The Role of China and Southeast Asia in Africa's Agricultural Transformation[1]

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Asia-Africa Development Divergence: A Question of Intent
by David Henley
Zed Books, 2015, 348 pp., $28.59 paperback,
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Made in Africa: Industrial Policy in Ethiopia
by Arkebe Oqubay Oxford University Press, 2015, 248 pp., $39.46 hardcover,
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Introduction

Is the Asian experience more relevant for African renaissance than it is generally assumed? I am alluding to the lessons that could be drawn from a close examination of the transformation that had occurred in the twentieth century in Japan and China, and particularly in Indonesia, Malaysia and Vietnam. The answer, I argue, must be definitely yes. In each of these countries, positive economic change was preceded by a sustained and successful effort to raise the productivity and income of the majority of the population: the rural poor. In Africa, too, the vast majority of people live in the countryside. And yet agriculture has been a relatively neglected sector in Africa's overall developmental strategy. When the sector received some attention, the specific policies in many African countries seemed to have been generally misguided. I argue that both of these trends should be corrected. What this also means is that the key for Africa's economic modernization is to a large extent in the hands of Africa's leaders. Ultimately, in other words, the improvement of the African condition hinges on the intent of Africans, particularly its leaders.

China's Role in Africa's Agriculture: Myth and Reality

China's role in Africa's agriculture today is negligible. In 2012, less than 3 per cent of China's FDI went to the agricultural sector in Africa, out of its overall FDI of $3 billion (Okolo and Akwu 2016:45). Deborah Brautigam (2016:153) has also observed that the land leased or owned by China in Africa at the end of 2014 was roughly twice the size of New York City. And yet the news about China's land grabs in Africa continues to proliferate. As recently as March this year, the Italian newspaper *La Stampa* asserted: 'the Ethiopian government sold the country's best land to Chinese investors, who used it to produce grain for export' (Caporale 2017). In fact, in 2015 for instance, agriculture drew only 3 per cent of the total Chinese development assistance to Ethiopia (Renne 2017).

The relative neglect of agriculture in China's engagement with Africa is, firstly, due to the fact that China has other priorities both in Africa and globally. Secondly, and more importantly, agriculture has been a relatively neglected sector in Africa's own overall developmental strategy. As Li Anshan (2013:87) rhetorically (and rightly) asked: 'do African governments pay enough attention to agricultural production and its rural population?' This is nevertheless not to suggest that there was a shortage of grand African plans for accelerated agricultural growth. Between 2003 and 2016 alone, at least 7 such major plans were issued under the auspices of the African Union (AU) Commission. So, what went wrong?

Let us start with the prevailing conventional wisdom about economic development in Africa. ‘In order to retain a competitive position, Africa should shift its focus from low-technology industries to heavier ones such as automotive and aircraft manufacturing and maintenance, and the more lucrative IT sector.’ Those were the words of the AU official Patrick Mazimhaka (2013:102). But Mr. Mazimhaka did not elaborate how this seemingly simple transition would take place. But he was not alone in propagating such ideas.

As a recent publication of the UN has also observed: ‘At no point in recent history have calls for Africa to industrialize been stronger than they have been lately. Across the continent, industrialization is arguably the most talked about subject among policymakers’ (Tafirenyika 2016:28). The aforementioned UN publication added: ‘…the only viable option [for Africa] is to industrialize’ (Tafirenyika 2016:28). For the most part contemporary ideas about industrialization in Africa are based on the influential, but contestable, view that Southeast Asia’s economic transformation was based on export-led industrialization.

Economic Modernization of SouthEast Asia: A New Interpretation

In his new book, *Asia-Africa Development Divergence*, David Henley (2015) offers a new interpretation of the Southeast Asian experience and the lessons Sub-Saharan Africa could extract from it. He argues, persuasively in my view, that agricultural transformation was indeed what triggered and sustained export-led industrialization in Southeast Asia rather than any single-minded focus on industrialization. Before we assess the wider implications of the Southeast Asian experience for Sub-Saharan Africa, as articulated by Henley, it is worth our while to describe the structure of the book under review.

On the basis of a comparative study of three pairs of countries from Southeast Asia and Sub-Saharan Africa, viz., Indonesia and Nigeria, Malaysia and Kenya, and Vietnam and Tanzania, David Henley maintains that neither institutional nor structural factors rooted in culture, history or geography explain the development divergence between the two regions. Instead the crucial explanation lies in the type of policy choices made. In short, policy matters; indeed, policy is primary. Southeast Asia pursued pro-agriculture, pro-rural and pro-poor policies. Chapters 1 is a historical and contemporary comparison of Sub-Saharan Africa and Southeast Asia, while Chapter 2 gives a concise review of the literature. The two chapters also seek to provide broad hypotheses as to why Southeast Asia succeeded in economic modernization but not Sub-Saharan Africa. Chapter 3 focuses on the role of macroeconomic factors in the Asia-Africa development divergence; more specifically, it deals with the role of macro-economic stability (low inflation, realistic exchange rates and fiscal conservatism) in the rapid poverty reduction in Southeast Asia. Chapter 4 challenges the view that what Africa could learn from Southeast Asia is the relevance of export-led industrialization. Chapter 5 compares and contrasts the pro-agricultural strategies adopted in both regions, with divergent consequence. Chapter 6 examines the guiding principles of successful development strategy on the basis of Southeast Asia’s experience: outreach (quantity, not quality), urgency (now, not later), expediency (results, not rules). Chapter 7 examines why Southeast Asian leaders chose policies different from those, which were chosen by Africa’s leaders. It is an exploration of the objective and subjective factors that might account for the Asia-Africa development divergence.

According to David Henley’s interpretation of the Southeast Asian developmental experience, pro-agriculture, pro-rural and pro-poor policies were pursued in that region *simultaneously* and in a *sustainable manner*. In their orientation, the policies were state-led, market-mediated and small-holder based. Underlying or driving those policies were three principles: outreach, which meant alleviating poverty on a massive scale; urgency, which meant doing so with great speed; and

expediency, which meant doing so with a pragmatic and sometimes ruthless eye for simplicity. In other words, outreach is about the emphasis on quantity rather than quality; urgency is about the emphasis on now rather than later; expediency is about the emphasis on results rather than rules. Let us look now more closely at the Southeast Asian experience from David Henley's perspective and relate it to the
African condition.

Learning from the green revolution in Southeast Asia

In Southeast Asia, it was the sustained pro-agriculture, pro-rural and pro-poor policies which led to mass poverty reduction and, subsequently, export-led growth. Policies were sometimes adopted in many countries in Sub-Saharan Africa which were pro-agriculture without being prorural, or pro-rural without being pro-poor. With a focus on large-scale state farms, Ethiopia under Mengistu Haile Mariam between 1974 and 1991 pursued to some extent a pro-agricultural policy that was not necessarily pro-poor. Another lesson from Southeast Asia is that a sustained pro-agriculture, pro-poor, pro-rural policy would yield a positive result only if there was also economic freedom. This, simply put, means that a farmer should be able to produce what he likes and sell his produce to whomever he wants. A related policy condition that was a prerequisite for sustained agricultural transformation in Southeast Asia was macro-economic stability.

It is also suggested that agricultural transformation will be possible in Sub- Saharan Africa if the effort is primarily state-led (with the state setting the goal and supplying the technologies and investment), market-mediated (with trade in agricultural products remaining largely in private hands), and small-holder based. There is a broad consensus among the African Union member states, at least since the 2003 Maputo Declaration on Agriculture and Food Security in Africa, that Africans should commit at least 10 per cent of their national budget to agriculture. The same goal was re-affirmed by the Malabo Declaration 10 years later. In light of what transpired in Southeast Asia, however, even 10 per cent might be lower than what is needed for a green revolution to take place in Africa. It may not be a coincidence that the countries in Africa with some of the fastest rate of economic growth today also happen to be those such as Ethiopia and Rwanda which allocated more than 10 per cent of their national budget to agriculture (Tafirenyika 2016: 14; Harrison 2016: 360). According to Chakrabarty and Mishra (2016: 29): Ethiopia's GDP grew at a rate of 10.9 percent from 2003 to 2013 due to a remarkable growth in agricultural production from 2000 onwards. The compound annual growth rate of production of major food crops, [namely] maize, sorghum, wheat, and barley from 2000 to 2013 was 7.2 percent, 9.7 percent, 8.9 percent and 6.9 percent, respectively. Harrison (2016: 360) also gives account of 'the remarkable success of Rwanda' in broadly similar terms: The total production of maize, wheat and cassava tripled from 2007 to 2011, the production of beans doubled, and that of rice and Irish potato increased by 30 percent. There has also been a fall in the prevalence of poverty in rural areas and in malnutrition, although it is fair to say that these falls look moderate in comparison with the increase in outputs.

Underlying the successful agricultural development strategies of Southeast Asian countries were 3 simple but basic principles, namely the principle of aiming to alleviate poverty on a massive scale (outreach), the principle of doing so with great speed (urgency), and the principle of doing so with pragmatism (expediency). For the most part these principles had either never been formulated in such concrete terms in Sub- Saharan Africa or, if they were, they had not received the sustained attention they deserved.

Agricultural Development Led industrialization in Africa: The Ethiopian Case

In assessing the scope of divergence between Sub-Saharan Africa and Southeast Asia, one question that must also be addressed head on is: why did Southeast Asians pursue the pro-agriculture, prorural and pro-poor policies but Africans did not? We may get a clue from the second book under review, Arkebe Oqubay's *Made in Africa: Industrial Policy in Ethiopia* (2015): 'Policy independence is a major concern in many African countries. Some countries, despite independence from colonial rule, have little freedom to make their own policy choices or, at any rate, have not been highly effective in using what freedom they have' (p. 287).

A related question, which arises, is: why were many Sub-Saharan African leaders ineffective in using the freedom they have unlike their Southeast Asian counterparts? A partial explanation would pertain to what Ali Mazrui called the time-change paradox, the fact that cultures and values were disrupted much faster and more profoundly in Africa than in Asia in spite of the relative brevity of the colonial experience in the former (Mazrui and Adem 2013: 2). One of the effects of this phenomenon was that postcolonial Africa often sought to abolish age-old practices, or cut itself off from the past completely. In the end, in most cases, the old system was badly damaged or dismantled but the new system was also not in place. What David Henley (p. 207) calls 'developmental dualism', which is 'a pervasive conviction that progress can only be achieved by means of a quantum leap from backwardness to modernity', seems to approximate Mazrui's notion of the time-change paradox.

In other words, there was far less systematic effort in Sub Saharan Africa to link up indigenous authenticity with universal rationalism (Mazrui and Kaba 2016: 10). Large-scale farming therefore took precedence over modernizing subsistence farming; more attention was paid to wealthy and so-called progressive farmers than traditional and poor peasants; cash-crop production took precedence over self-sufficiency in food, and so forth. In short, the ambition was to overpass rather than modernize subsistence agriculture. A recent study by Matfess (2015: 192) about agriculture in Ethiopia described the problem thus: …frustrated by small share-holder agriculture's failure to produce sufficient surplus, the [Ethiopian] government began courting investors to fund larger-scale, often export-oriented agricultural projects over the past decade, and eight million acres have been earmarked for large-scale commercial agriculture.

But is there also another way of looking at the challenges of agricultural transformation in such African countries like Ethiopia? It can be argued that it is not enough to give an Ethiopian farmer a tractor and teach him how to repair it when it is broken; the farmer must also be motivated enough to make use of the tractor. If the farmer is not motivated enough it may be partly due to a belief in technological gradualism – a reluctance to undergo rapid technological change. No less significant, but easier to overlook as a relevant factor, isthe prevailing 'economic culture' in the society – the incentives (or lack thereof) to work that a farmer lacks in Ethiopia. To some extent, this issue boils down, it seems to me, to the presence or absence of cultural values that encourage openended self-enrichment by an individual – an Ethiopian version of the Confucian or Protestant ethic.

Oqubay's *Made in Africa* is not only about industrial policy in Ethiopia from 1991 to 2013; it is also a window into the political philosophy and development strategy of the government today. Among other things, Oqubay outlines the principal elements of Ethiopia's development strategy known as Agricultural Development Led Industrialization (ADLI), which was formulated in 1994, only three years after the Ethiopian People's Democratic Revolutionary Front (EPRDF) assumed power. In the words of Oqubay (p. 61): 'ADLI focused on reducing poverty and stimulating the economy. The strategy [assumed] that initial take off depends on stimuli from agriculture in terms of growth in demand, supply of foreign exchange for machinery imports, and inputs for factories'.

Fifteen years later, in 2010, the Ethiopian government adopted the Growth and Transformation Plan (GTP). The major goals of GTP included 'the promotion of industry as the leading sector of economy by 2020' (p. 61). In this strategy agriculture was not ignored; but it was also no longer the pillar of Ethiopia's development strategy. In Southeast Asia, as indicated above, it was the sustained pro-agriculture, pro-rural and pro-poor policies that led to mass poverty reduction and, *subsequently*, export-led growth. Ironically, therefore, EPRDF's earlier approach, which was based on ADLI, seemed to be more consistent with the experience of Southeast Asian countries than its successor, GTP. This was so to the extent that ADLI clearly prioritized agricultural transformation whereas GTP is based on the idea that 'manufacturing was the engine of growth'. It is indeed true that agriculture continues to be a core component of GTP (Matfess 2015: 192). Further, GTP emphasizes the linkages within the economy, primarily between manufacturing and agriculture, and the creation of a single economic space (Oqubay 2015:64). But the emphasis by Ethiopia's policy-makers on industrialization is also unmistakable.

On balance, it can still be argued, Ethiopia today is on the right track in light of the experience of Southeast Asian countries. For one thing, agriculture enjoys a much higher priority in Ethiopia compared to what was the case during the previous regime and in other African countries. That this approach is working is also clear from the results achieved so far. The number of people living below the poverty line in Ethiopia decreased almost by half between 2003 and 2013 (Oqubay 2015: 65). According to David Henley, Southeast Asian economic success was driven by three principles: outreach, urgency and expediency. Of the three, Ethiopia scores high on the last two: *urgency*, which is the desire to become a middle-income economy by 2025 (Oqubay 2015: 65). *Expediency* is the commitment, as Oqubay (pp. 295-296) put it, to learn by copying and by doing.

Oqubay's approach to economic transformation in Africa, like David Henley's, brings a breath of fresh air since both of them are clearly not Occidentalists – they do not blame every economic ill in Africa on external factors, even as they also recognize and highlight the constraints imposed on Africa by the international division of labor. Just like Henley, Oqubay (p.296) is unequivocal that '[s]successful catching up has to rely fundamentally on internal changes and policies that push structural change, whatever the state of the external environment'. He (p.75) goes on to argue: The [Ethiopian] government has emphasized the essential of an activist state in the process of catching up, a role further neces sitated by the strong determination and vision to develop Ethiopia. This developmental orientation is home-grown and based on specific conditions in Ethiopia, although emulating forerunners has also played a role (for instance, German's technical and vocational education and training [TVET] and university system, Japan's Kaizen production system, China's industrial parks). Ethiopia's rich history of independence and civilization and its mimetic interest in finding East Asian role models have served as sources of inspiration. What is remarkable about Oqubay's observation above is that the strategy the Ethiopian government has used creatively combines diversification, domestication and indigenization – a proven formula of success not only in Southeast Asia but also in East Asia, especially in Japan (Adem 2015).

However, it is clear that the temptation is strong in Ethiopia's policy circles for the strategies of export-led industrialization and import substitution industrialization (Oqubay 2015: 41). But the lesson we need to draw from Southeast Asia is that the necessity of agricultural transformation should not also be overlooked. Since agriculture is a major contributor to Ethiopia's GDP and employment, employing nearly 85 per cent of the population, simple arithmetic also dictates that

in order to improve the condition of a large majority of Ethiopians, the agricultural sector needs to be targeted. And if the condition of a large majority of Ethiopians improves through the enhancement of productivity and income, so will the
Ethiopian condition itself.

Bringing China Back in

Where does China fit in the equation about agricultural transformation in Africa? *First*, China can help Africa achieve agriculture-led industrialization first by investing in modernizing the sector more than it had done so far. A positive role by China in this process could ensure in the long run a genuinely 'win-win' partnership between China and Africa. But China's capital and know-how could trigger agricultural transformation in Africa if they are combined with the lessons from the experience of such Southeast Asian countries as Indonesia, Malaysia, and Vietnam.

Secondly, learning from China's experience in agricultural transformation is also broadly relevant to Africa. In the last 40 years, agricultural production grew in China at a healthy rate that by far exceeded population growth. *Thirdly*, unlearning from China is also important, including from the spectacular failure it experienced from 1958 to 1960 when Mao sought to solve the riddle of economic modernization by organizing farmers in 'peoples' communes'. In this experiment, also known as the Great Leap Forward, tens of millions of Chinese died. And yet it is still the Southeast Asian experience, as Henley reminds us, which is more instructive for sub-Saharan Africa because, firstly, the countries in Southeast Asia are more akin to Sub-Saharan African countries in terms of their history, demography, geography and topography; and, secondly, the development divergence between the two at the present time is sharper than is the case if we compare Sub-Saharan African countries with China. On average, in the 1960s, Southeast Asians were poorer than sub-Saharan Africans; today they are more than two and half times richer.

Conclusion

Africa will most certainly benefit from its economic interactions with China, if China gradually shifts parts of its manufacturing to Africa. And for China to do so, the production cost, including wages, must be lower in African countries than in China and Southeast Asia. And production cost will be lower if food prices are lower. Food prices in Africa will be lower if pre-modern and traditional agriculture is transformed into a modern system of agriculture. This, of course, also means lifting the vast majority of the population out of poverty by raising their productivity and income. This is admittedly a formidable task, but it would be less so if Africa could draw lessons from the success stories in Southeast Asia. The path of Africa's industrialization is thus through agricultural transformation.

Note

1. This review essay is based on a paper 'Lessons for Africa from Southeast Asia: Is Agriculture the Answer?' It was originally presented at the 3rd Africa's Asian Options (AFRASO) Conference on the theme of 'Afrasian Transformations: Beyond Grand Narratives?' Goethe University Frankfurt, Frankfurt, Germany, September 28-30, 2016.

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