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China's African Adventure

By JAMES TRAUB

Four or five miles along the asphalt road that runs east from Kaala, a small town in central Angola, a Chinese construction company has carved an unexpected right turn, a broad dirt path that runs over a rise through scrubby forest. The path, which has no marking, winds past a basketball court — recreation for the work force — and then empties out into a vast plaza of meticulously smoothed earth. Dump trucks ferry loads of dirt back and forth. At the far end of the plaza, obscured by tree trunks that have been uprooted and laid carefully on their sides, are train tracks. The whole scene, invisible from the road, conjures the stupendous designs of the evil genius in a Bond film.

The weed-covered tracks are the remnants of a railway built by British engineers a century ago to transport precious minerals from the heart of the continent to the port of Lobito, more than a thousand miles away. The Angolan government is paying a consortium of Chinese companies $1.9 billion to completely reconstruct the tracks, the bridges, the stations, the equipment, all shattered by a quarter-century of warfare and neglect. The construction company working near Kaala had prepared the ground to build a factory that would turn out tens of thousands of iron railroad ties. An Angolan security guard who came out to cross-examine us said that the work force was still waiting for material to arrive. He asked us politely to leave. We complied, and as we drove back to the provincial capital, Huambo, we turned down another dirt road and found another Chinese company building an agricultural high school.

Angola is a very, very poor country, but it is also an extremely rich one, for immense deposits of oil lie under the South Atlantic Ocean within its territorial waters. Thanks to the growing appetites of several developing nations, China in particular, that need oil to sustain the furious expansion of their economies, last year Angola, which otherwise has almost no economy, had more than $10 billion to play with. And it has used that money to pay more advanced countries to rebuild its infrastructure. This vision — call it "Development by China" — looks like a catastrophic mistake to the Western experts and institutions that have scrutinized, invested in and at times despaired of Angola.

And yet Development by China looks more like Africa's future than its past. Angola is not alone in having choices, for the high price of oil has begun to transform the prospects of African countries once viewed simply as basket cases. Earlier this month, Nigeria, the continent's oil giant, signed an $8.3 billion agreement with China to build an 1,800-mile railway. Oil production in Africa is expected to double over the next 20 years while it stays flat or declines in much of the rest of the world. And China has already begun, in myriad ways, to serve the interests of these emerging clients, while the United States, preoccupied with terrorism, has seen its dominant status slip. Angola, once a cold-war pawn, can now serve as a kind of test case in the latest struggle to shape Africa's destiny. Call it Chinese-style globalization.

Angola traditionally exported not only oil but diamonds, iron ore, cotton, sisal and corn. But Portugal, Angola's colonial master for four centuries, abruptly abandoned the country in 1975, provoking a civil war between a government backed by the Soviet Union and Cuba, and Unita, a rebel force supported by South Africa and the United States. The war waxed and waned through stalemates, cease-fires and even, in 1992, an election. By the end, in 2002, more than a million people had died and about a third of Angola's population of 12 million had fled from their homes. The war reduced Angola to a beggar nation, dependent on handouts from the World Food Program.

The violence ranged all over Angola, pulverizing the infrastructure established by the Portuguese. Every city I visited this past summer during a week in the countryside had been mangled by artillery fire as well as by bombing from government forces. Unita forces spent nine months in 1992 and 1993 applying a stranglehold to Kuito, a charming city built by the Portuguese in the 1870s, later the capital of mineral-rich Bié Province. Along the broad boulevard known as the Rua Joaquim Kapango, which separated the forces, almost every building was wrecked. Of the city's cathedral, nothing remained save the bullet-pocked bell tower. The train station, the sanitation system, the schools and hospitals were ruined or simply abandoned. Government forces finally broke out of their encirclement and repelled the invading force, but at great cost. The Cemetery of Martyrs holds 7,500 victims of the war, though I was told that more than 9,000 died during the siege — not including Unita soldiers.

The one industry that continued to function throughout the war was oil, for even Angola's fighting couldn't spread to the ocean floor. Oil revenue allowed the regime of President José Eduardo dos Santos, who took power in 1979, to buy weapons and mercenaries, and ultimately to destroy the Unita army. A bizarre wartime financial system evolved in which revenue flowed into the national oil company, known as Sonangol, and then . . . disappeared. A study by the International Monetary Fund concluded that between 1997 and 2002, the Angolan government received at least $4.2 billion, and probably much more, for which it could not account. Much of it went to clandestine arms purchases. Other funds were used to run the country. But vast sums — no one knows how much — were stolen by members of the regime. By the mid-'90s, the government was running enormous deficits, and inflation was zooming past 1,000 percent. The end of the cold war had deprived Angola of its Soviet patron; the regime, which in 1990 officially forswore Marxist-Leninist doctrine and supposedly began making a transition to a market economy, now turned to the West for help. But the United States and other donor nations no longer needed to prop up sympathetic dictators. And they had learned, through painful experience, that aid given to corrupt regimes with opaque financial systems was bound to be wasted.

An I.M.F. team that came in 2002 to help the country put its financial affairs in order was flabbergasted by Angola's Potemkin economy, and even more by the nonchalance of its leading officials. Though the regime contracted $3 billion worth of loans in 2001 alone, one senior official told the I.M.F. team with a straight face that Angola had taken out no commercial loans in recent years. In March 2002, the I.M.F. reported that despite years of assistance, the government's finances remained hopelessly opaque, that officials had fended off all demands for reform and thus that "it would be very difficult for Angola to formulate a meaningful poverty-reduction strategy." A "donors conference" was scheduled for that July. But after the I.M.F. report, the United States and Britain pulled out, and Angola, still deeply in debt despite billions in oil revenue, was left to bitterly contemplate its options.

Luckily for Angola, a new benefactor had just materialized. In the early years of the new century, an increasingly confident and prosperous China initiated a wave of diplomacy designed to expand its trade and influence throughout the third world, and especially with resource-rich countries. China had a long history as a development partner; Africa is dotted with gigantic sports complexes and People's Halls built by Chinese engineers at the behest of dictators. But now that China was also spending vast sums to lock up supplies of oil and gas and other precious resources, the People's Republic was becoming, in effect, an alternative source of credit for developing nations.

And China offered a model of development, driven from above and powered by high-tech investment, vastly more gratifying and reassuring to third-world elites than the Western gospel of unleashing growth through democratic and marketplace reform. Western donors, led by the I.M.F., conditioned aid on the achievement of meaningful, and often painful, reform. China, by contrast, offered aid without "conditionality." According to China's official African policy, published earlier this year, China seeks "a new type of strategic partnership," which, among other things, "respects African countries' independent choice of the road of development." China invokes this doctrine of noninterference when defending the grossly abusive regimes in Sudan, Zimbabwe, Eritrea and elsewhere with which it carries on a flourishing business.

By 2003, the regime in Angola was every bit as disgusted with the I.M.F. as the I.M.F. was with it. As Aguinaldo Jaime, a senior government official who is in effect the deputy prime minister, put it to me when we met, "If you say to a country, 'We'll reward you when things are perfectly O.K,' the country will say, 'When things are perfectly O.K., we won't need you anymore.' " Jaime and the other technocrats running Angola's economy are of the opinion that they have made real strides in tackling inflation, the deficit and exchange rates, while the I.M.F. continued to demand reforms that would be economically risky and politically suicidal. "Inflation will come down to one single digit — you have to reduce public expenditure, you have to privatize everything," is how Jaime rather hyperbolically described the I.M.F.'s demands. The time had come to look elsewhere.

In November 2003, Angola's finance minister traveled to China to discuss a financial package. One year later, China announced that it had extended to Angola a $2 billion oil-backed loan, an Angolan specialty in which credit is secured by future oil production — just the kind of risky gimmick the I.M.F. had preached against. China uses its foreign aid as a means to promote opportunities for private investment, and the two countries agreed that Chinese construction companies would build the giant infrastructure projects financed by the loans.

China immediately began to increase its purchase of Angolan oil; by early this year, Angola had replaced Saudi Arabia as its single-largest source of oil. The extent of China's commitment to Angola became stunningly clear this spring, when Sinopec, a Chinese state-owned energy company, bid $2.2 billion for the right to develop two deep-water blocks — a sum that shattered all previous records anywhere in the world. Sinopec made its investment in partnership with Sonangol. The billions China offered astonished the Western oil companies, which had already explored adjacent areas and had submitted only modest bids.

How can China's knockout bid be explained? Perhaps, as oil-industry sources in Luanda speculate, China expects the price of oil to remain so high that it's worth paying even a fabulous premium — though many analysts foresee prices falling from today's $60 a barrel down to $35 to $40. But China may also be prepared to pay a large bonus for stability. Whatever Angola's problems, the country feels like an oasis of serenity compared with, say, Nigeria, Africa's biggest oil supplier.

Everything seems to be breaking right for Angola just now. Angola is swimming in oil money. Last year's oil revenue of $10.6 billion was almost double the figure from 2004. A recent report by The Economist Intelligence Unit projects the country's growth rate at 16.7 percent this year and 20.8 percent in 2007, making Angola's one of the world's fastest-growing economies. A new city, Luanda Sul, has begun to sprout above the vast, teeming slums of Luanda. On a hilltop south of the city, Sonangol has built a giant aluminum-and-glass conference center, a state-of-the-art facility for international conferences as yet unplanned, to be serviced by an international airport as yet unfinished. Portuguese and Brazilian construction companies are building their headquarters along perfectly smooth boulevards. Members of the new corporate class are spending $80,000 and up to buy one of the rose or pale green houses overlooking the sea. It's a new world for a new, legitimate kind of wealth.

And yet this is the same country where one out of three children dies before reaching the age of 5, where average life expectancy is 38, where cholera, polio and hemorrhagic fevers like the Marburg virus flourish — a country that ranks 160th out of the 177 countries on the United Nations' Human Development Index. How, and when, will the cataract of oil money flow down the hill from Luanda Sul to improve the lives of Angola's impoverished, war-weary citizens?

The Chinese are a mysterious presence in Angola. Everyone seems to know about them and their assorted projects, but few people have actually seen them, and scarcely anyone can claim to have talked to them. The Chinese rarely venture beyond the encampments in which they live and work. This isolation has bred fabulous rumors; several Angolans earnestly informed me that the laborers have been released from prison to work off their sentences. Angola is a country that virtually falls into a coma on the weekend; locals refused to believe that a free man could work as hard as the Chinese do, and for so little money.

In the course of a long search for Chinese railway crews in the area around Huambo, the largest city in Angola's interior, I came across a high school being built by a Chinese company. It was Sunday morning, but the project manager, Tu Qingkui, was hard at work. He and the 180 workers he supervised had already built three dormitories to house 265 students (another 500-some-odd would commute) and had framed up the main academic building. Tu and his 30 Chinese employees worked for Sinohydro, one of the world's largest construction companies; it was, Tu said proudly, responsible for half the work on the Three Gorges Dam. Sinohydro had projects all over Angola and across Africa. Once they were done here, they would move on to the central hospital in Huambo.

An amiable enthusiast with a square jaw and a command of basic Portuguese, Tu was full of very Chinese apologies for his progress to date. "We planned to begin work in October, but the minister of education was unable to come for the inauguration ceremonies until Nov. 15," he said. "And the weather was very bad in the rainy season. From May to September is good for construction. We are seizing every minute to make up for lost time. Of course this is Sunday, so many workers aren't here."

"You mean the Angolan workers?"

"Yes."

"The Chinese workers are here?"

"Yes, all of them are here."

Tu had even sent a car to fetch Zhou, his young translator, who had been felled by malaria. Tu invited us into his office trailer for a glass of water. I asked if he had managed to impart the Chinese work ethic to his Angolan employees. "We cannot force them to work like us," he replied. Then he sent Zhou out; the translator returned with a white board bearing writing in Chinese and Portuguese. Tu explained that they had been teaching the Angolans technical skills. "We taught them how to mix concrete," he told me. When I expressed amazement that he had had to impart this skill, concrete being pretty much the only building material used in Angola, Tu said, "They didn't even know bricklaying." Apparently, there had been so little building activity until the last few years that even the most basic skills had been lost. Or, alternatively, the Chinese paid so badly that they couldn't attract qualified workers.

The railway ran east from Huambo to the border with Zambia, and we followed the tracks in search of the phantom workers. At times the trip felt like a tour of civil-war battlefields. The Portuguese towns all bore the same gracious design: a grid of avenues pierced by square parks, each with a garden bordered by tiled walkways. The chief municipal buildings were arrayed around the squares — the post office, the City Hall, each a pale pink structure with slender colonnades, an open gallery and a long, sloping tiled roof. The old urban plan was intact, but the cities themselves had crumbled away. In Bellavista, a former Unita stronghold, rockets had ripped off the roof and the facade of virtually every building along the main boulevard. The city felt eerily still, even by the standards of Sunday afternoon in Angola. The road eastward from Bellavista disintegrated into a potholed obstacle course. The last 20 or so miles took us two hours.

One of the most fundamental criticisms of the path Angola has chosen is that citizens are being stupefied by dazzling public works without seeing their lives even marginally improved — the circuses without the bread. Kuito, a provincial capital at the edge of Angola's diamond belt, offers a fair test of the government's commitment to provide meaningful services. Private investment has begun to revive the city: a big new hotel is going up; Angola Telecom is erecting a regional headquarters. There is electricity 18 to 20 hours a day. But there is still no running water in town, thus reducing the ubiquitous plumbing fixtures to relics of a happier day. The streets are largely unpaved. And the system of neighborhood clinics established by foreign N.G.O.'s has begun to collapse as the N.G.O.'s have withdrawn.

I went to visit a primary school in one of the scruffier parts of town. The Hoji-ya-Henda school, which was named after a youthful martyr of the civil war, consisted of a dusty courtyard flanked by classrooms. Children in ragged T-shirts milled around the yard, holding plastic chairs on their heads. At the back was a mud-brick hut with an "office" for the staff. The school's director, Antonio Francisco, emerged from a little hutch carved out of the space. I asked the director, a smiling, immaculate figure, how many children attended the school.

"Three thousand, three hundred and thirty-five."

The figure was unimaginable. Where did they sit? Where did they go to class? Francisco explained that he had 13 classrooms; everyone else sat in the dust. If they wanted a chair, they had to bring it from home, which is why they were wandering around with chairs perched on their heads. The parents, most of them extremely poor, had chipped in to buy slates. Just now Francisco was asking them for money to rebuild the one latrine for the kids, which had collapsed — a calamity that all by itself could render teaching and learning an afterthought. An N.G.O. had helped build the classrooms; Unicef had bought some textbooks and other materials. But aid groups had moved on to more helpless countries as the wartime emergency had subsided, and as Angola's own treasury had swelled with oil money. The school was on its own — or rather, it now had to look to the government for support.

The most serious problem wasn't bricks and mortar but human capital. Few of Francisco's teachers have high-school diplomas; many advanced no further than primary school. Most Angolans now attend school, but according to the most recent figures, only 30.6 percent of enrollees finish primary school. Teachers themselves are often semiliterate. And since the government paid teachers only about $175 a month — an amount that is even more modest than it sounds, because Angola has kept the dollar fixed at an artificially low exchange rate — Francisco can't attract better-educated teachers.

I asked the director if he had yet seen any benefit from the government's oil revenues. He flashed a rueful smile. "We hope so," he said. "Perhaps salaries can be raised. You can always be hopeful."

For a long time, Angola's leaders blamed the war for the utter failure to invest in the countryside. But the war ended in early 2002, and Angola earned $10 billion last year. I asked Aguinaldo Jaime why it was that Angola still looked like one of Africa's failed states. Jaime is a dapper man who speaks beautiful English; having served, serially, as a senior official for the African Development Bank, the founder of a private bank and the director of Angola's central bank before assuming his current government position, he is the chief incarnation of the new, upstanding Angola and the hope of many diplomats. Jaime wasn't at all nonplused by my question. "If you don't have roads, if you don't have bridges, if you don't have the energy system, electricity, water," he said, "how can you expect the private sector to invest in such a country?" Yes, he said, Angola needed to pay teachers better. "But public expenses for personnel account for 50 percent of the current budget. Some people"—I.M.F.-type people, presumably —"say that you have to bring down your expenses for personnel. How do you solve that in a postconflict situation? Do you create massive unemployment?"

Jaime had, of course, glossed over the untold sums lost to corruption, but he had also neglected to mention another distinctly Angolan factor: the combination of war, theft and indifference to the plight of the ordinary Angolan had rotted away the machinery of government. The state's capacities, whether in regard to bricklayers or teachers or civil servants, or banks, or power grids, were so feeble that any attempt to push all those billions through normal government channels would produce a colossal blockage. The only way to actually put the money to use was to pay the Chinese — or the Portuguese or the Brazilians — to build things. And so Angola was spending staggering sums to repair its infrastructure: $2.7 billion for a dam in the north, $4 billion for three railway lines, including the one that ran through Huambo. The regime wouldn't be able to provide a public health care system or a skilled work force for years, but it could deliver passable roads. And roads mattered. "By the end of 2007," Jaime grandly predicted, "most roads linking main production centers will be finished, and the economy will just jump."

Development through infrastructure has worked in China, but China is not only an authoritarian state; it is also a managerial or technocratic one, in which the ruling party marshals the nation's energies and capital in the name of development and stability. Angola, on the other hand, is a semifunctional oligarchy. Jaime and his fellow technocrats may know very well what they are doing, but even Angola's biggest boosters concede that the real power lies with President dos Santos and his circle. The big public-works projects, for example, are now being directed not by the ministries but by Gen. Manuel Hélder Dias, a close associate of the president. This subject is so sensitive that when I raised it, Jaime made me turn off my tape recorder. And President dos Santos shows no signs of releasing the grip on power he has held for 27 years. He has postponed elections again and again. The ruling M.P.L.A. (Movement for the Liberation of Angola) and the state are virtually one; even their flags are almost identical. It's hard to feel confident about the uses to which the national bounty will be put so long as power and wealth are concentrated in one man and his entourage.

One morning I left Kuito and headed east once again in a last-ditch effort to locate the elusive Chinese railway workers. Sales Duarte, then a project manager with CARE who was working as my guide and translator, a photographer and I drove 80 miles over pitted roads to Kwanza, a small town on the banks of the Kwanza River. No sign of the Chinese. The road ended at a railway bridge said to have been dynamited by South African mercenaries in 1989. The bridge must have measured about 150 yards long; at its center, which now lay in the water, bare-breasted village women washed themselves and their babies. Much stranger, though, was the sight of a battered blue Toyota 4 by 4 with its tires on the tracks and its front bumper submerged in the water. Perhaps it had been sitting there since 1989.

The bridge provided the only connection between the towns along the railway line, and quite a lot of traffic was moving in either direction. A column of bicyclists passed by with rolled-up mattresses strapped to the backs of their bikes. They had come all the way from Kuito, where mattresses were cheaper than in the local market, and were continuing on to Kuembe, the next big town, a distance of about 100 miles. An official from the Ministry of Health was taking a pack of vaccines by motorbike from Kuito to Kuembe.

Just as I reached the eastern side of the bridge I heard a tremendous roar — the Toyota was fishtailing wildly at the base of the bridge. It bucked forward and then slipped back. Only then did I discover that this jalopy, with bales of material and a live chicken in the back, was in fact the Kuembe-Kuito taxi service. The driver, Anacleto Kakande, said that he made the round trip twice a week. Somehow, four times a week he would navigate the bent railroad tracks, the shattered bed, the logs, the foot-high water. The five women, with five babies, waiting patiently at the western edge of the bridge were his fares; they said they were charged 1,500 kwanzas — about $19 — for the trip. It was only then that I fully understood how the terribly abstract word “infrastructure” could come to feel like life itself. For 15 years, the traders and farmers of this region had lived with no other means of crossing from one side of the Kwanza River to the other. (Why a ferry service hadn’t been developed, I have no idea.) They had improvised heroically, but at an absurd cost in time and effort. If those Chinese engineers ever got to the bridge, the local economy might really, as Jaime said, jump.

But the Chinese were only a rumor — the very incarnation of a development process imposed from above and answerable to no one. We headed back toward Kuito. As we drove through Kamakupa, a town that, according to a sign, occupies the exact geographical center of Angola, Sales Duarte shouted, “The Chinese!” And there they were, operating derricks in front of the Kamakupa train station. In the fields behind the station we found half a dozen Angolans wrenching nuts and bolts from the train tracks and two Chinese employees, in clean dress shirts, advising them in pidgin Portuguese. Guards from the president’s own security service watched over them. We approached one of the Angolan workers, who complained that he was earning only 200 kwanzas a day — $2.50 — and added bitterly, “and they don’t even give us lunch.”

Out front, we found the boss, a young Chinese man who spoke excellent Portuguese and introduced himself as "Eddy." He and his team of 12 Chinese nationals worked for the National Railway Company of Hong Kong; the bulk of the workers on the project were Angolan. The tracks, Eddy explained, were unusable, so they were being separated in order to be torn from the ground. They would go to work on the bridge as soon as the equipment arrived from China. "We're responsible for repairing the railroad all the way to Moxico," he said — a distance of 55 miles. How long would it take? Maybe three years, maybe five. And as he spoke, an immense splintering noise shattered the late-afternoon torpor of Kamakupa, as the derrick operator knocked over a tree that marred the perfect, smooth surface he was creating. Here, at last, was the wreckage of creation.

The Chinese premier, Wen Jiabao, visited Angola over the summer and announced that China had extended another $2 billion to Angola, on top of $1 billion announced a few months earlier and the original $2 billion from 2004. But Angola was only one stop on Wen's seven-nation tour of Africa. He also announced a series of trade agreements with the Congo Republic, a country just beginning to exploit its oil deposits. China is now one of Africa's largest customers not only for oil but also for timber, minerals, cotton and other natural resources. China in turn has flooded Africa with cheap consumer goods. The I.M.F. forecasts that China's trade with Africa will top $50 billion this year and could reach $100 billion by 2010. Over the last five years, sub-Saharan Africa's growth rate has almost doubled, to 5.8 percent from 3 percent; economists attribute much of the increase to trade with China and other Asian countries.

The People's Republic has declared 2006 "the Year of Africa." The West had its own unofficial Year of Africa in 2005, and it is instructive to compare the two. The industrial nations conducted a sort of moral crusade, with advocacy organizations exposing Africa's dreadful sores and crying shame on the leaders of wealthy nations and those leaders then heroically pledging, at the G8 meeting in July, to raise their development assistance by billions and to open their markets to Africa. Once everyone had gone home, the aid increase turned out to be largely ephemeral and trade reform merely wishful. China, by contrast, offers a pragmatic relationship between equals: the "strategic partnership" promised in China's African policy is premised on "mutual benefit, reciprocity and common prosperity." And the benefits are very tangible. Earlier this month, at a much-ballyhooed summit meeting in Beijing attended by political leaders from all but five African states (the ones that recognize Taiwan), the Chinese president, Hu Jintao, announced that China would provide $5 billion in preferential loans and credits over the next three years, effectively doubling aid to Africa, while canceling many outstanding debts. A dozen Chinese companies signed agreements for $1.9 billion worth of construction projects and investment.

If we believe that a model of development that strengthens the hand of authoritarian leaders and does little, if anything, to empower the poor is a bad long-term strategy for Africa, then we are going to have to come up with a strategic partnership of our own. And it is not only a question of what is good for the African people. The United States has a real security interest in avoiding failed states and in blocking the spread of terrorism in East and North Africa. What’s more, the United States already imports 15 percent of its oil from Africa, mostly from Angola and Nigeria; that figure is bound to rise and could even double, eventually making Africa as large a supplier of oil as the Middle East now is. China’s Africa policy shows that globalization is increasingly divorced from Westernization. We have grown accustomed to the idea that Africa needs us; it’s time to recognize that we, like China, need Africa.

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