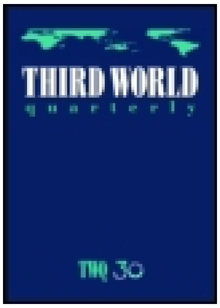

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Africa's Futures: from North - South to East - South?

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ABSTRACT *This article contests dominant projections of Africa's future, most notably the Afro-pessimism that permeates almost all Northern analyses. While long-term data do confirm the continent's developmental impasse, they also dispute the dominant argument that Africa has been isolated and disengaged from the world economy. Indeed, Africa has been increasingly engaged with—and impoverished by—its relationships with Europe and North America. African scholars, recognising this dilemma, call for a return of the 'developmental state'. This recommendation, however, like Afro-pessimist projections, fails to take into account fundamental transformations in Africa's geostrategic and world-economic relationships. The implications of two key, global transitions are traced for Africa and particularly South Africa: first, the disruptive power of global social movements; second, the rise of Asia and the demise of US and European hegemony over Africa.*

For almost a generation now, commentary on Africa by Northern scholars, policy makers and media has been pervaded by the notion of 'Afro-pessimism', a sense of Africa's inescapable descent into economic decline, political collapse and social disorganisation. Afro-pessimism reflects developments in the North as well in the 1980s and 1990s, including the rise of neoliberalism, Africa's 'falling off the policy map' in London, Paris and Washington after the end of the Cold War, and the subsequent decline of African studies in Britain, France and North America. By the late 1990s even the Mandela miracle had faded: depicted as a saint on the cover of *Time* magazine on 9 May 1994, by the beginning of the new century Mandela's US media image had faded to that of an irascible, if still sentimentally cherished, African ex-president. Africa as a whole was, in the words of *The Economist*'s cover for 13 May 2000, 'the Hopeless Continent'. For realist policy makers in the USA and Europe today only a few African states are of interest, most notably those that can act as regional surrogates (eg Nigeria and South Africa), possess readily-exploited natural resources (most notably oil), or, for the Clinton and Bush administrations, can contribute to the US's building of a global security network.

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While Afro-pessimism has attained an almost hegemonic status in the North, its analyses and predictions have rarely been subject to long-term scrutiny. To examine concrete data on Africa's trajectory within the world economy reveals that the processes behind Afro-pessimism are hardly African ones. Rather, as I demonstrate below, they have long been globally formed. There are thus good grounds for the recent call by African scholars for the return of the 'developmental state'. However, the prospect of a post-neoliberal world order seriously complicates all these analyses. Two critical transformations are unearthed and traced forward here: first, the disruptive power of global social movements; second, the demise of US and European hegemony over Africa and the rise of East–South relationships.

The economists' Africa: marginalisation

Africa's difficulties are not imagined: there is plenty of hard evidence. As Giovanni Arrighi has summarised the common case, 'over the last quarter of a century the African crisis of the late 1970s has been transformed into what has aptly been called "the African Tragedy"' (2002: 5). Figures for African income, life expectancy, poverty, under-nourishment and unemployment have deteriorated significantly by comparison both with their levels in the 1960s and 1970s and with most of Asia and Latin America.

The depth of the fall and its timing can be seen on every major economic indicator. Africa's share of world GDP, which had been rising in the 1970s, has fallen from 3.6% in 1980 to less than half that figure by the opening years of the new century, as indicated in Figure 1.[1]

Africa's gross national income (GNI) per capita as a proportion of average world GNI per capita has fallen equally sharply, from 25%–30% of the world average in the 1960s and 1970s to less than half that share (World Bank, 2002). Africa's share of world trade has faced similar declines over an even longer

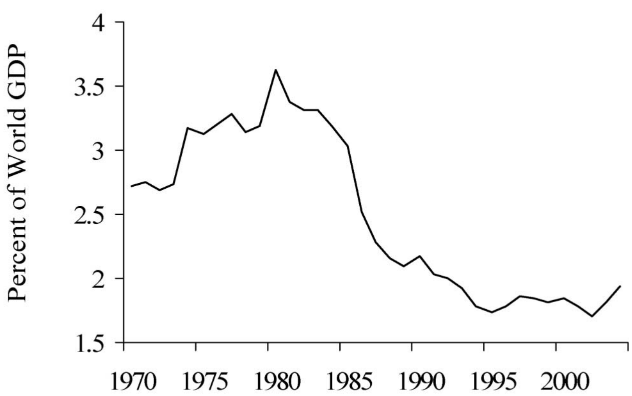

FIGURE 1. Africa's Share of World GDP 1970-2004. *Source*: United Nations, Statistical Division, 'National Accounts Main Aggregates Database', http://unstats.un.org/unsd/snaama/Introduction.asp.

period, as Figure 2 demonstrates, with exports still dominated by oil and minerals.

Finally, Africa's share of world foreign direct investment (FDI), while erratic, has steadily declined as well, from 9% of the total world FDI in 1970 to 1% by 2000 (UNCTAD, 2006). Recent increases to 3% of world FDI inflows in 2004 have been driven by oil and mineral extraction; two-thirds to three-quarters of FDI goes to 10 oil exporters alone (Algeria, Angola, Chad, Republic of the Congo, Egypt, Equatorial Guinea, Gabon, Nigeria, Sudan and Tunisia). From these data Afro-pessimists draw the conclusion that the peoples of Africa are of marginal importance to, and thus receive marginal returns from, the operation of the world economy.

Afro-pessimist explanations

Policy makers and scholars in the North traditionally attribute Africa's plight to two factors: 1) the changing conditions brought about by globalisation in the past two decades; and 2) African states' neo-patrimonialism. These arguments coalesced in 1981 with the joint appearance of the World Bank's *Berg Report* and Robert Bates' *Markets and States in Africa* (Berg, 1981; Bates, 1981). The case was simply stated: African states had undermined development by isolating their economies, tribalising patronage and over-regulating commodity trade, capital markets, currency values and, especially, prices for farmers' goods. From these arguments arose structural adjustment programmes, which were subsequently adopted across the continent under pressure from the North.

By the end of the century this view of Africa's problems had even become entrenched across the continent. As the Governor of the Central Bank of Tunisia bluntly put it: 'The marginalization of these [African] countries is reflected in their small share of world trade (barely two per cent), output (not

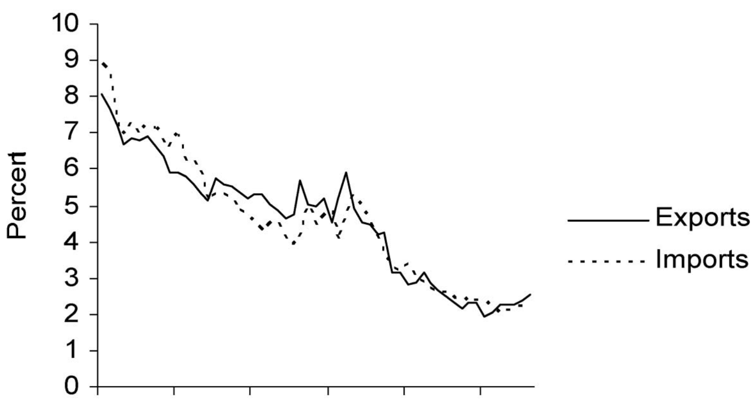

FIGURE 2. Africa's Share of World Trade 1948-2004. *Source*: UNCTAD, *Handbook of Statistics 2006*, http://stats.unctad.org/Handbook.

much higher), and foreign investment (one per cent)' (Daouas, 2001). Or, as a senior African economist described the consensus in a special issue of the IMF journal *Finance and Trade Review* dedicated to Africa: 'Africa's economic marginalization, the result of its relatively isolationist policies and closed economies, explains why economic prosperity has eluded most of the continent' (Ajayi, 2001).

Radical political economists had by contrast long placed greater emphasis on international factors in accounting for Africa's economic decline. Perspectives that assume integrated and unequal exchange nevertheless shifted as well after the mid-1970s, with the concept of imperialism disappearing, and new conceptions demarcating a post-industrial, post-imperialist, postmodern epoch. The most common term used to mark this new era has of course been 'globalisation'. As Manuel Castells' signal trilogy on *The Information Age* argued, a new *global* form of capitalism was emerging, marked by a global network, new identities and, above all, 'the capacity to work as a unit in real time on a planetary scale'(1996: 92).

There is not much place in this world for Africa. As with the traditional production, trade and investment data above, there is a vast digital divide on basic internet technology between Africa and other world regions, as Figure 3 illustrates. While core states average around 40% to 60% internet users and PCs per 100 inhabitants, Africa averages around two—and this is without data on broadband access which would show a much greater divide.

Not surprisingly Castells speaks of the 'marginalization of Africa in the global economy', pinpointing 'the destructive role of African nation-states on

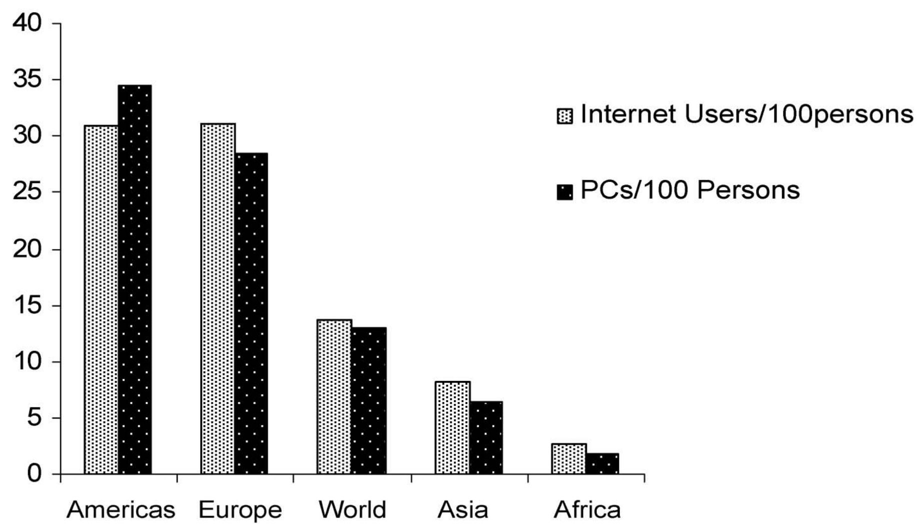

FIGURE 3. The Digital Divide 2004. Internet Users/100 persons and PCs/100 Persons. *Source*: International Telecommunication Union, *Internet Indicators 2004*, http://www.itu.int/ITU-D/ict/statistics/at_glance/Internet04.pdf.

their economies and societies'. In this account Africa is now part of a new 'Fourth World', a literal 'black hole of informational capitalism', bypassed by the information age. It thus 'belongs to those regions from which, statistically speaking, there is no escape from the pain and destruction inflicted on the human condition for those, who, in one way or another, enter these social landscapes' (1998: 162). As one African scholar pointed out in a volume dedicated to applying Castells' framework to Africa, 'On where Africa goes from here, Castells offers little help' (Soludo, 2001: 95). Africa is of even less relevance in Hardt and Negri's volume on *Empire*, where Africa, lacking even an entry in the book's index, functions as Europe's postcolonial other: a place more vicious and disease-ridden even than those generated under European colonialism (2000: 126–136). What such accounts leave unaddressed, like the neoliberal analyses that preceded them, is Africa's deep and changing engagement with the North—and, more recently and increasingly, with the East.

Counter-evidence

Despite the focus on globalisation, few of these analyses actually examine in any detail the long-term processes that have produced Africa's current position in the world economy. To do so demonstrates that Africa has certainly not been an isolated island: economic formation, like state formation, has been deeply embedded in global processes. While Africa's share of world trade has indeed been declining, this hardly indicates withdrawal. Indeed, of all continents Africa has historically been *more engaged* and *more dependent* upon trade than any major region of the world—both core and peripheral—throughout the 1970–2000 period. Only East Asia surpasses Africa in the 1990s, and even then Africa's dependence on trade increased, rather than waned in the 1990s (World Bank, 2002). What *did* change was Africa's terms of trade, which fell radically in the last half of the 1980s and the 1990s as indicated in Figure 4.

In contrast to those who focus on Africa's supposedly isolated markets and corrupt states, such data direct attention to African states' power and position in world capital markets and production networks. Shifting capital flows have proven particularly harmful as they changed direction and magnitude, and the USA became the world's major debtor nation—a process fostered by US government policies of raising interest rates, lowering taxes and deregulating capital markets. For Africa, more heavily dependent on foreign capital than other world regions, the onset of the Sahelian drought was thus matched a long capital drought. Yet capital flows to Africa did not simply dry up, as most political economists argued: they *reversed*, with the continent drained of existing capital thanks to both rising debt payments *and* a vast and unrecorded transfer of wealth from Africa to core zones. Poor states were especially hard hit, as the most highly indebted and poor countries saw large outflows of private capital over the course of the past 30 years of the 20th century (Ajayi, 1997; Boyce & Ndikumana, 2001; Nyatepe-Coo, 1994). These are not insignificant sums. 'Capital flight' for 25

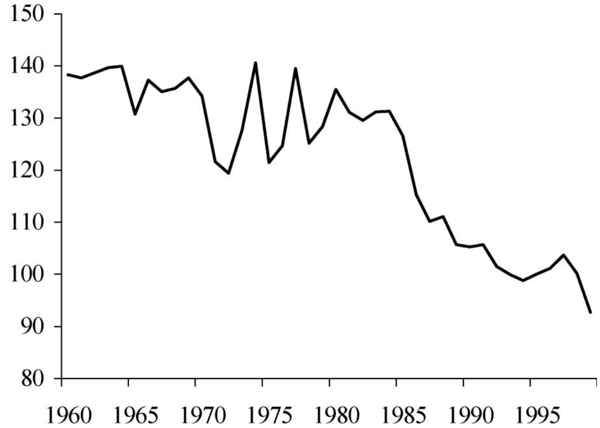

FIGURE 4. Africa's Terms of Trade, 1960-1999 (1995 = 100). *Source*: William Martin, 'The World-Economy and the African State', in *Borders, Nationalism, and the African State*, R Laremont (ed), pp 277–313 (Boulder, CO, Lynne Rienner, 2005), p 285.

low-income African countries over the period from 1970 to 1996 is estimated, for example, at \$285 billion (in accumulated stock in 1996 dollars), while debt stood at \$178 billion; 'annual capital flight was equivalent, on average, to 3.8 per cent of GDP'. Public debt across Africa thus rose in the late 1970s and 1980s, matching rising capital flight. Indeed, the countries with the largest external debts were precisely those with the largest capital flight (Boyce & Ndikuma, 2001: 44, 47–48).

The outflow of social and entrepreneurial capital has been equally sharp and unrecorded. The loss of highly trained personnel—educated at government expense in one of Africa's great post-independence successes, the African university—has rapidly drained Africa of doctors, nurses, teachers, engineers and entrepreneurs (often with a stopover in South Africa). A 2002 World Bank report noted, for example, that 'about 30 000 Africans who hold PhD degrees live outside the continent, and 130 000 Africans study in higher learning institutions outside Africa. Many of these who find employment abroad never return' (World Bank, 2001: 18). An Economic Commission on Africa workshop similarly estimated that by 1993 over 21 000 Nigerian doctors were practising in the USA alone, 60% of all Ghanaian doctors trained locally in the 1980s had left the country and, in Sudan, 17% of doctors and dentists, 20% of university lecturers, and 30% of engineers had, in 1978 alone, gone to work abroad (Economic Commission of Africa, 2000). Yet another study estimates that Africa lost 60 000 middle- and high-level managers between 1985 and 1990, with 23 000 professionals currently leaving every year for new jobs in Europe and the USA, costing Africa as much as \$4 billion a year (Aredo, 2002).

South Africa, with its advanced and highly racialised labour market, has been especially hard hit. Measurements of the number of South Africans overseas suggests that at least 10% of South Africans with a tertiary education live in OECD countries (Carrington & Detragiache, 1999). As with financial capital, this is a hidden flow: South African statistics record as emigrants only 35% of the over 233 000 South Africans who appeared as immigrants in the official immigration statistics of the USA, UK, Canada, New Zealand and Australia over the period of 1989–97 (Brown *et al*, 2001). The emigration of skilled labour and professionals was moreover higher in the late 1990s than the early 1990s, and increased into the new century despite studies suggesting otherwise (OECD, 2003: 4; HSRC, 2004: 114).

The losses are particularly keen in the health field. Statistics from the main countries of destination document 23 400 South African health workers from South Africa, which is equivalent to 10% of all South African health professionals. Between 1998 and 2001 over 3000 South African nurses went to work in Britain; by 2001 6% of Britain's health care workforce was South African. By 2006 the OECD was reporting that 37% of South Africa's doctors and 7% of its nurses had migrated to Australia, Canada, Finland, France, Germany, Portugal, Britain and the USA. Since it costs the South African government Rand 800 000 (US$106 000) to train a doctor and R340 000 ($45 000) to train a nurse, the losses are large: the net training loss alone to South Africa was estimated in 2003 at $1 billion (OECD, 2003: 11, 100, 15–16).

In short, as with trade and capital flows, it is not possible to claim that Africa is isolated from or lacks integration into capital markets: there is a clear case of North–South relationships consistently under-developing Africa while contributing to the development of the North. These reversals have not been offset, moreover, by the parallel strategy by multinational corporations to move or subcontract production overseas in order to escape unruly and unionised labour in the North. Africa has decidedly not been one of the targeted destinations, and certainly no African state can compete today with the cheap and coerced labour reserves that have been opened up in China.

Arrighi's conclusions follow directly:

> For the casualties of so-called globalization, first and foremost the peoples of Sub-Saharan Africa, the problem is not that 'markets are almost always wrong, and they have to be made right'. The real problem is that some countries or regions have the power to make the world market work to their advantage, while others do not, and have to bear the costs. (2002: 34)

The return of the developmental state?

Against this chorus of Afro-pessimism stands a new call for the return of the developmental state. This has issued from two equally surprising directions. By the late 1990s admonitions to revive the African state arose from those who had, 20 years earlier, called for its demise: the World Bank, the USA and European states. The stimulus was clear: the process of state deformation accelerated by structural adjustment had unexpectedly proceeded too far, threatening the basic political conditions needed to secure society, local elites and accumulation. State power had been fragmented and dispersed both above and below the state: monetary and fiscal policy making had moved abroad into the hands of international financial institutions, while education and health services had been increasingly farmed out to the private or international NGO sector (Turshen, 1999). One result became evident in the continent's new wars, as central states had less and less control over poorly paid or non-existent police and military forces.

Where democratic movements succeeded, these circumstances often created what Mkandawire has called 'choiceless democracies' (1999), where elections take place but the state becomes less central to people's lives, citizenship becomes less and less meaningful, and alternative centres of social support, security, identity and authority emerge. Even more common was the emergence and entrenchment of new social and communal networks in place of the state. As Olukoshi argues:

> the decline of social citizenship and of the role of the state in social provisioning has, in many cases, been paralleled by the creation or revival of ethnic, communal, and religious networks and structures as individuals and groups seek alternative means of producing their own social welfare needs in a process that also challenges the postcolonial, national–territorial secular state project of independence. (1999: 458–459)

Under these conditions African states have proved unable not only to enforce neoliberal economic policies, but to secure the legitimacy and peaceful conditions necessary for capital accumulation. Rwanda may have been an extreme case, but Sierra Leone, Liberia and Somalia illustrated the spreading phenomenon. As political violence and social unrest threatened to encompass more oil and mineral deposits—as in Nigeria, Angola, the Democratic Republic of the Congo, and South Africa on the eve of majority rule—even the World Bank and IMF took note.

By the mid-1990s there were clear signs of a course change as the World Bank and its allies deployed language openly calling for the construction of a capable and efficient African (and Asian) state under the rubrics of 'capacity building' and 'good governance'. At the same time a call to secure social peace and counter dramatic increases in inequality led to a new emphasis by international financial institutions, their more liberal defectors—most notably Jeffray Sachs—and core states on 'poverty reduction'. The September 1999 annual board meetings of the IMF and the World Bank formalised this transition and introduced the new Poverty Reduction and Growth Facility (PRGF) or the 'New Washington Consensus'. The contrast with the situation 15 years earlier was sharp: the discourse of market fundamentalism had seemingly given way to calls for enhancing the state and tackling social inequality and poverty.

This movement overlaps with a second and longer effort: the ongoing effort by African scholars and leaders to revive the developmental state as a solution to the continent's problems—a far more ambitious task. This effort is an explicit riposte to radical, structural pessimists like Castells and, more generally, a rejection of political economists' and globalisation theorists' sweeping claims about the unstoppable power of capital and the demise of territorially based political power and developmental strategies. As Mkandawire argues, 'neither Africa's post-colonial history nor the actual practice engaged in by successful "developmental states" rule out the possibility of African developmental states capable of playing a more dynamic role' (2001: 289). Growth led by active African states has clearly been possible; during the long postwar boom many African states had experienced steady growth that was only rolled back in the 1980s and 1990s. Against the Northern assertion of an irremediably corrupt African leadership and pathological state stands African scholars' argument that poverty reduction and sustained growth can only be achieved by autonomous, entrepreneurial states. As the title of one African collection stated: *Our Continent, Our Future* (Mkandawire & Soludo, 1999).

What is needed, in this view, is to return power to African states so they can manage fiscal and monetary policy, maintain public investment in infrastructure and training, regulate capital to stimulate private investment, and generally play a more entrepreneurial role. This would require not only capable leadership and resources, but a return of the state functions usurped by international financial institutions, the private sector and international NGOs. This in turn would require the reversal of the brain drain and the rebuilding of states' administrative, bureaucratic and coercive apparatuses. What these state-centric recommendations do *not* provide is the path or power that would permit African states to escape deformation through their relationships with more powerful states and institutions in the North.

There is a methodological mismatch that leads to such conundrums: if Afro-pessimists apply *long-term* structural analyses to predict the impossibility of developmental policies *in the short term*, Afro-optimists seek *short-term* solutions that bypass *long-term*, relational constraints. Neither offers much ground for success. What is striking is the absence of conjunctural analyses, and the more optimistic scenarios that might be sketched if *long-term* processes were applied to *long-term* prospects.

The long-term: global transitions

If structural obstacles lead to Afro-pessimism, what might remove them—and for which African states? There is little point, given 20 years of neoliberalism, in expecting a return to the long boom conditions that followed World War II, underwrote US hegemony, and underpinned in turn the rise of the East Asian newly industrialising countries (NICs) and even apartheid South Africa. New conjunctural possibilities for developmental state formation have been opened up, however, by the demise of these conditions and by 20 years of harsh neoliberal policies.

Most prominent are two world-scale developments: 1) the unfolding of the struggle over a post-liberal global regime; 2) the rise of new centres of power and accumulation, most notably the rise of Asia. These developments are already reconfiguring Africa's developmental possibilities within the world economy, with semi-peripheral South Africa playing a leading role.

As was the case with the decline of British hegemony, the destabilisation of US hegemony by unruly social movements and successive economic reversals generated an innovative, in this instance *neoliberal*, reaction. This brutal response generated, by the mid-1990s world-wide, 'anti-globalisation' movements that have delegitimised not only neoliberal policies and discourse all across the South, but also the three key international financial institutions. For the IMF, the outcome of the 1997 Asian financial crisis was an open boycott by Asian, followed by Latin American, states of paying off old IMF loans and the foregoing of new ones. Joint actions by states and movements have similarly disrupted the Doha round of the World Trade Organization (WTO), and have led the World Bank to launch a formative response to protests outside its doors; the brief tenure of neoconservative Paul Wolfowitz as president of the World Bank is an indicator of these forces at play. And no one has yet been able to roll back landless movements and the nationalisation of private land in Latin America and Africa—not to mention the more surprising and recent nationalisation of foreign energy holdings in Latin America. Neoliberalism, to put it succinctly, has failed to provide long-term legitimacy and stability for the world economy; even economic and media elites no longer believe in the market fundamentalisms of trade liberalisation, deregulation and privatisation (Broad, 2004). Meanwhile activists have moved from the rejection of structural adjustment to demanding the decommissioning of the World Bank, WTO and IMF (Bello *et al*, 2000; Bond, 2007).

What might replace the Washington Consensus has thus emerged as topic of considerable debate. The long-term possibilities are suggested by the movement over the past decade from the market language of structural adjustment to the social language of poverty reduction and basic income grants, the enhancement of state capacity, and developmental and environmental alliances among international financial interests, nongovernmental organisations, multinational corporate blocs, corporatist states and social movement organisations (Sumner, 2006; Porter & Craig, 2004; Cammack, 2004; Goldman, 2005). Driven by social movements, these may signal a Polanyian double-movement—the return of a socially regulated economy and, potentially, a new world regulatory order. While the range of possibilities is beyond the scope of this essay, it is evident that the search is on for a stable, long-term response to the failure of both the classic American liberalism of the post-World War II period, and its unstable, and now illegitimate, neoliberal successor.

There are of course no assurances that developmental states will emerge in Africa even if we assume an acceleration of social movement power, the enhancement of state capacities, and the restructuring of the neoliberal policies and institutions of the past two decades. To look east reveals, however, a second rupture in Africa's long-term role within the capitalist world: a new network of African–Asian relationships.

From North – South to East – South?

The explosive rise of China and India as leaders of the 'Global South' has been widely noted. What few have paused to consider, however, is the long-term implication for Africa, namely the demise of the centuries-long dominion of the USA and Europe over the continent. Indeed, the prospect is even more radical in my view: the replacement of the North – South polarity by an East – South relationship. As the domination of eastern coastal China over its own internal, western Chinese periphery suggests, this transition may be no less polarising than the North – South one.

Highly publicised events have marked China's remarkably rapid re-emergence on the African landscape after almost two decades of absence. Over 800 joint Chinese – African projects have been set up in recent years, with large investments in oil, timber and minerals in Chad, the Democratic Republic of the Congo, Nigeria, Angola, Sierra Leone, the Sudan, Zambia, Zimbabwe and elsewhere. Sub-Saharan Africa alone provides 28% of China's imports of oil and gas (the USA by comparison gets only 15% of its oil from the region) (Walt, 2006). 2006 was a signal year: both Chinese President Hu Jintao and Premier Wen Jiabao visited Africa, and the year closed with African heads of state attending a Beijing summit to sign a series of aid, loan, debt cancellation, student scholarship, technical training and investment packages (Large, 2007). And 2007 opened with the African Development Bank holding its annual meeting in Shanghai.

For the North such developments portend, in the words of *The Economist*, among others, a Chinese 'scramble' for Africa (26 October 2006). As Chinese trade and investments surpass those of the older colonial powers and international financial institutions, the language can be dramatic. As the opening pages of the World Bank's lengthy volume on *Africa's Silk Road* dramatically put it:

> Since 2000 there has been a massive increase in trade and investment flows between [sub-Saharan] Africa and Asia. Today, Asia receives about 27 per cent of Africa's exports, in contrast to only about 14 per cent in 2000. This volume of trade is now almost on par with Africa's exports to the United States and the European Union (EU)—Africa's traditional trading partners; in fact, the EU's share of African exports has halved over the period 2000 – 05 (Broadman, 2007: 2).

Data for a longer time period and for all of Africa (the World Bank's racialised definition of 'Africa' includes only sub-Saharan or 'black' Africa) present a less dramatic picture, notwithstanding recent commodity price increases, as Figure 5 illustrates.

Nevertheless, the clear eclipse in the last quarter-century of Europe and, except for rising oil imports, the USA, is sharply etched. What has not changed is the nature of Africa's external trade. Exports to Asia, and particularly China, do not break with past patterns of Africa's relationship with the North: they are overwhelmingly composed of primary products, from Sudanese, Nigerian and Angolan oil, to central and southern Africa's minerals, to West Africa's cotton. Like Europe and the USA, both China and India have high tariff rates on value-added agricultural products, including coffee, cocoa beans and cashews. Africa's imports from Asia, as revealed in Figure 6, complete this asymmetrical picture.

Asia's share is rising as rapidly as Europe's and the USA's shares are falling, with Africa's imports from Asia composed overwhelmingly of light industrial products and especially cotton fabric. The unequal nature of this relationship is further indicated by the importance of the exchange to each partner. While Asia and China are proving critical partners for

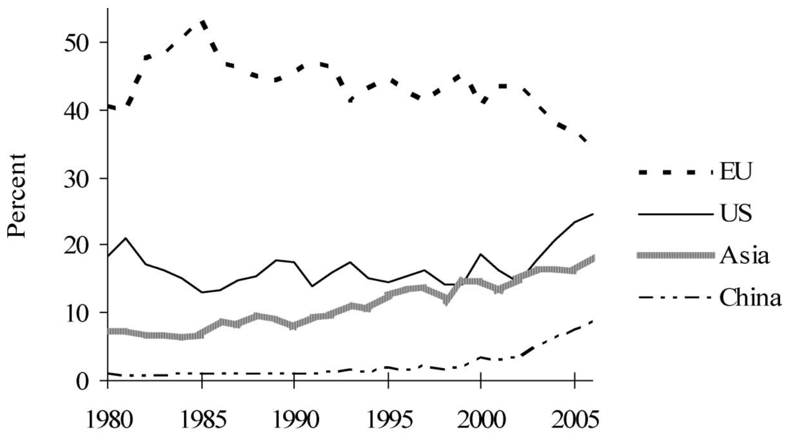

FIGURE 5. Share of Africa's Exports, 1980-2006[2]. *Source*: IMF, *Direction of Trade Statistics* (CD-Rom, May 2006).

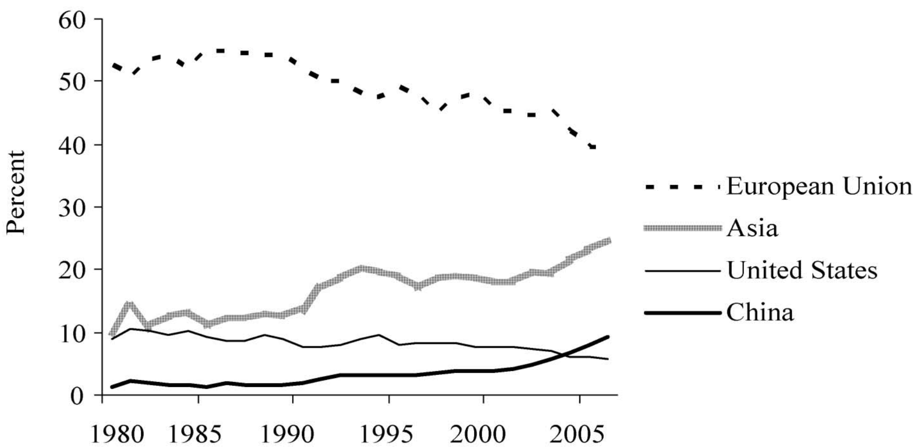

FIGURE 6. Share of Africa's Imports. *Source*: IMF, *Direction of Trade Statistics* (CD-Rom, May 2006).

many African states and producers, often accounting for a high percentage of many states' exports, the same cannot be said for China or even Asia as a whole, where all of Africa in 2005 accounted for only 2.5% of China's exports and less than 2% of Asia's exports, and 3.4% of China's imports and less than 2% of Asia's imports. Nor is this figure increasing: the share of both imports and exports is less than it was in 1980, with the export share falling by over half (calculated from IMF, 2007). While Asia's importance to Africa is rapidly increasing, the same cannot be said for Africa's importance as a market for Asian products and investment.[3]

This dramatic shift in Africa's historic orientation to the North opens up a series of new opportunities. It is certainly the case that the East, primarily China, is rapidly filling the spaces left vacant by Europe's and the USA's marginalisation of Africa. African states now bypass international financial institutions and northern banks, for example, and are arranging loans without structural adjustment conditionalities directly from China. Asian multinationals and Chinese state firms similarly provide competitors to Western oil multinationals across the continent. Rivalry between the North and East provides an echo of African states' exploitation of older cold war rivalries—with the exception this time that China represents not just a statist ally but a rising economic power.

As African social movements and activists have pointed out (Manji & Marks, 2007), the downside of the new Asian–African relationship is that China has proven no friend of social movements in Africa or Asia, supporting repressive regimes from the Sudan to Equatorial Guinea to Zimbabwe. The practices of Chinese firms and state agencies have paid little heed to local demands for human rights, labour union rights, transparency or environmental protection. Complicating the assertion of popular controls on Chinese firms' activities is the lack of corresponding movements and civil society organisations in China itself. In the case of the Sudan, the Nigerian oil delta, or Zimbabwe, movements in Africa have found allies in Europe and North America which, in turn, pressurise European and North American firms and states. Nothing similar is yet possible in China given the current state of controls over local civil society organisations, nascent movements, unions and the media.

Such conditions are likely to change over the longer term, which would offer African states and movements far greater room to break the patterns entrenched by over a century of dependent ties to the North and, especially, the disastrous effects of structural adjustment policies. Looking west, Latin America offers even more startling signs of the possibilities accompanying the demise of the neoliberal epoch, possibilities opened up in almost every case by governments pressurised or elected by popular movements. The examples are many, from the seizure of foreign-owned gas and oil fields (Bolivia, Venezuela), the repudiation of debt (Argentina), to the uncompensated seizure of large landholdings on a wide scale (Brazil). These actions were simply unthinkable during the high noon of structural adjustment. They remain, one must note, unthinkable still for most African states.

South Africa: the Asian challenge

These Latin American examples also illustrate the narrow band of states that are most capable of seizing the opportunities offered by transitional moments in the world economy: 'middle powers' or 'semi-peripheral' states located at the crossroads of unruly capital and popular unrest, and often able to mobilise larger, regional coalitions. There are few of these in Africa; South Africa is the notable exception. The evidence to date is not, however, encouraging. The timing of South Africa's transition to majority rule was in this respect particularly unfortunate, coming as it did during the peak years of the Washington Consensus and before the rise of Asian competitors. Both the Mandela and Mbeki governments, seeing no alternative at the time, continued the late apartheid regime's neoliberal alliance with the North. Neoliberal fiscal, trade and monetary policies, as elsewhere in Africa, have produced few benefits and much opposition. While racial reconciliation and tight monetary and fiscal policies have provided an attractive investment climate, investment and social capital flight have been massive, as noted above—and highly racialised.[4] Meanwhile employment has fallen, xenophobia has accelerated and living conditions have stagnated for the black majority.

Signs of increasing social movement pressure from below, and new opportunities from above as neoliberalism collapses, have led scholars and economists to push forward discussions of South Africa returning to the role of a developmental state (Southall, 2006). By 2006 it had become a leitmotif in even President Mbeki's speeches: 'We have to use the developmental state to achieve the well being of all our people' (2006). Analysing the prospects of a developmental state is, however, impossible within the confines of the national state, the dominant unit of analysis used by both state-centric scholars and even many dependency studies. The South African state has long been embedded in a 'semi-peripheral' matrix in relation to core and peripheral areas; indeed, it now seeks to speak for the continent, as attested by South Africa's leading role in the creation and operation of the New Partnership for Africa's Development (NEPAD), the African Union and the Pan African Parliament. South Africa is not simply the most powerful country on the continent: by some (over)estimates it is the major foreign direct investor in southern Africa and the whole continent. With R24 billion ($ 3.7 billion) invested by the end of 2004 (South African Reserve Bank, 2006), South African firms own and operate banks, mines, cell phone networks, retail networks, ports and energy grids across the continent (Daniel *et al*, 2003; Daniel & Lutchman, 2006). South Africa's trade relationships are similarly unequal: its most advanced products find their export markets in Africa, yet South Africa imports far less from surrounding countries, whose imports are heavily dominated by South Africa.[5]

South Africa, like Brazil in Latin America, thus occupies a Janus-like position in the world economy, facing under-developing pressures from the North while presenting similar pressures to surrounding peripheral areas. The rise of Asia illustrates this contradictory semi-peripheral position well, and the limits of betting on an alliance with the North. Asia is steadily, if more slowly than for Africa as a whole, garnering an ever larger proportion of South Africa's export and import trade: by 2006 Asia accounted for 30% of South Africa's imports and 24% of the country's exports (IMF, 2007). As in the case of the rest of Africa, South Africa exports raw materials (largely minerals) to Asia in exchange for manufactured goods.

This is, however, a significant problem for South Africa given its large industrial sector concentrated in intermediate industrial goods, which are precisely the kinds of goods being exported from China. The local textile industry has been particularly hard-hit, shedding tens of thousands of jobs. By 2004 China's share of South Africa's textile imports had reached 80%; out of 100 T-shirts imported into South Africa, for example, 80 come from China (Lyman, 2005). The more advanced automobile sector provides a starker contrast of competition, one set within changing international production networks. As one of the very few sectors to benefit from a coherent state industrial and export plan, foreign multinational branch plants in South Africa—many established in the interwar and early postwar period—not only supply the local market but export fully assembled cars and parts (most notably a large quantity of catalytic converters that use South African-mined and processed platinum). China emerges here as a new competitor, but not in branch-plant assembly, an older form of networking international automobile production. China and other Asian states compete instead as part of buyer-driven subcontracting networks, supplying car parts to European, North American and Japanese producers. How long South Africa can compete against this new model of global production, based on much cheaper Asian labour costs, is questionable. South Africa and China are not thus simply competing producers of light and medium industrial products: they are rooted in very different production networks directed at different buyers and consumer markets.

This form of competition threatens South Africa's growing role in Africa, where its own uneven, under-developing relations with Africa are faced with a new and unexpected competitor for direct investments, manufactured exports, and service and managerial operations. The South African state's bid to represent Africa faces similar contradictions, as China and India pose as representatives of the Global South against the West, while the South African state adheres to its pursuit, since at least the early 1980s, of a development-by-invitation strategy through a neoliberal pact with Europe and the USA. As the costs and illegitimacy of structural adjustment have risen, the rejection of South Africa's neoliberal proposals has spread, including most notably to the neoliberal provisions of Mbeki's NEPAD (Bond, 2002; Olukoshi, 2002).

The South African state's neoliberal alliance with the North has also worked against the development of co-operative arrangements between South Africa and other emerging, middle powers, as has been raised by the addition of South Africa as a middle power to the bloc of Brazil-Russia-India-China (BRIC) or by NICs scenarios (Shaw *et al*, 2007). As the tentative character of these analyses suggest, it is difficult to foresee South Africa's membership in this club given its relatively small population, economic endowment and the flight overseas after 1990 of the headquarters, stock listings, and investments of the country's multinational corporations. More concretely the South African state, whose officials have served in important posts in international financial institutions, remains far more committed to neoliberal policies than do Brazil, India, China and other upwardly mobile states. South Africa has accordingly played little role in challenges from the South, such as the G-20 trade coalition. As challenges to neoliberalism have spread across not just Latin America but Africa, this has rebounded upon South Africa, further undermining its bid for continental and even regional leadership. Prospects for a 'new Bandung', driven by co-operative, South–South state relationships, are thus weak in Africa and, one must note, are not much better in Asia (Palat, 2008).

Reprise

As these last comments suggest, the prospect of an immediate developmental leap forward even in South Africa is dim. Yet we need not retreat to either Afro-pessimists' projections of a uniform, continuous decline, or to expectations that a 'developmental' state can be reconstructed from the rubble of 20 years of neoliberalism. Over a longer timespan the transformations pointed out above point to brighter prospects. In stark contrast to the lived experiences of the 1980s and 1990s, the coming decades are likely to see not only the demise of US and European domination of Africa and of their associated neoliberal policies, but a reordering of political and economic networks across the South. This rupturing of past patterns does not assure African development, but it does hold out the possibility of concerted African action to both seize and retain the fruits of the continent's resources and labour.

Here, as in the past, the critical variable is likely to be the ability of movements—both African and new transnational movements—to undermine the international distribution of power, shape the outcomes of rivalry among great powers, and successfully demand, at the very least, some global redistribution of income and wealth. Contemporary events demonstrate well a new movement wave, as local African movements engage over land, water, electricity, food, education, environmental and health issues—the basic needs of everyday life on an increasingly polarised and chaotic planet. Struggles between social activists and the state and capital now reverberate across the continent, including in Egypt, Ghana, Kenya, Mauritius, Nigeria, Senegal, South Africa and Zimbabwe, among others. At moments of global instability such as these, movements have proven to be effective shapers of worlds to come. And therein lies the prospect of Afro-optimism: we live in one such moment.

Notes

1 Unless otherwise noted, 'Africa' includes all of continental Africa.
2 The following figures differ from those provided by the World Bank in Broadman (2007), despite being derived from the same IMF data source; all of continental Africa is included here.

3 Chinese investment in Africa pales by comparison with trade and is more difficult to track; for estimates and trends see Broadman (2007: 86–94, 289–304).

4 This reflects apartheid legacies: in 1996 whites made up 11% of the population, for example, but held 77% of all doctorate degrees; Africans held barely over 10% of the doctorates (HSRC, 2004: 38–39). Even more startling and unexplained were mid-2003 census data which suggested that almost one million whites had left the country in the preceding few years, out of a total white population of five million persons—with the number of English- and Afrikaans-speaking South Africans in the country sharply dropping (*The Economist*, 12 July 2003; Statistics South Africa, 2001). Surveys of young South African doctors at the end of their required year of community service show this institutionalised racism with a vengeance: the proportion of doctors responding that they intend to leave South Africa and work overseas rose from 34% in 1999 to 43% in 2001; over half of the white doctors intended to leave as opposed to only 10% of African doctors (Reid, 2003: 145).

5 By 2005 South Africa was exporting R47 billion to Africa, or 15% of its total exports (more than all exports to North America and South America), while importing only R16 billion of goods, less than 4% of South Africa's imports). South Africa's share of imports from surrounding states by comparison was, in 2004, 45% of Mozambique's imports, 33% of Malawi's imports, 32% of Zimbabwe imports, and 10%–15% of the total imports of Angola, Kenya, Mauritius, the Democratic Republic of the Congo and Tanzania (South Africa, Department of Trade and Industry 'South African Trade Statistics', online at http://www.thedti.gov.za/econdb/raportt/rapmenul1.html#13/).

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