

# Dining with the tiger:

## Towards a critique of the Sino-Nigeria partnership

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## Introduction

China represents its relationship with Africa as benevolent and rejects charges that it is neo-imperialist or, at least, proto-imperialist. Rather, it contrasts that relationship with the imperialist one of the West with the continent. Thus, for instance, Liu Guijin — former Chinese ambassador to South Africa — cited the visit by Zhen He, a 15<sup>th</sup>-century Chinese admiral and mariner, to the continent 600 years ago in evidence of the non-colonial character of China's contact with Africa since Ming Dynasty times. Liu noted that during or following this voyage “China did not occupy an inch of any newly discovered land or set up any military fortresses,” in contrast to the outcome of Christopher Columbus' visits to South America between 1492 and 1502. In his words, China's primary purpose in the Sino-Africa relationship is to help African countries “improve their own development ability.”<sup>2</sup>

Yet Africa's historical experience advises the exercise of some healthy scepticism of China's altruism. After all she is the unnamed but undeniable alpha among the Asian Tigers and, as Chinweizu has observed, “Clearly, it is suicidal for lambs to see, think and act out of assumptions about the world that reflect and further the interests of the lions and jackals preying upon them.”<sup>3</sup> That scepticism need not imply a knee-jerk rejection of any possibility of China's sincerity in her declared intentions. Rather, it calls for a calm and clear-headed debate on the Sino-Africa relationship — in all its implications and ramifications. Those politically committed to the self-liberation of Africa's working people from the barbaric existence thrust upon us by the global capital system must take their watchword from Aime Césaire. Concerning colonialism, he said:

“In dealing with this subject, the commonest curse is to be the dupe in good faith of a collective hypocrisy that cleverly misrepresents problems, the better to legitimise the hateful solutions provided for them. *In other words, the essential thing here is to see clearly, to think clearly — that is, dangerously...*”<sup>4</sup>

Therefore, this contribution on the China question is not a detached analysis. It is rather an exploratory attempt to think clearly about contemporary Sino-Nigeria relations from the perspective of their implications for the self-emancipation of Nigeria's working classes. If such

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2 Utomi, ‘China and Nigeria’, pp.39-40. For Zhang He, see Cartwright, ‘The Seven Voyages of Zheng He’; and Brown, ‘Zheng He’. For Christopher Columbus, see ‘Christopher Columbus’, 28 August 2018; and ‘Christopher Columbus’.

3 Chinweizu, *The West and the Rest of Us*, p.xiii.

4 Césaire, *Discourse on Colonialism*, p.2.

mental lucidity is at all dangerous it could only be so to those who wish to hide or misrepresent the truth about that relationship.

We have been disturbed since the late 1990s by China's activities in Africa but had never bent our attention to the matter. We were delighted therefore to be invited to present a paper on the subject, "Chinese Investment in Nigeria: An Imperial Project?" It was an opportunity at last to look into this troubling China question. We took the liberty in doing so of conceptualising the primary question in a manner that it seemed would be more fruitful in enabling us reach the heart of the issue. For the phrasing of the subject as given immediately conjures up the term "imperialism," and if — as Hartwich contends — the term "neo-liberalism" is today a swearword that has usurped the place or blunted the acuity of critical analysis<sup>5</sup> "imperialism" preceded it in that office by decades. Rather than engage in a barren "labelism" that could only produce clichéd reasoning, we thought to grapple with the substantive questions involved in the China problem. In the final analysis, those questions reduce into one: whether Chinese investments in Nigeria are bringing the country into relations of structural dependency on China that enable the latter to dominate and exploit her.

This question is of the utmost relevance today. This is so in light of Africa's historical experience of enslavement, occupation, and colonisation. It is even more so given that the structural relations into which Nigeria was brought in that period with the central countries of the global capital system continue even today to reproduce the underdevelopment, poverty, and barbarisation of our existence that we have suffered since then. The question is valid therefore whether the relationship developing between Nigeria and China is a new phase in the tighter integration of the former into a self-perpetuating system of exploitation and domination. Is what we see taking shape not a new version of the imperialist robbery in the 18<sup>th</sup> and 19<sup>th</sup> centuries of the peoples occupying the area that is modern Nigeria, in which exchanges the rulers of these peoples sold off the young and strong for such fripperies as mirrors and glass beads?<sup>6</sup> The

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5 Hartwich, 'Neo-Liberalism: The Genesis of a Political Swearword'. Hartwich's anti-progressive intention and perspective in this work notwithstanding, he is certainly correct that for many opponents of neo-liberalism its transformation into an ideological label and swearword has become an excuse for not expending any serious mental energy to investigate the wide range of ideological, policy, and practical measures that fall under its rubric. It is sufficient to label any one of them "neo-liberal" to attach a negative value to it and, voila!, there is no further need for effort to understand its meanings, impacts, or implications for the struggles of the labouring classes.

6 See Rodney, *How Europe Underdeveloped Africa*; Chinweizu, *The West and the Rest of Us*; and Uzoigwe, *Britain and the Conquest of Africa: The Age of Salisbury*.

balance of evidence in our preliminary investigation indicates that Chinese investments in Nigeria are part of a broad strategy that is bringing the latter into relations of dependency on former, the effects of which relations include:

1. Facilitating global accumulation by Chinese capital through the direct and indirect exploitation of Nigeria's labour force, the extraction of her natural resources, and the sale of China's surplus commodities in her market
2. Reproducing Nigeria's neo-colonial role and place in the current configuration of the global capital system as well as in the new one that China and its allies are seeking to create, and
3. Hampering, and limiting the compass of, Nigeria's capacity for effective independent agency in pursuit of her self-liberation from that role and place and from the underdevelopment and adverse structural consequences deriving from them.

These theses raise involved questions that demand careful and close investigation. This paper is only a preliminary exploration of the primary question posed: it therefore cannot and does not attempt to answer the questions raised in any significant detail. We aim here only to identify the principal questions and to sketch out some ideas and lines of inquiry that could serve as inputs in the involved investigations they call for.

In keeping with Césaire's admonition, we must think clearly in these matters. There is, however, a distinct strand of Sino-philia among Nigerian socialists that endangers clear thinking on the China question. This flows in part from a certain pride in and admiration of China's unquestionable achievements in less than half a century. In part, also, it flows from the historical significance that the Chinese Revolution of 1949 holds for many Third World radicals. The October 1917 Russian Revolution was the first successful socialist revolution, but Russia — though not a country of the system centre at that time — was a global power and certainly in the near or immediate periphery of the global capital system. In contrast, China was solidly in the outer periphery and its socialist revolution was the first in the zone of the world whose peoples have been demeaned as unshod hewers of wood and fetchers of water. That revolution also is to this day the most effective and massive implementation of the theory of the worker-peasant alliance in the revolutionary process, such that in a country with only a tiny working class a predominantly peasant population was led in revolution by an unambiguously communist

leadership on the basis of a distinctly proletarian ideology and programme. Finally, the Chinese revolution made a critical contribution to the theory of permanent revolution in the Maoist insistence — which underlay the much-maligned Cultural Revolution — that the class struggle does not cease with the political success of the revolution but persists and must be waged vigorously throughout the long transition to socialism.<sup>7</sup> If only for these reasons Ernest Mandel surely was correct in suggesting that the Chinese revolution matched the Russian “as the most important and progressive event” of the 20<sup>th</sup> century.<sup>8</sup>

Nonetheless, the deserved appreciation of the importance and value of that revolution does not justify an uncritical Sino-philia or Sino-nostalgia that blinds thought to the reality of Chinese activities today. Marx said somewhere that just as we judge a person not by their description of themselves but by their actions, so we cannot judge a society by its self-representation, i.e., by the legitimating ideologies in which it presents itself, but by the material premises of its operation and the laws and results of its metabolic reproduction.<sup>9</sup> This however is precisely what those socialists do who, taking at face value the fact that the Chinese ruling party has the word “communist” in its name and peppers its speeches with references to Marx, Lenin, and Mao, presume the sincerity of the Chinese ruling class when they assure us that they only have Nigeria’s best interests at heart in the Sino-Nigeria partnership. If China is a tiger, this viewpoint amounts to the prey adopting the reasoning and representations of the predator. In contrast, in this contribution we take Marx’s advice in addressing the China question. The whole question of the character and implications of Chinese investment in Nigeria turns on the character of China’s political economy, its socio-historical character and governing imperatives, i.e., whether it is socialist, capitalist, or something else. For it is the governing systemic imperatives of a social formation that generate its necessities and therefore determine its goals in its relations with other social formations, the character of which relations conditions the type of impacts they have on those involved. For instance, as Samir Amin argued in *Class and Nation*, the character and impacts of centre-periphery relations were radically different in the tributarist period from the capitalist, and Roman imperialist domination of Egypt in tributarist times did not have the same

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7 Wamba-dia-Wamba, ‘Crisis of Marxism’, pp.129-30.

8 Mandel, ‘China’, p.197.

9 This is the epistemological principle underlying all the mature works of Marx and Engels, from *The German Ideology* and the *Manifesto of the Communist Party* to *Capital*.

character and impacts as Europe's imperialist domination of Latin America, Asia, and Africa in the age of capital.<sup>10</sup> Thus, the character and impacts of China's relation with Africa and Nigeria would be radically different if China were a socialist formation from if it were a capitalist one, because the socio-historical laws and systemic imperatives of the one are essentially different from those of the other.

## **China's Political Economy: Socialist? Capitalist?**

### **Representative positions in the "What is China?" debate**

A decade and a half ago Amin defined the central question about China thus: "is China evolving toward a stabilised form of capitalism? Or is China's perspective still one of a possible transition to socialism?"<sup>11</sup> His statement of the question properly historicises it, in that he contextualises it within the historical process of the long transition to socialism. Just as the long development of capitalism — from its first, precocious shoots in Italy and its environs in the 14<sup>th</sup> and 15<sup>th</sup> centuries — was not one of linear and inexorable progress but involved setbacks, declines and collapses,<sup>12</sup> so the transition to socialism involves diversions, reversals, and implosions. The world saw this in the progressive deformation and ultimate collapse of the Stalinist socialist states. The question then is whether the Chinese transition to socialism that commenced with the 1949 revolution is still on course, has taken a diversion to capitalism, or entered a cul-de-sac? If China is engaging in capitalist practices, does this represent a tactical manoeuvre, a strategic retreat, or a complete abandoning of its socialist aspirations and goals? Is she still socialist, transitioning to capitalism, or already a definitely capitalist social formation? These questions have engaged socialists since 1978 when under Deng Xiaoping China commenced far-going economic reforms. The two main schools in the debate are, on the one hand, those who insist that she is still socialist and, on the other, those who hold that she has gone capitalist.<sup>13</sup>

#### **The China-is-still-socialist school**

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10 Amin, *Class and Nation*, pp.16-18.

11 Amin, 'On China', p.4.

12 Ponomarev et al., *The International Working Class Movement: Problems of History and Theory*, Vol. 1: The origins of the proletariat and its evolution as a revolutionary class:pp.42-46.

13 A critical overview of the theoretical and practical issues involved in market socialism, the system China says it is practising, is available in Ollman, 'Market Socialism: The Debate Among Socialists'.

Zhiming and his co-authors represent the first school. They reject claims that China is capitalist, on the grounds that the defining characteristics of capitalism — according to them, first, the divorce of the labourer from the means of production and, second, profit maximisation for the owners of capital — either do not feature at all in China’s political economy or are weak and strictly limited. The numerous small enterprises do not feature the first of these traits and are therefore more like simple rather than capitalist commodity production units. Also, the state-owned enterprises do not practice profit maximisation and the labourer-means of production separation is limited in them. This separation is even more limited in the collective enterprises (i.e., the cooperatives and the communes), despite the fact that in them the workers are excluded from management. Rather than being capitalist, they argue, the Chinese system is “socialism with a market,” because it presents ten features “foreign to capitalism.” These are planning; a democratic framework in which collective decision-making in the planning process takes place; an extensive and non-commercial (or only weakly commercialised) system of public service delivery; the public ownership of land and natural resources, thus ensuring farmers’ access to land; and diverse forms of property suitable to the “socialisation of productive forces,” including state-owned enterprises, small private property, collective property, and capitalist property. Others of these systemic traits are a policy of increasing labour income relative to other income types; the promotion of egalitarian social justice; the preservation of nature; non-exploitative and fair exchange in international economic relations (what they term the “win-win principle”); and the promotion of peaceful and egalitarian principles in international political relations. Zhiming et al. acknowledge that China has undertaken state-sector and, since 2005, specifically financial sector reform, the former of which involved granting state-owned enterprises greater autonomy, transforming them into joint-stock companies and encouraging them to adopt market principles and enter into partnerships with foreign investors. Nonetheless, they insist, such “modernisation” must not be confused with the adoption of capitalist finance principles since state monetary authorities still intervene massively in the financial system and interest rates are tightly controlled by the central bank.<sup>14</sup>

Writing in 1982, Mandel seems to have held similar views as to the character of China’s political economy at the time, holding that it was “not correct to say that China is undergoing a capitalist restoration.” Perhaps his most significant argument for this was that profit — “far from

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14 Zhiming, Herrera, and Andréani, ‘On the Nature of the Chinese Economic System’.

becoming the autonomous motor of economic development” — was only functioning as one among a variety of the criteria or instruments (others being gross product, total transactions, value-added) applied by the central authorities for evaluating the performance of production units, i.e. performance accounting. These enterprises were under strict regulation by the state in terms of their production operations, contractual relations, and financial expenditure. Profit only served as a material incentive for workers to greater exertion. In fact, the so-called primacy of profit was only formal: “Although profit is ‘in command’, the firms...are not able to influence the essential determinants of profit, i.e. the price of raw materials and machines; the wage fund; and the sale price of finished products.” He argued that not only were the de-commodification of labour power and the socialisation of ownership of the means of production the principal causes of China’s economic progress, the fact of both those socio-economic features disproved the claim of capitalist restoration in the country.<sup>15</sup>

### **The China-is-now-capitalist school**

Most Marxists however are in no doubt that China today is a capitalist country.<sup>16</sup> For instance, Greenfield and Leong posit that economic neo-liberalisation and monopoly of power and privilege by the party-state bureaucracy are the two constitutive elements of China’s actually-existing socialism, i.e., its market socialism.<sup>17</sup> Samir Amin is among the best representatives of this school of Marxists in the question of China’s political economy. Although evidently deeply enamoured of the revolutionary history, contributions, and potentials of China, he nonetheless is of the view that “The Chinese ruling class has chosen to take a capitalist approach, if not since Deng, at least after him.”<sup>18</sup> In line with his historicisation of the China question (see [above](#)), Amin argues that China’s market socialism was potentially an initial phase in the long transition to socialism. However, this was only as long as three conditions obtained. First was that the system created, maintained, and reinforced diverse forms of *de facto* collective property (including state enterprises, regional collectives, and citizens or workers collectives) as the dominant form of property, without necessarily excluding forms of private property. Second, it regulated the exercise of the responsibilities of the owners of these properties (state, collective,

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15 Mandel, ‘China’, pp.195 and 196.

16 Zhiming, Herrera, and Andréani, ‘On the Nature of the Chinese Economic System’.

17 Greenfield and Leong, ‘China’s Communist Capitalism’, p.97.

18 Amin, ‘On China’, p.4.



and private) to manage the conflicting imperatives of capital accumulation, on the one hand, and entrenchment of socialist relations, values, and practices, on the other. Third, it engaged in a perpetual process of democratisation to “reinforce the impact of socialist values on the process of decision-making on all levels and in all domains.” In other words, with these conditions holding, market socialism (or socialism with a market) could be a transitional phase within the socialist transition to enable a transitioning society build its capacity for viable socialist development. This, according to Zhiming et al., is precisely how China’s ruling class describes Chinese market socialism: as a mixed economy in which the private capitalist sector plays an important role and the public sector and state power need to be strengthened, and which constitutes a “*primary phase of socialism*” *necessary to develop the productive forces required for full-fledged socialism*.<sup>19</sup> Amin controverted this: “Modern day China has already positioned itself beyond “market socialism” as proposed here and is progressing along a capitalist path, *having agreed in principle to the replacement of the dominance of collective and public property with private property*.”<sup>20</sup>

Market socialism then has a dual political and ideological function in the capitalist transformation of China. Politically, “it [makes it] possible [for China’s ruling class] to gradually put in place the basic structures and institutions of capitalism while minimising friction and difficulties during the course of the transition to capitalism.” The choice of the gradualist path of market socialism is because, although both conscious and desirous of its capitalist outcome, this ruling class is aware, first, of the Chinese people’s attachment to socialist values (primarily equality) and to the associated benefits they have gained (primarily the right of all peasants to equal access to land) and, second, of the consequent necessity of a gradual process of capitalist transformation in China. Ideologically, market socialism lends legitimacy to this transformation and to the power of China’s ruling class. For this class, Amin argues, cannot acknowledge the path of capitalist development it has taken, because its legitimacy derives from the socialist Chinese revolution — through which the Chinese people “made their massive and conscious arrival on the scene of their history” — and the renunciation of which would be suicidal for the ruling class.<sup>21</sup>

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19 Zhiming, Herrera, and Andréani, ‘On the Nature of the Chinese Economic System’.

20 Amin, ‘On China’, pp.9-10.

21 Amin, pp.4-5.

## If it quacks and walks like a duck...

Still, these are only the views of others — albeit all deservedly highly-respected authorities — and we have an obligation to try to settle for ourselves the question of China's political economy. This is particularly so given that this question remains almost completely unexamined among Nigerian socialists, allowing the harbouring of illusions about the character of the country and the dismissal of critical attitudes towards her as products of “imperialist propaganda.” There is perhaps no better way to commence with this than to do as Césaire did in respect of colonialism and ask, “what, fundamentally, is capitalism?”<sup>22</sup> For once we are able to answer that question, we have a good ground on which to pursue the question of whether or not China today is a capitalist formation. If it quacks like a duck and walks like a duck...

Sweezy provided as good a definition of capitalism as any in his authoritative work, *The Theory of Capitalist Development*. Following Marx, he set out the pre-conditions for the emergence of capitalism: the dominance of private property in the means of production, the advanced development of commodity production and of exchange by means of money, the divorce of the labourer from the means of production, and — the factor that Marx identified as the *differentia specifica* of capitalism — the commodification of labour-power. If, however, it is true that, as Anderson argues, “the genesis of a mode of production must be distinguished from its structure”<sup>23</sup> it is no less true that the pre-conditions or circumstances of its emergence do not define or even indicate its essence. The pre-conditions for capitalism having appeared and that mode of production itself having emerged, its essential trait becomes operational: the primacy of the self-expansion of capital as the purpose of economic production rather than the satisfaction of human need. That is, the goal of production — indeed, its very reason — becomes the extraction of surplus value and accumulation of capital, and meeting human needs becomes only a means to its achievement.<sup>24</sup> So long as we bear in mind important qualifications and provisos, we could press these traits into service as indicators of the level of development of capitalism in a society. The share of capitalist property in the total stock of means of production should indicate the

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22 “...what, fundamentally, is colonialism?” Césaire, *Discourse on Colonialism*, p.2.

23 Quoted in Amin, *Class and Nation*, p.8.

24 Sweezy, *Capitalist Development*, pp.56-59. An alternative conception of capitalism turns not on its systemic purpose but on the private ownership of the means of production and the primacy of market forces in economic transactions as well as in determining the distribution of value and the allocation of resources. For a viewpoint representative of this conception, see Appel, ‘Just How Capitalist Is China?’; and Yasheng, ‘Just How Capitalist Is China?’

extent to which the society depends on means of production operating specifically as capital, and the share of capitalist commodity production in the social product should indicate the extent to which it meets its material needs by goods and services produced primarily for profit. The share of wage labourers in the productive population should indicate the extent of separation of the labouring masses from the means of production and, thus, the extent of the commodification of labour-power, i.e., proletarianisation. Finally, trends in the share of capital in the total accumulation fund should indicate the extent to which the capital accumulation imperative dominates a society's economic metabolism.

We attempt to apply this approach to China in the sections below, specifically regarding the first three indices: capitalist property, capitalist commodity production and exchange, and proletarianisation.

### **Capitalist property**

With the 1978 launch of the *Four Modernisations* by Deng Xiaoping to reform China's economy and society,<sup>25</sup> the country engaged in policy discussions in the early 1980s towards enhancing political commitment to reform and liberalisation, including to improve the security of private property rights. China's leaders took measures to indicate such commitment: among others, restoring assets expropriated from capitalists after the 1949 revolution, holding meetings with private entrepreneurs, and making public apologies to those of them who had suffered mistreatment in the past. Also, they implemented financial reforms beginning in the early 1980s to improve private sector access to finance and allow its entrance into the financial services sector.<sup>26</sup> Thus the foundation was laid for the recrudescence of capitalism in China.

Today China has transformed from an agricultural to an industrial economy and the capitalist mode of production is more widespread and deeper-reaching than it ever was. It is difficult to determine this extent or depth, however. The Chinese economy is a complex system of productive modes and economic forms, with state-owned, private, collective, and town-and-village enterprises operating alongside each other and with world-class multinationals, big national enterprises, and small and micro-sized ventures jostling for market space. However, the true problem in determining the extent and depth of China's capitalist transformation derives in large part from the opacity of the ownership structure of the firms operating in China's economy.

25 See Wu-Beyens, 'The Years of Reform in China'; and Yeung, 'China's Politics of Modernisation'.

26 Yasheng, 'Just How Capitalist Is China?', pp.33-35.

Citing the example of Huawei Technologies Corporation, Yasheng notes that it is difficult to determine the firm's ownership structure because although the company requires its staff to buy its shares and sign share certificates it keeps in its possession all information and documentation concerning such transactions.<sup>27</sup> Thus, neither the public nor even the staff-shareholders have information about who owns what in the company. Again, and contrary to appearances, participants in legal-person shareholding in China — involving cross-shareholding by firms — are not necessarily private incorporated persons but often state-owned enterprises, so that legal-person firms are often not private but state sector enterprises.<sup>28</sup>

If one defined capitalism primarily as a system of private ownership of the means of production this would cause extreme difficulty in determining the extent of capitalist development in China, since it would be difficult to delineate the private from the state sector. This would be an important problem since private ownership (individual or joint-stock) is the predominant form in which capitalism has existed historically, as opposed to state ownership. If, however, one defined capitalism by its essence — i.e., as the accumulation of capital by the extraction of surplus value — the legal-property form of capital becomes of little relevance. Surplus value can be extracted and capital accumulated no less effectively under state-owned capital than under private capital.<sup>29</sup> The vital thing then is the character of the production and distribution relations in society and in the individual production units: who owns the means of production, how is the work distributed, who takes the decisions concerning production and the management and disposition of property and its products, how are these decisions implemented, who owns the proceeds of production, how are they distributed and utilised?

*Private sector:* Yasheng notes that although the existence of the private capitalist sector in the Chinese economy is self-evident, the complex ownership structures in that economy make it difficult to determine the sector's actual size and boundaries. Approaching this task by a simple distinction between state and non-state enterprises is problematic because, he argues, the line of demarcation is blurred. For instance, on the one hand, a majority of state enterprises have shares

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27 Yasheng, p.15.

28 Yasheng, p.19.

29 In fact, Amin speculates that among the possible lines of development beyond capitalism is a form in which private capitalism is replaced with something akin to a statist mode, in which the state becomes the holder of the means of production for the entire ruling class and performs the functions of extracting surplus from the working class and managing its distribution within the ruling class. See Amin, *Class and Nation*, p.210.

held by members of the public and, on the other, the non-state sector is not simply reducible to the private sector, including as it does collective enterprises. Further, the size of the non-state sector varies according to the criteria of definition. One definition resulted in a 68.4% share of the sector in the industrial output in 1997, whereas according to another by China's National Bureau of Statistics it only accounted that same year for 21.2% of industrial value-added. A 2005 OECD study by Dougherty and Herd which defined the sector by shareholding structure estimated its share in industrial output at 28.9% in 1998, 44.7% in 2001, and 71.2% in 2005. In light of the inadequacies of the predominant definitional approaches, Yasheng proposes the assignment of control rights (rights to appoint an enterprise's management, dispose of its assets, and set its strategic direction) as a basis for an accurate determination of the private sector firm and, thus, of the size of the Chinese private sector. This criterion would mean that even state enterprises with shares held by the public would not be private sector firms insofar as the state has control rights. The problem with this approach however is the difficulty in China in determining whether the state or private persons hold those rights.<sup>30</sup>

Irrespective of the definition employed, nonetheless, the tremendous growth of the private sector in China is undeniable. A sector that accounted for 71.2% of industrial output in 2005 according to the OECD study referred to above is unquestionably dominant in the economy, and the speed of its rise to that position is certainly is phenomenal given that it accounted only for 28.9% just seven years previously.

*Public sector:* China's public sector — comprising state-owned, town-and-village, and collective enterprises — are of particular importance in determining the character of the country's political economy, since they embody the production relations of the socialist mode of production. Thus, the combination of, on the one hand, the relative share of these enterprises in the social product (i.e., in the total material output of the society) and, on the other, their share in the total labour stock serves as a good indicator of the size of this mode of production in the Chinese economy vis-a-vis the capitalist mode. Similarly, the operational and management practices in them are collectively a good indicator of the state of socialism in the country. Available data suggests, however, that these enterprises are only socialist in form or nomenclature, that they have been eviscerated of most of their socialist content and today

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30 Yasheng, 'Just How Capitalist Is China?', pp.14-18.

constitute little more than husks of China's repented socialist aspirations.

1. State-owned enterprises: Many analysts consider China's state-owned enterprises a form of socialist property. Yasheng averred in 2008 that their reform in the 1990s did not involve their privatisation — i.e., transferring corporate control from state to private investors — only the securitising of state equity holdings in them.<sup>31</sup> Ten years later, Zhiming et al. maintained for three reasons that these enterprises are not capitalist entities. First, their purpose is not profit maximisation for shareholders but “productive investment” and service delivery; second, they “pay relatively little — around 10% — in dividends to the state shareholder” and; third, they feature a “limited but real” participation of workers in management.<sup>32</sup> Bearing in mind, however, that capital accumulation can and does proceed effectively under state capital as much as under private capital, it is necessary to treat these assertions with some reservation. If, as Yasheng informs us, the economic reforms of the 1990 “securitised” state equity holdings in the state-owned enterprises does not that translate into giving state ownership a formal bourgeois character? It would seem that Zhiming et al. let the cat out of the bag when they admitted “*limited* but real” management participation by state-enterprise workers. In other words, the workers do not have control in those enterprises, and to the extent that they participate in decision-making they and the representatives of China's ruling class stand as opposed and unequal parties. This could hardly be the case if these enterprises truly were socialist.

2. Town-and-village enterprises: China's town-and-village enterprises (TVEs), which originated in the commune brigade enterprises of the 1950, rose from one and a half million in 1978 to 25 million firms employing over 123 million workers in 1993. Their proliferation followed the 1984 market reforms which recognised them as profit-making entities and encouraged the unrestrained pursuit of profit and wealth accumulation. Many market socialist theorists, Greenfield and Leong inform us, consider them a form of socialist enterprise owned by the local state. On this basis, these theorists argue that through such local state activism in the economic sphere, which combines “classic entrepreneurial skills” and “social ownership of the means of production”, market socialism offers effective competition and a viable alternative to capitalism. For example, Bowles and Dong declare the town-and-village enterprises to be

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<sup>31</sup> Yasheng, p.20.

<sup>32</sup> Zhiming, Herrera, and Andréani, ‘On the Nature of the Chinese Economic System’.

socialist on account that they “behave differently from capitalist firms.” Greenfield and Leong point out, though, that these two themselves admitted “the fact that TVEs are not worker-owned firms operating on democratic principles,” that it is local state officials “who in practice control [the] property rights of TVEs,” and that there is “a discernible hierarchy of claims of the profits of enterprises.” They charge that Bowles and Dong as well as other market socialist theorists are only able to proclaim the TVEs socialist because they fail to consider the possibility of their *de facto* private possession and control in the absence of *de jure* private ownership. They argue that “...the vast majority of TVEs are in fact privately owned, with only an estimated seven percent under the collective ownership of townships and villages...” Township-village governments, rather than local citizens, control the TVEs, they maintain. For instance, TVE workers can only exercise their right to vote to approve or disapprove their manager if and when the local authorities initiate the process. It is unsurprising that, given the community of interests between TVE management and local leaders in exploiting the workers, these leaders do not initiate such processes unless disagreements develop between them and the TVE management. Further, these authorities have such power over the workers — being able to determine who can work in the TVEs and what wages they are paid — that the workers rarely confront them over control of the enterprises.<sup>33</sup> Greenfield and Leong find support in Yasheng. First, he points to an underlying misrepresentation of town-and-village enterprises that contributes to the misunderstanding of their real character. Contrary to the *ownership* conception in Western academic literature of these enterprises as public firms owned by towns and villages, he says, the Chinese hold a *geographic* [or locative] definition of them as *businesses located in rural areas*. As to their ownership, China’s Ministry of Agriculture data show — he informs us — that as early as 1985 10 million of 12 million of these enterprises were entirely private.<sup>34</sup>

Clearly, then, the TVEs are collectively hardly a socialist form of production organisation. Greenfield and Leong are scathingly derisive in their final evaluation of the claim that they are

“Here we have TVEs which, we are told, are socialist. At the same time we are told that workers exercise only nominal ownership over the means of production and even then only as local citizens. In effect, they exercise no control over the conditions under which they are exploited. In addition, there is hyper-exploitation of women workers and displaced migrant workers, as well as closures and mass lay-offs in response to the vagaries of the market. Thrown

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33 Greenfield and Leong, ‘China’s Communist Capitalism’, pp.106-109.

34 Yasheng, ‘Just How Capitalist Is China?’, pp.32-33.

in with this there is corruption and bare self-interest among those who do exercise ownership and control, and there is no democracy on the shop-floor, in the local political setting or in the national context. There is even evidence of protest and resistance by workers and peasants. We are then expected to believe that this is socialism, this is the alternative to capitalism!”<sup>35</sup>

3. Collective enterprises: The situation in the collective enterprises mirrors those in the state-owned and the town-and-village enterprises. Official ideology and market socialists represent them as autonomous entities owned and controlled by collectives of citizens or workers. However, to speak in the words of an analyst of China’s economy, “In the de-collectivisation of the rural economy in the early 1980s, collective enterprises were transformed into township and village enterprises (TVEs) that were later controlled or privatised by individuals.”<sup>36</sup> Of those that were not privatised in this manner, another authority says, “In reality, collective enterprises are under close control of a government. Major investment and employment decisions could not be made without government direction or approval.”<sup>37</sup> There is nothing to add.

### **Capitalist commodity production and exchange**

The significance of the extent of capitalist commodity production lies in the fact that its share in the social product indicates the extent to which the consumption needs of society are met by capitalist commodity exchange. This in turn indicates in the case of China the controlling power of capitalism vis-a-vis socialism over the metabolism of the social formation. For whereas the one distributes economic products through the mechanism of market exchange, the other does so by allocation.

Again in this respect as in that of capitalist property, the data shows a trend of rapid growth of capitalism in China. The capitalist sector contributed an insignificant portion to the manufacturing product until 1995. Of China’s gross industrial output of 424 billion yuan in 1978, the state sector accounted for 78%, the collective sector 22%, and the individual-private and the “other” ownership sectors [the latter comprises firms under “foreign and mixed ownership”] 0% respectively. The equivalent figures for the 2,392 billion yuan output of 1990 were state sector

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35 Greenfield and Leong, ‘China’s Communist Capitalism’, pp.114-115.

36 Hao, ‘The Labour Share Question in China’.

37 Chong-En et al. (2003, *Thriving on a tilted playing field*. In *How far across the river? Chinese policy reform at the millennium*, Edited by Nicholas C. Hope, Dennis Tao Yang and Mu Yang Li. Stanford: Stanford University Press), quoted in Yasheng, ‘Just How Capitalist Is China?’, pp.32-33.



55%, collective sector 36%, individual private sector 5%, and “others” 4%. A creeping difference was already evident by 1995, however. For that year (in which the gross industrial output was 9,189 billion yuan) the figures were state 34%, collective 37%, private 13%, and “other” 17%. Here the combined share of the private and “other” sectors was already 30% of the gross industrial output. By 2000 they already accounted for 36% of the 8,567 billion yuan output (state 47%, collective 17%, private 6%, and other 30%), and by 2004 were contributing the largest share: 60% of the 18,722 billion yuan output (state 35%, collective 6%, private 17%, and other 43%).<sup>38</sup> Thus, from 0% in 1978, capitalism by 2004 accounted for 60% of China’s gross industrial output.

A similar picture emerges from data provided by Hart-Landsberg. His data shows that whereas the percentage contribution to industrial value-added by China’s state-controlled enterprises stood at 54.8% in 1998, it had dropped by 2003 to 41.4%. In contrast, private enterprises accounted for 27.9% in 1998 but their share had leapt by 2003 to 52.3%. This share was probably higher given that many state-controlled enterprises have private share-holders. Thus, although the state retains control over such firms one might correctly think of them as public-private enterprises and divide their contribution to the industrial value-added between the state and private sectors. This surely would increase the share of the private capitalist sector. Be that as it may, if in determining state sector contribution to the industrial value-added we discount these public-private firms and consider only directly state-controlled enterprises, that contribution slips from the figures given above to 38.9% in 1998 and 22.9% in 2003. It is clear then that the private capitalist sector accounted for probably higher than 52.3% of China’s industrial value-added in 2003; that is, that capitalist commodity production clearly was already dominant in China’s economic metabolism — a point driven home by the fact that in the years in question the share of collective enterprises in the industrial value-added dropped from 17.3% in 1998 to 6.7% in 2003.

A similar trend is evident in the mode of distributing economic goods and services. We measure this by the percentage distribution of economic transactions in China in the period 1978 to 2003 according to the governing factor in the determination of pricing. In other words, we look at whether prices are determined by market forces, state guidance, or fixed by the state. This affords an idea of the relative predominance of capitalist commodity exchange in the distribution

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38 Lai, *Reform and the Non-State Economy in China*, p.23.

of use values. Again, the data shows a progressive rise to dominance by this mode of distribution. In the producer goods sector of the market (in which means of production are distributed), the share of transactions in which market forces determined prices was 0% in 1978. It had risen to 13% in 1985, however, again to 78% in 1995, and yet again to 87.3% in 2003. In contrast, the share in which the state fixed prices dropped from 100% in 1978 to 64% in 1985, 16% in 1995, and finally 10% in 2003. The consumer goods sector shows the same trend: whereas the share of transactions with state-fixed prices fell from 97% in 1978 to 47% in 1985 to 9% in 1995 and finally to 2.6% in 2003, that determined by market forces rose in those same years from 3% to 34% to 89% to 96.1% respectively. Similarly in farm commodities. Market forces determined only 6% of transactions in 1978 but their share had jumped to 40% in 1985, 79% in 1995, and 96.5 in 2003. In contrast, transactions with state-determined prices which stood at 93% in 1978 crashed to 37% in 1985, 17% in 1995, and 1.9% in 2003.<sup>39</sup>

### **Wage labour**

The share of the wage-labour force (employed, under-employed, and unemployed) in the total labour stock indicates the progress of a two-pronged process. On the one side, the labouring classes are dispossessed of the means of production which are then concentrated them in the hand of the bourgeoisie. On the other, the labour power of these dispossessed workers is transformed into a commodity, i.e., the dispossessed workers are made into wage labourers, into proletarians. It is thus one of the most important indicators of the progress of capitalist development, given that this process is at once the defining characteristic of capitalism and the first condition for its reproduction, that is, for the production of surplus value and accumulation of capital.

*Labour market reforms:* This dispossession and proletarianisation of the labour force is one element of the broad process that Marx termed the primitive accumulation of capital.<sup>40</sup> Indeed, the entire career of economic reform in China since 1978 under Deng Xiaoping has been a

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39 For the data on sectoral contributions industrial value-added and transaction shares, see Hart-Landsberg, 'The Chinese Reform Experience', p.58, Table 1: Share of Transactions Conducted at Market Prices (percent of transaction volume) and Table 2: Breakdown of Industrial Value Added by Controlling Shareholder.

40 Marx, *Capital Vol. I*, Part VIII: The so-called primitive accumulation. Other elements of this process included the pillage and colonisation of foreign lands by the developing capitalist states of Europe and North America, the enslavement of their peoples, and the imposition of forced labour on them to produce wealth for the capitalist powers.

compressed re-enactment in three short decades of a process of primitive accumulation of capital that unfolded over two centuries or more in the development of capitalism in Europe and North America. For at the heart of China's economic reform has been precisely the process described above. On the one hand, the dispossession of the country's working classes by means of privatising and transferring to a new capitalist class the collective assets accumulated under the socialist regime. On the other, the creation of forces of economic compulsion to constrain the dispossessed working classes to resort to sale of their labour power in order to make a living, i.e., to make themselves available for wage labour to produce surplus value for this new ruling class. These outcomes are the purposes of China's economic reforms from 1978 through the 1990s and into the 21<sup>st</sup> century: the first, that of her state sector reforms; and the second, of her labour system reforms.

Ghose says concerning the socialist labour regime under Mao Zedong that, "Prior to the onset of economic reforms in 1978, labour policy in China had the explicit objective of guaranteeing employment to all workers." China pursued this goal by the administrative control of job allocation, remuneration, and migration. The state assigned workers to jobs in agricultural and non-agricultural production units, with job-seekers and those units having little choice in the assignment or, in the case of the latter, the remuneration. It also maintained strict regulation of labour migration by tying access to social services and welfare to the recipient's registered residential location, which rendered migration without change of registration status impossible. This labour regime prevented open unemployment but, according to Ghose, resulted in the amassing of superfluous labour, which impacted adversely on "work-effort, labour productivity, and economic growth." The economic reforms commenced in 1978 gradually destroyed this labour regime. In respect of job allocation, the new labour regime instituted a progressively deregulated contract system in which, on the one hand, workers could seek jobs freely. On the other, employing production units could directly recruit workers on contract, determine their wages (including by employing bonus and piece-rate systems),<sup>41</sup> and, in the case of state-owned

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41 This was in sharp contrast to the previous, Maoist labour incentivisation system which was based on demonstrating and otherwise actualising the material benefits of the consonance, since under the socialist system the workers were the masters of economy and society, between higher productivity and their strategic interests. The Maoist leadership rejected the Soviet system of material incentives involving bonuses and piece-rate wages on the ground that it predicated income on work done and did not factor in the 'contribution of individuals to socialism.' In contrast, the Maoist system involved encouraging workers' participation in management and regulating the income gap between workers and party cadres. This system was overthrown with the end of the Maoist regime and replaced with the system of material incentives, which involved also

enterprises from the mid-1990s onward, retrench those on life-time tenure. In respect of labour migration, the new regime began from the mid-1990s to permit it and established an urban registration system for rural migrants. This was made possible by the elimination of food rations as well as free education and healthcare services under the economic reforms, thus removing the constraints on migration.<sup>42</sup>

These neo-liberal labour market reforms in the 1980s ostensibly were to liberate state and collective sector workers from limitations on their income. These limitations were said to be due to the bureaucratic administration of employment and wages, “excessive” wage egalitarianism, and the policy of life-time job security. The reforms involved, in respect of wages, tying them to individual performance to impose labour discipline and competition — first through a bonus and then a piece-rate system. Concerning job security, the reforms involved a transition from lifetime employment to a labour contract system in which individual workers sold their labour power annually to enterprise management. These reforms involved the strengthening of enterprise management vis-a-vis the workers, so that by 1988 the former had acquired the power of dismissal and in 1996 — with the privatisation of state and collective sector enterprises and the predominance of foreign capital — were able finally to overcome worker resistance to the labour contract system.<sup>43</sup>

*Proletarianisation:* The thrust of Ghose’s account of China’s reform of her labour regime since 1978 is to justify it by technicalising and abstracting it entirely from the conflict between the forces of permanent revolution and those of capitalist restoration in the process of the country’s socialist transition. His approach obscures any link between these reforms, on the one hand, and the commencement of capitalist transition following the victory of the latter forces led by Deng Xiaoping, on the other. Whether or not the proletarianisation purpose of those reforms is acknowledged, however, the facts demonstrate that this has been their outcome. Li Minqi has noted the rapid increase of the share of non-agricultural employment in China’s total employment from 31% in 1980 to 50% in 2000 and 60% in 2008. This suggests, he concludes, the rapid formation of a proletarianised working class in the country, since as the Chinese Academy of Social Sciences reported in 2002 that about 80% of those in this employment

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ending workers’ participation in management. See Hao, ‘The Labour Share Question in China’.

42 Ghose, ‘Employment in China’, p.3-5.

43 Greenfield and Leong, ‘China’s Communist Capitalism’, pp.98-99.

category are wage workers.<sup>44</sup> We obtain a more detailed picture of this process from World Bank data, according to which China's primary distribution of employment (i.e., between the primary economic sectors: agriculture, industry, and services) as percentages of total employment in the period 1995 to 2018 is:

1. Agriculture: 49.4 in 1995, 43.8 (2000), 35.8 (2005), 26.2 (2010), 19.5 (2015), and 16.4 (2018)
2. Industry: 29 in 1995, 28.1 (2000), 29.6 (2005), 30.2 (2010), 27.1 (2015), and 26.3 (2018)
3. Services: 21.6 in 1995, 28.1 (2000), 34.6 (2005), 43.6 (2010), 53.4 (2015), and 57.2 (2018)<sup>45</sup>

These data show that whereas agricultural employment alone accounted for 49.4% of total employment in China in 1995, its share had plummeted to only 16.4% in 2018. On the other hand, non-agricultural employment (combining industry and services) increased its share in total employment from 50.6% in 1995 to 83.5% in 2018. Li considers the share of non-agricultural workers in total employment a proxy for the extent of proletarianisation in the labour force. One should probably treat this with some circumspection. This is because the standard definition of employment includes self-employed persons, a subset of which comprises employers<sup>46</sup> — who by definition are not proletarians. The category of employees (or wage and salaried workers)<sup>47</sup> is similarly problematic as it includes managerial staff. This latter category of employees should not be included among the proletariat, not simply because their labour is typically unproductive but for the primary reason that, for functioning as agents of capital in the direct extraction of surplus value from the wage labourers and in the management of that surplus, they receive a share of it.<sup>48</sup> In other words, they facilitate and benefit from the capitalist exploitation of labour.

44 Li, 'The Rise of the Working Class and the Future of the Chinese Revolution'.

45 'World Development Indicators: DataBank'.

46 The International Labour Organisation defines employment as "...persons of working age who, during a short reference period, were engaged in any activity to produce goods or provide services for pay or profit, whether at work during the reference period (i.e. who worked in a job for at least one hour) or not at work due to temporary absence from a job, or to working-time arrangements." 'World Development Indicators: DataBank'.

47 "Wage and salaried workers (employees) are those workers who hold the type of jobs defined as 'paid employment jobs,' where the incumbents hold explicit (written or oral) or implicit employment contracts that give them a basic remuneration that is not directly dependent upon the revenue of the unit for which they work." 'World Development Indicators: DataBank'.

48 For a discussion of productive and unproductive labour, see Miller, 'A Comment on Productive and Unproductive Labour'; and Gough, 'Marx's Theory of Productive and Unproductive Labour'. For the function and place of managerial staff in the relationship between capital and labour, see Nichols, 'Management,

Nonetheless, trends in the share of wage and salaried workers probably afford a truer notion of the progress of proletarianisation than trends in that of non-agricultural labour.

The International Labour Organisation (ILO) estimates China's wage and salaried workers as a percentage share of total employment from 1995 to 2018 at: 40.40 (1995), 45.01 (2000), 52.35 (2005), 59.77 (2010), 63.21 (2015), and 63.72 (2018).<sup>49</sup> These figures indicate a clear trend of progressive proletarianisation of China's labour force. Indeed, the extent of this process is probably greater. This is given that the category of the self-employed<sup>50</sup> includes two sub-sets — own-account workers and contributing family workers — that could properly be considered disguised forms of proletarianisation. Contributing family workers<sup>51</sup> do not own the means of production by which they labour and are engaged in wage labour but for the particular differences, first, that their wages are paid not in money but directly in the means of subsistence, second, that their labour contract is extremely informal and governed by moral rather than legal norms, and third, that consequently their employment and material conditions also are extremely precarious. In contrast, workers in own-account employment<sup>52</sup> own the means by which they produce the commodities from the sale of which they make a living. However, in probably the vast majority of cases these means of production are meagre and the income these workers can generate using them is similarly so meagre that there is little substantive difference between their conditions of existence and those of the lowest strata of employed wage workers. Furthermore, probably a significant portion of these own-account workers combine this mode of employment with casual wage employment to some degree and there is probably some level of mobility between own-account and formal wage employment. If it is correct that own-account and contributing family employment are masked forms of proletarianisation then the actual size of the proletarianised working class in China should be significantly larger than the figures for

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Capital & Labour'.

49 The corresponding absolute figures for those years are (data unavailable for 2018): 365,601,654 (1995), 419,003,796 (2000), 480,057,189 (2005), 543,636,574 (2010), 576,596,953 (2015) 'World Development Indicators: DataBank'.

50 'Self-employed workers are those workers who, working on their own account or with one or a few partners or in cooperative, hold the type of jobs defined as a "self-employment jobs." i.e. jobs where the remuneration is directly dependent upon the profits derived from the goods and services produced. Self-employed workers include four sub-categories of employers, own-account workers, members of producers' cooperatives, and contributing family workers.' 'World Development Indicators: DataBank'.

51 "Contributing family workers (also known as unpaid family workers) are those workers who hold 'self-employment jobs' as own-account workers in a market-oriented establishment operated by a related person living in the same household." 'World Development Indicators: DataBank'.

52 These are "...self-employed workers without employees..." 'World Development Indicators: DataBank'.

wage and salaried workers suggest. For instance, ILO estimates of the distribution of employment by status in China as at November 2018 place own-account and contributing family workers at 32% and 11.8% of total employment respectively, summing up to 43.8%. Should even half of this be added to the 53.1% accounted for by wage and salaried workers, the size of the proletarianised working class should be in the neighbourhood of 70% of total employment — even after subtracting from the category of employees the stratum of management staff, who must constitute a tiny minority of this employment category.<sup>53</sup>

In summary, the practical outcome of China's labour system reforms has been the creation and massive expansion of a proletarianised working class where none existed previously.

*Labour conditions:* Alongside the proletarianisation of China's labour force has proceeded the proletarianisation of her labour conditions. This is in the sense that capitalism in China having transformed a large portion of the country's labour force into wage labourers has progressively moulded them and their conditions of existence in a manner that conduces the most to the imperatives of domestic and global capital accumulation. Here we look briefly at three aspects of these conditions: employment, labour share in the national income, and labour control and discipline.

1. Employment conditions: Although apparently favourably disposed to China's pro-market economic reforms, Ghose admits nonetheless that they aggravated employment conditions in the country. According to him, the "unfavourable employment trends" in China's labour market, i.e., the emergence of mass unemployment and irregular employment, during 1996-2002 apparently resulted from the reforms in the mid-1990s of state and collective enterprises and of migration control. Prior to those reforms state and collective enterprises amassed a large amount of surplus labour. Subsequently, however, they shed 59 million workers (42.5% of their work force) in the period in question. As a result, the urban economy lost 43 million formal sector jobs (although the emerging private sector generated 16 million new ones in the period) and 23 million regular jobs (although the informal sector was growing rapidly). The newly retrenched urban workers

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53 For the ILO data on employment distribution by status, see 'Status in Employment: ILO Modelled Estimates, Nov. 2018'. The ILO reports China's unemployment rate at 4.4% of the total labour force. 'Unemployment Rate : ILO Modelled Estimates, Nov. 2018' Since the vast majority of the unemployed are precisely unemployed wage workers, we can only get a notion of the true extent of proletarianisation in China by adding their portion of the labour force to that represented by the categories already discussed.

and migrant workers, large numbers of whom were moving to the urban centres following the relaxation of migration controls, sought irregular urban employment and the number of jobs in that category increased by 71 million in that period.<sup>54</sup> Thus, where previously unemployment did not exist (in fulfilment of the explicit goal of the Maoist labour regime) now following pro-market reform tens of millions of Chinese workers were either unemployed or thrown into the vulnerability of irregular employment.<sup>55</sup> The ILO estimates China's unemployed as a percentage share of total labour force from 1995 to 2018 at: 4.55 (1995), 4.53 (2000), 4.14 (2005), 4.20 (2010), 4.61 (2015), and 4.71 (2018). These rates are low relative to those of many developing countries and even of some developed capitalist countries. Still, the corresponding absolute figures for those years are huge: 31,311,980 (1995), 33,288,673 (2000), 31,727,339 (2005), 32,758,181 (2010), 36,244,721 (2015), and 36,966,342 (2018).<sup>56</sup> In other words whereas no Chinese was unemployed under the pre-1978 labour regime, following the pro-market reforms that commenced thereafter the ranks of the unemployed had reached thirty-one million by 1995 and almost 37 million by 2018.

However, the full gravity of the situation only becomes obvious when we take into consideration the quality of the employment that the reforms have produced. Ghose notes that although urban employment grew in China between 1990 and 2002 irregular employment accounted completely for all of it, suggesting a worsening in urban employment conditions in the period.<sup>57</sup> ILO estimates show that China's vulnerable employment — basically equivalent to Ghose's "irregular employment" — has been declining as a share of total employment: 53.3 in 2000, 38.6 (2009), 36.9 (2010), 35.4 (2011), 34.6 (2012), 34 (2013), 33.4 (2014), 33.4 (2015), 33 (2016), 33 (2017), and 32.9 (2018). It is worth noting however that the corresponding absolute figures are in the hundreds of millions of workers: 495,993,471.55 in 2000, 351,484,590.24

54 Ghose, 'Employment in China', pp.7-8.

55 Ghose defines irregular employment in a manner that it essentially equivalent to the ILO's definition of vulnerable employment. He describes it as pertaining to migrant and urban retrenched workers and as including casual wage-employment such as in construction projects or domestic work and small-scale self-employment [effectively, own-account employment] in street trading or repair services, for instance. Ghose, p.5. According to the ILO, 'Vulnerable employment is contributing family workers and own-account workers as a percentage of total employment,' a sub-set of the self-employed as a category of the total employed. Of all categories of the employed, i.e., wage and salaried workers and the self-employed, own-account and contributing family workers are the most vulnerable to the risk of falling into poverty. This is because, 'they are the least likely to have formal work arrangements, are the least likely to have social protection and safety nets to guard against economic shocks, and often are incapable of generating sufficient savings to offset these shocks.' 'World Development Indicators: DataBank'.

56 'World Development Indicators: DataBank'.

57 Ghose, 'Employment in China', p.6.



(2009), 335,656,938.60 (2010), 322,131,507.54 (2011), 314,987,476.78 (2012), 309,672,673.20 (2013), 304,385,008.24 (2014), 304,561,674.20 (2015), 300,728,196.45 (2016), and 300,584,299.95 (2017).<sup>58</sup>

This then has been the outcome of China's labour system reform in this regard: the degradation of employment conditions for hundreds of millions of the country's workers.

2. Labour share, wages and precarity: Far from being a mere fact of life in the process of those reforms, this degradation of employment conditions — essentially the creation of a massive reserve army of labour — functions as an enabling factor for the intensification of labour exploitation by capital in China.<sup>59</sup> Hence, as Li observes, the ruthless exploitation of hundreds of millions of workers has been the foundation of China's rapid capitalist development. This is demonstrated, for instance, in the fact that labour share in the country's national income dropped from 50% in 1990 to 37% in 2005.<sup>60</sup> Hao supports this observation, albeit citing slightly different figures. He notes that labour's share of the national income in China was on a downward trend between 1995 and 2007, falling from 51.4% of GDP in the former year to 42.4% in the latter. It only rose again to 45.6% in 2012 with the intensification of worker's struggles following the 2007 global economic crisis, the slowdown in China's economic growth, and their adverse impacts on workers' conditions.<sup>61</sup> Even *The Economist*, global capitalism's flagship publication, observes that, "Many countries have seen a fall in the share of labour income in recent years, but nowhere has the drop been as huge as in China"<sup>62</sup> Hao attributes this trend to measures by China's ruling class to keep the rate of profit sufficiently high to sustain the growth of investment, upon which the country's economic growth has depended increasingly over the two decades preceding 2014.<sup>63</sup> *The Economist* is essentially in agreement with this:

"the decline in the ratio of consumption to GDP [which is basically an expression of the labour share in the national income] is largely explained by a sharp drop in the share of national income going to households (in the form of wages, government

58 'World Development Indicators: DataBank' Figure for 2018 not available.

59 For Marx's analysis of the creation and function of the industrial reserve army or the reserve army of labour, see Marx, *Capital Vol. I*, Chapter 25, Section 3: Progressive Production of a Relative Surplus-population Or Industrial Reserve Army. For a discussion of the function and size of the reserve army of labour in China, see Fusheng, Xiaolu, and Zhi, 'The Reserve Army of Labour in China's Economy, 1991–2015'.

60 Li, 'The Rise of the Working Class and the Future of the Chinese Revolution'.

61 Hao, 'The Labour Share Question in China'.

62 "A workers' manifesto for China". *The Economist*. October 11, 2007, quoted in Hart-Landsberg, 'The Chinese Reform Experience', p.67.

63 Hao, 'The Labour Share Question in China'.

transfers and investment income), while the shares of profits and government revenues have risen.”<sup>64</sup>

This has found expression in low wages and payment practices that allow capital to rob workers of a portion even of these low wages. For example, TVE workers earned basic wages less than the minimum wage in the 1980s, and had to earn additional income through overtime and piece-rate quota bonuses. Even these basic wages were not guaranteed, since they were set by the local township authorities — which had a vested interest in profit maximisation<sup>65</sup> [and thus, presumably, in depressing wages below the value of labour power]. Li estimates that Chinese wages are about 5%, 6%, and 40% of wages in the United States, South Korea and Mexico respectively.<sup>66</sup> According to J. S. McClenahan, “Even after doubling between 2002-2005, the average manufacturing wage in China was only 60 U.S. cents an hour, compared with \$2.46 an hour in Mexico....”<sup>67</sup> On top of this, Simons reports that “...systemic problems in payment practices in Chinese export factories consistently rob workers of at least 15 percent of their pay...”<sup>68</sup>

The combined outcome of the decline in the labour share in national income, low wages, and the degradation of employment conditions has been a rise in precarity among Chinese workers. China’s market socialism has replaced workers’ social security with insecurity, as expressed in the observation that “the old three irons — the iron rice bowl, iron armchair, and iron wage (representing job and wage security and lifetime employment) — have been replaced by the iron heart, iron face, and iron fist.”

3. Labour control: These iron heart, face, and fist are in ample display in the labour control practices engendered by China’s capitalist development.<sup>69</sup> Greenfield and Leong report that foreign-invested and joint-venture enterprises in China feature repressive labour surveillance, control, and disciplinary practices involving fines and *corporal punishment* for a variety of

64 “A workers’ manifesto for China”. The Economist. October 11, 2007, quoted in Hart-Landsberg, ‘The Chinese Reform Experience’, p.67.

65 Greenfield and Leong, ‘China’s Communist Capitalism’, p.112.

66 Li, ‘The Rise of the Working Class and the Future of the Chinese Revolution’.

67 McClenahan (2006. “Outsourcing”. IndustryWeek.com, July 1), quoted in Hart-Landsberg, ‘The Chinese Reform Experience’, p.66.

68 C. Simons (2007. New labour movement afoot in China. Statesmen, February 4), quoted in Hart-Landsberg, p.66.

69 Harry Braverman argues in his seminal work the necessary origination of the modes of labour organisation and control found in capitalist formations in the material imperatives of the process of capitalist accumulation, such that capitalism demands and creates particular modes of labour organisation and control and no other. See Braverman, *Labour and Monopoly Capital: The Degradation of Work in the Twentieth Century*.

offences. These include speaking, drinking water, sitting, resting, or visiting the toilet too often during working hours as well as late-coming and wearing name tags incorrectly. The disciplinary regime also include what they describe as “bird-cage management systems,” involving locking up workers in factories and dormitories and subjecting them to forms of “physical control and isolation...during and after working hours.”<sup>70</sup> According to Li, about two-thirds of workers in the Pearl River Delta work more than eight hour a day (in some cases even up to sixteen hours) and did not have weekends off. Work conditions for about two hundred million workers are so hazardous that an estimated seven hundred thousand serious work-related injuries occur yearly, of which above one hundred thousand are fatal. In addition, managers routinely inflicted corporal punishment on their workers.<sup>71</sup>

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It is at the point of explaining these phenomena rather than merely noting or describing them that questions about the socio-political character of China’s economic reform begin to assert themselves and demand answers. Analysts like Ghose offer explanations that present these phenomena in purely technical or pragmatic terms, according to which for instance the state sector and labour regime reforms were merely pragmatic responses to practical problems of surplus labour accumulated in the economy. In his rendition, the Maoist labour regime prevented open unemployment but resulted in the amassing of superfluous labour, which impacted adversely on “work-effort, labour productivity, and economic growth.” The pro-market reforms only sought to correct this situation.<sup>72</sup> Nowhere, however, does Ghose define and demonstrate the existence of this “surplus labour” or the adverse trends he claims in labour productivity and economic growth; nor does he establish a causal relationship between these phenomena. He simply asserts and we are supposed simply to accept. What such ideological devices obscure is the conscious, political determination of the economic reforms; that is, that they were aimed not so much at solving *practical or technical* problems of economic development as at solving problems of *structural obstacles* to specifically capitalist development. Questions of class

70 Greenfield and Leong, ‘China’s Communist Capitalism’, pp.100-112. These labour practices are to be found also in Chinese enterprises in Nigeria today.

71 Li, ‘The Rise of the Working Class and the Future of the Chinese Revolution’.

72 Ghose, ‘Employment in China’, p.3-5.

conflict and class power are therefore at the heart of the issue and should form the framework for analyses of it. Thus, for instance, Hao rejects the technocratic explanation of the drop in the labour share by mainstream economists as being a result of sectoral changes involving the fall of agriculture and rise of services and industry as contributors to GDP. He contends on the contrary that the progressive decline in the labour share has been possible only because the working class lost political power in the class struggle that has marked the process of China's capitalist transition. Having gained power following Mao's death, the capitalist reformers proceeded to create the conditions necessary for capitalist restoration and development by dividing and weakening the working class. A key means by which they achieved this was by creating a reserve army of labour — through the lay-off of 30 million workers in the 1990s and the influx of migrant workers into the labour market — and by segmenting the labour market.<sup>73</sup>

Only an approach such as this goes to the heart of the question about the character of China's political economy.

### **...it is a duck**

The picture of China that emerges from even the foregoing summary of the data suggests a decidedly capitalist formation in a process of rapid development and in which the socialist forms that exist are only weak and increasingly hollow husks. There can be little doubt that the imperatives of capital accumulation govern its metabolism and development. Although the social formation comprises the collective as well as both the simple commodity and the capitalist modes of production, it is evident that the last-named subjects all the others to its needs and laws.

This conclusion on the capitalist character China's social formation has a number of implications for that country's relationship with Nigeria. First, the very conceptualisation of her national interests is conditioned by the interests of capital as the hegemon of her social metabolism. This is especially so given that, clearly, monopoly capital — rather than small or big capital — is the principal, governing power in the exercise and reproduction of capital's dominance in China. We see this in the domination of her economy by gigantic state-owned enterprises such as Sinopec and ZTE and by equally enormous private enterprises like Huawei. Thus, much like in the countries of the system centre since the 19<sup>th</sup> century, a significant correspondence and, perhaps, even interlace exists between the interests of Chinese monopoly

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73 Hao, 'The Labour Share Question in China'.

capital and of the Chinese state. Second, given this first implication and insofar as self-aggrandisement is capital's *raison d'être*, the underlying economic purpose and motivating factor in China's relationship with Nigeria has to be to take advantage of opportunities to extract surplus value. That is, to exploit Nigeria's labour force and get her natural resources as cheaply as possible. For these are the necessities of capital's self-expansion. From this flows the third implication of the capitalist character of China's social formation: the necessity of domination. Relations of exploitation and dispossession are not sustainably self-reproductive, in that the contradictions between exploiter and exploited and between dispossessor and dispossessed inevitably engender conflict. The perpetuation of exploitation and dispossession thus require the subjugation of the exploited and the dispossessed and the continuous reproduction of that subjection. This gives the lie to presumptions of China's sincerity in its claims of seeking relations of cooperation with countries of the system periphery such as Nigeria. Does this mean that such relations are impossible between countries, especially those of the underdeveloped world? Certainly not. To the extent, however, that capital accumulation is the governing imperative of a social formation extra-territorial socio-economic expansionism and domination become powerful tendencies in its relations with other formations. These tendencies only require opportunity and capability for them to assert themselves as constitutive features of these relations. The unequal balance of power between Nigeria and China is precisely that opportunity and capability wrapped together into one. That is to say, China has not only the systemic necessity and tendency to dominate its partner in the Sino-Nigeria relationship but also the capability to do so.

Clearly, these questions of China's political economy and the implications thereof are critical to any effort to comprehend the true character of China's activities in Nigeria. For only thus are we able to transcend the primarily transactional perspectives that dominate mainstream analyses of the Sino-Nigeria relationship. This is not to deny the importance of questions concerning the equality of exchanges in this relationship. After all, unequal exchange has been a key mechanism for the imperialist exploitation of the countries and peoples of the global system periphery.<sup>74</sup> It is rather to point beyond that transactional question to another that is of arguably greater importance in the long-run: that of the implications of the Sino-Nigeria partnership for Nigeria's structural place and role in the global capital system, whether in its present

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74 See Ake, *A Political Economy of Africa*; and Ake, *Revolutionary Pressures in Africa*.

configuration or in any other possible ones in the future. Only having properly grasped the character of China's political economy is it possible even to begin to conceptualise and approach this vital question. For it is the key, first, to comprehending the interests behind China's global goals and its more particular goals in its cooperation with Nigeria. It is vital as well to determining the implications of those interests for the reproduction of the global capital system and for Nigeria's position and function within it.

## China in Nigeria

### The Sino-Nigeria partnership

#### China's global goals and strategies

China's global goals and strategies are vitally important to this exploration of Sino-Nigeria relations. This is in that they afford a view into the global rivalries between China and the dominant powers of the global capital system in its current configuration — principally the United States but also the other two entities of what Samir Amin has called the imperialist triad, i.e., the European Union and Japan. These rivalries comprise the framework of their global geopolitical contest — aggravated by the epochal structural crisis of the system<sup>75</sup> — to monopolise the strategic natural resources and markets of the world. They therefore provide the context that reveals the larger meanings and purposes of China's activities in Nigeria.

Nathan and Scobell contend that China's international stance since the Cold War is principally defensive, contrary to its widespread perception as “an aggressive, expansionist power.” Her main foreign policy tasks have remained to attenuate destabilising foreign influences, preserve her territorial integrity, sustain her economic growth, minimise suspicions of her intentions among her neighbours, and — China having become deeply integrated into the global economic order — define a global role for herself “that serves Chinese interests but also wins acceptance from other powers,” the chief of which is the United States.<sup>76</sup> The predominant view of China nonetheless is that she is precisely “an aggressive, expansionist power.” For instance, Sinologist Harry Schwartz is emphatic that “China's long-run objective is to become

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<sup>75</sup> For the concepts of triad imperialism and the imperialist triad, see Amin, *Ending the Crisis?*; Amin, *Beyond US Hegemony?: Assessing the Prospects for a Multipolar World*; and Amin, *The Law of Worldwide Value*. For the theory of an epochal structural crisis of the global capital system, see Mészáros, *The Power of Ideology*; and Mészáros, *The Structural Crisis of Capital*.

<sup>76</sup> Nathan and Scobell, ‘How China Sees America: The Sum of Beijing's Fears’.

the most important power on this planet to correspond with the fact that [she] has the largest population of any nation.”<sup>77</sup> Chau concurs that China’s primary strategic goal is to become a global power and that all her other goals — including minimising Taiwan’s diplomatic recognition and securing access to natural resources — are secondary to this goal and in fact play a role towards its realisation.<sup>78</sup>

It is certainly in the interest of triad imperialism to cast China in the role of an expansionist power. Yet China’s leaders have themselves defined their strategic goal as the achievement of world power status for her. Amin already noted China’s ambitious competitiveness. “The great nation of China,” he said, “always compares itself to the most powerful,” and the Chinese have always striven to imitate and equal the greatest nations, mindful of China’s leading role in history and unable to tolerate her decline. According to him, from May 4, 1919 Japan was China’s first model, then it was revolutionary Russia, and now — with Japan in crisis, Russia having collapsed, and Europe imitating the United States — it will probably be the U.S.<sup>79</sup> This lends explanatory context to the global vision of China’s leaders since the time when Mao Zedong declared that “We will build up an entirely new, strong, and prosperous People’s Democratic Republic of China, not only in name but in fact.”<sup>80</sup> Consistent with that aspirational vision, Premier Deng Xiaoping in 1978 defined a three-stage strategic plan to make China a mid-level developed country by 2050. The goal of the first stage was to double China’s GDP and GDP per capita by the late 1980s, that of the second to double them again by the end of the 20<sup>th</sup> century, and the third [presumably to achieve the status of a mid-level developed nation] by the mid-21<sup>st</sup> century. The strategic plan of Xi Jinping, the current president, for contemporary China is both the realisation and over-shooting of this third stage. Speaking at the 19<sup>th</sup> Congress of the Chinese Communist Party, he stated that having transformed her new wealth into strength the country has entered a new era of developing into a “leading global power.” China would in the first phase of this transition (2020-2035) consolidate and leverage on her modern economy and in the second (2035-2050) strive for “substantial global influence.”<sup>81</sup> Thus, far from aiming merely to be a mid-level developing country as Deng had envisioned China speaks today of becoming a “leading

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77 Quoted in Chau, *Political Warfare in Sub-Saharan Africa*, p.19.

78 Chau, p.20.

79 Amin, ‘On China’, pp.17-18.

80 Mao speaking on June 15, 1949 at the Chinese People’s Consultative Conference, quoted in Chau, *Political Warfare in Sub-Saharan Africa*, p.19.

81 Zhong, ‘China’s Grand Strategy in a New Era’.

global power” with “substantial global influence.”

It is evident that contemporary China has indeed attained the status of a global power, despite being still a developing country. Nathan and Scobell acknowledge that she is properly termed a “Great Power” given the size and location of her territory, her population, the size and growth rate of her economy, her share of world trade, her military prowess, the global reach of her national interests, her ability to command global attention, and, “*perhaps most importantly*,” her perception as “a possible threat to U.S. predominance.”<sup>82</sup> If success often arises from the conjunction of capacity and opportunity then to the capacity represented by these features of China that Nathan and Scobell name, the secular structural crisis of the capital system plays the part of opportunity. For one element of this crisis, at least since its latest iteration as the 2008 global economic crisis, has been the increasing incapacity of the United States to perform the functions of control, propulsion, and insurance in the global system. With the European Union in a multi-faceted crisis and the whole of Europe in economic doldrums, capital’s structural crisis has presented China with an opportunity to play a greater and more active role in the reproduction of the global system. However, this must mean also a re-configuration of the system. Indeed, as Breslin puts it, the fundamental fear about China in the West — particularly “since the global financial crisis [of 2008-2009] undermined confidence in the existing system” — is whether her leaders, when she finally replaces the United States as the leading global power, will exercise that power effectively and responsibly. That is, whether they will preserve the existing global order or “change [its] very basis...to suit their needs.”<sup>83</sup> Hence the United States has demanded “strategic reassurance” from Beijing of its intention to leave the existing configuration of the global capital system intact, to not undermine the mechanisms and arrangements by which the dominant powers have exploited and held down the working peoples and peripheral countries of the system. In the words of James Steinberg, United States deputy secretary of state under the Barack Obama Administration in September 2009, “Just as we and our allies must make clear that we are prepared to welcome China’s ‘arrival’ ... as a prosperous and successful power, China must reassure the rest of the world that its development and growing global role will not come at the expense of [the] security and well-being of others.”<sup>84</sup>

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82 Nathan and Scobell, ‘How China Sees America: The Sum of Beijing’s Fears’.

83 Breslin, ‘China’s Global Goals and Roles’, p.1.

84 Quoted in Nathan and Scobell, ‘How China Sees America: The Sum of Beijing’s Fears’.



This then is the crux of the opposition between China and the triad powers of the global capital system in its present constitution. Irrespective of the extent to which one considers this contradiction to be antagonistic or not, i.e., in terms of the reproduction of the system or its historical transcendence, it is indubitable that it is the defining characteristic of relations between China and these powers. A key element of this situation is the fact that, its declining powers of system control, propulsion, and insurance notwithstanding, the United States remains the global hegemon and will remain so for a long time yet. For she is not passively accepting the erosion of her hegemony but is actively “trying to build new structures of global power to entrench [her] position of predominance.”<sup>85</sup> She thus presents the greatest challenge to China’s global goals. It is natural then that, as Nathan and Scobell posit, China and the United States have mutual suspicions, fears, and concerns about each other: China fears that the United States seeks to hamper her rise and undermine her interests and the United States perceives China as a threat to her global dominance. This dominance constitutes the fundamental and defining factor in China’s global environment and is the primary determinant of her strategy to achieve her global goals. According to Nathan and Scobell, China’s strategists believe the United States has overwhelming strategic advantages over China of a military, economic, ideological, and diplomatic nature. Militarily, she has deployed “technologically advanced” forces with “massive concentrations of firepower all around the Chinese rim,” forming “a strategic ring of encirclement” — as Qian Wenrong of the Xinhua News Agency’s Research Centre for International Issue Studies described it. Economically, the United States is China’s most significant foreign market and largest source of foreign direct investment and advanced technology. She has the capacity also to block China’s supply of oil and metal ores and her access to strategic sea-lanes, and — given the status of the dollar in international trade and finance — to damage her economic interests by adjusting U.S. fiscal policies and practices. The ideological power of the United States and its willingness to exercise it are evident in its enshrinement of her norms in international human rights instruments and her installation of Western-style democracy in such countries as Japan, South Korea, and Taiwan. It is evident also in her global promotion of democracy and human rights to “de-legitimise and destabilise regimes that espouse alternative values, such as socialism and Asian-style developmental authoritarianism.” Also, the U.S. has deployed its diplomatic and political power to “reshape the global environment even further in its favour,” by military,

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85 Breslin, ‘China’s Global Goals and Roles’, pp.4-5.

economic, and political means. The military means include expanding NATO, intervening in Panama, Kosovo, Haiti, and Bosnia, and prosecuting wars in Afghanistan and Iraq. Among the economic are promoting free trade, *de facto* dollar devaluation while imposing its use as global reserve currency, and displacing the cost of climate change mitigation to developing countries. Finally, the political measures include promoting anti-communist colour-revolutions (in Georgia, Ukraine, and Kyrgyzstan), which is considered “most disturbing to the Chinese,”<sup>86</sup> as it threatens regime security and stability in China by signalling support for opposition to the ruling communist party.

These facts of China’s global strategic environment have imposed upon her a strategy of cautious and piecemeal approaches to achieving her strategic goals. A key element of this strategy is avoiding, on the one hand, a direct, open challenge to U.S. hegemony and, on the other, taking on responsibilities that might hamper China’s economic development. Breslin aptly captures this element when he argues that China desires preferential treatment as a developing-country Great Power. This is in that, whereas she considers herself a Great Power that is second only to the United States and with which she shares a special position in the global order, she nonetheless wants expectations of her tempered by recognition of her status as a developing country. This is in part to soothe U.S. concerns about her global ambitions and in part to limit and reduce the burdens others might wish her to assume as a Great Power. Hence, the policy: “[China] is Great, but not as Great as the US.”<sup>87</sup> Zhong summarises China’s global strategy in a similar manner. Unlike in Mao’s time, he says, China’s contemporary foreign policy goal is not global revolution or dominance. Rather, it is to create the “stable and peaceful regional and international environment” necessary to realise her development goals. Therefore, her foreign policy practices have eschewed hegemonism and instead pursued multilateralism and partnership with other countries.<sup>88</sup>

As Breslin argues, rather than directly challenging the United States — an enterprise that would be too costly for China given the overwhelming advantages held by the adversary — China has chosen a non-confrontational approach to her goal of re-configuring the global system. Her leaders are constrained to pursue that goal within the existing power structures dominated by the United States and the West in general. China’s advocacy for the reform of global governance

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86 Nathan and Scobell, ‘How China Sees America: The Sum of Beijing’s Fears’.

87 Breslin, ‘China’s Global Goals and Roles’, pp.5-6.

88 Zhong, ‘China’s Grand Strategy in a New Era’.

institutions has been one method of doing this. A second method, in light of United States resistance to such reform (for instance, its Congress' refusal to ratify the 2010 agreement to change the pattern of distributing IMF voting rights) is to erect alternative structures of governance alongside existing ones. These include the BRICS group, the Shanghai Cooperation Organisation (SCO), the Asian Infrastructure Investment Bank (AIIB), and such trade groupings as the Regional Comprehensive Economic Partnership, and the Free Trade Area of the Asia Pacific.<sup>89</sup>

This is the context within which we can properly appreciate the import and purposes of China's efforts to build new economic and political relations with Africa and the continent's strategic countries in particular: Nigeria, South Africa, Kenya, Angola, Egypt, and Ethiopia. Insofar as the United States is engaged in constructing new alliances to shore up and reinforce its global dominance China also must establish counter-alliances to protect its own immediate interests and serve as the basis of its future hegemony.<sup>90</sup> The question though is how to do this given not just that the U.S. is the global hegemon but also that the triad powers of which it is the principal sit at the centre of a web of economic, political, ideological, and security relations that ties virtually all the countries of the world to their interests. China's answer is to rally to itself as many as it can of those countries that are disadvantaged in the existing world order and to do this by exploiting the structural vulnerabilities of the system. Principally, these consist in four constitutive features and necessary outcomes of the global capital system. First, it subjects most of the countries of the outer and inner rings of the system periphery to domination by monopoly capital from the countries of the system centre. Second, it has locked them into structural positions and functions that prevent them from ever "catching up" with the advanced countries. Third, it displaces the worst results of the system's contradictions from the centre to the periphery. And fourth, as a result of the foregoing, it has condemned the peoples of the system periphery to perpetual poverty, underdevelopment, and barbaric existence. China has stepped forward as the champion of these countries and, going beyond the mere moral or ideological support of their cause, has offered material aid to help them address the results of their position and function in the global system.<sup>91</sup> China aims by this means sufficiently to wean these

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89 Breslin, 'China's Global Goals and Roles', pp.6-7.

90 Breslin, pp.4-5.

91 "...in a world of competitive struggle among countries for both foreign direct investment and export markets, China's gains have been organically linked to development setbacks in other countries." Hart-Landsberg and Burkett, 'China, Capitalist Accumulation, and Labour'.

countries away from the triad powers and, combining them with other system discontents such as Russia and India, build new counter-alliances to the ruling ones of the existing world order.

Thus, without ever directly entering into a hegemonic confrontation with the United States, China prepares the material premisses of its future dominance while simultaneously meeting its immediate needs for natural resources and a world-wide market for its products. Hence Chau argues that even in its revolutionary period, China's goal in its Africa engagement always was not simply to support revolutionary movements or to win its ideological contest with the Soviet Union. Rather, it always was to advance its global strategic goal of achieving, as Howard L. Boorman phrased it, "recognised status as a major world power on its own terms."<sup>92</sup>

### **China's goals and strategies in the Sino-Nigeria partnership**

The foregoing contradicts the claim by Nathan and Scobell that China has ventured beyond its

"immediate neighbourhood...so far for limited purposes: to secure sources of commodities, such as petroleum; to gain access to markets and investments; to get diplomatic support for isolating Taiwan and Tibet's Dalai Lama; and to recruit allies for China's positions on international norms and legal regimes."<sup>93</sup>

It is clear that, as we have argued above, a vital element in China's "going out" policy has been to construct a network of hegemonic counter-alliances to the dominant ones of the triad powers. Nonetheless, they are correct that securing access to natural resources, markets, and investment opportunities are central elements of China's global venture. In their projection of China's strategy for the period 2013 to 2023 Yang et al. anticipated that the principal goal of China's resource strategy would be to secure access to the "energy and mineral products that are of vital importance to Chinese economy, national defence and basic life" in a manner that is mutually beneficial to the international community and protective of the environment.<sup>94</sup>

It is beyond argument that this goal is indeed a central one of China's in its relationship with Nigeria in particular. Egbula and Qi offer a bland diplomatic statement of the key goals of China's 2010 plan for her strategic partnership with Nigeria. These were to:

1. Extend cooperation in the telecommunications, energy, satellite, agriculture, infrastructure development, and electricity sectors

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92 Chau, *Political Warfare in Sub-Saharan Africa*, pp.18-19.

93 Nathan and Scobell, 'How China Sees America: The Sum of Beijing's Fears'.

94 Yang et al., 'China's Global Strategy (2013-2023)', p.18.

2. Enhance cooperation in international promotion of peace, security, human rights, and global dialogues
3. Strengthen mutual trust to facilitate cooperation, and
4. Enhance cultural exchanges and cooperation on public health issues.<sup>95</sup>

Statements such as this actually serve to obscure the true purpose of China's activities in Nigeria. In contrast, Gold et al. put it directly, without diplomatic garb. According to them, China's engagement with Nigeria is driven by economic imperatives: to have a secure supply of natural resources and a market for her manufactured products.<sup>96</sup> This obviously is a partial statement of China's goal in Nigeria, since it only states the immediate economic aspect of that goal and ignores the geo-political one involving the building of counter-hegemonic alliances. It has the virtue of honesty, nonetheless, which goes some way to compensate for its one-sidedness. To pursue this line further, it is clear that acquiring global dominance requires China to modernise her economy, state, armed forces, and society. Her global strategy therefore involves securing supplies of cheap raw materials, cheap labour power, and lucrative investment opportunities for Chinese capital, a world market for its commodities, and strategic minerals to develop military and information technologies. Nigeria plays a significant role in meeting the necessities of this strategy. This consists in supplying cheap natural resources for China's economic and military development, serving as an external reservoir of cheap labour power, providing profitable investment for Chinese monopoly capital, and furnishing a market for surplus Chinese products. Thus, as we demonstrate below, Chinese companies are active in Nigeria's extractive sector — alongside US and European ones — drilling and extracting crude oil and solid minerals. Some of these go on the international market but some go to feed China's rapid development of its economic and military capacities. Taking advantage of cheap and abundant labour power and the pro-capital labour regime in Nigeria, Chinese capital is active also in the super-exploitation of the country's labour force in every sector. These include construction, real estate, manufacturing, agriculture, natural resource extraction, foods, hospitality, and information and communication technologies. Finally, Nigeria offers the single largest and — given the absence of an effective regulatory regime — probably also the most-profitable market in Africa for Chinese commodities. These range from phones, computers,

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95 Egbula and Qi, 'China and Nigeria: A Powerful South-South Alliance', p.5.

96 Gold et al., 'China's Aid', p.1225.

plastics, and clothing to power generators, industrial machinery, and construction equipment to architectural design, software development, and project management.

How has China pursued its goal in Nigeria? By what means has she successfully harnessed Nigeria to serve her strategic needs? It is obvious that the first condition for this was the availability of the opportunity to so harness Nigeria. That was provided by the Nigerian bourgeoisie through its by-now incontrovertible ineptitude and outright failure in the cardinal tasks with which history confronted it at the birth of its rule in 1960. Perhaps the four most important of these were to:

1. Develop for the country a self-driven and industrialised economy capable of producing sufficient wealth to meet the needs of the population
2. Democratised governance on the principles of the free and true expression of the popular will and of respect for human rights
3. Fashion a true nation out of the diverse ethnic peoples of the country as a preliminary step to the national unification of all African peoples, and
4. Raise the cultural level of the people to free them from ignorance and the cultural imperialism of all predator peoples and turn them into active producers of life-affirming and liberatory science, technology, and art.

It is indubitable that the Nigerian bourgeoisie has failed in these tasks — the first of which is the pertinent one here — despite the huge human and material wealth at its disposal and having exercised unchallenged sway for almost six decades. It was therefore compelled under the impact of the 1980s structural crisis of Nigeria's neo-colonial capitalist formation to undertake a neo-liberal opening-up of the economy to global capital. That provided the entry opportunity for China. And in line with her broad global strategy described above, she has exploited it successfully by taking advantage of vulnerabilities deriving from Nigeria's disadvantaged place and role in the global capital system. Among the most pertinent of these vulnerabilities is her *financial dependence* on the countries of the system centre for:

1. Credit and loans to import a significant part of her consumption and production needs
2. Foreign direct investment for infrastructural and overall economic development, and
3. Charitable aid for critical governance and service delivery operations

Another pertinent vulnerability is Nigeria's *technological dependence* on those same countries in oil production, light manufacturing, agriculture, infrastructure development, transportation, information, communication, health-care, etc. Yet another is her *unemployment problem* arising from the underdevelopment of her capitalism and the centre-periphery displacement of unemployment in the global capital system.

These dependencies constitute vulnerabilities in that Nigeria cannot sustain economic reproduction or significant aspects of her governance and service delivery operations without funds, credit lines, and technological imports from the system centre. Also, mass unemployment is aggravating threats to her political stability and national security, and hindering social and economic development. Finally, infrastructural underdevelopment — the most visible aspect of the overall problem of Nigeria's socio-economic underdevelopment — has been perhaps the most important factor in the country's inability to attract foreign direct investment. The significance of this last point is that the ruling class depends upon such investment to boost manufacturing and agriculture and thus generate employment and increase the production of non-oil wealth. The gravity of the problem of attracting foreign direct investment is perhaps best indicated by the measures Nigeria has taken to attract it. They include:

1. Permission of 100% foreign ownership of enterprises except in the energy sector, in which the 1995 Nigerian Investment Promotion Commission Act restricts foreign participation only to joint-ventures and production sharing agreements
2. A 30% corporate tax rate, generous tax holidays and various deductibles including a 20% deduction for self-provision of electric power and others for capital expenditure that could amount to as much as two-thirds of annual taxes
3. Permission of 100% repatriation of profits and dividends and — to encourage their re-investment in Nigeria — allowances for expansion of production and upgrading of facilities and deductions up to 120% of research and development expenditure and for use and development of local content
4. A rationalisation of administrative processes to facilitate starting and running businesses in Nigeria, with the Nigerian Investment Promotion Commission — set up to “encourage, promote, and coordinate investments in Nigeria” — in charge of the process.<sup>97</sup>

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97 Egbula and Qi, ‘China and Nigeria: A Powerful South-South Alliance’, p.10.

It is by exploiting these vulnerabilities that China has succeeded in bringing Nigeria into a partnership with her.

The essence of this partnership consists in a transactional relationship in which China aids Nigeria to meet the challenges that these vulnerabilities represent in exchange for secure access to:

1. Supplies of Nigeria's natural resources and raw materials
2. Her vast internal market, and
3. Investment opportunities for Chinese capital in her extractive, manufacturing, agriculture, trade, and — increasingly in recent years — finance sectors

This then is the reciprocal basis of the Sino-Nigeria cooperation, as Egbula and Qi put it. For China, it is Nigeria's enormous energy reserves and domestic market of "150 million inhabitants with growing disposable incomes". For Nigeria, it is the inspiring example of China's economic transformation and its capacity both to deliver and finance large infrastructure development projects. This was already transparently articulated in the 2006 Sino-Nigeria memorandum of understanding. According to this agreement, Nigeria required China to invest principally in her petroleum, power, telecommunications and manufacturing sectors and China required access to a secure supply of Nigeria's energy resources to fuel its rapidly growing economy. Nigeria's position rested on her recognition of her dire need for infrastructure development, for assistance with which it was ready to trade oil. China's, on its part, was informed by her economic interests as articulated by her Ministry of Commerce in four strategic goals of her cooperation with Nigeria. These were to:

1. Increase the share of Chinese multinationals in the Nigerian market
2. Expand the market for Chinese manufactures in Nigeria
3. Increase China's footprint in Nigeria's energy sector, and
4. Leverage China's Nigeria investment to gain access to the ECOWAS market.<sup>98</sup>

Thus, in exchange for Nigeria's natural resources, market, and investment opportunities, China provides her with:

1. Concessional loans as well as industrial and agricultural production technologies without

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98 Egbula and Qi, pp.3, 4-5.



the political, economic, and ethical constraints imposed by the traditional providers

2. Infrastructure development partnerships on terms that are convenient for Nigerian governments
3. Foreign direct investment in labour-intensive industries, agriculture, and commerce, thus generating significant employment

This relationship has assumed three concrete lines of activities: trade, capital investment, and official development assistance. We outline each in the following sections.

## **Sino-Nigeria trade**

Sino-Nigeria relations were tenuous in Nigeria's early post-independence period. Economic exchanges were marginal due to language and cultural barriers and China's goal in Africa — principally to win Nigeria and other African states as allies in its fight against capitalism and Western imperialism — met with little success, as the Tafawa Balewa government was not eager for such an alliance. Diplomatic relations became stronger during the premiership of Deng Xiaoping. In that period, China rendered direct aid to Africa's national liberation movements, and Nigeria supported the cession of Hong Kong to China under the latter's "One China, Two Systems" policy. Nonetheless, trade relations between them remained weak, as Taiwan remained the Nigeria's favoured trading partner. Although during a 1997 visit to Nigeria by Li Ping, former premier of China's State Council, both countries signed several protocols on a diversity of subjects — including investment protection and improved collaboration in the steel, oil, and electricity industries — they did not pursue their implementation with vigour. The situation changed, however, when in 1993 China transformed from a net exporter of petroleum to the global second-largest importer due to her rapid economic growth. Nigeria was of particular interest to the Chinese, since she — like other countries on the Gulf of Guinea — possessed both sweet light petroleum and a developing market that was welcoming to foreign investment. Driven principally by the oil sector and to a smaller degree by cheap Chinese imports, the Sino-Nigeria trade volume more than quadrupled between 1990 and 1996, leaping from 1.3 in the former year to 5.3 billion Naira in the latter and thereafter to 8.6 billion Naira. The extent of the transformation is indicated by the fact that, whereas Nigeria was not included in the ten-country Africa visit by Chinese premier Zhou En-lai in 1963, by 2006 she was a major port of call on the

regular trips that President Hu Jintao and premier Wen Jiabao were undertaking to Africa.<sup>99</sup>

Trade between the two countries has grown even more since the 1990s, rising between 2000 and 2010 from less than 2 to almost 18 billion U.S. dollars.<sup>100</sup> The clearly unprecedented expansion of the Sino-Nigeria trade is demonstrated in Table 1 showing figures for the period between 2005 and 2014 (see the [Appendix](#)).

## Chinese capital in Nigeria

According to Utomi, the history of Chinese capital in Nigeria dates back to the 1960s when, taking up an invitation from the government of Nigeria's Northern Region Hong Kong Chinese invested in the country's textile manufacturing sector, contributing to its early development. There was a lull in Chinese direct investments in Nigeria in the oil boom years but there has since been a veritable influx of state and private Chinese capitals. Their activities have expanded beyond the limited ventures by the Hong Kong Chinese in textile manufacturing and steel production in the 1960s to large-scale participation by Chinese financial institutions in supporting Chinese investment in Nigeria. Further, these institutions are now also involved in the direct acquisition of stakes in Nigeria's financial sector, two examples being the acquisitions by one of China's biggest banks in both the Standard Chartered Bank and IBTC-Chartered Bank of Nigeria. Chinese investors are now making direct investments in Nigeria's manufacturing sector to produce for both foreign and the domestic markets and Chinese firms have won contracts for a variety of development projects. One major example is the 2000 contract awarded the China Civil Engineering Construction Corporation (CCECC) to construct the 5,000-unit athletes village in preparation for the eighth annual All-Africa Games.<sup>101</sup>

Determining the size and sectoral composition of Chinese capital in Nigeria is extremely difficult, in large part because of the paucity of publicly available data on the subject. China's ambassador to Nigeria said in 2016 that "China has become a major source for foreign direct investment in Nigeria."<sup>102</sup> Egbula and Qi inform us also that Nigeria came second after South Africa as the biggest recipient in Africa of foreign direct investment from China between 2003 and 2009, receiving 1.03 of the 9.3 billion U.S. dollars that went to the continent.<sup>103</sup> Still, such

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99 Utomi, 'China and Nigeria', pp.40-41.

100 Egbula and Qi, 'China and Nigeria: A Powerful South-South Alliance', p.3.

101 Utomi, 'China and Nigeria', pp.40-41, 44.

102 Zhou, 'Why China Remains Nigeria's Friend'.

103 Egbula and Qi, 'China and Nigeria: A Powerful South-South Alliance', p.9.

anecdotal data — while useful to some degree — cannot perform adequately the office of giving a full and true picture of Chinese capital in Nigeria. The public agencies that should have and provide the relevant data, such as the National Bureau of Statistics and the Nigerian Investment Promotion Commission, offer little information. Further, what they do provide is mostly not highly disaggregated, preventing any drilling down to obtain fine-grained details about the size and distribution of foreign capital in the country. The service performed by the China Global Investment Tracker — published by the American Enterprise Institute — is therefore of immense value in this regard. According to the dataset available on the tracker website, Chinese state-owned enterprises made direct investments totalling \$13.50b in Nigeria in the period from January 2006 to September 2018. The breakdown is as follows (figures are in rounded-off billions of USD):

1. **Year:** 2006 = \$2.2; 2010 = \$2.06; 2012 = \$2.63; 2018 = 6.54
2. **Investor** (single and consortia): CNOOC = \$2.27; China Merchants and China Development Bank = \$.15; China Railway Construction, Nanjing Government, China Development Bank, and Guangdong Xinguang = \$1.91; China Power Investment = \$.13; Sinopec = \$2.50; China Energy Engineering, Power Construction Corp., Sinopec = \$5.79; China Great Wall = \$.55; Shandong Ruyi = \$.20
3. **Sector:** Energy = \$10.69; real estate = \$1.91; technology = \$.55; transport = \$.15; other = \$.20

Also, China's state-owned and state-related enterprises invested \$36.46b in construction projects in Nigeria in the period from May 2006 to August 2018. The breakdown is as follows (figures are in rounded-off billions of USD):

1. **Year:** 2006 = \$.11; 2007 = \$.82; 2008 = \$5.01; 2009 = \$.85; 2010 = \$.40; 2012 = \$1.10; 2013 = \$3.96; 2014 = \$4.06; 2015 = \$5.08; 2016 = \$11.03; 2017 = \$2.68; 2018 = \$1.36
2. **Investor** (single and consortia): China Communications Construction = \$2.65; China Energy Engineering = \$.59; China National Chemical Engineering = \$.52; China Power Energy Consulting = \$.11; China Railway Construction = \$20.85; CNOOC = \$.17; CNCP = \$1.13; Huawei = \$.75; Power Construction Corp. = \$.70; Power Construction Corp., Sinomach = \$1.29; Shenzhen Energy = \$2.40; Sinoma = \$2.99; Sinomach = \$1.23; Tidfore Heavy = \$.20; ZTE = \$.88
3. **Sector:** agriculture = \$.32; energy = \$7.86; real estate = \$2.99; technology = \$1.63;

transport = \$23.66<sup>104</sup>

On the whole, therefore, these enterprises invested \$49.96 billion dollars in the period 2006 to 2018. It seems, however, that this data pertains only to Chinese state and state-related enterprises and does not include private Chinese capital. If that is so, then it only offers a still partial picture of the size and diversity of Chinese capital in Nigeria. The actual size of Chinese capital operating in the country would thus be much larger than the total given in the dataset.

Be that as it may, the tracker affords an idea of the scope of operation of Chinese investments in Nigeria. We get an idea of this also from Egbula and Qi. According to them, the major Chinese companies in Nigeria include (showing their sector of activity, assets (in billions of US dollars), number of employees, investments):

1. **Sinopec**: in oil and gas, with 152.80b USD in assets, 373,375 employees, and investments including Blocks OML 64,66, 29% stake and operating rights to block 2, Nigeria- São Tomé Joint Development Zone
2. **CNCP**: in oil and gas, with 470.80b USD in assets, 1.67 million employees (of which 800,000 are foreigners), and investments including Licenses for OPL 471, 721, 732, 298
3. **SEPCO**: in electricity infrastructure construction, with 38.60b USD in assets, 19,756 employees, and investments including the Papalanto Power Plant
4. **CCECC**: in infrastructure construction, with 2.17b USD in assets, 70,000 employees, and investments including Rehabilitation of Papalanto-Lagos expressway, Athletics village, Ikot Akpaden-Okoroette road, Lekki Free Trade Zone
5. **CSCEC**: in infrastructure construction and real estate development, with 58.90b USD in assets, 121,500 employees, and investments including refineries
6. **CNOON**: in off-shore oil and gas, with 13.8b USD in assets, 21,000 employees, and investments including 45% interest in offshore exploitation licence, OML 130
7. **Sinoma**: in cement, engineering, and infrastructure construction, with 2.9b USD in assets, 9,000 employees, and investments including collaboration with Nigeria's Dangote Group for cement production line EPC project in 2008
8. **CGC**: in infrastructure construction, with 0.30b USD in assets, number of employees not available, and investments including Kebbi Airport, Water supply project in Gombe, Sakke Dam

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104 'China Global Investment Dataset', Dataset 1 and Dataset 2.

9. **Huawei:** in telecommunication, with 25.00b USD in assets, 51,000 employees, and investments including networks and mobile telephone handsets
10. **ZTE:** in telecommunication, with 13.00b USD in assets, 85,232 employees, and investments in CDMA telephony and mobile telephone handsets

The operations of these and indeed the entire corpus of Chinese investments in Nigeria reveal a division of labour in which the public enterprises focus on natural resources and infrastructure development and private companies concentrate on manufacturing, agro-industry, and communications. To exemplify this division of labour, Chinese state and state-related firms are engaged in constructing airports, power plant, roads, and railways across the country. These companies include the China Civil Engineering Construction Corporation (CCECC), which as at 2011 had invested in excess of 10b USD in Nigeria and was implementing more than fifty projects — one of the largest of which was the 850m USD Abuja-Kaduna railway line. The China Geo-Engineering Corporation (CGC) was building a dam in Sabke, a water supply network in Gombe State, an airport in Kebbi State, and a road linking Kano and Maiduguri in Borno State. Also, Sinohydro Corporation and Harbin Electricity Corporation won an 82m USD contract with the Power Holding Company of Nigeria (PHCN) to rehabilitate the Kainji hydro-power station in Rivers State, to boost Nigeria's electricity generation capacity by 340 megawatts. Among the private Chinese firms in manufacturing are Lee Enterprises and Wepco, the former manufacturing steel, leather hides, ceramic tiles and plastic products and the latter, furniture and roofing materials. Chinese state-owned ZTE produces telephone handsets, and numerous other Chinese firms in the hundreds are active in the pharmaceutical sub-sector, as well as in cement, food and beverages, plastics, and steel. Zhong Xing Telecommunication Equipment Company (ZTE) and Huawei are the principal Chinese enterprises active in Nigeria's telecommunications sector. The former, which has a handset factory in Abuja and offices in Lagos, Port Harcourt, Jos, Ibadan, Maiduguri, Bauchi, and Kaduna, won a Nitel contract in 2005 to extend Nigeria's CDMA wireless telephony network across the states of the north-east zone and to supply Nitel with 13,000 CDMA terminals and handsets. In 2010, it won a 400m USD contract with the Nigerian government to construct a national security communications network. Huawei, ZTE's main rival in Nigeria, won an 80m USD contract in 2004 to supply GSM equipment to V-Mobile in Nigeria and in 2010 it had a 40m USD partnership project with MTN

Nigeria to deliver telephone services to hundreds of rural communities in Nigeria. Another active Chinese firm is the state-owned China Great Wall Industry Corporation, which won the contract in 2005 to build and launch Nigeria's NIGCOMSAT-1, sub-Saharan Africa's first communications satellite. Financed with 51m USD from the Nigerian government and a 200m USD loan from the China Exim Bank, the satellite was to expand telephony, internet, and GPS navigation services and to lower their costs. It launched into space in May 2007, but although expected to be in service for 15 years failed one year after due to issues in its solar power system. China promised to build and launch NIGCOMSAT-1R in December 2011 to replace it.<sup>105</sup>

## **Chinese development aid to Nigeria**

In lieu of a summary history of China's development assistance<sup>106</sup> to Nigeria, a similar history for the whole of Africa gives a reasonably good idea of the development of China's aid activities in the country. Gold et al. identify two phases in the evolution of China's development assistance activities in Africa, distinguished from each other by the primarily political goals of the first and the primarily economic ones of the second. The first, from 1955 following the Bandung Conference of that year to the mid-1990s, was driven by China's contest with the Soviet Union for allies in Africa, Latin America and Asia. Its aid activities in that period included providing political, ideological, and limited military assistance to the African liberation movement and, as a member of the Security Council, giving a voice to African countries in the United Nations. Among the infrastructure development projects it financed in the period was the Tanzania-Zambia rail-line (TAZARA). A significant development in this period of China's aid activities in Africa was its switch in 1982 under Premier Zhao Ziyang from a one-directional assistance paradigm to a cooperation paradigm. Whereas the former consisted for instance in China-to-recipient loans, the latter involved both recipient and donor making some sort of exchange with each other and both thus gain something from the relationship.

The second and current phase of China's development assistance activities in Africa commenced in the mid-1990s and has been characterised by economic goals. China pursues these through a diversity of instruments, including trade and investment, giving grants and concessional loans, and providing technical assistance, capacity development and humanitarian

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105 Egbula and Qi, 'China and Nigeria: A Powerful South-South Alliance', pp.10-15.

106 'Official Development Assistance (ODA) is the transfer of finance and resources, which includes loans, grants, and technical assistance, at concessional rate.' Gold et al., 'China's Aid', p.1198.

aid. The Forum for China-Africa Cooperation (FOCAC), established in 2000, has been the principal vehicle for achieving these goals and applying these instruments<sup>107</sup> as they pertain to Sino-Africa cooperation. The current phase of China's aid activities in Africa has seen a proliferation of Chinese enterprises on the continent and an increase of the share of Africa from 45.7% in 2010 to 51.8% in 2012 in China's total foreign aid.<sup>108</sup>

As with Chinese capital in Nigeria, determining the size and areas of Chinese development aid to Nigeria is highly problematic. The Chinese ambassador to the country reported in 2016 that "The volume of China's concessional financial support to Nigeria's development [at that time was] close to \$4bn."<sup>109</sup> Verifying such claims is difficult, however, due not only to the scarcity of data but also to the ambiguity of the much that is available. Gold et al. note that China, unlike the West, previously did not publish its aid data. This was due in part to fear of criticism from its population, amongst whom there is still poverty and income inequality, and in part to the notion that it was improper to take pride in aid-giving. That posture changed with the 1999 inauguration of Jiang Zemin's "Going Out" strategy and the establishment of the Forum for China-Africa Cooperation (FOCAC) in 2000. Even with the change, they observe, determining the size or impact of China's aid to Nigeria remains difficult. This is first because project contracts are often awarded without competitive bidding and, second, China's foreign aid activities are opaque and often exaggerated — particularly in respect of Nigeria. For instance, China made commitments to Nigeria worth \$5 billion for the period 2000 to 2009 but had actually given only \$589 million as at 2008. They argue in light of this that the Nigerian government — which is in possession of figures of the actual value of Chinese aid received — should make them available in fulfilment of its obligation to be accountable to its people.<sup>110</sup>

The ambiguity of the aid data available derives from the absence of a clear distinction between aid and investment. As Osakwe observes, "China's foreign direct investment in Nigeria is actively facilitated by governmental aid programs..."<sup>111</sup> If Chinese development aid and investments are so intertwined it becomes possible to present investment as aid and vice versa. This at the very least would allow the masking of the capitalist extraction of surplus value —

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107 The goals and means of China's development aid were systematised in the "Going Out" strategy defined under the leadership of Jiang Zemin in 1999.

108 Gold et al., 'China's Aid', pp.1201-1205.

109 Zhou, 'Why China Remains Nigeria's Friend'.

110 Gold et al., 'China's Aid', pp.1207, 1222-1223.

111 Osakwe, 'Exploring the Complexities of the China-Nigeria Relationship: Is China Good for Africa?', p.6.

which is the entire purpose of capital investment — as assistance to the people of Nigeria, thus defrauding them and fostering an illusion in the popular consciousness. Thus, Egbula and Qi conclude that evaluating the value and sincerity of China's aid to Nigeria is problematic.<sup>112</sup> In respect of the former, they argue, it is difficult to evaluate human resource development and in-kind gifts and, citing Deborah Brautigam — a Sino-Africa relations analyst — they total China's official assistance to Nigeria from 2000 to 2008 at less than 220m USD. Similarly, they hold in respect of the sincerity of such aid that the line between aid and trade is often indistinct and the requirement that Chinese loans be expended on Chinese products or services undermines China's assertion that these loans are unconditional.

Nonetheless, and for what it might be worth, Osakwe reports that whereas Nigeria received little infrastructure financing from China in 2004 and 2005, her share increased dramatically in 2006 when she received Chinese financing commitments worth almost 5 billion USD, accounting for 70% of China's pledges to sub-Saharan Africa in that year. Electricity projects received 33.4% of these pledges to Nigeria, transport projects 33.2%, ICT 17.4%, water 2.0%, and others 14.0%.<sup>113</sup>

In the absence of verifiable numerical data, however, there is an abundance of anecdotal data concerning what is presented as China's official development assistance to Nigeria. To start with the quotidian, in October 2005 for instance China donated military equipment worth \$3 million to Nigeria and announced a development aid project to sink 598 boreholes in Abuja and 18 states. This latter was to provide, according to then-ambassador to Nigeria Wang Yongqui, "clean drinkable water to ordinary Nigerians living in out-of-the-way areas." He also announced that his country would send in 21 experts to train Nigerian soldiers on the use of the military equipment donated. They included bullet-proof helmets and vests, computers and communication facilities, two special vehicles, uniforms and diving devices, and emergency runway systems.<sup>114</sup>

More substantively, China has devoted the bulk of its development aid to Nigeria in the areas of infrastructure and agriculture development. The 2006 oil-for-infrastructure scheme during the administration of President Olusegun Obasanjo was at the time the first structured and negotiated programme for the delivery of Chinese aid in infrastructure development. It involved

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112 Egbula and Qi, 'China and Nigeria: A Powerful South-South Alliance', p.17.

113 Osakwe, 'Exploring the Complexities of the China-Nigeria Relationship: Is China Good for Africa?', p.8.

114 Chau, *Political Warfare in Sub-Saharan Africa*, pp.1-2. This source provides information on numerous other aid interventions by China in Nigeria. See pp.35-43.



the Nigerian government allocating oil blocks to China in exchange for Chinese development aid, including infrastructure development, debt forgiveness, grants, and loans. However, the successor Yar'Adua administration revoked most of the agreements under the scheme for lack of transparency.<sup>115</sup> The failure of the scheme notwithstanding, the Sino-Nigeria infrastructure partnership has brought in Chinese private and public sector firms, including ZTE, China Putian, and Alcatel-Shanghai-Bell, to rehabilitate and expand Nigeria's rail, telecommunications, road, and electricity infrastructures. Sino-Nigeria cooperation in agriculture includes a tripartite agreement between Nigeria, China, and the Food and Agriculture Organisation (FAO) and an agreement for the provision of 500 Chinese experts in food production and water conservation to work in Nigeria, 400 of whom are already at work.<sup>116</sup> This cooperation also involves a 2011 agreement between both countries under which China would provide Chinese technology and expertise to boost the production of cocoa, palm oil, and soybeans and similar cash crops that are in high demand in China.<sup>117</sup>

Other Chinese aid to Nigeria include the provision of hundreds of scholarships to Nigerians for studies in China and the building of three hundred "friendship schools" in Nigeria's rural areas. In addition, several Chinese enterprises run independent and informal aid programmes — such as the China Geo-Engineering Corporation (CGC), which sinks boreholes without charge for rural water projects.<sup>118</sup>

Gold et al.<sup>119</sup> afford us some notion of the extensive scope and monetary value of these Chinese aid interventions. Among the most significant in the period 2001 to 2012 are:

1. **2002:** modernisation of small-scale farming in Nigeria, involving building 3,000 small dams and providing 500 Chinese agricultural experts and technicians to train 10,000 Nigerians in building and managing small dams
2. **2003:** Cancellation of a N325 million debt
3. **2004:** \$100 million loan for Phase 3 of a national rural telephony project covering over

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115 Gold et al., 'China's Aid', pp.1221-1222. According to these authorities, some scholars have attributed the scheme's cessation to the preference for cash by Nigeria's rentier elite [probably in that it did not involve the transfer of funds between the partner governments and thus provided little opportunity for embezzlement or other forms of corruption by Nigerian officials]. Others however acknowledge the validity of the charge of opacity and that the scheme's lack of transparency allowed the inflation of expected project costs and the hiding of details about the implicit terms of the agreements.

116 Utomi, 'China and Nigeria', p.45.

117 Egbula and Qi, 'China and Nigeria: A Powerful South-South Alliance', p.16.

118 Egbula and Qi, p.16.

119 Gold et al., 'China's Aid', pp.1215-1220.

150 local government areas

4. **2006:** \$4.5 billion oil-for-infrastructure agreement for three projects — construction of the Lagos-Kano rail-line (\$2.5 billion), rehabilitation of the Kaduna oil refinery (\$2 billion), and building the Mambilla power station — in exchange for licences for four oil drilling blocks
5. **2007:**
  1. 75% financing of a \$1.46 billion project on the Mambilla dam in Taraba State
  2. \$50 million MOU to develop the Lekki Free Trade Zone in Lagos State
6. **2009:** N308 million contribution to a N500 million project to construct four rural primary schools in Katsina, Ogun, and Kaduna States and the Federal Capital Territory
7. **2012:**
  1. 75% funding of a \$927 million project to construct a 700 MW hydro-power station on the northern section of the Zungeru River
  2. \$500 million loan to construct four terminals at airports in Abuja, Enugu, Kano, and Port Harcourt.

## New Partnership or New Imperialism?

Pat Utomi prefaces his review of Nigerian assessments of the Sino-Nigeria relationship with a call for a national debate on the subject:

China's increasing presence in Nigeria, and elsewhere in Africa, has spurred much speculation about the nature of the emerging partnership model. A national debate across sectors on this partnership will be a healthy exercise and may drive more rigorous analysis of what best serves African countries' quest for human material advance; friendly, mutually beneficial relations in trade and politics; and stewardship of the shared heritage of the planet.<sup>120</sup>

Such a debate is particularly necessary as there is much ideological obfuscation in the public discourse on the matter. We have noted, for instance, that the ambiguity of Chinese official development assistance to Nigeria allows room for the misrepresentation of investment as aid. That is, it permits the obfuscation of the exploitation of Nigeria's labouring classes and the pillage of her natural resources as material support for her people in our aspiration to overcome

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120 Utomi, 'China and Nigeria', p.39.

our beastly conditions of being. Quite apart from such mystifications, representations of this relationship appear to rest on a fundamental misconception of the essence and process of development. These representations reduce development to objectified infrastructural artefacts such as roads, bridges, and power pylons, and does not grasp it as the social capacity to harness and productively apply the forces of nature to the task of meeting human needs.<sup>121</sup>

These issues of obfuscation and misconception are already justification enough for a debate on Sino-Nigeria cooperation. Trumping even these important reasons, however, is the question of the implications of that relationship for Nigeria's place and role in the world in the present and near future and, thus, for the self-liberation of her working people. These are the concerns in this section of this exploration of the developing network of relationships between Nigeria and China.

## China's representations

China's benevolence and "human approach to development:" these are the key payloads in China's strategic messaging to other developing countries to persuade them to grant her secure access to their raw materials, energy resources, and domestic markets.<sup>122</sup> These core messages, varied in tone and stress according to the particular circumstances and audiences, pervade her representations of Sino-Nigeria relations and of China's relations with other developing countries. We have seen already how Liu Guijin characterised Sino-African relations as "non-imperial," citing for evidence Zhen He's voyage to Africa 600 years ago,<sup>123</sup> and insisting that China only aims to help Africa improve her "development [ability](#)." Similarly, Yang et al. projected that China's 2013-2023 strategy in relations with developing countries would seek to sustain their "current development momentum" and to enhance their collective strength. This would be to enable them reduce the gap between them and the developed countries and enhance

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121 For an immensely readable and insightful discussion of the subject, see Rodney, *How Europe Underdeveloped Africa*, Chapter One: Some Questions on Development.

122 Utomi, 'China and Nigeria', p.45.

123 Of course, his example is utterly specious as evidence that the China of six centuries ago was not imperialist in the manner of the England, Spain, Portugal or United States of two or three hundred years ago. That China was yet a tributary social formation and the ruling class was yet successful in its measures to hamper and restrict the development of capitalist relations in the country. Thus, while tributary China featured the expansionism deriving from the tributary mode of production, it was not under the imperative of the specifically imperialist expansionism particular to developed capitalist formations. In contrast, the European countries mentioned above were in the period referenced already identifiably capitalist formations or rapidly developing into such. On tributary China, see Amin, *Ending the Crisis?*; Amin, *Global History: A View from the South*; and Amin, *Class and Nation*.

their agency in global decision-making and governance. In particular connection with Africa, China would in the period pursue a strategic partnership with Africa involving:

1. Deepening mutual political bonds and goodwill through relations between the governments, parties, and NGOs of China and their African counterparts
2. Promoting “cooperative and common development”
3. Strengthening cooperation on issues of regional peace, security, and stability, and enhancing Africa’s capacity to play the leading role in addressing those issues on the continent and
4. Improving intellectual and cultural exchanges between China and Africa through such means as universities, think-tanks, and study centres.<sup>124</sup>

To crown it all, Zhou assures us that these end-results have moved from the realm of aspiration to actualisation in the Sino-Nigeria relationship. In his words, “the friendship and cooperation between China and Nigeria have delivered tangible benefits to both countries.”<sup>125</sup>

## **Nigerian assessments**

Some analysts of Sino-Africa and Sino-Nigeria relations subscribe to these representations, obviously. Answering in particular connection with Nigeria her self-posed question whether China is good for Africa, Osakwe argues that “China is good for Nigeria because there has been an increase in the establishment of infrastructure, strengthening of skills and human capital, and the breaking of colonial interactions with the West.”<sup>126</sup> Gold et al. concur, positing that in contrast to the principles and practices of development assistance by traditional donors, China’s no-conditions and recipient-friendly aid policy affords Nigeria a unique opportunity to advance her overall socio-economic development and, in particular, to diversify her oil-based economy by developing her manufacturing and agriculture sectors.<sup>127</sup> Similarly, Egbula and Qi hold that Chinese investments aid development and employment generation in Nigeria’s agriculture sector. They cite as example of this the Chongqing Seed Corporation, which cultivates rice on a 300-hectare property using local farm labour and half of whose output is sold in Nigeria and half

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124 Yang et al., ‘China’s Global Strategy (2013-2023)’, pp.iii and 5.

125 Zhou, ‘Why China Remains Nigeria’s Friend’.

126 Osakwe, ‘Exploring the Complexities of the China-Nigeria Relationship: Is China Good for Africa?’, p.7.

127 Gold et al., ‘China’s Aid’, p.1225.

exported to China.<sup>128</sup> The chief concern for these analysts seems to be that Nigeria has not made the best use of the opportunity proffered by China. According to Utomi:<sup>129</sup>

“While the possibilities certainly exist for Nigeria to derive higher value from China’s growing influence, Nigerians have not fully capitalised on the potential benefits. Far more needs to be done to expand policy creation, institution building, human capital, entrepreneurship, and the culture and leadership capabilities to maximise gains. Most importantly, Nigeria needs to develop a comprehensive strategy to more effectively balance the engagement of China and the West to leverage its own strength and create a plan for sustainable development that resonates with its citizens.”

We find similar views among Nigeria’s political leaders and top civil servants. Utomi found in his review that the consensus among career diplomats in Nigeria’s ministry of foreign affairs is that, despite certain concerns about China’s intentions, Sino-Africa cooperation is potentially more beneficial to Africa than relations with the West, “which had left Africa impoverished despite half a century of aid.” These officials argue that, in contrast to China’s strings-free policy in foreign aid and trade the terms of agreements with Western countries — such as those between them and African, Caribbean, and Pacific countries since the 1975 Lome Convention — often infringe on the sovereignty of the latter and enable Western meddling in their internal affairs.<sup>130</sup> Feng quotes Jonathan Coker, a former Nigerian ambassador to China, as saying in defence of this view, that: “From agriculture to transportation, China has helped rebuild rail lines, roads and bridges that Nigeria could not do itself. The cost came out so much cheaper for us than going to the traditional friends such as France, the UK, Canada.”<sup>131</sup> That this consensus is perhaps not peculiar to Nigeria is shown in the view attributed to Sahr Johnny, Sierra Leonean ambassador to China, when he reportedly said in 2005: “...We like China..., we have one meeting, we discuss what they want to do, and they just do it..., there is no bench mark or preconditions.”<sup>132</sup>

That is not to say however that the Sino-Nigeria partnership is all positive in the view of these public officers. Utomi<sup>133</sup> reports that Nigerian diplomats expressed a number of concerns about it, although they considered none as threatening to it. These included that:

1. China has a monolithic approach to Africa and fails to recognise that each country has its

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128 Egbula and Qi, ‘China and Nigeria: A Powerful South-South Alliance’, p.12.

129 Utomi, ‘China and Nigeria’, p.48.

130 Utomi, pp.41-42.

131 Feng, ‘Chinese Investment Extends Its Influence in Nigeria’.

132 Quoted in Gold et al., ‘China’s Aid’, p.1204.

133 Utomi, ‘China and Nigeria’, pp.42-43.

own objectives and potentials, in contrast to the “healthier” individual approach by Western countries

2. The partnership might result in an unequal relationship in which “the Chinese would become the dominant power and Africans would lack the capacity to exert their own influence”
3. Actual technology transfer to Nigeria and job creation by Chinese firms is low because they import Chinese workers
4. Labour practices by Chinese firms fall below African standards and involve “slave-like” conditions, such as the September 2002 incident at a Chinese-owned factory in Lagos in which “at least 37 Nigerians were trapped after a factory foreman reportedly locked the building doors”
5. Some infrastructure development projects — such as modernisation of the rail system — have not been implemented, although some others (such as the donation of fire-fighting equipment to a state in the South-West) have been “very productive”
6. China’s low “commitment to human dignity and individual freedom” deriving from its “collectivist tradition” might encourage human rights violation by the Nigerian government, although “applied appropriately” such a tradition could produce “a more disciplined society” in Nigeria and facilitate the fight against such problems as corruption
7. China might abandon its policy of non-interference in Nigeria’s politics and internal affairs as its citizens become more involved in the country’s economy and therefore more exposed to security threats.

Utomi reports also that Nigeria’s business community believe, like some analysts and public officials, that the Sino-Nigeria engagement has the potential to deliver significant benefits to Nigerian businesses. Among these are the lower cost of Chinese merchandise and the opportunity to learn from Chinese business models, which despite Nigeria’s poor infrastructure, “have enabled some Nigerians to manufacture and export profitably at a time when the country has been witnessing a collapse in manufacturing and de-industrialisation.” Other benefits include the “willingness of many Chinese partners to arrange financing” for their joint-venture projects and acceptance by Chinese expatriates of the same living conditions as Nigerian workers — in contrast to their Western counterparts.

Nonetheless, members of Nigeria's business community believe that the Sino-Nigeria partnership is "better for the Chinese than it is for Nigerians" and that those Nigerian businessmen who have benefited from it are "merely riding the coattails of the Chinese businessmen who are making the most money" from the engagement. One reason for this are the preferential tariffs for Chinese imports — granted by the Olusegun Obasanjo Administration — to the disadvantage of local manufacturers. This arrangement, they argue, enables the Chinese to dump cheap Chinese products onto the Nigerian market, thus "stifling the competitiveness of domestic production." Another [and aggravating this disadvantage] are the poor labour practices by Chinese enterprises — including "slave wages" and dangerous working conditions — that the Nigerian government has failed to check. Yet another is the effort by Chinese enterprises to exclude the Taiwanese from Sino-Nigeria trade, including going to "great lengths in the media to discourage Nigerian participation in Taiwanese trade."<sup>134</sup>

It seems what all these assessments, including the critical ones, suffer from is perhaps a certain epistemological spontaneity, in that they approach the problem of the Sino-Nigeria relationship in terms of the immediate, reified forms in which it objectifies and presents itself to the consciousness. This is encapsulated and expressed in the fundamentally transactional perspective that dominates mainstream discourses of the relationship. The vital questions in this perspective are: what are China's needs, what are Nigeria's, what can each offer in exchange for the resources to meet her needs, is this exchange equal, what are its impacts, are they equal for each, how can each optimise its benefits from the relationship, who has the upper hand? It is without question that these are important questions, as are the concrete social problems they signify — in the case of Nigeria, the infrastructure deficit, mass youth unemployment and under-employment, the devastating decline of agricultural productivity, the food insecurity resulting from it, to name a few. However, this transactional perspective is infused thoroughly with a baseless idealism on the issue of the character of China as a social formation. Or, perhaps more positively, a failure to recognise the significance of China being a capitalist country and to appreciate sufficiently the implications that flow from that fact. For, as we have suggested [above](#), a capitalist China is inescapably subject to the determinations or imperatives that the capitalist mode of production engenders. This is especially so given that Chinese capitalism has long since entered the monopoly stage, with all the imperialist imperatives that this implies. Therefore, the

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134 Utomi, pp.43-44.

fundamental law of China's being as a monopoly-capitalist social formation cannot but be an instance of the basic law of capitalism: self-expand or perish. China — or to be more precise, Chinese capital — must extract surplus value and natural resources wherever it can to feed the process of its endless accumulation. The Chinese tiger must continuously engorge itself. In light of this, it becomes apparent that China's win-win messaging to underdeveloped countries like Nigeria most probably is only a function of her relative disadvantage in the balance of power within the global capital system. Confronted with the dominance of the triad powers in the competition for natural resources, markets, and strategic positions, China has had to formulate and promote a special selling point or value proposition in order to compete effectively with them. The messaging about south-south solidarity, mutual benefits, and cooperation is an instrument of ideological legitimation of what is at bottom China's effort to win a place for itself as a major power in the global capital system. It was to establish this that we undertook in previous sections to explore at some length the questions of China's political economy and her global goals and strategies. While it is true that a country like Nigeria could nonetheless benefit from an alliance with a rising China, there should be no illusions as to the direction in which the present dynamics are propelling the relationship. A monopoly-capitalist China must dominate and exploit where it can, and whatever immediate benefits Nigeria gains in its alliance with this China probably will function in the final analysis as grist to the mill of that dominance and exploitation.

## **Reproducing Nigeria's neo-colonial status**

The transactional approach would measure the success or failure of the Sino-Nigeria relationship by the extent to which it produces demonstrable improvements in Nigeria's socio-economic infrastructures, human capacity, employment rates, and so on. Such improvements surely would impact positively on popular conditions. However, this approach misses the point in that these are only artefacts and are not sustainable and reproducible without changing Nigeria's role and position in the global capital system. This is because this role and position are in the final analysis the source of the country's underdevelopment and poverty. This then is the true ground on which to assess the Sino-Nigeria relationship. We may summarise this in two questions. First, how and to what extent is that relationship enabling Nigeria to change its function and place in the global economic system, to transform from a primary commodity



producer under domination by the countries of the system centre to an autonomous industrialised country? Is this possible within the context of the global capital system, which it is clear China wishes to preserve in its essence but only in a new structural configuration? With the question posed in this manner, the myopia of the transactional perspective on the Sino-Nigeria relationship becomes evident. Attempting to address the question as posed can only lead to one conclusion: the relationship reproduces Nigeria's neo-colonial function and place in the global capital system and, therefore, cannot solve her problems of underdevelopment and poverty. The Sino-Nigeria relationship reproduces Nigeria's role and place in the global capital system by two distinct but inter-related means: first, by reinforcing the material premisses of Nigeria's structural dependency and underdevelopment and, second, by preserving the internal structures of power that guarantee the reproduction of her neo-colonial capitalist formation.

As already mentioned, the elements, mechanics, and dynamics of this process require involved investigations that cannot be accommodated within the scope of an explorative paper such as this. Therefore, the views expressed here are only preliminary observations and notions that might inform further research.

### **Reinforcing de-industrialisation and dependency**

Socio-economic underdevelopment and popular poverty are among the immediately visible results and expressions of the domination of Nigeria by foreign monopoly capital. Many others are not immediately visible but no less significant in their development and political implications: the structural disarticulation of her economy, the dominance of primary commodity production, unequal sectoral and regional development, economic extroversion, and structural dependency.<sup>135</sup>

The Sino-Nigeria relationship is reproducing Nigeria's neo-colonial status by reinforcing these features of her political economy, including by perpetuating her function as a producer of primary commodities, pillaging her natural resources, and exploiting relations of unequal exchange between the two countries. We will look here at the problems of de-industrialisation and dependency. Concerning the first, Zhou, the Chinese ambassador to Nigeria, wrote in 2016 that:

"Nigeria needs manufacturing and industrial development, whereas China has fairly

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135 For an analysis of these features of Africa's neo-colonial economies, see Ake, *A Political Economy of Africa*.

strong capabilities in financing and spare production capacity in these fields. Each has so much to offer to the other side. Cooperation based on such complementary and mutual benefit will strongly boost China's and Nigeria's respective development.”<sup>136</sup>

It seems, however, that the reality is that Chinese imports and products manufactured in Nigeria by Chinese firms are strangulating local manufacturers and taking over the local market. Already these imports and products dominate some sectors of the local consumer goods market and the Nigeria's manufacturing sector reportedly received about 13% of both public and private Chinese investments in 2015.<sup>137</sup> What we are witnessing seems to be a process of translocation of Chinese manufacturing capital to Nigeria to take advantage of cheap labour power and the comparatively lower organic composition of capital in Nigeria's manufacturing sector in order to obtain higher rates of profit. Indeed, as Zhou himself says, China “supports the relocation of labour-intensive industries to Nigeria on a priority basis and the localisation of Chinese companies to create more non-agricultural jobs, especially those suited to young people.” Nigeria and China signed a Memorandum of Understanding towards this end during President Buhari's state visit to China in April 2016.<sup>138</sup>

The result has been the progressive crippling of indigenous manufacturing. As Utomi noted: “[Chinese businessmen were] establishing new manufacturing ventures for export and local markets at a time when Nigerian manufacturing was uncompetitive and collapsing into a state of de-industrialisation.”<sup>139</sup> In effect, then, Chinese capital is undermining and destroying sections of Nigerian manufacturing and taking over portions of the sector. The issue here is not the nationality of the capital that dominates in the sector. It is rather that the end-result of this situation is the erosion of Nigeria's indigenous manufacturing capacity and thus her restriction to the production of primary products. This being a key element of Nigeria's neo-colonial status, we see here that Chinese capital is aiding the reproduction of that status.

We observe a similar situation in respect of Nigeria's structural dependency, of which we look here at the technological and financial dimensions. As mentioned previously in this paper, Nigeria has been importing great magnitudes of manufactures from China. These include

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136 Zhou, ‘Why China Remains Nigeria's Friend’.

137 Feng, ‘Chinese Investment Extends Its Influence in Nigeria’.

138 Zhou, ‘Why China Remains Nigeria's Friend’.

139 Utomi, ‘China and Nigeria’, p.41.

consumer items like mobile phones and computers but increasingly also means of production, such that significant portions of Nigeria's agricultural and manufactory production depend on Chinese technologies. Although these technologies undoubtedly contribute to raising productivity in these areas, there is also a problem of technological dependence emerging. China has awarded hundreds of scholarships to Nigerians to study in China, thus contributing to building the capacity of Nigeria's workforce to manage these technologies and *possibly* reproduce them.

One problem with this, however, is that the country thus far lacks the knowledge production and utilisation infrastructure to put this training to productive use on a sustainable and self-expanding basis. This is due to no fault of China's but the result is to its benefit, for to the extent that her knowledge transfers to Nigeria cannot be put to productive use by the recipient then Nigeria will remain dependent on Chinese know-how to manage and improve Chinese technologies used in her economic production. We are not in any doubt that the rentier mentality of the Nigerian bourgeoisie has a role in this situation. However, the problem transcends the question of consciousness and will; it is at core a question of the material, structural conditions of achieving technological autonomy. To illustrate: China trains hundreds and possibly thousands of Nigerians in Chinese technologies. There is a strong element of cultural imperialism in this transfer of knowledge, but let us lay that aside for now. These trained workers return to Nigeria or come into the labour market with the skills they have acquired. However, Chinese imports and Chinese manufacturing capital operating in Nigeria are destroying Nigeria's domestic manufacturing capital. Chinese capital absorbs a portion of these trained workers, and the rest... where do they go? Some will become self-employed but only few will be able to obtain capital sufficient in magnitude to make them competitive against already established rivals in the market. The others will therefore wither away as entrepreneurs or stagnate in the informal economy. In one word, the dominance of foreign capital — including Chinese capital — in Nigeria's manufacturing sector neutralises any significant benefits the country might otherwise enjoy from technology transfers. It thus reproduces her technological dependency.

Pertaining to Nigeria developing financial dependence on China, Egbula and Qi report that China's state-owned financial institutions account for a large portion of infrastructure development financing in Nigeria, as the Nigerian government provides only a small fraction of the needed funds. These institutions include the Export-Import Bank of China (Exim Bank),

established specifically to finance off-shore project by Chinese multinationals, and Sinosure, which has provided credit insurance in excess of 113b USD for Chinese exports and investments.<sup>140</sup> This has raised concerns among Nigerians in light of reports that Zambia might default on its debts to China and be compelled to cede assets in lieu of payment. Supporters of the Sino-Nigeria partnership discount such fears in the case of Nigeria because, they claim, she can use her economic size — estimated at 14 times that of Zambia — to gain a more equitable relationship with China. According to Jonathan Coker, Nigeria's former ambassador to China:

“Nigeria can work out its relationship with China in a way that does not hurt the Nigerian people as long as the relationship is well managed... We are developing other things, such as mineral resources and gas, which can replace oil [revenues]... You have to work to pay back your debts when the time comes.”

President Muhammadu Buhari dismisses the issue saying, “Some of the debts incurred are self-liquidating. Our country is able to repay loans when due in keeping with our policy of fiscal prudence and sound housekeeping.”<sup>141</sup> Still, the problem is real and cannot be waved away. As Harris argues, Chinese financial aid for infrastructure development in Africa — of which aid Chinese president Xi Jinping announced \$60 billion in 2015 at the summit of the Forum on China-Africa Cooperation — is liable to bring African countries into a debt trap, since they secure Chinese loans using their strategic assets — oil, minerals, and land — as collateral. China can claim these assets should these countries be unable to repay the loans, as happened when Sri Lanka had to cede control of Hambantota port to China — an experience other countries have also suffered.<sup>142</sup> Harris reports Professor Brahma Chellaney of the New Delhi-based Centre for Policy Research as saying that, “several other countries, from Argentina to Namibia to Laos, have been ensnared in a Chinese debt trap, forcing them to confront agonising choices in order to stave off default.” In Harris' striking description: “Chinese debt has become the methamphetamines of infrastructure finance: highly addictive, readily available, and with long-term negative effects that far outweigh any temporary high.” Assurances by Nigeria's leaders notwithstanding, this is a problem of dependency that could result in debt peonage.

### **Preserving the power structures**

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140 Egbula and Qi, ‘China and Nigeria: A Powerful South-South Alliance’, p.15.

141 Feng, ‘Chinese Investment Extends Its Influence in Nigeria’.

142 Harris, ‘China Is Loaning Billions’.

Alongside its reinforcement of some substructural relations that define Nigeria's neo-colonial formation, China's activities in the country are abetting also the preservation of the superstructural relations that guarantee its reproduction. By these latter we refer to the internal and external political alliances and power relations that reproduce the dominance of the Nigerian bourgeoisie. For certainly it would be impossible on any sustainable basis to reproduce the underlying relations of the neo-colonial formation but for the political and ideological dominance of that class. As Wood has argued, monopoly capital though global in its reach lacks the capacity to directly impose and exercise its political dominance in every part of the world. It must exercise its power through a local political vehicle, i.e., the nation-state.<sup>143</sup> Undermining and ultimately overthrowing the power of the Nigerian bourgeoisie is therefore a principal precondition for ending the country's neo-colonial capitalist formation. It is from this perspective that the conservative and anti-revolutionary implications of the Sino-Nigeria relationship become most evident. China supplies the bourgeois state with security and military technologies and expertise to monitor and suppress the struggles of the working classes in Nigeria. It trains Nigeria's security forces not only in surveillance but also in policing and military techniques. This is quite apart from the legitimating effect of the Sino-Nigeria relationship on the power of the Nigeria bourgeoisie. For, if Nigeria's underdevelopment and the poverty of her working people result from the ineptitude and outright failure of this bourgeoisie and constitute sufficient justification for its removal from power, China's massive programmes of development assistance in Nigeria amount to a purchase of a new lease of legitimacy for their continued dominance. In these and more ways, therefore, the Sino-Nigeria relationship helps to reproduce this dominance and the neo-colonial status of Nigeria.

## Conclusion

We attempt in the following sections to recapitulate the key conclusions from this preliminary exploration of the Sino-Nigeria question. The process of exploration threw up many loose and scattered ideas and half-ideas about diverse aspects of the primary subject. Our recapitulation therefore involves pulling together and systematising the more significant of them. Finally, we outline some tasks and lines of actions which these conclusions and ideas indicate.

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143 Wood, *The Origin of Capitalism: A Longer View*, Chapter 8: Capitalism and the nation-state.

## Recapitulation and systematisation

**1. On method:** The true depth and import of contemporary Sino-Nigeria relations can only be properly plumbed by an approach that proceeds from their impacts and implications for Nigeria's liberation from her subservient role and place in the global capital system. The transactional approaches that dominate analyses of those relations proceed from the problem of the character and equality of exchange between Nigeria and China, and evaluate them by the artefactual externalities accruing to the former as benefits from the relationship. How many bridges, roads, communication towers, engineers and technologists, etc., has Nigeria gained? How much have these increased her productive capacity, as measured by her economic growth or lack of it? For this reason, these approaches can produce at best a critique of the power and exchange inequalities that characterise these relations, or of Nigeria's internal failings and sub-optimalities that prevent her from adequately taking advantage of the opportunities they present. However, they do not appreciate that structure in both its external and internal dimensions has implications for agency and motion.<sup>144</sup> Nor the meaning of this, that the relations that define Nigeria's neo-colonial position and function in the global capital system constitute a system of objective barriers to her "catching up" with the advanced countries of the system centre, irrespective of how many bridges and railways China constructs for her. Much less do they grasp the fact that this structure is not a mere thing, not simply a passive and isolated existent, but an essential property of a global system that actively and perpetually reproduces itself on an ever-expanding basis. The challenge of extrication from this system of external and internal relations that at once entangles and defines Nigeria as a neo-colonial formation then is the principal challenge of her socio-economic development. This then is the true measure of the import and value of the Sino-Nigeria relationship: to what extent do they facilitate such extrication or reinforce Nigeria's entanglement? Here, however, is precisely the question that transactional approaches do not even recognise, much less conceptualise and address. Coming to grips with this question calls for a global political economy approach that prioritises, on the one hand, questions of the system-wide production and distribution of surplus value and, on the other, the related questions of global capital accumulation and its implications for the socio-economic development of the individual countries that constitute the global capital system.

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<sup>144</sup> The problem of the relationship between structure and agency runs through an early work of Anthony Giddens'. Giddens, *Central Problems in Social Theory*, see especially Chapter 2: Agency, Structure.

**2 On China's political economy:** It is crucial in order to comprehend the Sino-Nigeria relationship to understand first China's motives and goals. These derive in the final analysis from the systemic imperatives of that country's political economy, which fact necessitates a determination of the character of her social formation. Our exploration of this question persuades us that China is a capitalist country, in that the demands of capital accumulation govern its systemic metabolism and development. Its social formation comprises a variety of modes of production but the capitalist subjects the collective and simple commodity modes to its needs and laws. Further, indigenous monopoly capital is dominant in the economy and this fact has imparted to China an imperialist tendency. Chinese monopoly capital is active therefore in the direct extraction of surplus value in both central and peripheral countries of the global capital system. This body of capital is taking advantage also of the unequal exchange that is constitutive of the existing global capital system to lower its cost of production and raise its rate of profit. Thus, Chinese monopoly capital is active in obtaining cheap raw materials from peripheral countries for China's rapid industrialisation and export-driven capitalist development. Finally, Chinese capital exports vast amounts of products to external markets the world over, the low prices of which commodities enable it at once to earn extra-profit above the global average and to undermine the domestic competition in the countries of its foreign market.

**3. On China's global goals and strategies:** A second factor crucial to a proper understanding of the Sino-Nigeria relationship pertains to China's global goals and the strategies the realities of her strategic environment have constrained her to adopt. Primary among these goals is economic and military global dominance. This derives necessarily from China's embeddedness in the global capital system and her being subject therefore to the imperatives of global capitalist competition. These imperatives — operating in the form of the accumulation needs of Chinese monopoly capital — drive China, as they do every monopoly-capitalist country, to strive for global primacy in the global accumulation of capital as well as in securing access to supplies of natural resources and raw materials and to global markets. In the case of China more than in that of Brazil, Russia, India, South Africa or any other major non-member of the imperialist triad, the conjunction of this objective necessity with the material wherewithal — embodied in her demographic, geographic, political, military, and economic assets — has enabled her to act on these imperatives with substantial success. So much so that China today is a significant and growing threat to the previously unchallenged dominance of the United States in

the global capital system, especially as this system's secular structural crisis since the late 1960s progressively erodes the system control capacities of the United States. The U.S. remains the system hegemon nonetheless and probably will remain so for a considerable time yet. Moreover, she has such an overwhelming strategic advantage over China that a direct hegemonic confrontation would in all likelihood have devastating results for the latter. China has been constrained therefore to pursue a strategy that enables her avoid such a confrontation in the meantime while simultaneously undermining United States global dominance. A key element of this involves forging counter-alliances to those that support and reproduce the dominance of the U.S. and the triad countries. Hence China has undertaken, alongside other measures, to forge into a system of counter-hegemonic alliances the countries that are hampered by or otherwise discontented with the existing configuration of the global capital system. The transactional basis of these alliances consists in:

1. On the part of China's counter-hegemonic allies, they:
  1. support her geo-political goals, including primarily reforming the structures and principles of global governance to limit the power of the U.S. and other triad countries and enhance China's
  2. [the resource-rich ones among them] grant China secure access to their natural resources
  3. [those with significant populations with disposable incomes] grant market access to Chinese products and capital
2. On China's part, she:
  1. Supports their geo-political goals, insofar as they do not conflict with hers
  2. Provides development aid for those that require it

In this way, China kills two birds with one stone: on the one hand, she is securing access to the natural resources, markets, and investment opportunities that her capitalist economy needs to develop further; on the other, she is enhancing her capacity for a successful future confrontation with the U.S. and her triad allies for dominance in the global capital system.

**4. On the implication of 2 and 3 above:** The foregoing conclusions on China's political economy, global goals, and global strategies imply that her underlying purpose in the Sino-Nigeria relationship is to aggrandise Chinese capital and geo-political power. Capital only



continues to exist on condition that it reproduces itself endlessly on an ever-expanding scale, and such self-expansion can only be by extraction of surplus value, i.e., by the exploitation of labour. This applies to the capitalist formation as a whole: it must continue to expand by the exploitation of labour or it must perish. China's primary economic purpose in Nigeria therefore is to gain access to extra-territorial opportunities to extract surplus value as well as to the raw materials and natural resources it needs for the self-expansion of its capitalist social formation. In the final analysis, Chinese messaging about cooperation and win-win partnerships is to facilitate and perpetuate this access. This is not to say that this messaging is devoid entirely of truth. Both parties in the Sino-Nigeria partnership have indeed engaged in significant cooperation and each enjoyed benefits from it. The point rather is that China and the Nigerian bourgeoisie deploy this superficial truth as an ideological fig leaf to hide the more fundamental one of the exploitative and dispossessive character of the relationship.

**5. On reproducing Nigeria's neo-colonial status:** This fundamentally exploitative and dispossessive character of the Sino-Nigeria relationship at once demands and facilitates the reproduction of Nigeria's neo-colonial function and position in the global capital system. China possibly does not perceive the relationship and its impacts in these terms, but she has nonetheless taken advantage of Nigeria's neo-colonial vulnerabilities to advance her own interests without however enhancing Nigeria's capacity to liberate herself from her neo-colonial status. On the contrary, her activities in Nigeria actively aid the reproduction of that status. This is consistent with China's status as a monopoly-capitalist formation under imperialist imperatives and as putative heir to the place of hegemon of the global capital system in whatever new configuration it will necessarily have to assume in the future. In the grand scheme of things, therefore, Chinese aid in developing Nigeria's infrastructure, agriculture, and human resources is little different in socio-historical impact from similar activities — albeit on a smaller scale — by British colonial administrations in Nigeria. Just as colonial development of transport, healthcare, and educational facilities only served to facilitate colonial exploitation and domination of Nigeria, so present Chinese development aid to Nigeria serves to enhance China's capacities in the global competition involving all monopoly-capitalist countries over the distribution of surplus value and access to raw materials and natural resources. Perpetuating Nigeria's neo-colonial character is vital to this. For an economically autonomous and developed Nigeria would represent for these countries, including China, a lost reservoir of cheap labour and cheap natural resources.

## Tasks and lines of action

The principal task our exploration of the Sino-Nigeria question indicates is to conduct more investigations that transcend the predominant transactional approaches and instead adopt the approach we have suggested above. There is a large body of anecdotal material on China's activities in Nigeria, as well as significant albeit insufficient statistical data. These have been employed however in the service of what we have argued here is an ultimately barren transactional analysis of the subject. Research issues demanding close investigation include, to name a few:

1. Nigeria's contributions to China's global accumulation of capital, in terms of Chinese extraction of surplus value and natural resources from Nigeria
2. Actual impacts of Chinese activities on Nigeria's capacity for autonomous development, reproduction, and economic deployment of scientific knowledge and technologies
3. China's impacts on the reproduction of the internal and external power relations that sustain the dominance of the Nigerian bourgeoisie and the countries neo-colonial status
4. Processes and impacts of operations by Chinese capital in Nigeria productive and extractive sectors
5. Labour practices by Chinese capital in Nigeria's manufacturing and agricultural sectors
6. Extent and implications of China's role in Nigeria's security and military operations and infrastructure
7. Terms and implications of China's loans to Nigeria and the risk of debt peonage
8. Development of Nigerian financial, technological, and security dependencies on China, and
9. China's influence on governance and human rights perspectives, policies, and practices in Nigeria, in particular respect of its influence on democratisation and the development of the civil society

Investigating these and other issues in the Sino-Nigeria relationship will take some time, so to say. In the meantime, though, there is a pressing need for action on a variety of immediate problems. These call for pressure on the Nigerian government, the Chinese embassy, and Chinese enterprises in Nigeria on issues such as:

1. Improving the availability and usability of data on Sino-Nigeria cooperation

2. Labour practices that violate the rights of Nigerian workers in the manufacturing, agriculture, or retail trade sectors
3. Environmental pollution and degradation arising from the operations of Chinese enterprises
4. Land grab practices by Chinese capital in the development of free-trade zones and agricultural farms, in which Nigerian communities are dispossessed of their land without adequate compensation and in violation of relevant international laws

It goes without saying that all national contingents of foreign capital operating in Nigeria are implicated in some degree in these issues. We have only named the Chinese here because the concern of this paper is the Sino-Nigeria relationship.

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## Appendix

**Table 1: Nigeria's imports, exports, and total trade with China, 2005-2014 (Naira)**

YEAR	IMPORTS FROM CHINA	TOTAL IMPORTS	EXPORTS TO CHINA	TOTAL EXPORTS	SINO-NIGERIA TRADE	NIGERIA'S TOTAL TRADE
2005	244,653,700.00	1,779,601,600.00	32,747,600.00	6,621,303,600.00	277,401,300.00	8,400,905,200.00
2006	403,319,800.00	2,922,102,500.00	40,419,900.00	7,555,141,300.00	443,739,700.00	10,477,243,800.00
2007	626,687,600.00	4,127,690,000.00	70,531,600.00	6,881,501,330.00	697,219,200.00	11,009,191,330.00
2008	502,302,300.00	3,299,096,620.00	76,895,800.00	9,568,949,200.00	579,198,100.00	12,868,045,820.00
2009	893,194,700.00	5,047,868,900.00	78,134,000.00	7,434,543,900.00	971,328,700.00	12,482,412,800.00
2010	1,100,780,500.00	6,648,525,900.00	216,506,100.00	13,009,905,700.00	1,317,286,600.00	19,658,431,600.00
2011	1,460,988,040.00	9,892,644,120.00	392,574,900.00	19,440,356,990.00	1,853,562,940.00	29,333,001,110.00
2012	1,209,780,100.00	5,624,870,400.00	933,306,500.00	22,446,320,230.00	2,143,086,600.00	28,071,190,630.00
2013	1,475,928,300.00	7,015,814,700.00	170,736,400.00	14,245,271,580.00	1,646,664,700.00	21,261,086,280.00
2014	1,616,790,900.00	8,169,964,900.00	264,610,400.00	16,304,041,160.00	1,881,401,300.00	24,474,006,060.00
TOTALS	9,534,425,940.00	54,528,179,640.00	2,276,463,200.00	123,507,334,990.00	11,810,889,140.00	178,035,514,630.00

**Source:** National Bureau of Statistics<sup>145</sup>. The figures for total Sino-Nigeria trade were calculated from the figures for Nigeria's total imports and exports to China, and the figure total Nigeria trade were calculated from those for Nigeria's total imports and exports.

145 For Sino-Nigeria trade figure for 2005 to 2009, see 'Annual Abstract of Statistics 2010', Table 508, 503 and Table 509, 504; for 2010-2011 figures, see 'Annual Abstract of Statistics 2012', Table 467, 501 and Table 468, 502; and for 2012-2014, 'Annual Abstract of Statistics 2016 Vol. 2', Table 273, 73 and Table 274, 74.