

## 12. Dependency Theory and Chinese Special Economic Zones in Africa

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*While dependency theory might be marginalized in today's academia, Honita Cowaloosur wrote her PhD thesis employing precisely dependency theory to understand how China operates its special economic zones in Africa. She was a Phandulwazi Nge China scholar at the Centre for Chinese Studies at Stellenbosch University and her research interest covers a wide variety of topics, including Chinese investments in African economies, land acquisitions, and the economies of the small island states of the Indian Ocean. She is currently the manager of the Africa Division at Enterprise Mauritius, the trade promotion agency of the Government of Mauritius.*

### **How did you get involved in research on dependency theory?**

**Honita Cowaloosur:** It was while doing my PhD that I explored dependency theory properly. My PhD was on understanding if the seven pilot Chinese Special Economic Zones in Africa presented a potential model of development. One of these is in Ethiopia, there are two in Nigeria, two in Zambia, one in Egypt, and one in Mauritius. As I continuously identified dynamics that indicated an unintended exploitation, I leaned towards a dependency theory reading of the phenomenon.

### **What is your interpretation of dependency theory?**

I am more of a subscriber to Andre Gunder Frank's version of dependency theory, whereby the global capitalist system is described as a single network made up of alternating metropolises and satellites. The relationship between the two is characterised by exploitation and subordination. In this liaison of dependency, its immediate metropolitan superior claims the economic surplus generated by the subordinate satellite. In doing so, the surplus snowballs across levels to reach the ultimate world metropolis. Therefore, the interaction between the metropolis and satellite carries out development and underdevelopment simultaneously—whereby the

former develops at the expense of the latter. What I like about Frank is that he does not grant the status of metropolis and satellite only to nations. This categorisation is valid within nations as well—where similar patterns of domination, subordination and surplus appropriation prevail among different classes and communities.

In addition, to understanding dependency, one also has to move out of the static categorisation of states/actors idea—by this I mean, we have to abandon the idea that, for example, the UK is a developed country and Botswana is a developing country. In some ways, dependency theory can only be understood if we accept that any actor (state or non-state) plays different roles at different points of time, depending upon with whom they are interacting. If we go by an understanding of the world in terms of set developing and developed countries' categories, we will not realize the duality of experience that an actor undergoes when operating in the global capitalist system.

**How would you say your current work relates to the original strands of dependency theory from the 1960s and 1970s?**

The original ideas are most definitely the starting point for my analysis. For me, Frank's explanation about the duality of development and underdevelopment in a single stretch is the foundational rationale of global interaction in present times. It allows for an understanding that it is not necessarily a premeditated strategy aimed specifically at underdeveloping the other, which makes it possible for, for example, the West or China to exploit lesser developed countries. It is the basic fact that in the modern capitalist system, each seeks its own development and that it is in this process that others are underdeveloped that is acknowledged by dependency theory. Starting from this basic understanding, which gives the benefit of doubt to post-colonising countries, I adapted the dependency theory lenses to suit the complicated relationship shared by China and Africa.

**What elements do you think are useful to continue using and what elements do you think need updating or changing?**

I find dependency theory itself relevant at all times. For me, dependency theory still reigns through neoliberalism, mainly because all accept the logic that 'There is no alternative'. I see neoliberalism as having a function to ensure continued dependency. According to neoliberalism, the prerequisites that need to be fulfilled to enable growth and development are privatisation of state enterprises, tax reforms, trade liberalisation, cuts in subsidies, and deregulation. Though implemented at the domestic level, these arrangements are a mere contextual conditioning in order to fully integrate economies and push them to participate actively in global trade transactions. The belief in the universality of this approach to development is evident through its endorsement and

enforcement by the regulatory Bretton Woods institutions. Nonetheless, in this process, countries, and entities internal to those countries, are further tied to the externally occurring political and economic activities. It would therefore not be wrong to surmise that dependency is now institutionalised in the form of WTO, IMF, the World Bank, and the debt allocation/repayment system.

In light of my study of Chinese Special Economic Zones in Africa—which is basically a spatial formation by one country (China), into another host country (the African country)—it became apparent that there are certain elements to Frank's dependency theory which need to be updated.

In his key works, Frank lists a number of global dynamics the metropolis-satellite relations exist within. These are economic, political and social structures, as well as local rural–urban hierarchies, which nonetheless, remain economically and socially laden. One dynamic through which dependency relations are performed in the case of Chinese Special Economic Zones in Africa, that Frank does not take into consideration in his analysis, is the 'geographic' structure, which also mediates relationships of exploitation and subordination. In this case, we are talking about foreign economic zone spaces in other countries.

When Frank coined the notions of 'metropolis' and 'satellite' in order to describe interactions within the capitalist system, it was understood that, as per the functions of the segments, interactions across the world platform will take place in duality: if there is a metropolis, then a satellite must follow; if there is the exploiter, then the exploited must follow. But for the Chinese SEZs in Africa, the situation is somewhat different. China, the metropolis, is followed by the SEZ in Africa, the metropolis. Again, it is by dint of the zone's geographic separation that despite the latter's umbilical link to the host African state, China interacts directly with the zone by altogether bypassing the need to immediately and directly underdevelop the host African state.

Within traditional dependency theory, the exploitation of a satellite can only end if the satellite distances itself from the metropolis. However, the relationship shared by China and the African host of the SEZ, suggests otherwise. There is no direct interaction between the two, post establishment of the zone. But contrary to Frank's idea, this does not entail a termination of Africa's underdevelopment. The reason being that Frank does not account for the possibility that though it acts distantly, through appropriately structured foreign direct investment (from now on FDI), the metropolis can create a local metropolis within the target national satellite.

In his works, Frank does not provide space for much deliberation about what an upgrade of financial instruments within the capitalist system might mean for the alternating, yet overlapping, metropolis/development- satellite/underdevelopment dichotomies. Touted as one of the major sources of capital in the capitalist system, there is a high degree of competition among states in order to attract FDI. Not only does FDI mean a capital inflow, but can also be a source of immediate development through backward linkages such as local job creation, infrastructure, export income, and so on. Hence, in order to secure FDI, countries are forced to provide incentives and preferences. These preferences are usually to the detriment of their own economic objectives, and also at the expense of local producers and businesses. Consequently, by welcoming FDI, economies within the capitalist system willingly subscribe themselves to the status of satellites. They even go to the extent of underdeveloping themselves and their subordinate local entities in order to serve the FDI-exporting metropolis that they perceive as a messiah of development. Therefore, along with the creation of a separate geographic space of metropolitan nature within the satellite (in the form of the Chinese SEZ), Africa's unbalanced reliance on FDI makes it a self-underdeveloping satellite par excellence.

**How relevant would you say dependency theory is for understanding North-South relations today?**

A division as this, the North and the South, is what should be avoided. According to my reading of dependency, there is nothing specific to the North and South interaction that can only be enlightened via the dependency theory perspective. Dependency theory can go deep into an analysis of the different circles of interactions that happen between the North and the South and thereby tell us how the different levels involved in these interactions exercise expropriation of each other. It is not necessary that the North is expropriating the South.

**To what extent has the emergence of China as a key economic actor influenced Sub-Saharan Africa's position in the world economy?**

The influence of China in Sub-Saharan Africa has its merits as well as its shortfalls therefore, there is no categorical answer to this. However, if we talk about the position of Sub-Saharan Africa in the world economy, then it will be fair to say that China is responsible for empowering the consumer from Sub-Saharan Africa (short SSA) and for making him/her a participant in the global economy. By making cheap goods accessible to SSA consumers, China enables them to live their basic dreams of having a phone, a laptop, nice dresses and little luxuries. Similarly, cheap technology from China encourages the emergence of SSA entrepreneurs. On the other hand, we also have situations where China's economic influence has created tough competition for SSA

exports.

**What have been the impacts of the Chinese special economic zones in Mauritius?**

Launched as a mega project in 2006, the Chinese Special Economic Zone in Mauritius has still not taken off. In the process, over 100 farmers have been displaced from the land and they lost their livelihoods. Today, the zone has only two blocks of flats and two buildings. It is more often used as a spot for car rallies. However, plans of re-launching it under another concept is on the way.

**Why are there so few dependency theorists today?**

In a day and age when you have students moan “not again” when you mention the term globalisation—,which is itself considered as passé today, dependency theory obviously lacks lustre. The main problem of dependency theory is that the tradition of dependency theory does not lend itself to optimism and therefore to recommendations on how to improve the global situation. There is a sense of fatality to it. Automatically, such a theory finds no takers among policy-makers. We have to accept that it is eventually the popularity of a line of thought among policy makers that determine the fate of theoretical perspectives. As they focus on how development is hindered, dependency theorists should also consider proposing how development can be brought about.

**Dependency theory is often criticised for being static and for depriving Southern policy-makers of agency. What is your response to these two critiques?**

I would agree. Dependency theory has not been a dynamic theory. As I explained earlier, the lack of recommendations that comes out of dependency reading stops it from having takers—but not only in the South. It is similarly applicable to the North as well—and to any actor internal to the state, operating in the global capitalist time.

**Other critiques includes that dependency theory has been too much focused on economics and hence failed to address how epistemology has not been de-colonised. Can dependency theory also be criticised for having a similar teleological thinking where industrialisation and moving up the value-chain is seen as the only way to develop?**

The colonial experience is certainly one of the strong influences of the entire development of dependency theory, and it would be right to say that dependency theory as it is has not really moved beyond that perspective. The different versions of dependency theory see the remedy to a situation of dependency differently. While some see industrialisation and moving up the value chain as one way to develop, others may

see a socialist revolution as a solution. However, I would say that the focus of critics should not be how to remedy the global capitalist system, because the global capitalist system has proved its relative worth as a peaceful system of global governance that has its merits. Furthermore, after having known a world with a liberal market economy, there is little chance of the global community going back to terms of austerity and economic containment. Development is a natural cycle — we have to understand what lies central to the claim and understanding of dependency theory — as long as there is development, there will definitely be underdevelopment, though in a relative capacity at every point of time.