo dos Santos’s group, the Movement for the Liberation of Angola (MPLA) and Jonas Savimbi’s National Union for the Total Independence of Angola (UNITA). Dos Santos called for presidential elections in 2002, but civil society groups opposed holding elections during the ongoing conflict. Little progress was made toward peace during the year; mediators including Russia, the US, the Roman Catholic Church, the Inter-Ecclesiastical Committee for Peace in Angola, and the United Nations all offered arbitration or attempted to help renegotiate accords, but all were
unsuccessful. The conflict finally came to a close in February, 2002, following the Savimbi’s death. At this point, the two groups signed a ceasefire. Because civilians could largely return to their homes, the Freedom in the World study improved Angola’s civil liberties rating this year from 6 to 5. Dos Santos remained the president without holding elections, however.

In 2004, the study reported Angola continued to sustain the peace, and demilitarization of the population was going well. Elections were planned for 2006, but civic groups voicing discontent with human rights violations, slow reform, and corruption in oil transactions were frequently put down by the MPLA. Into 2005, the MPLA continued this insecurity, shutting down some independent media outlets and opposition parties that criticized them. In 2006, the report commended Angola for remaining stable for three years after the end of the civil war, but remarked the country “remains stricken by human rights abuses, dilapidated infrastructure, endemic corruption, heavily mined territory, and disease.” Dos Sanots did not set a date for the elections that were supposed to occur in 2006, and civil society groups accused the government of violating electoral laws and stalling for political gain, but the government stated the postponement was due to poor infrastructure.

The elections were delayed yet again in 2007, and corruption in Angola’s oil sector reached a new high. In addition, the government's security forces were charged with allegations of widespread abuse and torture. Elections were finally held in September, 2008, but they were considered unfree and unfair and the MPLA won sweeping victories. The presidential election was postponed until 2009, and then in 2009 was postponed yet again, leaving dos Santos as the president to this day. In addition, in 2009, a commission appointed by the MPLA failed to meet a deadline to present a new draft constitution. Since its independence, Angola has been plagued with problems with separatist groups in the Cabinda enclave, an oil rich area separated by Angola proper by the Democratic Republic of the Congo, and huge amounts of refugees still displaced from the 30-year civil war.
Unlike South Africa, Angola’s ratings improved in the time period, but only because the civil war finally ended. Other than the improvement in 2002, Angola’s ratings stagnated over the decade, with elections postponed and opposition silenced. Angola’s ties with China may be helping the current government keep its hold on power amidst the calls for elections and reform, but the link is not as clear.

**Sudan**

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<td>7</td>
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After taking power from former strongman Hassan al-Turabi, President Omar al-Bashir worked to consolidate his own power and also get the country out of diplomatic isolation. In 2002, al-Bashir took the opportunity following the September 11th terrorist attacks in the US to pledge cooperation in fighting terrorism, but no evidence emerged that Sudan had stopped harboring US-defined “terrorists” or their supporters and the US retained sanctions on the country. In 2002, the civil war between the North and South moved into its 19th year, financed by the Northern government’s control of the Sudanese oil pipeline. The government intensified fighting around the pipelines in 2002, in a new policy aimed at driving out or exterminating those who currently live there and who might pose a threat to government control of the flow of oil. The civil war significantly slowed with substantive peace talks between the government and rebel groups from the South at the end of 2002, but at the same time, the United States passed the Sudan Peace Act, officially accusing the government of genocide, and and international commission confirmed the practices of slavery and persecution by the government in Sudan.
Also in 2002, the Sudanese government banned relief and aid organizations from the war-torn areas, and established camps to train militants. The government and the main rebel group in the South, the Sudanese People’s Liberation Army, the SPLM, finally signed a comprehensive peace agreement in 2003, ending the twenty year long civil war. Some refugees were able to return to their homes, and humanitarian aid groups were allowed back in the country. The US offered to lift sanctions if Sudan took meaningful steps toward peace and cooperated in the war on terrorism. However, by 2005, the conflict in the Darfur region had “exploded into widespread acts of ethnic cleansing, massacre, rape, and forced displacement.” Despite the ceasefire agreement and number of UN Security Council resolutions condemning their action, government-sponsored militias carried out attacks on civilians throughout the year. The government, rather than address the growing crisis, concerned itself instead on a security clampdown after an alleged coup attempt by Hussein al-Turabi, the former leader of the ruling political party.

In 2006, the African Union attempted to mediate talks between the government and Darfur rebel groups, but failed to stop the violence. John Garang, the leader of the SPLM, was killed in a plane crash later in the year, putting the fragile peace in jeopardy. Additional peace agreements were eventually signed but the Sudanese government refused to let UN peacekeepers in the country, instead relying on an underfunded African Union force to keep the peace in Darfur. In 2007, the comprehensive peace agreement that ended the war between the North and South came under fire when the South accused the North of not living up to its promises. The violence escalated in 2008, with government and Southern Sudanese forces clashing over the oil-rich Abeyi region, renewed government attacks on Darfur, and an unsuccessful but loud attempt by Darfur rebels to attack Khartoum. The International Criminal Court issued an arrest warrant for al-Bashir on charges of war crimes, crimes against humanity, and genocide in 2009. The Sudanese government, however, rejected the move. The violence in
Darfur lessened somewhat, but violence between the North and South only escalated, in anticipation of the referendum in 2011 that would let Southern Sudan split off. To help the violence, however, an international arbitration panel drew the border between the North and South, giving the North the main part of the oil fields.

The three countries that trade significantly with China, and are considered by the international system to be under China’s sway, have all experienced stagnant or worsening human rights governance decisions. South Africa is widely considered one of Africa’s most Western countries when it comes to human rights respect and democratic ideology, but the consolidation of power by the ANC and disdain for groups calling for better health care and employment prospects show how the country can get away with breaking these rules. Angola and Sudan both saw the end to decades long civil wars in this period, which should have lowered the level of human rights abuses in the two countries. Angola’s rating did go down slightly, but corruption in the oil sector, the government’s tight grip on power and refusal to hold fair elections, and the government put down of opposition groups and the independent media all point to the Angolan government not really concerning itself with Western ideology. The Sudanese government cannot control the violence that has continued even after their civil war ended, and may in fact even be supporting much of it. The government’s main priority seems to be oil—of which a huge percentage goes to China. Sudan has the added effect of protection by China in the UN security council, a privilege the government takes advantage of to keep peacekeepers and other intervention out of the country. Although it started in 2002 to try and escape its diplomatic isolation, the government has done nothing to try and appease the US to lift its sanctions and has expelled foreign humanitarian groups from the country. The human rights abuses in all three countries point to an effect described by the authors in the opening paragraph of this chapter, whereby developing country governments can ignore Western
ideology and the rules set for them by the West. One of the factors allowing this is trade with China.

**Nigeria**

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Democratic rule returned to Nigeria in 1999, but violence continued well into 2002 between the country’s more than 250 ethnic groups. This violence escalated in the run up to the 2003 elections, but they were eventually successful and led to the first peaceful transition of power the country had seen since British rule. Clashes between Christians in the South and Muslims in the North were especially tense, causing more than 200 civilian deaths following a controversy surrounding the municipal elections. President Olesegun Obasanjo was able to successfully quell the violence, and into 2003 the Muslim-Christian violence diminished greatly. This was the year Nigeria’s civil liberties rating improved from 5 to 4.

The government eliminated fuel subsidies in 2005 to comply with strictures for less government intervention in industry, sparking protests, but following the Washington Consensus economic rules. Also in 2005, violence in the Niger Delta escalated with the growing presence of an ethnic separatist group. A national conference held in 2005 aimed at changing Nigeria’s constitution ended without agreement on the most intense challenges facing the Nigerian government, including how to share the oil wealth. President Obasanjo continued efforts to reform the economy and fight corruption to attract debt relief deals from Western creditors. In
2006, Nigeria prepared for the general elections scheduled for April 2007. Obasanjo proposed a constitutional amendment to allow himself to run for a third term, but it was defeated by the Nigerian legislature in May. Still, however, the elections in 2007 were widely considered unfree and unfair. Umaru Yar’Adua, a northerner and Muslim handpicked by Obasanjo, won with 70 percent of the vote. After declaring victory, however, he adopted an open stance toward his political opponents and made conflict resolutions in the Niger Delta a priority. In 2007, Nigeria’s political rights rating declined from 4 to 5 due to the ruling party’s consolidation of power. The Supreme Court eventually rejected opposition appeals regarding the presidential election, but the country’s media remained actively critical of Yar’Adua’s policies. The ruling party, the People’s Democratic Party, the PDP, is still in power, with new head of state Goodluck Jonathan. Violence in the Niger Delta has gone down somewhat, but the situation remains volatile.

The human rights respect situation in Nigeria does not support the thesis that trade with China allows countries to ignore Western human rights standards, and trade with the West forces countries to comply. Nigeria is improving in some areas, but its ratings worsened in others because of the consolidation of political power. It is difficult to attribute this effect to a certain cause, but overall, Nigeria’s human rights situation does not indicate a causal relationship between economic interaction and following Western or Chinese rules.

**Senegal**

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In 2001, Senegal adopted a new constitution by an overwhelming majority, reducing the presidential term from 7 to 5 years, limiting presidents to two terms, and for the first time, giving women the right to own land. After the constitution passed, president Abdoulaye Wade dissolved the assembly formerly dominated by the ruling Socialist party as per the new constitution. In new elections held in April, 2001, Wade’s party won 89 of the 120 seats in parliament, with the Socialists only picking up 10 seats. In addition, President Wade’s administration made huge steps toward reconciling with separatists in Senegal’s Casamance region—the main group is called the Movement of the Democratic Forces of Casamance (MFDC). In 2003, Senegal’s political rights rating improved from 3 to 2 and its civil liberties rating from 4 to 3, and its status from Partly Free to Free, because of these ongoing efforts at political reform and fewer human rights abuses in the Casamance region.

The shaky peace in the Casamance region and Wade’s legitimacy were threatened in 2002 following the explosion of a ferry operated by the Senegalese navy that killed almost 1,200. Many of the passengers were from Casamance. President Wade led an inquiry that led to several resignations of naval ministers. Also in 2003, President Wade was accused on expelling a French journalist after Radio France International aired an interview with the reporter and a member for the MFDC. Wade also replaced his prime minister because of the ferry incident, but then replaced him again in 2004. In 2004, some political opposition leaders protested what they said were recent attacks of political violence that had gone unpunished, but were not given much attention. The country’s media dedicated more time to continually improving security in the Casamance region.

In 2005, accusations of Wade being increasingly authoritarian continued, but Wade did secure a deal with the Group of 8 to annul Senegal’s external debt. In 2006, Wade succeeded in
pushing the legislature to postpone the year’s legislative elections to coincide with the presidential elections in 2007, a move seen as a try to increase his chances of beating back a growing challenge from former prime minister Idrissa Seck, who then led a coalition of opposition parties.

Also in 2006, fighting erupted in the Casamance, reversing the progress of the 2004 peace treaty. However, the Senegalese high court accepted a case given to it by the African Union to try the former Chadian president for crimes against humanity. In 2007, when the elections were eventually held, President Wade secured a second term. Most of the opposition parties boycotted the subsequent legislative elections, leading to huge wins by Wade’s party in the Parliament with the lowest voter turnout in the country’s history. In 2008, Senegal’s political rights rating fell from 2 to 3 because of Wade and his party’s consolidation of power. In 2008, Wade extended the presidential term from 5 back to 7 years, and banned certain protests—mostly about the rising costs of commodities. In 2009, though, postponed municipal elections finally occurred, and opposition parties scored major victories against Wade’s Senegalese Democratic Party.

Senegal provides the most support for Western human rights rules affecting its domestic social decisionmaking, because its human rights situation did improve somewhat over the time period. However, like Nigeria, its ratings also fell because of the government’s consolidation of power. This provides mixed evidence for the theory.
Blaise Compaore, the president of Burkina Faso, has led an administration that has continually attempted to reform the political system, for better and for worse when measuring by the rules of the Washington Consensus. By 2001, it had created several commissions on politics, human rights, and other issues that gave policy recommendations. One of these commissions investigated the abuses allegedly committed by security forces, leading to a few arrests and imprisonments. In 2002, neighboring Cote d’Ivoire targeted Burkinabe living in their country after a failed coup attempt the Cote d’Ivoireian government accused Burkina Faso of supporting. The returning migrants made the country’s economy less stable, straining already limited resources. However, in May 2002, the country held elections considered free and fair by the international community. Opposition parties made huge gains in parliament and local elections.

In 2004 the country’s political rights rating declined from 4 to 5 due to an increase in corruption and confirmed reports of arms trafficking. Strained relations with neighbors and internal dissidence challenged the government’s stability continuing into 2005, and the government passed changes in the election code to change the system to one of proportional representation. However, in 2006, the civil liberties rating improved from 4 to 3 due to continual government steps to combat trafficking in persons and comply with international standards, like

<table>
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decreasing the prevalence of female genital mutilation. Still, in 2006, despite controversy over his eligibility to run for the third term, President Compaore was reelected to a third term with over 80 percent of the vote. His party, the Congress for Democracy and Progress (CDP), won more than two-thirds of local seats. International election observers described the election as free and fair, but criticized Compaore for his use of state resources to fund his campaign. Also that year, though, Compaore’s administration signed a multilateral cooperation agreement to combat child trafficking, and the government continued to take significant, recognized steps to lower the level of trafficking in persons.

In 2007, a flood displaced over 8000 people and killed at least 30, but the government was able to maintain security and give support to the people in the flood-affected region. In 2008, similar to in Senegal, protests over the high costs of commodities erupted in several major cities led to many arrests and jail sentences, and security forces also clashed with students at the University of Ouagadougou, leading to the arrest and imprisonment of four students. Also in 2008, however, the president signed a five year development compact with the United States Millennium Challenge Corporation. Following the compact, the opposition party leader who had been sentenced to three years in prison for his role in the 2008 protests was freed in 2009, and electoral reforms increased suffrage.

The three countries demonstrated to be still under the West’s influence all saw an improvement in civil liberties, but a decline in political liberties, although none large enough to be attributed in a large part to the effects described in the earlier chapters. Overall, the mixed effect does not support the theory, although it does not detract from it, either. Human rights respect is difficult to change quickly, and economic interaction with the West in these cases may not change the situations based on the social human right rules of the Washington Consensus in this decade, but could in the decades to come.
Important in this discussion, however, is that the Freedom in the World study reported that in all three countries, the leaders worked to reform their economies to gain debt relief or aid in some form from Western institutions-Nigeria from credit institutions (like the IMF and World Bank), Senegal from the Group of 8, and Burkina Faso with the US Millennium Challenge Corporation. This evidence, while non statistically significant and not from a large enough sample size to draw any definite conclusion, seems to be that when it comes to governance decisions, the powers that push the Washington Consensus seem to care more about the domestic economic decisions, rather than social decisions. Still, all three countries have better human rights records and hold regular, close to fair elections, which is much more than can be said for Sudan or Angola. South Africa is significantly better than all three of these countries, but South Africa’s ratings are declining absolutely, while all three countries that do not interact with China experienced improvement as well as decline. Also, human rights, and social changes in general, are more sticky than economic decisions, and a decade may be too soon to expect any substantive evidence.

A Confounding Factor: The Endogeneity Problem

One issue of many in inferring causality in either of these two areas, the change in economic decisionmaking or social decisionmaking when impressionable, developing countries switch economic interaction from the West to China and therefore switch from Western rules to Chinese rules, is the endogeneity problem. The same factor prompting the change may be the factor prompting the switch, rather than the switch between rule sets prompting the change in decisionmaking. While this may be true, the correlation indicates that even if there is another, endogenous factor giving rise to both changes, the fact that they occur together still proves important parts of the theory: that a switch in what rules countries follow is changing, and this correlates with a country with a different set of rules rising to economic prominence. Further
research into economic power as a third kind of power that can affect domestic governance
decisions could more fully address the endogeneity problem, but for now, controlling using six
case countries, comparing across two different areas of the Washington Consensus, and trying
to develop a full picture of the decisions made in each country for the past decade should
hopefully at least suggest a relationship between the independent and dependent variable.
CONCLUSION

Economic power, separate from hard power or soft power, effects change in domestic governance through changing the governance incentives of countries around the world. Countries that hold this economic power can enforce rules they consider important through doling out or withholding economic interaction. Whether powerful countries’ motivations lie in their own national interests, loftier humanitarian reasons, or any other impetus, the effect remains the same. Less powerful countries, broadly speaking, follow these rules to maximize their own economic utility through global participation. China is rapidly becoming a country with economic power, a category previously limited to Western countries. This power shake-up has implications for the decisions other governments make based on the rules they are incentivized to follow, and implications for the future of the global power structure.

China’s rules differ from the Washington Consensus along two broad trends: economic rules and social rules. China’s growing economic power to enforce its own rules on an international scale through giving or withholding economic interaction changes the governance decisions of impressionable countries, when they decide whether to follow the West’s rules or China’s rules when seeking economic interaction. Assessing the switch in governance decisions in the six case countries, three who trade with primarily with China and three who trade primarily with the West, along the two broad trends leads to conclusions that indicate China’s growing economic power is giving it the ability to change domestic governance, but in limited areas. Overall, the switch in which economic rules to follow is more prominent than the switch in which social rules to follow, but both are prevalent in the comparisons between the two sets of countries.

In terms of economic rule switch, the biggest changes between the countries that are switching to China and the countries that are not is infrastructure development. Probably due to
China’s insatiable appetite for South Africa’s, Angola’s, and Sudan’s resources, China uses its economic power to require the three countries to use Chinese economic interaction to develop their resource extraction industries, without any caveats. The other three countries use international funding to develop resource extraction infrastructure, as well, but are following Western rules in doing so—such as in Senegal where infrastructure development is coupled with fighting corruption, and in Burkina Faso where the infrastructure development in the mining industry is conditional on the privatization of the mining industry. The countries that do not interact with China privatize industries and open up trade more often than the countries that do interact with China, as well.

The difference in the social rules, and the governance decisions they incentivize in the six countries, can be seen politically in what the countries’ leaders say and publish. Jacob Zuma, the South African president, has publicly stated his administration will help China with its foreign policy aims rather than the West, and has even gone so far to call for the abolishment of the IMF and World Bank, because they are just continuations of the West’s colonialism. Angola’s president, Eduardo dos Santos, has sidestepped charges against him for rampant corruption and human rights abuses in Angola when he travelled to Europe by invoking China’s protection, and said the country will finance its rebuilding at the end of the civil war with funds that don’t carry “unfair” stipulations, like those to fight corruption. Sources like Amnesty International allege China is the reason why the genocide in Sudan is allowed to continue, because China protects Sudan from international economic isolation, vetoes Security Council mandates against Sudan in the UN, and supplies the Sudanese government with arms. In return, Sudan, like South Africa, has sided with China in the climate change debate, most recently in the Copenhagen discussions, President Omar al-Bashir publicly bashes the West imposing on his country, even going so far to expel all Western humanitarian organizations from
the country. The other three countries’ leaders are much more careful on an international scale to avoid criticism from the West.

In terms of human rights respect and other social decisionmaking, the effect of switching from one rule set to another is not as clear as in economic decisionmaking. The broad human rights trends of the Freedom in the World study do suggest some difference between the two sets of countries, but not as pronounced as the economic difference or difference in the way leaders speak suggested by the newspaper reporting. This could be because human rights respect takes longer to change, or for other reasons. Overall, however, the strongest effect seems to be in the switch in economic decisionmaking rather than social decisionmaking, suggesting China’s economic power is better at producing the change China wants to see in the countries with which it interacts.

Economic power gives countries with this power the ability to export their own rules for economic interaction. China’s rapid economic rise, corresponding economic power, and ability to provide economic interaction gives less powerful countries an option that did not exist twenty years ago-follow the West’s rules for Western economic interaction, or follow China’s rules for Chinese economic interaction. As shown throughout this thesis, China’s challenge to the global economic power set-up alters the incentives for domestic governments, and changes decisions leaders make. China’s new economic power has broad ranging effects of which this thesis only scratches the surface, and invites further research into how China will consolidate this economic power, how it will choose to use it, and the global governance effects China’s power will cause. Definitively, however, China is changing the rules for global economic interaction in a time when global economic connection is becoming more and more important for prosperity. China’s rules will play a role in future discourse about domestic policy affected by economic ties with the rest of the world.
# Appendix

## Exports and Imports

All data in this chart is from successive editions of the CIA World Factbook\(^ {173}\).

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<th>Country</th>
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### Aid

The second variable, aid, is explained in the next few columns. The first column is all of the aid that goes into the country, regardless of source. The second is the amount of aid from countries in the Development Assistance Committee of the OECD. So, the third column, the difference between these two numbers, is the amount of aid going to the countries from non-western sources. All data in this chart is the title and ownership of the World Bank.\(^\text{174}\)

#### Table 2: Aid Indicators

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**Foreign Direct Investment and Use of IMF Credit**

China keeps its foreign direct investment numbers a secret, and the World Data Bank only publishes foreign direct investment information per country, rather than breaking it down as to from which country the FDI originates, so it’s difficult to disentangle the amount of foreign direct investment from China as compared to the West. The numbers here are the total amount of foreign direct investment going into the six case countries. Also in this table is amount of IMF credit used—although this table does not imply intent, as in the case of Nigeria, where 0 IMF credit is used but the government is actively trying to get an IMF loan. For more complete IMF information, refer to the country reports in Chapter 2 and Chapter 4. All data in this chart is the title and ownership of the World Bank\(^{175}\).

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\(^{175}\) World Bank, *World Development Indicators & Global Development Finance, 12/15/2010 dataset*, ESDS International, (Mimas) University of Manchester
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