

## **Book Review**

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*Title:* *Winner Take All – China’s Race for Resources and What It Means for Us*

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*Reviewer:* Elliott P. Niboye \*

In *Winner Take All – China’s Race for Resources and What It Means for Us*, the author, eloquently and succinctly presents the dynamics of resource-rush epitomised by China, and the consequences of this rush to the world. The book, whose chapters are divided into two parts, exposes three broad themes presented in a lucid prose. First, it reveals the supremacy of China in the acquisition of resources from all other economies of the world. Secondly, the book shows the economic might that China wields, and how this financial clout will affect global commodity markets. In the third theme, the author delves into the implications of China’s quest for resources on the world’s social milieu and politics.

In Chapter One, the author reveals that factors for resource-demand will exacerbate resource-scarcity in decades to come as the world is developing faster; for example, in the BRICS countries and other emergent economies, thus exerting more pressure on resources. Nevertheless, this does not seem to be a new exposition as the ‘seemingly old and consistent noise’ of the resource demand, use and scarcity predictions has been prevalent throughout the different epochs of the changing world socio-political system, starting with the mercantilist era, the rise of modern Europe and multinational and transitional America to industrial revolution and colonisation of Africa. Furthermore, scholars of various disciplines for example economists<sup>1</sup>, demographers<sup>2</sup> and scientists<sup>3</sup> have at different times added their voice to this apocalyptic discourse. Although the author seems to be in consonant with this mainstream argument, in this chapter, the author specifically cautions the world regarding China’s insatiable resource needs and its seemingly uncontrollable resource acquisition clout unsurpassed by none.

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<sup>1</sup>Meadows et al, (1972: 23-24) challenging Rostow’s idea of sustainable growth, talks of limits to growth if the current world growth trends in population, industrialisation, pollution, food production and resource consumption continue unabated. The same pessimism can be read in Kaplan (1994): *The Coming Anarchy: How Scarcity, Crime, Over-population, Tribalism and Disease are rapidly destroying the Social Fabric of Our Planet.*

<sup>2</sup>Malthus (1798) in his ‘*Essays on the Principle of Population*’ talks of increasing demand on goods and services in the wake of dwindling world resources. Despite the fact that the world population reveals a slowing trend, still the numbers are on the high side, exerting pressure on the world resources.

<sup>3</sup>Speaking at the Ten cent Web Summit in Beijing on Nov. 5, 2017, Stephen Hawking, a renowned theoretical physicist and cosmologist, prophetically warned the world of increasing population and the mounting energy need that come year 2600 the earth will not be habitable. Intriguingly, is the renowned scientist mulling for interplanetary migration to relieve pressure on earth or abandon it? One wonders if the touted migration would take everybody aboard, leaving no one behind!

In Chapters Two and Three, the author recounts the stocks of specific resources: land and water, oil, gas, and minerals. Among these, land is particularly becoming scarcer as it is increasingly being put to other uses besides agriculture, necessitating countries like China to aggressively purchase lands in foreign countries. This is, however, not a precinct of China alone, as many foreign countries and multinational companies have been buying land in Africa and Latin America for various purposes, in what has been connoted as 'land grabbing' where natives are often swindled of their land either through ineffective institutional frameworks, ineffective policies or outright corruption. As for water, although theoretically plentiful, it is not available to people as more of it is trapped in the icecaps in the polar regions of the world and underground. The need for this resource cannot be overemphasised, especially given its importance to sustaining life, power generation and agricultural use. China is in huge need for water resource due to its expanding population and agriculture. The modern economy needs high energy inputs, hence the use of oil, gas, and minerals. The author describes the dynamics that govern the supply of oil and how it impacts differently on world economies; but in a more general term note that though there have been inroads into other energy forms, oil is still important although its quantities are on the depreciative trend. Gas supply also seems problematic, necessitating some countries to supply energy to their economies using coal at the detriment of the physical environment.

Chapter Four presents the 'insatiable' drive by China towards resource acquisition, propelled by the country's liquidity and new forms of concluding international deals with foreign countries such as money transfers, trade, investments and direct purchases, among others. Chapter Five provides scenarios that accrue due to markets imperfections that affect the dynamics of supply and demand of goods and services. This Chapter is full of economic jargon, but the bottom line is that the price of goods and services may cause, in some instances, social tensions in many countries. More importantly, the author reveals that the prices of commodities are not only determined by demand and supply dynamics, but also by various policy interventions.

Chapter Six is on how China is 'cornering the resources market' by applying to other resource rich countries what it did to Japan in the 1970s, not so long ago. China did a barter trade with Japan by providing its resources in lieu of a line of credit that was extended by Japan to provide its technologies, to help build infrastructure and its mining, etc. Will this turn out to be done the other way especially for the hugely indebted African countries such that China acquires the countries resources if there is default in serving its loans? A lot of foul cry have been heard in some quarters, though unsubstantiated, and in situations where loan agreements were not made to protect the borrowing states, then these countries will be at the mercy of the lender, read China, during arbitrations of disputes. Moyo maintains that China does not only trade with developing world, but has also a symbiotic relationship with the US where it disburses its cash, while the latter

provides its consumer market to China. Although this has been many a critic point of departure showing that China has no good intention to other countries, it is clear however that countries doing resource business with China are not locked in anyhow. Nevertheless, the author reveals that although countries can opt to trade with anyone beside China, the chances are that it is China that will eventually win as it has cash flow that most of these countries cannot afford to lose. This chapter shows that China has all it takes to be a monopsonist power in the commodities market by using three barriers to other competitors in the commodity market: policy-based, economic, and legal barriers.

Chapter Seven, captioned as “Meddling in the Markets” exposes how countries can meddle in the commodity and credit markets to suit their own needs. Of much importance is how one can meddle with food and energy commodities markets, and China is cited to hoard a lot of food commodities and distort petroleum markets. The author reveals that there are limits to capitalism that are market-driven because the Chinese government influence the market dynamics of these commodities through mechanisms such as control, incentives and befriending other countries. In short, China does not subscribe to market dictates!

Chapter Eight is on the geopolitics of resource acquisition and use. The author presents the insinuation by the West that what China is doing in its relation to developing countries is actually neo-colonialism. That China is subjugating local workforces by exporting its workers, and that it offers cheap and below-standard infrastructure assistance in disregard to the natural environments of host countries in its quest for resources, as well as supporting despotic and repressive regimes. In this chapter, the author seems to be apologetic to China; and is of the view that what is said about the country having a sinister motive is a mere speculation devoid of any hard evidence. There would be no better way to sum up this chapter!

In Chapter Nine, the author reveals China’s drive towards producing and helping other countries to produce more food, at the same time offering a readily available market to counter the West’s restrictive consumerism and state controls. Furthermore, the chapter depicts the ambition of China to expand its power production in the decade to come. Despite improved technologies and availability of substitutes as touted by scholars like Julian Simon (1996),<sup>4</sup> the author succinctly reveals the ever-increasing demand of commodities in world markets.

The final Chapter Ten concludes that the world faces constraints in the availability of natural resources and that these constraints will affect the world economic growth, creating imbalances in societies within the nation states; and in some scenarios resource-use conflicts, and to the extreme, wars. One can draw examples from many resource-conflicts in Africa, Latin America, and the Persian Gulf.

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<sup>4</sup>Julian Simon maintains that humans are ‘ultimate resources’ that can come up with alternatives because of their ingenuity. Read *The Ultimate Resource 2*, Princeton, N.Y.: Princeton University Press, 1996, p. 11.

While on one hand the author touts the global resource Armageddon, and the often patchy record of global community to work together on issues of mutual concern—for example, in addressing climatic changes—on the other hand the author sanguinely subscribes to the fact that not all is bleak in the resource need and supply dynamics. Again, the author extols the virtue of technology to save the day in providing new forms of resources to satiate resource demand. The author speculates that as China becomes more developed its needs of some commodities will subsidize, hence reducing its influence on resource markets.

### **Conclusion**

The book provides very important lessons. It reveals that China has successfully challenged the hegemony of Western capital and ideology. Instead of relying on donor-supported development strategies, institutions, norms and values, China has successfully charted and nurtured its own home-grown development trajectory, guided by its communist strategies and its 'own form' of re-inverted capitalism. Furthermore, through its 'Road and Belt Initiative', China is reaching out to the world to create new futures and partnerships for mutual benefit, though this is sceptically viewed as 'new form of colonialism' by the Western countries. But as we said before, there is no proof so far of this assertion.

However, despite the good work that the author has done, the book has several flaws. First, the apocalyptic scenarios that the author depicts can be perceived as speculation rather than factual. This is due the fact that the rush to acquire resources is not a new phenomenon. A simple recourse through history will show that resources have always been sought. The authors' assertion that China's acquisition of resources is peculiar because the country has economic clout to do 'as it please' is to say, the least, a value-laden statement that is sensational, vindictive, and again not factual. Resources acquisition were carried out by many colonial nation states, and continues to date, albeit in a subtle and much more veiled ways through multinational companies that siphon resources especially from developing countries where dysfunctional institutional, policy and legal frameworks or sheer corruption are rampant. Thus, it is intriguing, the arguments notwithstanding, of how China's forays into resources acquisitions are purportedly deemed more harmful than the latter.

On the other hand, reading through the book, the author seems ambivalent in a way, as the book starts demonising China in the earlier chapters, only to subsidise later. As such, the author's position on the whole argument is left in limbo. Secondly, the data used to support most arguments in the book are immensely borrowed from Western institutions; and in some instances the author provides data without revealing the source (see, for example, those pertaining to China's petroleum reserve hedge). One would assume that because of this, the author seems to speak from the Western pulpit, thus casting a shade of doubt to the authenticity of arguments advanced in the book. Thirdly, the author assumes that the readership

is well versed in economics and its associated parlance. Excessive use of economics jargon leaves a novice in this field with a huge task of comprehending what is being said. A much-simplified language would have been much better. The above anomalies notwithstanding, the author has greatly succeeded in exposing the dangers that the world faces as resources supply dynamics are greatly compromised by sheer economic pursuits.

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