Reviewing China and Africa:

Old interests, new trends - or new interests, old trends?

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Africa was for a long time considered to be Europe's backyard. This situation has since the turn of the century changed considerably. With new actors pursuing own economic interests, mainly representing the growing influence of so-called emerging economies, new multipolar realities have arrived on the continent. Access to and control over natural resources has entered a new stage of competition among external actors and in their interaction with local elites. Africa has changed as an arena, and realities are increasingly shaped by Chinese influence too. This overview on recent contributions to the debate summarizes the current assessments of the degree, impact and effects of the Chinese economic expansion. It then reflects on the potential new scope for cooperation and development and ends with some conclusions on the possible options and opportunities this might offer.

Keywords:

China, multi-polarity, economic interaction, development cooperation.

1. Introduction

Global realities are characterized by marked shifts in power relations and economic interaction not least by the so-called emerging economies. This had a direct impact on the African continent, which is not any longer the backyard of Europe's erstwhile colonial powers or the West in general. The Brazil-India-China-Russia-South Africa (BRICS) Heads of State Summit end of March 2013 in Durban was a visible indicator

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for such shifts. As UNCTAD (2013) documents, foreign direct investments by the BRICS in Africa take significant proportions. Opinions differ, however, if and to what extent this is to the benefit of African countries and their people. Cautious embraces (United Nations Economic Commission for Africa, 2013) contrast with more skeptical views (cf. Bond, 2013).

The fact remains, that Southern engines of growth have not only changed the general global balance of economic strongholds but also offer new windows of opportunity:

The South is now in a position to influence, even reshape, old models of development cooperation with augmented resources and home-grown lessons, but it also exerts new competitive pressures on other aspects of bilateral cooperation, resulting in greater options within the South for concessional finance, infrastructural investment and technology transfer. The growing assistance from the South is often without explicit conditions on economic policy or approaches to governance. The development emphasis on improved infrastructure, for example, has been rediscovered because of the domestic experience and lessons of some emerging economies. (UNDP, 2013: 17)

This article reviews the impact of the Chinese expansion into Sub-Saharan Africa. It cautions to look at any of the changes in the global economy as a panacea for curing the existing historical-structural deficits and inequalities, for as long as the general character of the economic relations has not surpassed the established dominant mode of production and the vested interests in such economic growth models which continue to be based on the exploitation of many for the benefits of few and treating nature as a prey.

2. A 'New Scramble' for Africa's Resources?

At the beginning of the 21st century the trade department of the European Commission in Brussels initiated negotiations with the countries of Africa, the Caribbean and the Pacific (ACP) through Economic Partnership Agreements (EPAs). EPAs claim to be trade as aid. In contrast to such noble declaration, the course of negotiations points to the discrepancies between the emphasis on ideals and values in the official discourse by EU policy makers and the practical impacts of the shift in emphasis from aid to trade as a means of increased "hegemonic control" (Farrell, 2008).

While some believe that ACP countries, by "facing the giant" (Fioramonti/Poletti, 2008) have in essence "nothing to gain and everything to lose" (Brown, 2005: 9) the EU also has more to lose than to gain – at least in terms of reputation and acceptance concerning its Africa policy. In the absence of sufficient capacity among the ACP countries to meaningfully negotiate the EU proposals vis-á-vis the "well oiled trade negotiation machinery of the EU" (Grimm, 2005: 24) many ACP countries felt bullied into procedures and arrangements they actually resisted. "Partnership" is seen as a dubious euphemism for continued policies guided by European interests. The debacle "arguably shows that the EU has not yet been able to rethink this relationship beyond the classical categories of dependence and dominion, hidden under the benevolent image of 'partnership'." (Fioramonti, 2011: 23) The EPA initiative turned new actors into an attractive alternative. Somehow indicative, the Tanzanian President Benjamin Mkapa urged on 31st August 2005 at the headquarters of the AU "African leaders to think afresh about the place of our continent in a rapidly globalising world".² African countries gained new operational space. While this might strengthen the negotiating power and be in favor of economic interests seeking to achieve maximum gains, it also provoked the fear "that the political consequences for democracy, human rights, and conflict prevention will be overwhelmingly negative" (Tull, 2006a: 36; see also Tull, 2006b). Africa has emerged, in the view of many, as "a vital arena of strategic and geopolitical competition" and "the final frontier" (Klare/Volman, 2006: 297). Since then numerous analyses dealt mainly with the Chinese impact and practices (see i.a. Broadman, 2007; Lee et.al., 2007; Manji/Marks, 2007; Rotberg, 2008; Alden/Large/Soares de Oliveira, 2008; Michel/Beuret, 2009; van Dijk, 2009). In contrast, the unabated European and US-American policies and interests seem to feature much less prominently.

² Quoted from IRIN Africa English reports, circulated electronically on 1 September 2005 by the United Nations, Office for the Coordination of Humanitarian Affairs, Integrated Regional Information Network (IRIN).

3. China – the (not so) new kid on the block

China is no newcomer to Africa, but can look back on "a century of engagement" (Shinn/Eisenman, 2012). Ever since the Bandung Conference in 1954, Chinese foreign policy included ambitions for a relevant role in the South. It supported African liberation movements and governments (Alden/Alves, 2008). The Tanzania Zambia Railway Authority (TAZARA) – also dubbed the "Uhuru Railway" - is a case in point (cf. Hall/Peyman, 1976): built between 1970 and 1975 to connect over a distance of 1,860 kilometers Kapiri Moshi in Zambia's Central Province with the port of Dar-es-Salaam it was considered by Western countries as a 'white elephant'. Ever since its construction, the Chinese government provided financial support through "Protocols of Economic and Technical Co-operation" signed with Tanzania and Zambia in the form of interest free loans. The 14th Protocol was signed in December 2009, the 15th Protocol in March 2012.³

Since the beginning of the century, Chinese state and private owned multinational companies mushroom. They are still far outnumbered by the Western firms and multinationals. But Chinese enterprises have successfully entered the markets of most African states. It is noteworthy that they differ among each other in their commercial orientation, approach to business and practices of engagement (Shen, 2013).⁴ In their totality they have left a major footprint in the energy sector, telecommunications and the construction sector and provided the means for large infrastructural projects. By 2007 China ranked already as third biggest trading partner with Africa, behind the United States of America and France, but ahead of the United Kingdom. The Chinese expansion also resulted in the establishment of a China-Africa Joint Chamber of Commerce in 2005 with the support of UNDP and the impressive Beijing Summit of the Forum on China-Africa Cooperation (FOCAC) in November 2006, which assembled a hitherto unprecedented number of African

³ See more at: http://www.mwebantu.com/2012/12/17/tazara-acquires-6-new-diesel-electric-demainline-locomotives-from-china/#sthash.MxzPeECe.dpuf.

⁴ One should also refrain from stereotyping the individual engagement of Chinese people. They apply very different adaptation and survival strategies, position themselves in manifold ways, do not necessarily share common identities and operate anything but uniform, as a microanalysis on Chinese immigrants in Johannesburg has shown (Harrison/Moyo/Yang, 2012).

Heads of State outside of the continent. Significantly, in May 2007 the African Development Bank held its annual board meeting in Shanghai.

China plays an increasingly active role in mainly bilateral support. While China has been careful not to call it aid, it clearly corresponds despite different packaging, priorities and nuances to Western development assistance. A series of agreements, often based on loans for the implementation of mainly infrastructural projects testify to the new engagement. A monument symbolizing the Sino-African ties is the headquarter of the African Union, officially inaugurated at the end of January 2012 on occasion of the 18th AU summit in Addis Ababa. The hundred-meter high administrative office tower for the secretariat with a conference center was a gift, constructed since 2009 at an estimated cost of US \$ 200 million. At the opening ceremony of the complex, China's official representative, a most senior political adviser of the government in Beijing, claimed that, "the towering complex speaks volumes about our friendship to the African people, and testifies to our strong resolve to support African development" (BBC News, 2012). The AU chairman, then Equatorial Guinea's President Teodoro Obiang Nguema, gualified the complex as "a reflection of the new Africa" (ibid.). His visit, so the Chinese guest of honor, documents China's solidarity with Africa. He did however not specify, with whom in Africa this solidarity is practiced. As if the continent knows no social classes or other dividing lines, but remains – as in the eyes of so many Eurocentric viewers – an amorphous mass.

FOCAC is hitherto the most obvious result of the intensified Sino-African relations. It was established in October 2000 as a visual turning point in the anchoring of the new quality (and quantity) of interaction. The 5th ministerial conference of FOCAC in Beijing on 19/20 July 2012 adopted a Beijing Action Plan for 2013 to 2015 (cf. South African Foreign Policy Initiative, 2012). A rather self-appraising summary claimed that FOCAC policies "are targeted to Africa's practical needs and urgent issues and to resolving problems to the benefit of African development" as a form of South-South cooperation, in which "all members are developing countries, and they are equal" (Li et. al., 2012: 56). The report presents figures documenting the new stages of Chinese commercial cooperation with Africa:

The 2010 data show that nearly 2,180 Chinese companies expanded into Africa; around 8,000 projects were under way, including projects worth more than \$ 1 billion such as power generation stations, ports, airports, freeways and sanitation. For comparison, in 1999 trade between China and Africa was \$ 6.48 billion, in 2000 more than \$ 10 billion, but by 2010 the figure had reached \$ 126.9 billion. (ibid., 55)

In 2011, trade between China and Africa reached US\$ 160 billion and investments totaled more than US\$ 13 billion (van Nieuwkerk, 2012: 14). While the Chinese scholars maintain that "promoting African development is the objective of China-Africa cooperation" (Li et. al., 2012: 57), this happens in the Chinese interest as a motivating factor too. The nature of trade between China and Africa lacks any alternative to other exchange relations with external players. It continues to reproduce a classical skewed pattern: raw materials on the one side (Africa), in exchange for (value-added) manufactured products on the other side (China). The global trade and exchange patterns have, despite new actors, not displayed any meaningful structural changes. Chinese trade and investment in African countries is not significantly different. The new exchange relations have not transformed the structure and patterns of production nor created a new international division of labor.

4. What's in it for Africa?

Despite unprecedented economic growth rates for many African economies since the turn of the century, the resource curse is still looming for those countries, which currently benefit most from the conjuncture. The windfall profits, the positive terms of trade and trade balances as well as the economic growth rates do not in itself indicate sustainable positive changes towards poverty reduction and secure livelihoods for the majority of the people. Inequalities and social disparities might well increase further in midst of a growing segment of beneficiaries, who are able to siphon off the revenue incomes for their private enrichment in a global pact among elites.

Institutional quality and sound economic policies remain substantial ingredients for a development paradigm benefiting the majority of people in the affected societies. Governing the access to resources through appropriate rent and revenue

management policies as well as by improving policy design and implementation are as important as a diversification of the economy and the creation of human and social capital (Wohlmuth, 2007: 11f.). African states and their governments on the one hand and major international corporations on the other are very unequal partners. In many cases neither the governments nor the people in the resource rich areas are aware of the cash flow generated by the exploitation of the raw materials, and they hardly derive any benefit (with the exception of the odd accomplices in the business deals):

In settings where initial political and economic institutions are relatively weak, dependence on primary commodities, especially natural resources such as oil, appears to have encouraged predatory government behaviour and rentseeking, deterring the development of stable, democratic institutions that are conducive to growth. (Jerome/Wohlmuth, 2007: 201)

A report based on six case studies observed

that the government, particularly the executive, in many cases in Africa is comprised of a political elite whose reality is very much removed from the rest of the population. This results in policy-makers and influential opinion-leaders crafting policy approaches that are not beneficial to the more impoverished sectors of the population. (Centre for Chinese Studies, 2007: viii)

New deals with China do not necessarily improve governance. Chinese foreign policy is attractive for autocratic leaders and oligarchies still in power over societies, which are run like the private property of cliques. Guided by its gospel of non-intervention, China provides grants and loans to kleptocracies with dubious human rights records and is not petty-minded when it comes to the funding modalities (Henderson, 2008: 12f.). Transparency and accountability are not among the core values cultivated in African-Chinese links, and Beijing's notion of human rights is at best dubious (Taylor, 2008) – though notably so neither the West has despite occasional claims to the opposite been a role model in rigorously pursuing concerns over human rights violations (Breslin/Taylor, 2008). Double standards and hypocrisy prevail when it comes to interests in profit maximization.

For Chinese enterprises, however, more is at stake than merely securing access to new markets and resources. Once being part of the game, "China seeks, as do all

investors, a stable and secure investment environment" (Mohan/Power, 2008: 37). Chinese foreign policy seems indeed to be adapting. Leaving behind the earlier fundamentals, "China has moved from outright obstructionism and a defensive insistence on solidarity with the developing world to an attempt at balancing its material needs with its acknowledged responsibilities as a major power" (Kleine-Ahlbrandt/Small, 2008: 56). The Chinese "Going Global" strategy as a deliberate component of the country's new foreign and economic policy has also been reflected in the Chinese National Defense White Paper of 2008, which states:

the future and destiny of China have been increasingly closely connected with the international community. China cannot develop in isolation from the rest of the world, nor can the world enjoy prosperity and stability without China. (Quoted in Panda, 2011: 48)

The Chinese presence in other parts of the world is a fact. In the light of what could be dubbed as a kind of new scramble, the question is not so much a choice between Europe, the USA, and China (or any other actors interested in the African resources). The challenge lies in setting a new course to make optimal use of the situation for the majority of the people on the continent. This draws attention again to those who have always been at the receiving end of the unequal relationships, namely the majority of people in the African societies. Their agency is crucial. This should shift focus beyond a reduced Sino-African dichotomy termed as a reductionist "dragon in the bush" perspective (Large, 2008). There remain great dangers in the current competitive constellation, which "demonstrates that all of the countries in the scramble are driven largely by national interests, and that their behavior is conditioned far more by competition with each other than by the noble sentiments enshrined in their policy documents and press releases" (Habib, 2008: 274). This echoes concerns in a report for the Development Committee of the European Parliament. It concluded that the major external actors operating in Africa "are wary that their urgent domestic needs will be compromised if they distance themselves of their own opportunistic and self-centred policies" and diagnosed that "short-term gains still prevail over long-term stability" (Holslag et. al., 2007: 50). In the light of this primacy of own interests the crafting of an African response to China remains an urgent task. Following le Pere (2008: 34-36), the priorities would

include a need to overcome the 'yellow peril' stereotype; African involvement in the harmonization of bi- and multilateral donor activities on the continent; the need to urge China to participate in the Extractive Industries Transparency Initiative (EITI); the need for African governments to improve their regulatory frameworks and policies; and the establishment of a high-level continental coordinating body to guide and implement the Chinese-African cooperation agenda. Such steps would at least contribute towards an African China policy. One should however be aware that there has not yet been any truly coherent African policy on other matters either, given the variety of political regimes and interests on the continent.

5. Which Development?

With new powerful actors operating, one needs to re-visit the aid and development paradigms to see if and how they change or how the changing economic relationships impact on defined priorities as well as potential collaboration (see Goldstein et. al., 2006; Davies et. al., 2008; Asche/Schüller, 2008). Despite a marked increase in measurable financial flows into Africa, China so far remains a mid-sized donor. The big Western states remain the countries of origin for most Overseas Development Aid (ODA) and the largest junks of Foreign Direct Investments (FDI), although the share of emerging partners is growing. Based on 2008 figures, estimates of aid flows ranked China with US \$ 1.2 billion on 8th position, after the USA (7.2 billion), the EC (6.0 billion), the World Bank (4.1 billion), France (3.4 billion), Germany (2.7 billion), the UK (2.6 billion) and Japan (1.6 billion) (Brautigam, 2011a: 211).

The 2011 Economic Outlook for Africa pointed out, however, that emerging partners provide a range of alternative finance modalities. These defy ODA and FDI definitions as part of a more holistic approach to export promotion and tend to support direct investment as a kind of development assistance (African Development Bank et.al., 2011). Agreements are often based on loans for the implementation of a wide range of mainly infrastructural projects, which at the same time provide knowhow, equipment, and labor for the financed work. There are concerns that China's lending strategy might lead to another debt trap and new forms of dependency. These concerns have in one assessment been considered as unjustified

(Reisen/Ndoye, 2008), while another saw a reason to demand established internationally recognized legal standards for responsible lending (Huse/Muyakwa, 2008).

There are considerable differences in the approaches of the official aid emanating from the Western donor countries of the Development Assistance Committee (DAC) and China. While the DAC shifted towards social sectors, Chinese emphasis lies on infrastructure and productive activities (Bräutigam, 2011b). Several fundamental aspects of the currently still dominant aid paradigms and policies are as a result under scrutiny when considering the Chinese engagement. These include the role played by multilateral versus bilateral relations among states; the balance between collective responsibility and national sovereignty; the prominence and preference given to either hard (infrastructural) or soft (good governance and institutional capacity-building) priorities.

A forward-looking approach stresses the need for recognition of "enlightened selfishness" for an evolving partnership (Ampiah/Naidu, 2008b: 338). The new players might indeed provide windows of opportunity (see McCormick, 2008; Strauss/Saavedra, 2009; Waldron, 2009; Cheru/Obi, 2010; Dietz et. al., 2011; Journal of Contemporary African Studies, 2011; Xing/Farah, 2013). But China's own socio-economic transformation includes the privatization of large parts of the economy, the liberalization of trade and investment, and the development of highquality infrastructure guided by market principles (Dollar, 2008). This sounds not too different from the Western development discourse. It is questionable whether this is good news for Africa (see for a debate Schoeman, 2008 and Melber, 2008). There are voices that are more reluctant than others to argue for a welcoming embrace of a new global player, which after all might not change the rules of the game. Their fear is that China in the end merely offers more of the same. In particular those representing a labor movement perspective argue that the employment conditions in Chinese companies tend to be even worse (see Jauch/Sakaria, 2009; Jauch, 2009). Violent clashes at workplaces seem in support of this view. The notorious unrests at the Chinese owned Zambian Collum Coal Mining Industries Ltd. operation, leading to a shooting incident in 2010 and the killing of a Chinese by local miners in August 2012 were widely viewed as a more general

indication of labor disputes under Chinese run operations. The Zambian government announced in February 2013 that it took over the troubled mine since "the Chinese managers had not addressed safety, health and environmental concerns at the mine, had also failed to declare production and had not paid royalties to the government".⁵ Abductions of Chinese expatriates by local militant groups have also been a regular recent occurrence in several African countries.

Others argue that Chinese and other companies representing emerging economies are contributing to a range of opportunities and should not be dismissed or ridiculed (Bräutigam, 2010; Cheru/Obi, 2010; Harneit-Sievers et.al., 2010; Shinn/Eisenman 2012). The point stressed increasingly is that the particular realities on the ground differ considerably from case to case and do not necessarily correspond with perceptions and assumptions all too often guided by preconceived ideas, value judgments and sweeping statements. An example might be the Chinese agricultural engagement in Mozambique, where the realities seem to be in marked contrast to the sentiments widely expressed (Brautigam/Stensrud Ekman, 2012). The claimed malpractices by Chinese investors would – put into perspective – not exceed those by other external agencies. A similar controversy erupted over accusations by Human Rights Watch, blaming Chinese subsidiaries of the state-owned China Non-Ferrous Metal Mining Corp. (CNMC) of gross violations of human rights in the Zambian copper belt, thereby according to critics negligently and misleadingly feeding anti-Chinese sentiments (Sautman/Hairong, 2013; see also Sautman/Hairong, 2012). However, even highest-ranking Chinese officials are willing to admit that there is room for improvement. According to the Chinese news agency Xinhua (2013), vice foreign minister Zhai Jun stated at a forum on Chinese businesses in Africa in Beijing on 18 March 2013: "Making guick money and leaving is a myopic action, and 'catching fish by draining the pond' is unethical". There is a need for empirically sound studies, which investigate the realities before drawing general conclusions based on vague assumptions.⁶ It might well turn out

⁵ "Zambia takes over troubled Chinese-run coal mine", Associated Press, 20 February 2013 at <u>http://news.yahoo.com/zambia-takes-over-troubled-chinese-183832028.html</u> (accessed 2 March 2013).

⁶ Among the efforts of this kind is the exploration of the Chinese-Angolan "marriage of convenience" from different perspectives (Power/Alves, 2012).

that local responses to the new realities provide new opportunities, as suggested in the case of the control mechanisms introduced to deal with the Chinese textile imports in Ghana (Axelsson, 2012). Many also share the hope that a trilateral Europe-China-Africa dialogue provides fruits (Alden/Sidiropoulos, 2009) and that the major global players find sufficient common ground to act within a defined framework of shared interest:

in their common interest of maintaining an open global economic system, the EU and China stand the best chance of fruitful co-operation if they work through multilateral channels, or together help to draw up new international rules. Such an approach would increase the chances of a multi-polar world emerging in a multilateral form, rather than in the shape of two or more hostile camps. (Grant/Barysch, 2008: 104)

The question remains, if this reflects also the legitimate interests of those, who remain outside of such an alliance. "Reinserting African agency" (Mohan/Lampert, 2013) is in itself no guarantee that the poor and marginalized are benefitting. The concerns about China's engagement have in the meantime also reached the upper levels of African societies. The former governor of the Central Bank of Nigeria alerted in March 2013:

It is time for Africans to wake up to the realities of their romance with China. [...] China is no longer a fellow under-developed economy – it is the world's second-biggest, capable of the same forms of exploitation as the west. It is a significant contributor to Africa's deindustrialization and underdevelopment. [...] Africa must recognise that China – like the US, Russia, Britain, Brazil and the rest – is in Africa not for African interests but its own. The romance must be replaced by hard-nosed economic thinking. (Sanusi, 2013)

6. The Need for a Responsible Government and State Policy

The increased competition for entering favorable relations with African countries is in itself of course not negative to the interests of the African people. But it requires that the tiny elites benefiting from the currently existing unequal structures put their own interest in trans-nationally linked self-enrichment schemes behind the public interest. The priority should be to create investment and exchange patterns, which provide in the first place benefits for the majority of the people. As the African Economic Outlook 2011 suggested, most African countries still need to enhance their bargaining position vis-à-vis traditional and emerging partners to ensure that these partnerships are actually mutually beneficial (African Development Bank et.al., 2011). This was somewhat reinforced and echoed again by the United Nations Economic Commission for Africa (2013).

But the times of the Berlin Conference 1884/5, when external powers sliced up the continent into colonial territorial entities without any meaningful participation of local agencies are past. Decolonization has created new realities by establishing sovereign states. Local power agencies and policy makers play a role. There is maneuvering space and room for negotiations with any external interests seeking own gains, which could be used if the political will exists. Many remain skeptical over the dominant exchange mechanisms. The motive of such skepticism is not to protect Western or Northern interests at stake. On the contrary: the fear is that China at the end merely offers more of the same. Indications at this stage seem to suggest that rather Chinese engagement in Africa tends to accommodate Western norms instead of seeking to move Africa towards Chinese norms and away from Western influence. It needs to be pointed out,

that there is no inherent conflict between China's interests in Africa and development, good governance and democracy on the continent. Indeed, stronger African partners would both offer a more stable environment for China's investments and help China to address any problems that emerged in the course of its African ventures far more satisfactorily and sustainably than weaker and more acquiescent ones. (Raine, 2009: 234)

The interaction between Africa and China brings us back to the roles of the policies of the governments, of the state, of political office bearers, civil servants and the all too weak local bourgeoisie, anything but acting 'patriotic'. If and to which extent the majority of the African people benefit from the old and new actors on their continent depends at the end as so often once again to a large extent upon their rulers – and not least but most importantly on their own social struggles. But it also requires the

state as an actor, who provides the arena for such struggles without being the machinery for oppression and the vehicle for the interests of a tiny elite. The impact of the new global players and their economic engagement with African countries "will depend on what African countries do, in terms of initial conditions, better bargaining, and appropriate policies, to maximize the benefits and minimize the costs associated with the process of increasing economic interaction" (Nayyar, 2012: 559). It will ultimately depend on Africans, "whether resource dependence and authoritarianism on the continent can be overcome" (Carmody, 2011: 194). In the end, Africa should "lay down the criteria that should control the activities of external powers" (Arnold, 2009: 237), and African development should be "its own responsibility" (Morrissey/Zgovu, 2011: 41). It seems "just a matter of allowing Africa to use whatever resources nature has granted it to genuinely pull itself out of poverty" (Frindéthié, 2010: 173). - But all that is easier said than done. It requires "a policy that can only be pursued by governments that are legitimate and have a vision for their countries" (Dioumessi, 2009: 284) – not only a desire for enriching themselves by entering pacts among global elites.

The emerging "resource nationalism", which results in governments introducing a stronger control over the allocation of rights for the exploitation of natural resources, is an important strategic initiative. It provokes already careful assessments by those who have so far benefitted from the access to these resource markets notably in Southern Africa (Burgess/Beilstein, 2013). Establishing such additional state control is in principle a step into the right direction – provided that this is not limited once again to a self-enrichment scheme through appropriation of revenue and rent seeking by the elites in control over the state.

The state will be an important element in the engagement with external and internal forces in the process of socio-economic development. State agencies emerged as a result of the separation between politics and economy. The main feature of the state is that it is not 'owned' by any individual or group, even though it is never really neutral. It nonetheless bases its legitimacy on the claim to be a broker between conflicting interests as a regulating body, seeking to represent and reconcile different agencies in a public interest.

Often, however, governments exercise power and major influence over state policies without representing the majority of people. Despite their claims for autonomy from daily politics and justifying its existence beyond governments, states unashamedly so reflect the power relations. As a 'material condensation' they mirror interests as represented by social classes, agencies and lobby groups. As a factor of and tool for domination states often enforce the interests of an elite.

Thus, influential parts of business all too often exercise the power of definition as to the role of the state in development and the kind of development. But,

the goals and functioning of social management cannot be equated with business logic. Much more needs to be done to ensure such essential aspects as access, equity, sustainability and efficiency. (United Nations Secretariat, 1997: 30)

A responsible state acting in the truly public interest will have to introduce measures, which contribute to general security and wellbeing of all people living in the territory it controls and represents. This includes a protection against the abuse of access to public goods and the protection of – often over-exploited non-renewable - natural resources and needs to minimize if not to eliminate practices for the benefit of some at the expense of others. Laws are part of the instruments a state has, as well as tax policy. A responsible state needs to be a courageous state, confronting forces that disempower people(s). Such a responsible state adds legitimacy to the political elite in government. Its priorities, in turn, would make it a secondary matter from where the external agencies and stakeholders come, with whom negotiations are entered and possibly turned into business – provided it is not the business as usual.

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