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*UMB Student Journal of International Environment and Development Studies*  
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## LETTER FROM THE EDITOR

*Dear Reader,*

If you have ever taken the 07:48 train from Oslo toward Moss, then you know why UMB is such a special place. In the ‘*ubetjent*’ compartment of that train, you are as likely to overhear a conversation in Urdu as in Norwegian, or in Kiswahili as in English. Yet, when it reaches Ås, the train quickly empties of interesting languages, and leaves the rest of its passengers looking rather surprised. Likely, the underlying object of their astonishment is the highly global nature of our faculty: the Department of International Environment and Development Studies (Noragric). The idea to launch this journal was conceived on that train, as I wondrously conceptualized the network of connections that converges on our university, and thought of ways to attract attention to the exciting research being done here.

Accordingly, it is my hope that this journal will foreground both the global scope of these connections, and the quality of the work done by students at UMB. To be sure, our inaugural volume constitutes an excellent first step toward that end, as it highlights both the breadth and the depth of international environment and development studies at our university. Aside from their inherent value, the papers located herein are intended to serve as examples for new students at UMB. Further, I hope that they will also challenge upper-year students to think beyond the immediate confines of their lecture halls when writing term papers, and to produce analyses of truly substantial worth.

In this issue, Julian Valentin Michel begins by tackling a core topic within development studies, and focuses on the ways in which microcredit can contribute to the enhancement of rural livelihoods in the developing world. Next, Hanna Kavli Lodberg-Holm takes us to Nepal, and investigates the controversies inherent to balancing the conservation of fragile ecosystems with the pursuit of development goals. Thirdly, Michel Treiber examines a key issue in global environmental studies, and provocatively asks: Does the Clean Development Mechanism (CDM) merely constitute a “symbolic action”? Finally, Bjørnar Sverdrup-Thygeson introduces us to an emerging subject within international relations - the rise of China as a global power - and critically analyses China’s use of historical narratives to gain political capital and market access in Africa. Collectively, these four authors have prepared a set of papers that truly demonstrate both the importance and the appeal of their respective disciplines.

Yet, you would not be preparing to read their arguments if it were not for the efforts of many people at both Noragric and UMB’s administration. First, I would like to

thank Joanna Boddens-Hosang for negotiating the ISSN assignment process, and for coordinating the design of the journal's front cover. For the selection of the cover photo, and for her skill in graphic design, I am similarly indebted to Åslaug Borgan.

Regarding the peer-review process, the *Journal* thanks Ingvild Jacobsen, who single-handedly evaluated the MSc manuscripts, and Simon Pahle, who provided guidance throughout. The *Journal* also thanks Kayla Graham, Sarah Anderson, Leslie McDonnell, and Jody Marie Scholz for volunteering to read submissions from BSc students. I am especially thankful to Leslie and Jody for editing each of the submissions for this volume.

Finally, I would like to thank the Noragric faculty members who guided us through the process of establishing this journal: Pål Vedeld, Tor Arve Benjaminsen, Nadarajah Shanmugaratnam, William Warner, Darley Kjosavik, Ingrid Nyborg, Espen Sjaastad, and Kjell Esser. This inaugural issue would not have been possible without their support and enthusiasm.

Dear Reader, I now invite you to delve into this issue. I hope that you find, as I do, that this volume highlights the valuable ways in which students at UMB respond to pertinent concerns in global affairs. Likewise, I trust that subsequent issues of this journal will continue to interrogate the topics of poverty alleviation, climate change mitigation, and social justice. Given our common values at UMB, I know that such trust is well founded.

Sincerely,

Connor Cavanagh  
Editor-in-Chief

*UMB Student Journal of International Environment and Development Studies*

# LIVELIHOOD FRAMEWORKS: DOES MICROFINANCE FIT IN?

*By Julian Valentin Michel*

*MSc Candidate in International Development Studies*

*Noragric*

**ABSTRACT:** This paper examines distinct approaches to livelihood frameworks and assesses suitability in the field of microfinance. The superiority of the ‘assets-mediating processes-activities’ framework over other representations will be shown, due to its clear definition, structuredness of assets, and its recognition of various facilitating and constraining livelihood factors. Livelihood frameworks look positively at what resources are available to individuals or households, and this paper illustrates that microfinance takes a similar point of departure, fostering livelihood-building owing to the fungibility of financial capital. As a concrete entry point for microfinance into livelihood approaches, the author will direct attention towards livelihood diversification strategies as well as risk and coping mechanisms.

## **Introduction**

An adequate and decent livelihood can enable, facilitate and promote new opportunities for widening choices, diminishing powerlessness, promoting self-respect, reinforcing cultural values, and on other ways of improving the quality of life (Chambers and Conway 1991). The Brundtland Commission on Environment and Development first introduced sustainable livelihood ideas, and the 1992 United Nations Conference on Environment and Development expanded the concept, advocating for the achievement of sustainable livelihoods as a broad goal for poverty eradication (Krantz 2001). In general, livelihood frameworks pursue a holistic view on what resources, or combinations of resources, are available to the poor, thus drawing attention to the multiplicity of assets poor people utilize. Moser (1998) recognizes this immanent connotation, and argues that livelihood approaches “identify what the poor have rather than what they do not have” and “strengthen people’s own inventive solutions, rather than substitute for, block or

undermine them” (ibid: 1). Therefore, “such approaches look positively at what is possible rather than negatively at how desperate things are” (Ellis 2000: 28). Where conventional poverty reduction policies focused narrowly on, for example, increasing employment, incomes and/or productivity, livelihood approaches consider a multiplicity of vital aspects of poverty such as vulnerability. These include factors and processes that either constrain or enhance poor people’s ability to make a living in an economically, ecologically, and socially sustainable manner. In this light, income and production become a means to improve livelihoods, rather than ends in themselves. Throughout both the academic literature and development practice, different specifications have evolved, which emphasize distinct aspects and entry points. However, according to Arun et al. (2004), one can identify common principles. Livelihood approaches are people-centered, holistic, and they build on strengths. Furthermore, as change accelerates in every domain of human life, which requires a continuous adaptation of a highly diverse portfolio of activities to manage, cope and adapt to new livelihood challenges, a dynamic perspective has to be applied.

This paper explores whether or not the microfinance approach suits application in a livelihood framework, and asserts that microfinance practice can benefit from a more extensive usage of livelihood concepts. To support this claim, different livelihood representations will be discussed in the first section, which identifies Frank Ellis’ (2000) ‘assets-mediating processes-activities’ framework as the most suitable approach in our case. Due to the complexity of the subject, this will be given broad space to develop. Further, the second section emphasizes livelihood diversification, which constitutes one of the main entry points for microfinance in this area, as it increases the asset portfolio of a household. Finally, the third section discusses how the microfinance approach suits application in the livelihood framework. In general, the microfinance literature seems reluctant to make use of livelihood frameworks, so further research in that area is a task to be addressed in future.

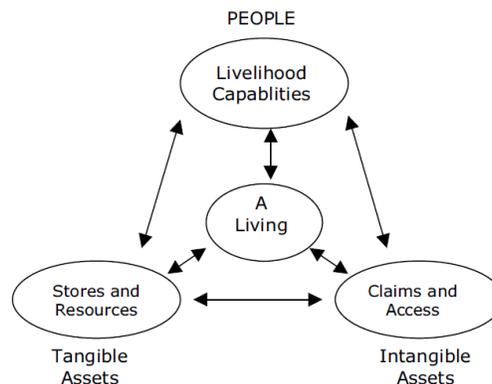
## Livelihood definitions

Livelihood concepts are holistic approaches that embrace various aspects of human existence. As regularly encountered in integrated approaches, actors interpret terms and definitions differently, and thus the object of inquiry is subject to negotiation. Accordingly, the aim of this section is to present different livelihood definitions. By illustrating the attempts made by authors to capture the topic, we will be able to select the most suitable one for our purpose, and to assess its characteristics more competently in the following part.

Drawing on the World Commission on Environment and Development, Chambers and Conway (1991) articulate a modified working definition of sustainable livelihoods.

“A livelihood comprises the capabilities, assets (stores, resources, claims and access) and activities required for a means of living: a livelihood is sustainable which can cope with and recover from stress and shocks, maintain or enhance its capabilities and assets, and provide sustainable livelihood opportunities for the next generation; and which contributes net benefits to other livelihoods at the local and global levels and in the short and long term” (ibid: 6).

Capabilities refer to Amartya Sen’s concept of capabilities and functionings (cf. Sen 1988; Sen 1999), and it might be worthwhile mentioning that livelihoods are largely predetermined by accident of birth. Figure 1 offers a more detailed view of how households, which are chosen as unit of analysis<sup>1</sup>, construct their living out of available asset portfolios.



**Figure 1** - Components and Flows in a Livelihood (adopted: Chambers and Conway 1991)

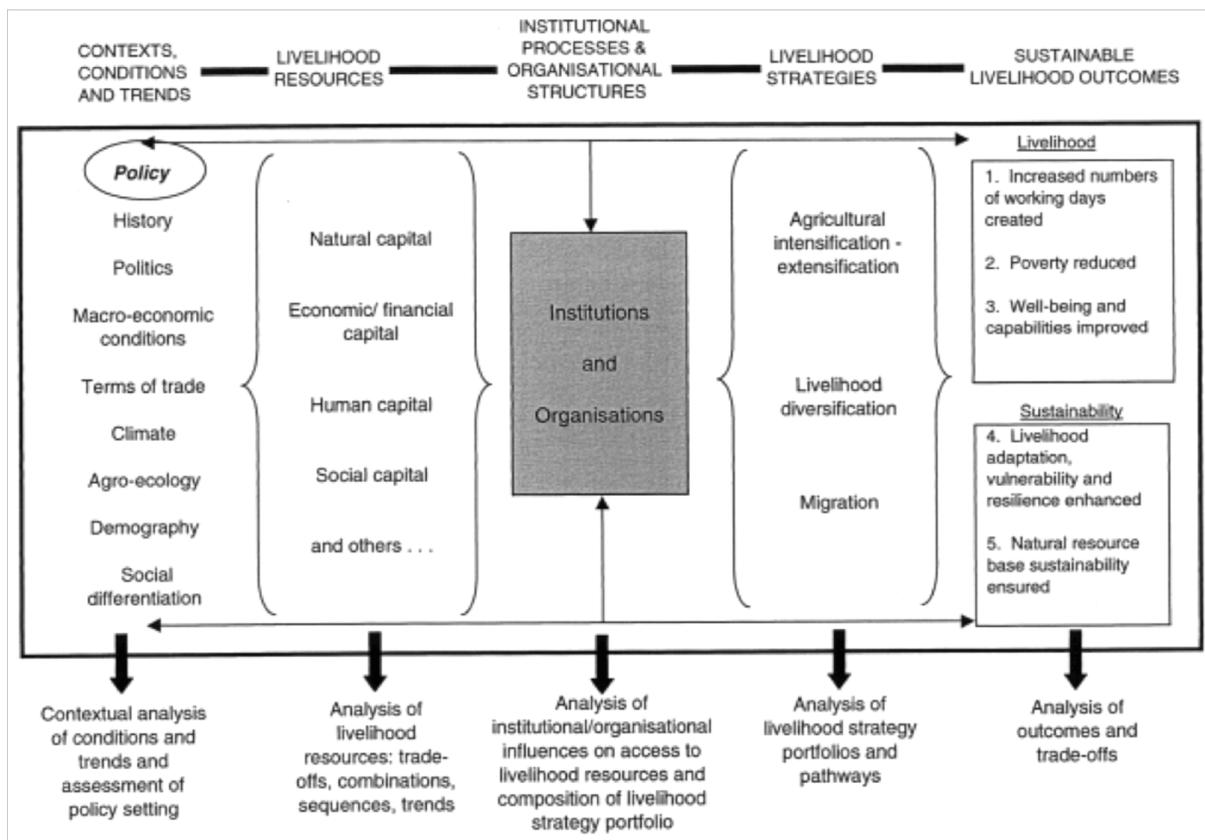
<sup>1</sup> A broader focus would also be possible, such as the extended family, household clusters, the social group, the community, or the region.

First, the asset portfolio involves the interaction between tangible assets, such as stores (food stocks, stores of value such as gold, jewelry or savings) and resources (land, water, trees, livestock). Second, it also involves intangible assets such as claims (demands and appeals that can be made for material, moral or other practical support or access). Further, both of these types of assets are impacted by access (opportunity in practice to use a resource). Together, these three elements are seen as fundamental in this livelihood construction process to withstand and recover from stresses and shocks. In the context of change and unpredictability, livelihoods further require “being adaptable, versatile, quick to change, well-informed, and able to exploit diverse, complicating and changing resources and opportunities” (Chambers and Conway 1991:22). Ian Scoones (1998) and the Institute for Development Studies (IDS) formulate their definition of a sustainable livelihood similarly, which is, with minor changes, also used by the British Department for International Development (DFID):

“A livelihood comprises the capabilities, assets (including both material and social resources) and activities required for a means of living. A livelihood is sustainable when it can cope with and recover from stresses and shocks, maintain or enhance its capabilities and assets, while not undermining the natural resource base” (ibid:5).

Hence, a sustainable livelihood does not have to contribute ‘net benefit to other livelihoods’. Nevertheless, securing the natural resource base in both intra- and intergenerational aspects can, in my view, be interpreted as a sort of ‘benefit to others’. Figure 2 depicts a detailed representation of Scoones’ framework for analysis, with the following key question guiding through it:

“Given a particular context (policy setting, politics, history, agroecology and socio economic conditions), what combination of livelihood resources (different types of ‘capital’) result in the ability to follow what combination of livelihood strategies (agricultural intensification/ extensification, livelihood diversification and migration) with what outcomes?” (ibid:3).



**Figure 2:** Sustainable Livelihoods, a Framework for Analysis (adapted: Scoones 1998).

Livelihood resources available to the household can be referred to as different forms of ‘capital’, from which productive streams can be derived to construct a livelihood. These include natural capital (the natural resource stock, eg. soil, water), economic and financial capital (such as cash, credit, savings and economic assets), human capital (skills and knowledge) and social capital (such as networks, social relations or associations). In this framework, special emphasis is further given to formal and informal institutional processes, which mediate the ability to carry out livelihood strategies, and influence people’s access to resources by social inclusion, exclusion or social dominance. These processes and structures link together the different livelihood resources and strategies, and are frequently invisible to outsiders. Davies (1997) underlines the importance of this aspect, stating that “institutions are the social cement which link stakeholders to access to capital of different kinds to the means of exercising power and so define the gateways through which they pass on the route to positive or negative [livelihood] adaptation” (ibid: 24).

As we will learn later, poor households already make use of a variety of mainly informal financial instruments (cf. Collins et al. 2009). These include storing own savings with a friend ('moneyguarding'), accumulating savings with accounts of local microfinance institutions (MFIs), borrowing money from neighbours, friends, relatives or the employer (generally interest-free), drawing down shopkeeper loans, borrowing money from local moneylenders and joining savings and loan clubs as well as insurance clubs. This reminds us that social institutions play a crucial role in 'livelihood strategy' implementation, and that we should not underestimate the importance of these informal institutions in everyday life. An appropriate framework therefore has to place major emphasis on this aspect.

*An approach pursued by Frank Ellis*

Drawing on Scoones (1998) and Carney (1998), Frank Ellis (2000) offers a third definition of livelihood, which acknowledges the crucial role of institutions and features further positive attributes. According to his definition,

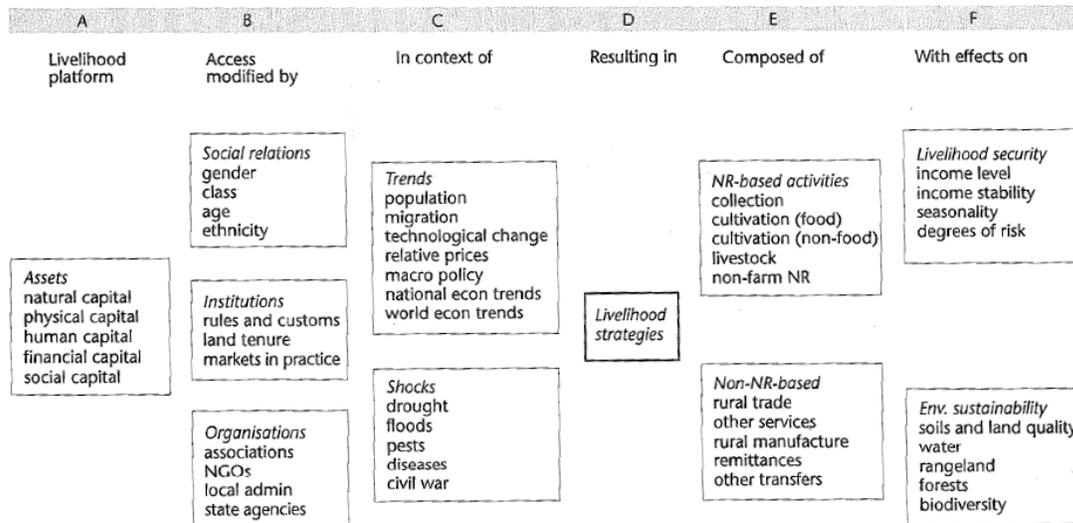
"a livelihood comprises the assets (natural, physical, human, financial and social capital), the activities, and the access to these (mediated by institutions and social relations) that together determine the living gained by the individual or household"  
(Ellis 2000:10).

As other authors, he further regards the household sphere as the most appropriate level of analysis, and underlines, in accordance with Chambers (1992), that in the context of change and unpredictability, livelihood construction has to be seen as an ongoing process. A first advantage of Ellis' definition over other attempts is the avoidance of Sen's notion of capability. The inclusion of an elaborate capability approach into another concept compromises a clear handling of the livelihood framework. As simplifications have to be made in every model, this step is justified because its social interaction clause also captures some aspects of the notion of capability. A second advantage concerns structuredness: Ellis divides Scoones' 'economic or financial capital' into financial capital on the one hand and physical capital on the other hand. This is a legitimate step,

as Scoones himself regards economic capital as “basic infrastructure and production equipment and technologies” (Scoones 1998: 8). It further supports our case, as microfinance increases financial capital, which can then be used in a productive way. Spending the increased funds on consumption goods, however, would result in a contradiction of definitions if ‘economic and financial capital’ will be grouped together. Concerning the different forms of capital, Scoones mentions in a footnote that “broader political conditions (including the relationship between the state and civil society) which facilitate or constrain the pursuit of different livelihood strategies, may be termed ‘political capital’” (Scoones 1998:8). Ellis, on the contrary, makes this aspect an integral part of his framework by creating categories for ‘institutions’ and broader ‘trends’ that affect access and livelihood construction. Due to the identified advantages of Ellis’ representation of a livelihood framework, we will refer and make use of his approach in the following discussion.

*The ‘assets-mediating processes-activities’-framework*

Having identified the general suitability of the approach pursued by Frank Ellis, this section will take a closer look at the different components involved in his concept. With a clear view on how livelihoods are constructed, it will enable us to assess the applicability of the microfinance-concept within this framework in the following stage. Figure 3 shows the heart of the framework, subdivided into six categories.



**Figure 3:** A Framework for Livelihood Analysis (adopted: Ellis 2000)

In general, the framework should not be considered as a set recipe for solving the causes of poverty. Instead, it represents more a “way of organizing the policy analysis of livelihoods that identifies main components (assets, mediating processes, activities), encourages thinking about the critical links between them, and emphasizes identification of constraints as a precursor to formulating policies to overcome constraints and allow assets to be utilized productively” (Ellis 2000:45). Hence, the framework allows one to look upon livelihoods from a holistic perspective, and to identify key constraints.

As a first entry point, the framework regards the asset status of the households as fundamental to understanding the opportunities open to them (Allison and Ellis 2004); namely natural, physical, human, financial and social capital, where some assets (eg. livestock-keeping) crossover more than one of these asset types. This constitutes the first component of the ‘assets-mediating processes-activities’ framework. The second ‘mediating processes’ component is represented by the intertwined categories ‘B’ and ‘C’. These include the following: social categories such as gender, class or age; institutions, formal as well as informal, such as rules and customs; institutionalized forms of organizations such as non-governmental organizations (NGOs), or local and state agencies. These variables are crucial mediating factors for facilitating or inhibiting ‘access’ to different resources or forms of ‘capital’. Further, together with contextual local characteristics such as trends<sup>2</sup> and shocks<sup>3</sup>, they also reveal the complex interaction of social, economic and political variables in the process of livelihood construction. Thus, the complexity of such interactions meets the criteria of depicting the extensive web of dynamics that we identified as an important characteristic of a livelihood framework in the previous section.

The aforementioned mediating processes can further be subdivided into aspects relating more to endogenous factors such as social norms and structures (the former, category ‘B’) and aspects describing more exogenous impact (the latter, category ‘C’). Assets, therefore, describe more the potential to achieve a certain livelihood, and, in conjunction with mediating processes, shape the scope for a portfolio of income

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<sup>2</sup> Including national economic trends, population trends, migration trends etc..

<sup>3</sup> Including floods, droughts, diseases, conflicts.

generating activities labeled ‘livelihood strategies’ (category ‘D’), generating the means of household survival. As acknowledged earlier, “livelihood strategies are dynamic, they respond to changing pressures and opportunities, and they adapt accordingly. In the case of shocks, households adopt coping strategies, which may result in an entirely different livelihood mix emerging from a crisis from that which obtained before” (Ellis 2000: 40). Ellis (ibid: 41) divides these “contributions to the survival portfolio of rural households” into ‘natural resource based activities’ and ‘non-natural resource based activities’ (category ‘E’). In a final stage (category ‘F’), these contribute to ‘livelihood security’ such as income stability, reduced risk exposure, less variation due to seasonality, and ‘environmental sustainability’ concerning access to water, biodiversity issues and soil and land quality.

Scoones (1998) offers three broad livelihood strategies to distinguish different dynamics and outcomes, which seemed to be supported by Ellis. The first strategy Scoones mentions concerns agricultural intensification/extensification. The former relates to increased reliance on agriculture, which is either capital-led<sup>4</sup> or labour-led<sup>5</sup>, but the dividing line between those two investments is not always clear-cut. The second strategy concerns livelihood diversification, either through *ex ante* risk management that is undertaken by active choice or through *ex post* coping mechanisms. It involves a broadening of the income-generating portfolio to reduce covariate risk between certain events (stresses, shocks, etc.), meaning that households are less prone to specific hazards by spreading and diversifying risks across different activities. Activities in this sense include mainly off-farm wage-earning opportunities. The third and last livelihood strategy focuses on migration, where ‘push’<sup>6</sup> as well as ‘pull’<sup>7</sup> factors describe the main driving forces.

Considering the three broad categories of livelihood strategies, the diversification aspect appears most relevant for our case. Migration describes, in my view, a worst-case scenario, if no other means of preventing a livelihood to collapse can be adopted. Furthermore, microfinance institutions offer, above all, access to credit and savings, as a

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<sup>4</sup> Most often supported by external inputs and policy-led.

<sup>5</sup> Generally based on own labour and social resources, thus the process is more autonomous.

<sup>6</sup> Such as erosion of assets, landlessness, seasonality or natural disasters.

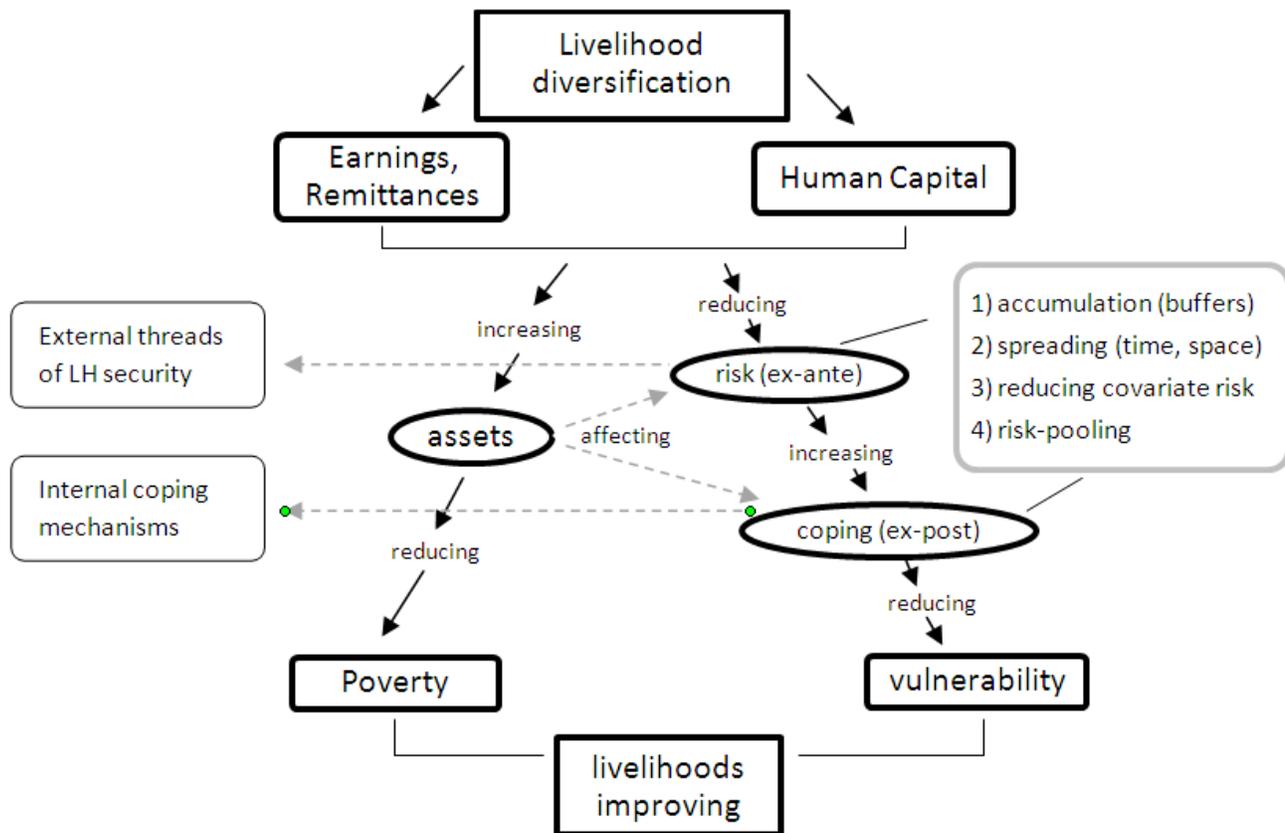
<sup>7</sup> Mostly income differentials.

core characteristic of money is its fungibility. Similarly, while the narrow use of it in agricultural intensification seems possible, the usage for non-farm productive purposes or consumption needs seems more likely (cf. Banerjee and Duflo 2007). Therefore, attention has to be directed towards diversification as a major livelihood strategy, which is a task we will now turn to.

### *Diversification as livelihood strategy*

Generally, diversification caters to positive attributes, such as widening people's choices, encouraging spatially diverse transactions, reducing vulnerability and exposure to risks or enabling recovery from shocks. Thus, it “enhances human capital by providing those who diversify with new skills and experiences” (Allison and Ellis 2004:iv). In the following, an overview of the diversification aspect will be given, as a main channel through which microfinance aims at reducing vulnerability and poverty seems to be diversification (cf. Wright et al. 1999; Cohen and Sebstad 2005).

Frank Ellis (2000) defines rural livelihood diversification “as the process by which rural households construct an increasingly diverse portfolio of activities and assets in order to survive and to improve their standard of living” (ibid: 15). The need emerges generally either out of necessity (cf. Stark 1991), which relates to involuntarily driving-forces, or out of choice (cf. Stark 1991), which points to the voluntarily and proactive role of households. The avoidance of ‘risk’ is both the main stimulant for livelihood diversification, and the dividing line between necessity and choice. However, is once again not clear-cut, as risks involved in seasonal crop yields, for example, can involve elements from both sides. In Figure 4, I modified and extended a representation by Allison and Ellis (2004) according to what I thought was missing, capturing positive attributes of livelihood diversification.



**Figure 4:** Livelihood Diversification (own representation based on Allison and Ellis (2004))

Following the left side of the double-pyramid, the material aspect of livelihood diversification is emphasized. By pursuing new income sources, earnings and remittances can be earned, which can be flexibly deployed in a state of crisis. Phrasing it differently, the asset basis of households can be increased, which positively influences both risk and coping, and generally reduces poverty. Following the right side, we speak more about human capital in terms of skills and/or experience, which further concerns mainly internal regrouping. Through diversification, risk can be reduced *ex ante*, denoting a planned and voluntary process that is accelerated by external threats to livelihood security (seasonality, climate-change, unstable income patterns etc.). In turn, this increases *ex post* coping capabilities, which support in buffering against sudden shocks through internal regrouping and balancing processes.

Drawing on Scoones (1998), four general options for reducing risks and increasing coping capabilities can be identified: First, accumulation of livelihood

resources<sup>8</sup>, thus creating reserves and buffers. Second, certain activities may be spread over space or over time, so that the severity of particular risks is reduced. Third, by adopting a different mix of activities, covariate risk can be reduced and fourth, risk pooling might be undertaken (eg. savings and/or insurance clubs). Taken together, these efforts will reduce household vulnerability and, in combination with new asset-creation, result in an improved livelihood. The importance of the diversification aspect as one possible livelihood strategy thus becomes obvious, leaving the question of how microfinance can contribute to that process.

### **The role of microfinance**

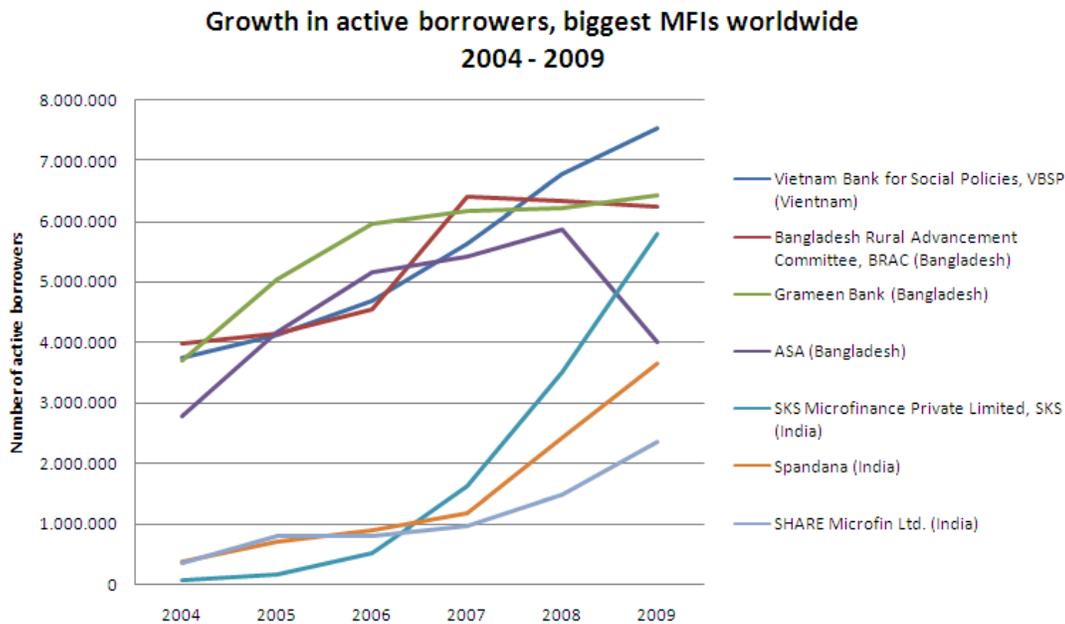
Access to capital and financial services for poor households in developing countries is still at a rudimentary stage, mainly due to high transaction costs (setting up and operation), lack of collateral of customers, the risk of default on loans and/or the challenge to obtain reliable information from customers. Nevertheless, as shown in Figure 5, MFIs all over the world register high increases in active borrowers, as I calculated with data provided by Mix-Market - a business information provider dedicated to strengthening the microfinance sector by making data publicly available.

Many regard microfinance as a poverty alleviation tool that improves and sustains the living conditions of its clients (Hulme and Mosley 1998). Indeed, microfinance's strength lies in its ability to be scaled up quite independently, requiring little coordination effort across actors. In addition, this constitutes a second reason why I focused on this 'tool', besides its recent prominence in development thinking and especially practice. As every concept and framework seems lifeless without application, an attempt to assess in which respect the microfinance-construct can make contributions to the livelihood framework will be undertaken in the following. One can critically comment that this predetermined focus on one specific 'tool' might undercut other entry points, as the most constraining factor or most underemployed asset of a household should be assessed in

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<sup>8</sup> Not to be confused with the creation of new income opportunities, which is represented by the left edge of the double-pyramid.

participatory ways, thus determining the crucial component for livelihood construction from the ‘inside-out’.



**Figure 5:** Growth in Active Borrowers (2004-2008), biggest MFIs Worldwide (Author’s calculation with data provided by MixMarket)

Due to practical reasons, we will reverse this *modus operandi*, starting with a short definition of microfinance. Saying it in advance, the microfinance literature is astonishingly empty of an enclosing concept or framework, thus reliance is based mostly on one’s own considerations.

In essence, microfinance refers to the provision of financial services, and applies to financial intermediation such as loans, savings, money transfer services and micro-insurance, as well as to social intermediation that aims at leadership training, group formation and cooperative learning (Ledgerwood 1999). Microfinance clients are typically already self-employed, low-income entrepreneurs in both urban and rural areas. Clients are often traders, street vendors, small farmers, service providers (e.g. hairdressers, rickshaw drivers), artisans, and so forth. Their activities usually generate a small but stable income (often from more than one activity). Although they are poor, microfinance clients are generally not considered the poorest of the poor. Microfinance therefore targets the middle and upper-end of the poor, also called ‘economically active

poor’.

*An attempt to integrate*

Reconsidering Ellis’ representation of his livelihood framework, the livelihood platform consisting of different asset-types has to be regarded as the point of departure (category ‘A’). The possibility to access credit and saving opportunities primarily enhances ‘financial capital’, being neither a productive nor a ‘fruitless’ form of capital in its initial stage. As mentioned earlier, a key characteristic of money is its fungibility: "being of such nature or kind as to be freely exchangeable or replaceable, in whole or in part, for another of like nature or kind" (RandomHouse 2006). Financial capital therefore performs a crucial role in the asset portfolio: convertibility. Productive assets in form of physical capital can be acquired, investing in future livelihood prospects through, for example, the establishment of a small business. As such, human capital can be extended through the use of financial resources to attend further education or training. Likewise, natural capital can partly be exploited more efficiently<sup>9</sup> through the purchase and usage of higher yielding crops or fertilizers. Alternatively, financial resources might only be used for consumption needs or lump-sum expenditures, such as weddings, funerals or religious events (cf. Collins et al. 2009). Some of these decisions are based on cultural norms and practices, thus making it possible to relate these uses to the broader category of social capital. The convertibility and substitutability of cash in the form of credit and savings implies, further, that the individual household has to take responsibility and decide on the area in which it wishes to further develop its assets. In other words, livelihood approaches “strengthen people’s own inventive solutions, rather than substitute for, block or undermine them”, and “identify what the poor have rather than what they do not have” (Moser 1998:1). In this respect, microfinance seems to suit the livelihood framework.

Regarding the diversification aspect, it becomes clear that increased assets facilitate and, in return, are facilitated by diversification. By using a loan to increase

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<sup>9</sup> A distinction is made within natural capital between renewables and non-renewables. The point mentioned therefore applies evidently only to the former.

physical capital for pursuing new income generating activities, our entry point in Figure 4 would be the left side of the double-pyramid. With new income sources and ‘fresh’ earnings, assets are further increased, which affects risk-management as well *ex post* coping abilities, and leads to reduced vulnerability. Using credit and savings for human capital creation, we follow the right side of the double-pyramid, which leads to the aforementioned outcome by increasing the range of opportunities from which choices can be made. In case no particular asset transformation is undertaken, financial capital can be stored, creating buffers to increase livelihood resilience in case sudden emergencies arise, thus entering the ‘diversification-schema’ on the ‘coping’-level.

The crux is that a multiplicity of different paths can be followed to access financial capital, endowing the household with the necessary requisites to pursue different asset strategies. This focus on the determination of individual asset strategies seems to be a decisive criterion where microfinance can enter the livelihood framework at an early stage. In the following section, the success of the employed asset strategy is again subject to the various mediation processes outlined in Ellis’ livelihood framework, such as social relations, institutions, organizations and broader macro-level trends. Nevertheless, when microfinance components are integrated into the livelihood framework at an early stage, it seems likely that the influence of such mediating processes is reduced, which one can interpret as a form of ‘emancipation’. The intensity or magnitude of this effect, however, has to be determined individually, with the local context taken into account.

Illustrating this point in a final example, I revisit Collins et al.’s (2009) study from India, Bangladesh and South Africa. The authors collected ‘financial diaries’ of 250 poor households, and interviewed them at least twice a month about their financial behaviour and money-management methods. They found that people primarily store savings at home, or with friends (moneyguarding). Additionally, households accumulate savings with the accounts of local MFIs. Conversely, in terms of credit and loans, households borrow money from neighbours, friends, relatives or employers (generally interest free), borrow money from local moneylenders, and join saving and loan clubs as well as insurance clubs. As such, households generally already use a variety of financial tools. In Bangladesh, for example, the average number of different types of instruments used was

just under ten, in India just over eight and in South Africa ten as well. However, the numbers refer only to the type of instrument used - when checking for how often those instruments were used throughout the year, we learn that in Bangladesh, 42 households used just one instrument - the interest free loan - almost 300 times a year. The reliance on external, mainly informal sources, maintained through social relations, institutions or organizations, is therefore highly important. However, these informal sources frequently lack a fundamental feature: reliability. Informal financial institutions such as friends, neighbours or relatives may not be able to provide funds when deeply needed; likewise, a shopkeeper may be unable to defer payment. One key reason is that the associates of the poor are often poor themselves. Out of liquidity constraints, informal moneylenders may not be able to disburse a loan or change conditions without notice, resulting in a time, energy, and emotional toll for individuals. In this sense, a reliable source to borrow from could be interpreted as some form of the above mentioned 'emancipation'.

## **Conclusion**

Livelihood approaches encourage users to take a holistic and systematic view of the factors that cause poverty, and investigate relationships between a lack of assets, weak institutions, and external shocks. Such approaches do not take a sectoral view of poverty, but instead try to reconcile the contribution made by all sectors to building up the stocks of assets upon which people draw. Nevertheless, different definitions and approaches have evolved (cf. Chambers and Conway 1991; Scoones 1998, Ellis 2000). Thus, the object of inquiry is subject to negotiation. Securing the potential for the application of microfinance components into the livelihood framework, we identified the approach pursued by Frank Ellis as being most appropriate. Indeed, the approach's suitability is due to its clear definition, its structuredness of assets, and its recognition of constraining economic, ecologic, and socially mediating factors. Different components of this livelihood framework were also outlined, which emphasized the interaction between categories (from assets and mediating processes to activities and outcomes), and stressed the crucial role of diversification in the construction of livelihood strategies. However, every framework seems lifeless without application. Fittingly, a discussion of the

application of the microfinance approach in the livelihood framework was undertaken, which suggested that microfinance initiatives could be scaled up without a large measure of additional coordination. In general, the microfinance literature seems reluctant to make use of livelihood frameworks, so further research in that area is a task to be addressed in the future. The fungibility of money, and the convertibility of credit and savings into other asset classes led it to appear as an instrument to promote people's own inventive potential. Further, considering livelihood diversification, different entry points could be identified, which generally affect the asset portfolio of a household. An increased asset portfolio can enhance risk-management, reduce vulnerability, and, depending on contextual characteristics, can reduce mediation pressure as well.

Nevertheless, in discussing microfinance, a general concern should be always kept in mind: Business-ideas can fail, established activities can collapse, and human capital investments can turn out to be worthless or inapplicable. Fundamental risks are involved in taking a loan, and obligations can quickly turn into burdens as microcredit turns into microdebt. In conclusion, therefore, one recommendation is to heed an observation by the research and evaluation division of BRAC, which is one of the biggest MFIs in Bangladesh. In their words, it is only:

“through repeated consultation and involved engagement with the particular circumstances of ultra poor women that a suitable enterprise mix can be found. [...] Such intensive staff engagement has been extremely critical to ensure [the] mentoring and empowering ultra poor women with a sense of confidence that BRAC is with them in their fight to overcome ultra poverty” (Matin et al. 2008:19).

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# COMMUNITY CONSERVATION: PRESERVING BOTH NATURE AND CULTURE IN NEPAL

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**ABSTRACT:** Today, community conservation projects have been implemented throughout the world. By engaging local people in conservation projects, governments and NGOs aim at achieving both the conservation of natural areas and the development of local people. However, these projects have had varying success rates, and they still face many challenges. This article reviews two community conservation projects in Nepal: Sagarmatha National Park and Annapurna Conservation Area. The analysis identifies two main aspects of local culture that have proven vital for the success of both conservation and development. Traditional management systems, religious beliefs, and ethics have proven to be central concepts for success in both these projects, and I also argue for the significance of these in a global context.

## **Introduction**

*O*ne of the main challenges for the world today is to achieve a balance between development and the protection of the environment. Environmental change, degradation of natural areas, and declining species diversity are salient problems for the international community. When our surrounding environment is destroyed, we also lose possibilities to improve human lives and to ensure development for future generations. Truly, we need new options for development that will include the protection of the environment. By contrast, previous models of environmentally damaging industrial development have proved unsuccessful in many countries (Haslam et al. 2009). Several new development strategies therefore try to improve conditions for human communities without sacrificing our environment in the process. Many developing countries still contain natural areas with great biodiversity and communities with rich cultural diversity. These are qualities that are valuable to the future to avoid the further destruction of our environment and the

loss of both cultures and traditions.

Accordingly, this paper discusses community conservation projects, which are an important new concept within the field of environment and development. Today, these projects are spreading throughout many developing countries, and they allow local communities to simultaneously achieve both conservation and development goals. Still, these projects are not without problems and challenges. They are dependent on the support of local communities, which has been a neglected aspect of many projects (Stevens 1997; Haslam et al. 2009). To successfully involve local communities in these projects, their culture, traditions, and practices must also be acknowledged. In this article, I will demonstrate how the implementation of management practices, religious beliefs, and ethics from local cultures greatly affect both conservation and development achievements at two protected areas in Nepal: Sagarmatha National Park and Annapurna Conservation Area. Based on the evidence from these two projects, I argue that the acknowledgement of local cultures and traditions is vital for the success of community conservation projects around the world.

### **Conservation, development, and culture**

Nature conservation projects have been founded in many countries and cultures throughout the last decades, but the degree in which local people have been engaged has greatly varied across time and place (Stevens, 1997). The history of nature conservation clearly shows how attitudes towards the role of local communities have evolved during the last decades. Since the 1990s, nature conservation has moved from the old concept of protected areas - that began with Yellowstone National Park - to an entirely new way of thinking. Previously, people were excluded from the protected areas in order to ensure biodiversity. Today, this has changed through the inclusion of many indigenous and local communities in conservation projects (Stevens, 1997). Indeed, there are many ways of engaging people, from hiring them as labor, to basing the entire project around their traditional ecological knowledge (TEK). Most of the local people involved in community conservation projects live in areas with the highest biodiversity in the world. This is not a coincidence, but a result of the culture these people have maintained over centuries. Both

respect for- and engagement with these local cultures are essential for achieving results within development and conservation.

Culture is a very wide term that includes many perspectives, and there are several different definitions of it. One can state that culture is “a description of a particular way of life, which expresses certain meanings and values not only in art and learning but also in institutions and ordinary behavior” (Haslam et al. 2009: 465). Some especially relevant aspects of culture for conservation projects include livelihoods, religion, ethics, knowledge, management systems, and traditional hierarchies. This term paper focuses on a few aspects of such traditions and, even though there are many other aspects of culture that could also be discussed, they are outside the scope of this paper. The elements this paper includes are religious and ethical views, knowledge, and the community’s traditional management systems. The term ‘traditional’ is used to explain the original culture that these communities have maintained for many years. Acknowledging these traditional cultures can be the difference between success and failure in conservation projects.

As noted earlier, the main purpose of a community conservation project (CCP) is to protect natural areas while simultaneously assisting local people in pursuing sustainable development. This is based on the concept that was expressed by Gro Harlem Brundtland in the 1987 *Our Common Future* report. Brundtland emphasized the important relationship between development and the environment, since degradation of the environment can hinder development, while the lack of development can cause the degradation of natural resources. This theory established new ideas for development that should improve people’s lives without causing destruction to the surrounding environment. As Brundtland famously put it, such development “meets the needs of the present without compromising the ability of future generations to meet their own needs” (cited in Haslam et al. 2009: 310). Fittingly, many CCPs all over the world try to pursue sustainable development as a core aspect of their projects. Several established projects in developing countries also play an important role in trying to achieve the UN Millennium Development Goals. In doing so, they try to combine the improvement of people’s social and economic conditions through environmental sustainability. If they succeed, they have

great potential for achieving both development and environmental protection in some of the world's most unique natural areas and cultures (Kothari, 2006).

### **Sagarmatha National Park and Annapurna Conservation Area**

The Sagarmatha National Park covers 1150 square kilometers of area in the Nepalese Himalayas. The area lies between 2800-8848 meters above sea level, and it contains some of the highest mountaintops in the world, including Mount Everest. The Park is home to unique landscape and wildlife, and hosts several rare species such as the red panda and the snow leopard. Today, the area is a World Heritage Site, and became a National Park in 1976 (Stevens 1997; UNEP 2008).

Simultaneously, about 3000 people live adjacent to Sagarmatha National Park. Most of these belong to an ethnic group known as the Sherpa. They lived in the area for centuries as nomads until they became sedentarized around 1850. Today, they live in small villages that are surrounded by agricultural and grazing land. The Sherpa also depend on the extensive use of the forests, which they use for building materials, fuel, and extraction of other products such as medicinal plants. Additionally, most of them belong to the Tibetan Buddhist religion (Stevens, 1997; Sherpa, 1993).

Similarly, Annapurna Conservation Area is the largest protected area in Nepal, and covers 7629 square meters of terrain (Government of Nepal, 2006). It is one of the most biologically diverse places on earth, and contains many unique ecosystems, from alpine habitats up to 8000 meters to the deepest valley in the world: Kall Gadaki (Kothari, 2000). The area is home to a variety of species, and contains several rare ones such as the snow leopard, musk deer and Tibetan wolf (Stevens, 1997). The area became protected in 1992 (Government of Nepal, 2006). In demographic terms, the area is home to around 129 000 people and several different ethnic groups (Spiteri & Nepal 2008). The biggest of these groups are the Gurung and Magar, followed by the Managis, Tibetans and Thakalis. Most of them are either Buddhist or Hindu, but these practices are sometimes blended with shamanistic beliefs. They also live in small villages and depend on agriculture, livestock and use of natural resources from the forest (Stevens, 1997; Kothari, 2000). Even though the area contains different ethnic groups, their lifestyle,

culture, resource use patterns, and development needs are similar (Baral et al. 2007; Stevens, 1997).

### **Local knowledge and management systems**

Many local communities that live in areas with great biodiversity have developed their own management systems, which are based on their traditional knowledge together with current and empirical knowledge of their environment. These knowledge systems can go back centuries, and are unique to the area and the people living there. They have developed this knowledge through their livelihoods, which are often closely linked to nature and natural resources. It includes much knowledge about ecosystems, species, and vulnerabilities of the area (Crossmann and Devish, 2000; Haslam et al. 2009). This unique knowledge heritage cannot be fully replaced by modern sciences even though they can both benefit from cooperation (Hountondji, 2002). The use of these knowledge systems can also contribute greatly to development since they make the development process more efficient, focused, and locally empowering (Gorjestani, 2000).

Based on traditional knowledge systems, many communities have developed management practices that can protect certain species that are especially vulnerable or key to the local ecosystem. Entire areas and habitats can also be protected, and these can have significant implications for both biodiversity and landscape conservation. Today, however, a key problem in these areas is that these old management systems are eroding or disappearing (Berkes et al. 2000). Another problem is that they are ignored and not appreciated by external actors. The following two examples from Sagarmatha and Annapurna illustrate two very different approaches towards including and using local knowledge and management systems.

The Sherpa people in Sagarmatha National Park had a clear understanding of the vulnerability of the area long before it became a national park. When the region was still quite isolated from the rest of Nepal, they had created their own forest conservation project. It was based on a system called Shingi Nawa. The Shingi Nawa was a local forest guard who was appointed by the community and rotated every year. The Shingi Nawa's responsibility was to control the use of the forest. They decided how many trees could be

cut down, and in which areas. They also had supervision over the pastures used for grazing and the movement of the animals. Many of the regulations were decided in cooperation with the village elders and local advising committees. If someone broke these rules, they could receive a fine or have their tools confiscated. These resources were then used for community development such as the repair of trails and roads, or the construction of other community structures (Sherpa, 1993; Stevens, 1997).

Despite the very effective system that was already in place in the Sagarmatha area, the government still chose to overrule this when they founded the national park in 1976. This, together with the increasing amount of mountaineering tourism in the area, led to a breakdown in the traditional management systems of many villages (Sherpa, 1997). When the government of Nepal introduced their plan to prohibit all cutting of trees and gathering of wood material, it resulted in the opposite of the intended effect. The Sherpa people started to cut down as much wood as possible before the park was established to ensure their supply of firewood for the years to come (Sherpa, 1993; Stevens, 1997). This caused extensive problems such as deforestation and soil erosion. The Sherpa people became excluded from the park, and their rights to the area and its resources were denied. Resentment towards the park, its management and its objectives grew in many of the local villages (Sherpa, 1993). The destruction of the old Shingi Nawa system also caused a lack of development since the fines collected in this system were traditionally used for community development that benefited all. Now, many local households make a living from the tourists. However, in most local households, this money is not spent on community development, but on increasing families' yak herds. This has further negative effects on the surrounding environment because of overgrazing (Stevens, 1997).

The project continued to face many problems until 1981, when the Nepalese government changed its approach to conservation. Old institutions such as the advisory committee were reestablished so that local people could express their opinion of the park and its management. The old Shingi Nawa system was also brought back to life and implemented in the project (Sherpa, 1993). They also received financial support from a number of NGOs, as well as money generated from the Shingi Nawa system, which was used for local development (Stevens, 1997). Still, it proved very difficult to reestablish

the old management systems because of the continuing resentment in the local communities (Sherpa, 1993). Also, since the project kept an extensive external management system, most of the money the project generated did not benefit the Sherpa people (Stevens, 1997). By contrast, a quite different approach was used when the Annapurna area in Nepal was established as a protected area.

Indeed, the Annapurna Conservation Area learned from many of the mistakes in Sagarmatha National Park. The basic idea in Annapurna was to develop a project where local people were both engaged and supportive of conservation objectives. An important aspect was that the local people should stay in control of their lands, and that their user rights should be preserved. They should be primarily responsible for management and decision-making, in cooperation with several NGOs, and funded by external development organizations. Particular focus was put on regulating tourism so that it benefited the local people in development without having any negative effects on the ecosystems and natural resources of the area. All stakeholders agreed that these development projects should be sustainable, long term, and economically independent (Kothari, 2000; Stevens, 1997).

The first pilot project was initiated in 1986 in the village of Ghandruk, and was assisted by several NGOs. The first step was to found local committees and institutions responsible for the different issues within both development and conservation. Many of these new institutions were based on already existing systems. The local communities in Annapurna also had several conservation systems that ensured limited use or total protection of several areas (Stevens, 1997). In the beginning of the project, the area was divided into different zones, which were managed according to local needs and different habitats. Some zones were strictly protected from use, while others were open for traditional activity or development (Kothari, 2000). Further, the use of these zones was regulated entirely by local committees.

As such, the committees became responsible for both development and conservation. They were based on already existing institutions or created in cooperation with the NGOs. These new committees ensured the development perspective of the project, and initiated different projects in the villages according to local needs. Here, local knowledge considering the needs and wishes of the different communities was actively used in development (Stevens, 1997). The most important committees became

the Village Development Committee and the Forest Management Committee (Kothari 2000). These sub-committees were created for different conservation and development projects, such as the electrification of villages, the improvement of health care and education, and women's group management. These different development projects were executed by local people, but were assisted with organizing and finance by the Annapurna Conservation Project and external sources (Bajracharya et al. 2006).

Through the many women's groups in the different villages, much focus has been put on development and empowerment of women. These groups try to give the women more opportunities for education, livelihoods and status (Kothari, 2000; Stevens, 1997). In Annapurna, they have also recognized that the development of local people is very necessary for the preservation of biodiversity. If the economic conditions for people are poor, it will cause increased pressure on the environment. This was one of the main problems in Sagarmatha, where people were excluded and denied traditional livelihoods that put more pressure on natural resources and areas. In addition to developing projects, such as improving infrastructure, buildings, education and empowerment of weak social groups, in Annapurna they also founded development projects that greatly protected biodiversity. Examples are education and paid jobs as forest guards, developing alternative fuel sources, protecting wildlife from poachers and garbage systems (Kothari, 2000; Stevens, 1997).

### **Traditional beliefs and ethics**

Another important aspect of local cultures is the traditional beliefs and ethics that often have ensured the protection of natural areas and biodiversity for centuries. Before 1990, these religious and ethical values were neither appreciated nor included in most protected areas. Today, their importance is recognized as an important aspect to preserve, together with nature and biodiversity. Many local cultures contain strong bonds between people and nature that has been maintained through continuous contact and use of the ecological systems (Stevens, 1997). If the natural surroundings and landscape is destroyed or eroded, much of the traditional culture will face the same fate. Religious beliefs, stories and myths are connected to particular places in the surrounding

environment, and form the basis for conservation in many communities (Kothari, 2006). Some traditional or indigenous religions believe that all living beings have a unique value and should be protected. Some also believe that spirits inhabit nature, and that this is the case in Sagarmatha and Annapurna (Grey, 1999).

Before the Sagarmatha area became a National Park, religion played an important part in conservation. In particular, Buddhism ensured protection of the wildlife in this area since all animals have similar value as humans in traditional Tibetan Buddhism, and as such, they should never be killed. This ensured a unique variety of wildlife in the region and protected some very rare species (Stevens, 1997).

The Sherpa people also traditionally believe that there are spirits that live in their surrounding area. They can be located in a specific tree, waterfall, cave, entire mountains or forests. Places inhabited by these spirits, known as Lu spirits, control much of the processes that concern natural resources. They are therefore strictly protected and not disturbed in any way (Berbaum, 1999). This has ensured the protection of large forest areas where not a single tree is cut (Sherpa, 1993; Stevens, 1997).

When the area was made a National Park, these cultural aspects were not included in park policy. The management of the park did not recognize the importance of the Sherpa people and their religious and ethical values. Even after the Sherpa people were included in the project, their religion and ethics was still not respected. Some villages were even permitted to cut trees in forest that were sacred for other villages. This only further aggravated the relationship between the Sherpa people and the management of the park (Sherpa, 1993). It also created conflicts and lack of cooperation between the villages (Stevens, 1997).

In Annapurna, some aspects of the local religion and ethics are similar to Sagarmatha. This includes prohibitions on killing most animals and respect for the various sacred and protected forests (Stevens, 1993). When Annapurna became a conservation area, the government chose another approach to the cultural aspect. The process began in 1982, when King Birendra visited the area and stated his wish to protect it together with the needs of the local people. Before the project was initiated, one year was spent studying the local culture and conservation traditions (Kothari, 2000). The local communities in the area then got the chance to construct the conservation project

based on their own culture. The result of these steps was much less conflict between the partners in the project, and conservation of the traditional culture as well as the forest itself (Stevens 1997; Bhaju et al. 2007).

Both in Sagarmatha and Annapurna, both government and NGOs have used religious beliefs and ethics to create sustainable development projects. One common project has been to establish tree nurseries where new trees are grown and protected. When they have grown large enough, some of these trees are cut and used for traditional uses or sold as forest products. This helps to maintain traditional livelihoods, and gives local people income without putting too much pressure on the forest. When a tree is cut, new ones are planted to ensure further growth (Stevens, 1997). Local Buddhist leaders protect these forest nurseries, which ensures that they are protected after being defined as sacred forests (Sherpa, 1993). This project in Annapurna has also tried to work with the equity issues within Nepalese society by giving women tasks in the nurseries. The womens' groups are responsible for some of the projects and get an extra income from it, which contributes to improve their situation and status in the community (Stevens, 1993).

### **Achievements of the projects**

Annapurna Conservation Area has experienced a high success rate in terms of both development and conservation. They have achieved improved infrastructure, implemented alternative energy sources, agricultural development, health services and social empowerment (Kothari, 2000). They have also made great achievements within booth education and research. Also, several religious buildings have been preserved, which contribute to the conservation of their traditional culture. The main focus in this project's first decade was development, but this resulted in a slight lack of results within nature conservation. When development reaches a certain level, however, the focus seems to shift to conservation in the different villages (Baral, Stein & Hernen, 2007; Bhaju et al., 2007; Stevens, 1993; Spiteri & Nepal, 2008).

Still, the project has also achieved many conservation goals. Twenty-seven tree nurseries have been established, where over 1.6 million new trees have been planted. They have also been able to develop a sustainable ecotourism program in which they

have received several international awards and become a model for conservation projects throughout the world (Bhujju, 2007). The local people are very involved in supporting the project compared to Sagarmatha. For example, a survey by Jai N. Mehta and Joel T. Heinen (1997) states that 87% of the 400 households asked were positive towards the project.

Even though the Sagarmatha Conservation Area was founded much earlier than Annapurna, they are still far behind in terms of both development and conservation achievements. They are still implementing projects such as forest nurseries, alternative energy and education of local people in natural resource management. Conflicts still occur between local people and conservation plans. However, they have had some small achievements such as increased populations of rare animals and improved infrastructure, drinking water and electrification (Bhujju et al. 2007).

In the meantime, tourism and trekking has become the major source of income for the Sherpa people. As many as 46% of park-adjacent households are dependent on tourism-related income, and such enterprises have improved the financial position of many households. Still, they have experienced some extensive problems concerning the use of money generated from the project. Much is used personally, instead of for collective development projects that benefit the entire community. They have not been able to make tourism sustainable, and this puts great pressure on ecological systems. The increased tourism has also caused erosion of traditional Sherpa culture, which causes further problems for conservation (Bhujju et al. 2007; Sherpa 1993).

## **Conclusion**

This paper found that the maintenance of respect for local cultures greatly affected the success rate of two Nepalese conservation projects. Of course, it cannot be denied that many CCPs face significant problems in their effort to involve local people in both development and nature conservation. These two goals can often be mutually exclusive, and are not always easy to combine. This can cause conflict within communities and in relation to governments or other institutions. Also, not all aspects of local culture support the conservation of nature. Some aspects have the opposite effect,

and can lead to both the loss of biodiversity and the degradation of habitats (Haslam, 1997). Although these problems should not be underestimated, traditional culture often has many positive influences on conservation as well. As such, the conservation of traditional culture is important for the achievements of biodiversity conservation goals, even though some cultural aspects have to be changed or improved (Stevens, 1993).

Further, for many years, and in many parts of the world, development has forced local communities to become as similar to western countries as possible. This has had a devastating effect on communities and cultures in many third world countries. However, post-development scholars like Arturo Escobar emphasize the importance of including cultural aspects and traditional knowledge. Traditional knowledge is especially important since the local communities are the only ones that actually know what kind of development they require and need (Haslam, 2009). From Annapurna, we can also see how important it is to include and respect local culture to achieve sustainable development. They have the knowledge about their surrounding ecosystems and traditional livelihoods that sustain biodiversity. If this knowledge is used and combined with traditional management systems and local ethical and religious values, they can have great importance for both development and the environment.

The Sagarmatha and Annapurna examples illustrate the differences between projects where culture is included and excluded. Both the areas and people are quite similar in term of culture and livelihoods, which implies they have similar possibilities for success. Still, Annapurna Conservation Area has achieved much more within both development and conservation compared to Sagarmatha National Park. The reason for this seems to be the way the Annapurna project has included and used the local culture from the beginning. This has resulted in a high degree of participation from local people. However, in Sagarmatha, people were excluded from the very beginning, and their traditional culture was ignored and unrecognized for its ecological importance. This resulted in resentment towards the project, and in local people resisting both conservation and sustainable development (Stevens, 1997; Sherpa, 1993).

These two examples further illustrate how vital it is to include local people in conservation projects. Usage of local culture can increase the success and efficiency of conservation, and it can also lead to more sustainable forms of development. All over the

world, CCPs have the possibility to study these projects from Nepal and learn from them. Even though they are from two unique regions and cultures, there are some general lessons to draw from them concerning the importance of respecting local cultures. Many local communities across the world have preserved cultural values and resources that can contribute greatly to conservation. These unique cultures are rapidly disappearing, and it is vital to protect them to ensure both cultural and natural diversity (Stevens, 1997). They can also be an inspiration in development and conservation for communities worldwide. Used correctly, and combined with other resources, traditional cultural values can be used successfully in community conservation projects though out the world.

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# CLEAN DEVELOPMENT MECHANISM: A SYMBOLIC ACTION?

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**ABSTRACT:** The Clean Development Mechanism (CDM) of the Kyoto Protocol has created substantial discussion since its implementation in 2005. Many authors have criticized its effectiveness in achieving both of its targets: to assist developed countries in meeting their emissions reduction targets and to support developing countries in achieving sustainable development (SD). Instead, various authors identify an unavoidable trade-off between SD and cheap emission reductions in favour of the latter. This paper argues, by means of an analysis of four areas (the CDM's bureaucracy, its effectiveness to provide SD, the CDM as business opportunity, and lobbyism in climate politics), that the lack of formal standards and inconsistencies within the CDM's regulatory framework are due to the influence of power on the CDM's design process. The CDM fails to deliver as a non-aid sustainable development mechanism that also reduces global GHG emissions. Alternatively, research reveals deliberate intentions that generate substantial financial profits. Edelman's (1964) theoretical concept of 'symbolic politics' is used to reveal the CDM as a farce - a symbolic action by the international community of decision-makers.

## **Introduction**

Climate change induced by greenhouse gases, especially carbon dioxide, is a problem recognized worldwide that requires close international collaboration. As a global response, the United Nations Framework Convention on Climate Change (UNFCCC) designed the Clean Development Mechanism (CDM) as a part of the Kyoto Protocol coming into effect on February 16<sup>th</sup>, 2005. The CDM is a political climate mitigation tool, which aims to assist developed countries in meeting their emissions reduction

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targets and to support developing countries in achieving sustainable development (SD) (UNFCCC, 1998). Since its implementation, the CDM has caused substantial criticism from different stakeholders about its effectiveness in achieving both of these targets (Bauhr, 2009; Paulsson, 2009; Olsen, 2007; Pearson & Loong, 2003; Haya, 2007; Olsen & Painuly, 2002). Various authors identify an unavoidable trade-off between SD and cheap emission reductions, with favour of the latter, as one of the major problems of the CDM (Ellis et al., 2007; Olsen, 2007). However, most literature lacks an explanation for these inconsistencies. The CDM's failure might be seen simply as an issue of the mechanism itself due to bad and thoughtless design. If not only for this reason, a serious re-evaluation and critical assessment is necessary. The influence of corporations, industries and their power on the CDM's design, process, and operation is not obvious but not insignificant. This manipulation makes the CDM appear rather as a farce, a symbolic action, rather than a mechanism that was intended to achieve both its targets. Edelman (1964) was first to introduce the term of 'symbolic politics'. He states that every political action always has two dimensions: First, the actual effect of the action and secondly, an expressive dimension, a dramaturgical symbolic effect. Both dimensions might differ from each other and even be contrarily while only the second dimension is completely transparent to the public.

This study assesses the CDM in light of Edelman's concept of 'symbolic politics' by applying it to four areas related to the CDM: its bureaucracy, the effectiveness to provide SD, the CDM as business opportunity, and lobbyism in climate politics and within the CDM. Throughout these four fields, this critical analysis reveals the potential to entitle the CDM as 'symbolic' under Edelman's perception within its design, operation, and use.

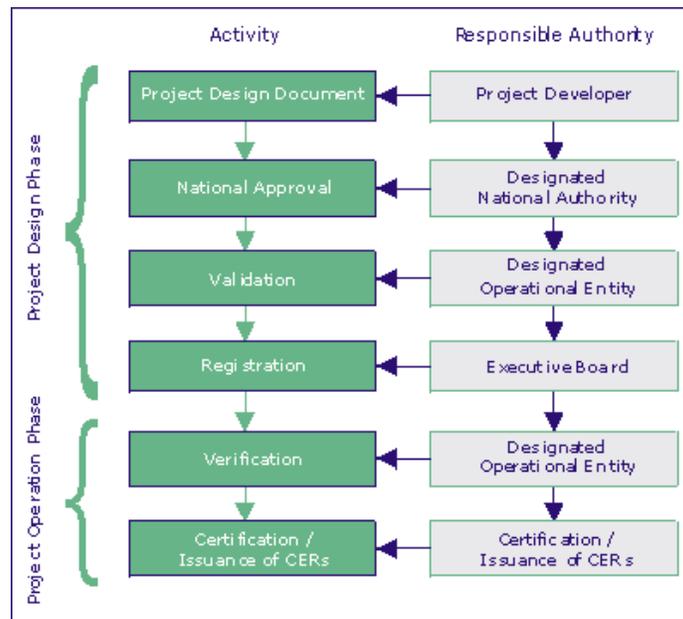
## **Literature review**

### *Clean Development Mechanism*

CDM is a voluntary project-based mechanism that creates Certified Emissions Reductions (CERs) worth one ton of equivalent carbon dioxide [CO<sub>2</sub>e] by certifying

objected reductions of greenhouse gases (GHG) within a project against the baseline of a business-as-usual scenario. CERs are traded between Annex I (developed) and non-Annex I (developing) countries who generate these credits. Total global CO<sub>2</sub>e emissions are not reduced in the short term but remain below the same emissions cap. Therefore, the CDM simulates in theory a win-win situation: Annex I countries gain the opportunity to access additional carbon credits and developing countries are assisted financially to achieve sustainable development. The implied long-term scenario can allow worldwide growth with relatively low GHG emissions, reducing the level of total global CO<sub>2</sub>e emissions. In order to achieve these aims, any CDM project has to ensure assistance of SD in the host country. Further, the environmental ‘additionality’ of a project is highly relevant. The UNFCCC defines a project ‘additional’ if CO<sub>2</sub>e emissions ‘[...] by sources are reduced below those that would have occurred in the absence of the registered CDM project activity’ (UNFCCC, 2002). The loose definition of additionality and overall project design creates the possibility for abuse of the mechanism. To counteract this, the process of registering a CDM project was also designed to ensure good motivations.

A CDM project has to go through many validation and certification processes until it becomes registered. Figure 1 illustrates the CDM project cycle with its involved institutions. A CDM project is designed by the project proponents in a particular host



**Figure 1.** CDM Project Cycle (SETatWork, 2011)

country [non-Annex I] and is described in their Project Design Document (PDD). A PDD

includes explanations in which manner and how much CO<sub>2</sub>e emissions are going to be reduced, how they are monitored, the project's overall environmental impacts and whether the aspired project is congruent with CDM's regulations such as additionality. The document is then reviewed and validated by an independent party, the Designated Operational Entity (DOE). The Designated National Authority (DNA) in the host and recipient countries must approve the validated project before the CDM Executive Board (EB) registers it. This ensures that the project meets CDM's requirements for SD and additionality.

After implementation and monitoring of project's emissions, the DOE verifies and certifies the emission reduction against the estimated baseline scenario. Finally, the EB issues CERs equal to the verified amount of CO<sub>2</sub>e emission reductions to the project participants (UNDP, 2003; UNFCCC, 2010; Mizuno, 2009). Potential projects that satisfy the requirements are energy efficiency improvements such as fuel switching, renewable energy technologies such as biofuel installations, solar panels, or forestry projects. However, projects are heavily weighted towards renewable electricity and methane capture in waste management, with only a few covering industrial sector energy use, energy efficiency and transport (ECON, 2005).

### *Symbolic politics*

The concept of 'symbolic politics' is most likely as old as politics itself. The term was first coined by Edelman (1964) and portrays a two-dimensional political reality: the actual effect of political action and the presentation of the action to the public. Blühdorn (2007) classifies the use of 'symbolic politics' into two categories: the utilization in political communication and its further function as a substitute or placebo politics. In the first category, symbols are used as a tool. Edelman (1964) defines the term 'symbol' as something that represents something else by association, resemblance, or convention. It evokes an attitude or a set of impressions associated through time, space, logic, or imagination. Blühdorn's (2007) second category implies that political actions do not achieve their declared purpose but a concealed alternative. In the political reality, the actual results of a political action might have intention to be hidden from the mass public.

The utilization of symbolic language, including the use of expressive metaphors as well as the incompleteness of information, makes one perceive Edelman's second dimension. Asymmetric distribution of information is a crucial necessity for 'symbolic politics' (Matten, 2002). Edelman (1971, 1988) and Sarcinelli (1998) identified language to perform a central function in shaping perceptions and interpretations of any action and therefore political reassurances among mass public.

The concept of 'symbolic politics' has increasingly been used to describe environmental regulations and policies. Steinberg (2000) identifies a number of reasons for the use of 'symbolic politics' in environmental regulations. The first is called 'disguise of true intentions', which is often used to obtain political goals rather than actual environmental objectives. Environmental issues often evoke strong polarisation within groups of stakeholders, who are also political actors. In order to preserve political power, governments might use symbolic actions to satisfy the multiple claims or desires. The second reason, uncertainty, enhances the incentives for the use of symbolic actions. Environmental problems might not be fully explained and understood by science therefore the regulations demanded by pressure groups lack scientific evidence. So the responses are rather to silence and satisfy these appeals. In order to truly address these problems, money and time consuming research would be necessary. Governments often try to avoid these costs hoping that their symbolic action will satisfy the public. Steinberg (2000) indicates the incentives to avoid costs as the third motive. The last explanation for 'symbolic politics' is the communication of abstract concepts such as climate change, which causes great public attention and debate. For instance, pictures of polar bears standing on progressively melting ice sheets were used as an emotional symbol representing the issue of global warming in order to simplify and increase understanding. Such use of images or the creation of catchwords simplifies the governance process and increases public's comprehension and therefore support (Steinberg, 2000).

Environmental regulations and policies have to serve different groups of stakeholders such as the general public or corporations, which often have contradictory demands (Mitchell, 1990). According to Hansjürgens (2000) the contradictory demands of the different stakeholders are the reason for the two-dimensional political reality. All stakeholders insist to be served whereas more often than not, governments appease

influential businesses and lobbying groups with a regulatory framework more favourable to their interest (Matten, 2002). The general public is deluded with the dramaturgical symbolic dimension due to asymmetric information. But as Matten (ibid) states, governments do not use ‘symbolic politics’ to allow industry to carry on with business-as-usual but to indicate clearly their intentions and to encourage self-regulation. Self-regulation of industries might seem to be an effective mechanism as companies can flexibly choose where and when to achieve the objectives. However, it also decreases transparency and allows companies to use ‘symbolic action’. A synonym for ‘symbolic politics’ or ‘symbolic action’ introduced by governments’ intention of industries’ self-regulation is popularly coined ‘green-washing’. The term ‘green-washing’ describes the transformation strategy of industries from their conventional, often ‘dirty’ image into a conjured green and sustainable one (Müller, 2007). Matten (2002) indicates that this practise is a decisive element in companies’ environmental management strategies and heavily increases in its scope in recent years, since its use is much cheaper if not free of any costs compared to real actions (Steinberg, 2000).

### **Clean Development Mechanism - a symbolic action?**

The CDM has been highly controversial since its foundation in 1997 and increasingly more so since its implementation in 2005. Olsen (2007) and Pearson & Loong (2003) criticise the CDM to be inefficient and not achieving its intended aims of supporting developing countries in achieving SD and assisting developed countries in meeting their emissions reduction targets. An exploration into the realms of bureaucracy, sustainable development, economic opportunism and lobbying pressure in relation to the CDM, sheds light into its shortcomings and the paper’s objective of analysing the mechanism as a symbolic action.

#### *CDM and bureaucracy*

The CDM in many ways is a highly regulated structure. The literature review has partially shown the complex and vast nature of the CDM administration and its operation with its countless regulating and decision-making bodies. Knetemann & Green (2009)

and Pearson & Loong (2003) among others state the inconsistency of definitions and standards in the CDM's framework has affected the efficiency and effectiveness of the CDM significantly. Through their assessments, 'additionality' becomes their main concern.

The concept of 'additionality' defines that a CDM project activity must result in fewer emissions than the baseline scenario. Further, a project is declared to be 'additional' if emission reductions would not take place in the absence of the proposed activity (UNFCCC, 2002). Although the UNFCCC CDM website provides various 'tools' to assist project participants in preparing proposals, it does not provide sufficient guidelines to assess 'additionality' of a project through a baseline scenario. Baseline scenarios have to be conducted for each project individually and are therefore highly consuming financially. However, comparable methodology can be applied for similar project types. Shrestha & Abeygunawardana (2007) and Michaelowa & Jotzo (2005) indicate that due to the complexity of baseline scenarios, project developers avoid new project types and stick to previously used schemes. Furthermore, the high transaction costs of conducting a baseline scenario assessment have distracted a significant number of small-scale projects from participating in the CDM.

Without any further guidelines from the CDM EB, the definition of 'additionality' has often been interpreted as 'environmental additionality'. This concept only deals with the potential emissions reductions with or without the proposed project but screens out whether the project would have happened without the CDM. These non-transparent regulations may introduce fraud in order to gain financial funding for business-as-usual projects. In this case, a project would not take place without the funding of the CDM, project developers would try to register before starting construction in order to receive these subsidies and finance the project. Haya (2007) discovered that by November 2007, 35% of all 654 hydro projects already in the pipeline (from validation onwards) were completed before their final registration. Within one year after registration 89% of these projects were expected to be completed and 96% within two years. Hydropower projects comprised at that time around 25% of all CDM projects and 15% of all annual produced CERs. By February 2011, these numbers have increased to 27% and 22% respectively.

The past trend forebodes a rapid future increase of the already dominant hydropower projects in overall projects and CERs share.

Dillon (2009) describes, in general, between one-third and two-thirds of all CDM programs are 'non-additional'. A credible test for 'additionality' is crucial as 'non-additional' projects undermine the intended goals of the CDM and Kyoto Protocol to reduce global CO<sub>2</sub>e emissions and SD. First of all, 'non-additional' projects constitute wasted investment for 'real' CDM projects. Secondly, it allows companies lowering the price of CERs, which inhibits the low-carbon agenda. And finally, 'non-additional' projects will only be implemented by the richer developing countries, which in turn undermine the countries with real needs of SD to be left out.

The price of CERs is also dependent on the workload and efforts in generating and certifying these projects. Each CDM project plan document has to be reviewed and validated by a third independent party, the Designated Operational Entity [DOE]. These are often private companies, which are accredited by the CDM EB according to their expertise. Today the UNFCCC (2011) lists 52 entities. The few number of registered DOEs know their power as an oligopoly and are able to set prices for their services (Cabello, 2009). An oligopoly is a market form of few producers or sellers and many buyers. Through their small number, oligopolists represent the whole market for a good or service and hence can manipulate the market price by e.g. reducing supply to a given price. In contrast, a more perfect market consists of many small sellers and buyers. The decision of a single firm to reduce their supply for a certain price will not affect the market price but rather drive the firm out of the market. Too many other firms will supply for the market price, which is determined by the overall market supply and the overall market demand for a good or service. In the CDM, the 52 DOE entities can simply increase price for their services without having to fear that great competition. Further, oligopolies are often associated with cartel formations which are a group of firms making market supply and hence price decisions together instead of letting the market forces, demand and supply, decide these.

The oligopolistic power of the DOE might force smaller projects out of the CDM. On the contrary, Coelho (2009) and Schneider (2007) observe an increasing competition between the DOEs allowing project developers to shop around. This forces DOEs to

lower prices in order to stay competitive and obtain a greater market share. As a result of lower prices and work time spent on validation and verification by the DOEs, the quality of the certification process decreases, as DOEs are profit-driven companies (Bauhr, 2009). The DOE also verifies and certifies the emission reduction against the estimated baseline scenario. It is in the DOE's and the project developer's interest that as many projects as possible are accepted in the CDM in order to gain financial profits. As both parties are indifferent in the quality of the carbon credits, the incentive for cheating is very high (Coelho, 2009). Besides the potential inaccuracy of the baseline scenario due to the lack of formal definitions, the CDM EB does not provide objective monitoring guidelines. Further, verified amount of CO<sub>2</sub>e emission reductions equal the number of CERs issued to the project participants by the EB. This annual amount of expected emissions reductions will not change for the next decade regardless any changes in emissions.

The lack of formal definition, objective monitoring and ex-post evaluation, allows the scope for corruption, manipulation and conspiracy between actors, compromising the effectiveness and efficiency of the system. However, an announced introduction of a new advisory body, the Project Assessment Committee aims to improve and simplify the project registration process. Whether this change will benefit the CDM, or instead increase the level of bureaucracy and lack of transparency is questionable. The latter sections will further expand on these thoughts and give reasons for the ambiguities and inconsistencies within the CDM's regulatory framework.

### *CDM and Sustainable Development*

The CDM was designed to achieve two goals: Assist developed countries in meeting their emissions reduction targets and support developing countries in achieving sustainable development [SD]. The UN (1987) defines SD as '*meeting the needs of the present without compromising the ability of future generations to meet their own needs*'. Within the CDM, the concept of SD has faced substantial criticisms due to the inconsistency of definitions and standards given by the initial framework but instead allows the project host countries to define SD (Kneteman & Green, 2009). As a result, a

variety of proxy indicators such as life expectancy, education and income are used as static measures of developmental welfare to estimate SD strength and potential of a project. SD could also be interpreted as the transition away from fossil fuels towards renewable energy schemes (Pearson, 2007).

**Figure 2.** Sustainability criteria for India (taken from Alexeew et al., 2010)

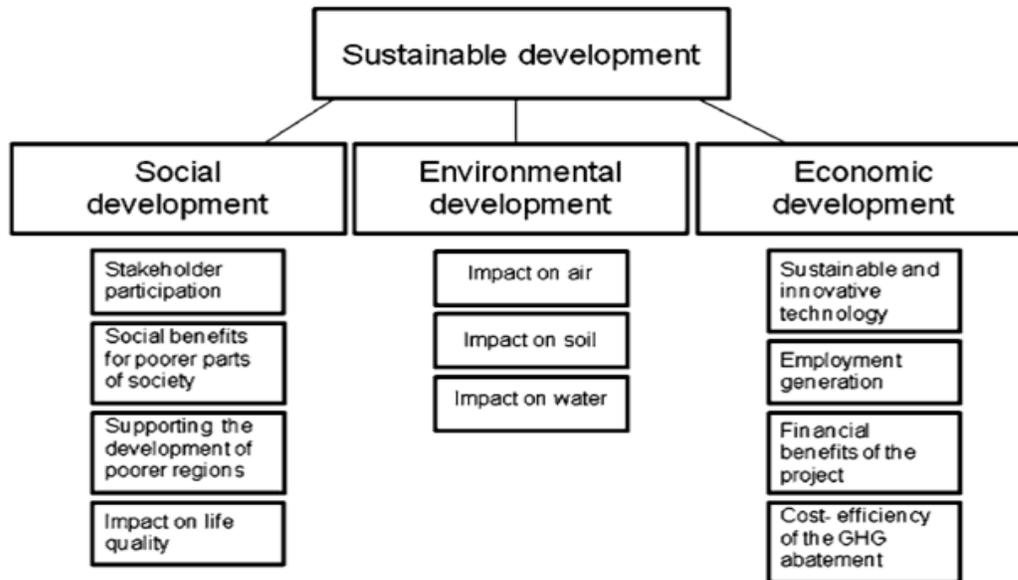


Figure 2 illustrates the elaborated Indian approach as an example of this. SD is here defined as a balanced interplay between social, environmental and economic development indicators. However, the general ambiguity within the CDM has led internationally to a great variety of different approaches of defining and framing the SD requirements of CDM projects (Olsen, 2007). Nussbaumer (2009) and Sutter (2003) specified the risk involved in this development. Since developing countries are able to define the terms of their own SD requirements, they increasingly lower SD standards (and hence costs) in order to encourage investors. As SD has no financial value within the CDM as emissions reductions commoditised in CERS, SD plays a limited role in directing the dynamics of the market-based CDM (Pearson, 2007). Nussbaumer (2009) and others (e.g. Ellis et al., 2007; Pearson, 2007; Olsen, 2007) highlight the financial-driven nature of the CDM. They summarize that the CDM faces a trade-off between its

two goals, always in favour of producing many low-cost carbon credits while leaving SD as a side effect.

An example of a project with low SD benefits but enormous generation of carbon credits is the Campos Novos Dam, Brazil. The CDM's symbolic nature materialized when information leaked the construction and operation site. Not only has the project's general SD provision been considerably low but even human rights of poor and marginalized groups have been violated. The construction of the Campos Novos Dam caused about 3000 people to be displaced, many without being granted for compensation. Several thousands more people were affected downstream by lower fish stocks in the river and loss of floodplain fertility. Further, it was reported that activists protesting against the dam construction faced violent suppression (International Rivers, 2006). This case exemplifies economic incentives favoured over sustainable development, where local people were further harmed by the dam construction rather than given assistance and opportunity to improve their life situation. This case mirrors harmful social and environmental effects from dam construction on local people all over the world. Since a hefty number of CDM projects include dams as previously explore, the actual proposed goal of achieving SD from this is highly unconvincing. Similar to the 'additionality', the lack of a formal, standardized definition for SD undermines the CDM's effectiveness and efficiency to achieve its dual objective but allows for corruption, manipulation and fraud in order to obtain financial profits.

#### *CDM as an economic opportunity*

The CDM is a voluntary, market-driven instrument, implying that in order to function efficiently, it is dependent on creating economic incentives for industries. As identified by Oberheitmann (2005), companies only participate in the CDM if economically feasible. An early assessment of the CDM by Grubb et al. (1999) indicates most Annex I countries' opinions of CDM focuses primarily on a way to minimize the costs of their Kyoto commitments. Kolk & Pinske (2007) and McDonald (2008) go even further and state that companies primarily use the CDM as a business opportunity.

Paulsson (2009) confirms these findings and states that this issue has increasingly dominated current discourse.

Countries under the Kyoto Protocol are obliged to achieve their individual emission reduction commitments. The European Union Emissions Trading Scheme [EU ETS] is an example of a joint approach of the EU to accomplish its targets. The EU ETS is the base of European climate change policy and the world's largest cap-and-trade system. It defines an overall cap on CO<sub>2</sub>e emissions and allows market forces to determine the price for CO<sub>2</sub>e. European Union Allowances [EUA], corresponding to one ton of CO<sub>2</sub>e, are allocated to firms that provide them with the right to emit carbon dioxide up to the level of possessed permits. In this case, emissions go beyond the number of allocated EUAs where firms are faced with a choice either to abate their exceeding emissions or acquire more permits. These can be either EUAs or CERs. The price of one ton of CO<sub>2</sub>e may vary substantially between the different sources. Within the EU ETS, companies have the option to abate their exceeding CO<sub>2</sub>e emissions. They will do so up to the point where the price of one CO<sub>2</sub>e permit equals their marginal abatement costs, which are defined by the additional costs of reducing one extra unit of emissions. Above this point, it will be cheaper for companies to purchase carbon permits. Carbon permits are often traded in future contracts, called 'Futures', determining the price along with the date of delivery and payment for the underlying commodity. Futures are highly standardized contracts that are traded on major stock and future exchanges. Past EU ETS and CDM market observations by Alberola et al. (2009) from March 2007 till March 2009, illustrated in Figure 2, show a consistent positive price spread between EUAs and CERs. Further personal observations and e.g. by the ICE (2011) after this time period until now, confirm this trend. Due to the CDM's design as a market mechanism to provide carbon reductions and hence carbon credits cost-efficient at a global level this tendency will continue.



**Figure 2.** EUA and CER prices and spread in €/t CO<sub>2</sub> from March '07 till February '09 (Alberola et al., 2009)

The current future contracts [EUA Dec11] price for one EUA is €14.89 (ICE, 12.02.2011). The current futures contracts [CERs Dec11] price for one CER is €11.38 (ICE, 12.02.2011). Coelho (2009) states that the positive price difference introduces major potential profits for firms as cheap CERs can be used instead of EUAs, which in turn can be sold on the markets. Table 1 illustrates the potential annual cost reductions by using CERs instead of EUAs.

Deficit of t CO <sub>2</sub>	Price Difference (€3.51/t CO <sub>2</sub> )
1,000	3,510.00 €
2,000	7,020.00 €
5,000	17,550.00 €
10,000	35,100.00 €

**Table 1.** Potential annual cost reductions by using CERs instead of EUAs

The price difference between EUAs and CERs on the 12.02.2011 of €3.51 is used. The results in Table 1 demonstrate that using CERs instead of EUAs can significantly reduce the costs for compliance of CO<sub>2</sub>e emissions reduction commitments. Although the EU

has limited the supply of CERs into the EU ETS to 13.4% (Brunner et al., 2009), the impact of CERs in the EU ETS might be significant. The CDM allows Annex I companies to continue polluting activities while being able to purchase more emissions permits (Lohmann, 2006a). Sandler (1997) formulates that pollution becomes just another production cost for businesses just like labour or other input costs. However, according to Chan (2009), the majority of traders in the CDM market are not companies under the EU ETS but speculators who intend to use the price fluctuations of CERs and price differences of carbon credits within the carbon market to make profits. CERs become another commodity and lose the CDM's original focus of providing additional carbon credits for global GHG emission reduction and supporting sustainable development.

The positive price spread also has another dimension. This price development indicates a well-functioning market that provides carbon credits relative to the EU ETS and further shows the focus of the CDM as a business opportunity. Hence, this fulfills its aim to assist developed countries in meeting their emissions reduction targets. Nevertheless, it reduces the effectiveness of the other agreements of the Kyoto Protocol as the EU ETS, which intends to reduce global CO<sub>2</sub>e emissions. EUAs are a part of the overall European CO<sub>2</sub>e cap. Any trade within the EU ETS does not increase total CO<sub>2</sub>e but only shifts emissions within the scheme. On the contrary, when CERs are introduced into the EU ETS, overall European CO<sub>2</sub>e cap is increased underestimating the already inadequate caps established in the Protocol. As CO<sub>2</sub>e emissions and climate change are global challenges, these shifts should not be critical in theory. However, Bachram (2004) criticizes, the CDM transfers the responsibility of reducing emissions to developing countries while distracting attention from Annex I countries where changes in CO<sub>2</sub>e emissions are urgently needed. Additionally, a large amount of CERs are provided from 'non-additional' projects resulting in a total increase of CO<sub>2</sub>e.

Recent examples of CERs created from 'non-additional' projects are plants producing HCFC-22, a refrigerant gas. The byproduct in the production process, HFC-23, is a strong GHG which has an atmospheric lifetime of 250 years and an 11,700 times greater global warming potential than CO<sub>2</sub>. Under the CDM, projects with HFC-23 abatement technology receive carbon credits. Since their abatement costs are considerably low, under 1 US\$/t CO<sub>2</sub>e, their CER share in the CDM market is

substantial. The CER revenues from abating HFC-23, the generally unwanted by-product, may be higher than the market price for the actual product, HCFC-22. Schneider (2007) states that this could be a central motivation for facilities to expand their HCFC-22 production and operate solely in order to maximize the 'production' of HCF-23, the by-product. CDM Watch (2011) revealed that the currently 19 registered HCF-23 abatement projects, mainly located in China and India, would generate more than 478 million carbon credits by 2012. This amount constitutes about half of the credits delivered by all 2236 currently registered CDM projects together. CDM Watch (2011) further discloses that these 19 plants operate intentionally in a manner to maximize the 'production' of HCF-23, the by-product and hence the CER revenues. It concludes that *'because of the extra CDM revenue more HCFC-22 is produced and far more HFC-23 generated than would occur without the CDM'*. As a response to the pressure exerted by various groups such as CDM Watch, the CDM Executive Board will exclude certain types of projects involving HFC-23 by May 2013 (EC, 2010).

The connection of the CDM and the EU ETS allows companies under the EU ETS to increase their reputation as environmental-friendly and socio-ethical. First, they publicly reduce CO<sub>2</sub>e emissions as they participate in the EU ETS and secondly, promote officially SD in developing countries through the CDM. This does not have to apply necessarily in reality but allows 'symbolic actions' within the environmental management strategies of companies, or so-called 'green-washing'. It is indicated that increasingly more companies apply such practice since such symbolic action is much cheaper if not free of any costs compared to real action (Matten, 2002). Steinberg (2000) indicated cost avoidance as an important motive for symbolic action. In general, companies that pay attention to their environmental performance and image secure a strong competitive advantage over companies that do not. This also increases their profits immensely due to reduced costs and increase in sales (Lyon & Maxwell, 2004; McDonagh & Prothero, 1997, Newton, 2005).

This effect is due to preferences of new 'green' consumers towards environmental-friendly products, stakeholder pressure, and improvements in company's efficiency of the manufacturing processes. A green-washing company will not experience the efficiency benefits but might face increased consumer demand for its products

without any or only marginal financial expenses. The companies BP and Shell, for example, used the CDM intensely in order to give the public the illusion of being environmentally responsible. While purchasing conspicuously CERs, they continue their damaging methods of gas and oil extraction and production. BP or ‘Beyond Petroleum’, the tagline the company adopted in 2001, for example accentuated its efforts and research in the renewable energy sector and claimed to invest \$8 billion in the construction of renewable energy applications till 2015 (BP, 2011). However, according to Juhasz (2010), BP’s investments peaked at 4% of their overall budget since 2001 and has decline significantly. Greenpeace (2009) reports a slightly higher percentage stating that in 2008 BP invested \$20 billion in the exploration, production and refining of oil and other fossil fuels and only \$1.5 billion (7.5%) in renewable energy. Both figures seem high but as Juhasz (2010) states does not qualify BP as ‘beyond petroleum’ or green – especially due to their main activities of highly environmentally damaging oil extractions in e.g. tar sands. In 2009, BP even closed their alternative energy headquarter in London, UK (Guardian, 2009). However, BP uses its investments in renewable energies and activities in the CDM for green-washing their image. In 2007, a customer survey indicated BP marketing success: BP was perceived as the most environmentally friendly corporation of all major oil companies (Goodman, 2010). Both companies are perfect examples of the abuse of the CDM for ‘symbolic actions’. Lohmann (2009) summarizes that in general many businesses and other financial institutions use the CDM as a financial opportunity in this regard.

As long as they offer suitable documentations and explanations, the CDM can provide additional income for their business-as-usual in terms of ‘green-washing’ and as a financial instrument. The World Bank is another example that appointed itself as a facilitator of the carbon market. Its role in the carbon market and CDM became highly discussed as the World Bank invests in heavily polluting industries or is involved in various HCFC-22 plants, which increase the demand for carbon credits that the Bank trades in. According to Ugaz (2008), a former Staff Member of the World Bank’s Department of Institutional Integrity, the main objective of some bank members of the World Bank is to make profits without conscience and considerations of the results or negative effects. Its role becomes even more controversial as it refuses to include

environmental considerations into its own management. Instead, it tried to lobby the CDM EB in favour of its own interest (Cabello, 2009).

This assessment so far indicates great inconsistencies and lack of formal standards in the regulatory framework of the CDM. As stated, these allow and introduced manipulation and corruption into the CDM in order to gain economic benefits. But the CDM structure as a financial market itself, its original dual objective, and carbon credits as commodity, allow for vast profit generation.

### *CDM and lobbyism*

The Clean Development Mechanism is designed to produce financial incentives for corporations or international institutions. Driven by motivations to get the most financial profits out of the system, fraud and speculative trades had been used. Another option for financial parties is to become involved into the CDM's administration. The term 'lobbyism' often has a negative flavour but officially it is defined as executed power of stakeholders on the government to include their interests in political decisions (Leif & Speth, 2006).

Industry's presence and power in climate politics has been observed almost all climate negotiations. Prior to the Kyoto Protocol during the 1990s, the European Commission tried to introduce a union-wide carbon tax. Governments fearing an impairment of their fiscal jurisdiction (Grubb & Newbery, 2007) and strong opposition from industry blocked the approach. A tax is in general perceived by companies as a restriction or punishment and therefore becomes unpopular. Instead, industry generally favors more flexible mechanisms like emissions trading. In line with the Kyoto Protocol in 2000, the European Commission, then under corporate pressure, published a 'Green Paper' that proposes the use of emissions trading, the basis of the EU ETS (Green et al., 2007). This regulation indicates that industry within the EU has certain power on the kind and scope of the final legislations but the governing body, the EU, sets the main direction. This is different in other regions such as the US.

Grubb et al. (1999) state that US businesses have spend up to \$US 100 million in the late 1990s lobbying the US government in order to oppose the Kyoto Protocol and its

emission targets. Scientists have been funded, studies financed, and skeptics organized (Lohmann, 2006b). At the conference of the parties in Bali, 2007, there were 336 representatives of the lobbying group International Emissions Trading Association [IETA] present and constituted the largest NGO (World Development Movement, 2007). The IETA is the most powerful corporate lobby with supports of BP, Shell, KMPG, and PriceWaterhouseCoopers. Besides others lobby groups such as Combat Climate Change or The International Chamber of Commerce, the IETA was present at the UN climate change conference 2009 in Copenhagen in order to represent their interest and lobby negotiations. Denial of the global climate change sciences, persuasion and even bribe of governmental officials are tactics witness by corporate lobbying in climate negotiations (Coelho, 2009). Gullberg (2009) has indicated the success of such lobbyism and states the number of CERs allowed in the EU ETS had been increased due to the influence of industries.

Influential actors appear to be intertwined within multiple levels of CDM. Within the CDM, Barclay Capitals, a major trader in the carbon markets, has confessed that member of its staff are part of the CDM Executive Board which supervises the whole mechanism and plays an important decision-making role (Leeds, 2008). A second major lobby group is the Project Developer Forum [PDF], a community of companies whose core of business are CDM projects. It tried to be included into the mechanism's regulatory framework in order to improve its efficiency and effectiveness (Carbon Finance, 2008). Whether the PDF's publicly stated intentions are without hidden motives is questionable and unclear. Another major organisation within the CDM is the World Bank. The WB has positioned itself in the CDM authority and influenced regulations in its own interest under the façade of political neutrality (Cabello, 2009), but as explained above this is controversial.

The effect of lobbyism on the CDM can be seen in numerous issues. Gullberg (2009) has indicated that through the power of various lobbying parties in the climate negotiations such as the IETA or The International Chamber of Commerce, the number of cheap CERs allowed in the EU ETS was increased. In the Australian ETS the IETA still lobbies for unlimited CER supply (Australian Government, 2008). Unlimited or increased supply reduces the pressure on the industries involved in the ETS to meet their

emission reduction targets. Instead of investing in expensive abatement technologies or buying costly EUAs under the EU ETS, more cheap CERs can and will be bought. The increased supply and demand of cheaper CERs will reduce the demand for the more expensive EUAs, resulting in a price drop in the latter. From a market perspective this will not cause harm but from a climate change view point it diminishes the effectiveness of the EU ETS to reduce GHG emission in the EU and hence the Kyoto Protocol's aim to weaken global warming. Besides the increased number of CERs allowed in the EU ETS, the ambiguities and inconsistencies within the CDM's regulatory framework indicate the success of corporate lobbyism. Since the CDM regulations and all major decisions are partly made by pure profit driven organisations, the whole scheme and its aim to achieve both objectives lacks credibility in its foundation. Unnecessary inconsistency and vagueness in standards and regulations for e.g. 'additionality' or SD seem to be introduced under the pressure of industries, which open them broader margins for gaining financial profits.

Further, the high complexity in the CDM's bureaucracy concerning the project cycle described in section 2.1 delivers insights into to power relations within the CDM. Spash (2009) states that complexity does not only reduces public transparency, which lack is decisive for the use of 'symbolic politics', but also creates space for manipulation of the process. Since the generation of 'as many CERs at least costs as possible' is of all project participants' interest, all possibilities and loopholes in the regulatory framework are used and stretched in order to obtain greatest possible economic benefits. Another, more indirect way for financial returns uses CDM as an option to 'green-wash' a company's image, i.e. the use of the CDM by companies for 'symbolic action'. Besides purchasing 'real' CERs, which provide high SD benefits and therefore can be used for 'green-washing', the process allows companies to 'green-wash' even by financing projects with low SD standards since the value of SD is not commoditised. A response to these issues is a 'Gold Standard' equalling one ton of CO<sub>2</sub>e and is traded under the CDM. It does not only prove thoroughly for project's additionality but also assures high SD standards. However, due to the higher transaction costs accumulated through the higher standards, Gold Standards have a considerably higher price on the market. Since the CDM's regulatory bodies and hence the market are both indifferent between cheap CERs

and expensive Gold Standards, the latter will in the long run be driven out. However, due to the emphasis on the general social and environmental dimensions of a project, Gold Standards might find an increased application in real 'green-washing'.

Industry's incidence and influence in climate negotiations and the CDM have been present since their formation. In the greater framework, the climate negotiations, and the smaller division, the CDM negotiations and its operation, their influence has pushed both into a green-washing, political symbolism that lacks effectiveness in achieving all of its targets. Instead, options and possibilities for generating financial benefits have been a major focus.

## **Discussion**

The CDM as a market-based mechanism aims to provide carbon credits for Annex I countries and support sustainable development [SD] in developing countries. The lack of formal definition and standards within the CDM regulatory framework and its highly complex nature of administration compromise the effectiveness and efficiency of the system to achieve its targets. Many authors identify an unavoidable trade-off between SD and cheap emission reductions as one of the major problems of the CDM (Ellis et al., 2007; Olsen, 2007). Pearson (2007) summarizes that the CDM provides tradable emissions at the lowest possible cost and but does not facilitate the long-term SD of unindustrialized nations. This might be seen as an inefficiency of the mechanism itself due to bad and thoughtless design, which this analysis illustrates. On the other hand, its potential to be used as a financial profit-generating instrument and the fact of institutions such as the World Bank or Barclays Capital are heavily involved in the CDM authorities, makes the CDM intentions sceptical and unfortunately, its possibility of lowering GHG levels substantially low.

The numerous, adverse impacts and problems of the CDM described above - publicly stated as being unintended and unexpected – can be perceived as anticipated purposely by the CDM EB with its doubtless commercial oriented members like Barclay Capitals and the various other lobbying groups such as the World Bank. These have lobbied the design process of the CDM towards a market-orientated mechanism that

focuses on the generation of financial benefits rather than on both of its original targets. The influence and power of industries on the CDM or more generally politics can be explained with Galbraith (2007 [1967]). He categorises the modern industrial economy into two groups. First, there is a group consisting of small producers that lack power and are subject of market competition. The second group are large, powerful producers that are partly outside the market competition. Their market power as e.g. monopoly or oligopoly allows them to influence the market price through product supply adjustments. This already gives these particular group certain political power. Galbraith (2007 [1967]) further states professional managers who develop close relations with politicians and regulators run these large, often national or even international corporations. Several German politicians such as the former Federal Chancellor Gerhard Schröder or former Vice-chancellor, Foreign minister, and Green Party leader Joschka Fischer continued right after completion of their political career, their professional life as consultants in various corporations such as the energy companies Gazprom or RWE. Both politicians did not try to conceal their valuable connections they had collected and developed during their political life.

These two examples demonstrate the close relations corporations establish with politicians and regulators. Their vast access to resources, market power, and close personal relationships enable them to lobby politicians to achieve their interests. In climate politics, Grubb et al. (1999) indicated that business had successfully lobbied US politicians in order to oppose the Kyoto Protocol and its emission targets. Within the EU, industry's influence was smaller. Although the union-wide carbon tax was foiled mainly by corporate pressure, the EU set the agenda and implemented a more flexible mechanism: emissions trading. Together with the incorporation of the CDM, emission trading introduces, as described above, major financial opportunities for companies and hence experiences corporate support. In fact, the whole carbon market has become a major commodity market being worth around \$US 142 billion of globally traded CO<sub>2</sub>e (World Bank, 2011). However, that figure does not include the corporate sector that has developed around the carbon market: Environmental consultants, emission trading advisors, technical and scientific specialists are some of the profiteers. Altogether there is

great economic opportunity, and hence, interest in the carbon market. The motivation to lobby and influence the outcomes of climate negotiations is therefore significant.

However, the cited literature here heavily criticizes the CDM and its failures but lacks bold statements about the reasons for the CDM's dysfunctions. Only Baur (2009), Pearson & Loong (2003), and Cabello (2009) alongside their analysis, state the interest conflicts and give vague or cautious statements about the pressure and influence of industries as a reason for the CDM's symbolic nature. They still do not dare to make a bold conclusion. It is rather difficult if not impossible to say why the political symbolism of the CDM in particular has not been focus of researchers yet. The symbolic nature of many environmental regulations and policies, especially for Germany, has already been analysed and reveal by Hansjürgens & Lübke-Wolff (2000). However, the connection to the CDM was never made. Further, the pressure and influence of industries has never been topic of analysis in particular. The analysis made clear that within the climate change negotiation, industries' interest is very high and hence their pressure on the negotiations' outcomes. This will also have effect on the level of critical publications published and therefore prepared and written. However, scientists should follow the ideal of being value-free and function as information producer and analysts with the aim to contribute to a greater universal truth not as a PR agent for an industry. With no-one raising flags to the powerful institutions actions and influence, how can one expect any change for the better? This is especially significant this paper's theme, GHG emissions, in which the outcome will affect us all. Also, is there a fear among the academic community to be labeled as 'radical' or 'heretical'? It is the moral obligation of academics to produce and analyze knowledge as objectively as possible, no matter the consequence. Otherwise, without critical debate and discussion there will not be any change for the better in reality but only symbolically.

While governments and international institutions pretend to aim for both declared targets and create an impression of active responsibility for the public, the actual effect of CDM is that it operates primarily as a market, not a development fund or a sustainability-promoting programme. That is the two-dimensional reality described by Edelman (1964) to portray 'symbolic politics'. While there is an actual effect; the financial opportunities for participants; the *Clean Development Mechanism* is presented in a world-saving way

as a non-aid development instrument that also reduces global GHG emissions. Both, global warming and therefore GHG emissions and development of industrially developing countries are polarising issues with insistent interest groups. As the corporate influence on the governing bodies is rather high, governments provide industries often with a regulatory framework, which is favourable to their interest (Matten, 2002). All other groups are deluded with the dramaturgical symbolic dimension due to lack of transparency, asymmetric information, and the high level of complexity of the issue itself and the resulting regulation.

## **Conclusion**

The analysis of four topics associated with the CDM - its bureaucracy, the effectiveness to provide SD, the CDM as business opportunity, and lobbyism in climate politics, using Edelman's (1964) framework of 'symbolic politics' - indicates that alternative monetary intentions override the projects' original premise of promoting SD and reducing GHG emissions. The Clean Development Mechanism and its effectiveness to achieve both its targets – to assist developed countries in meeting their emissions reduction targets and to support developing countries in achieving sustainable development - have been focus of substantial criticism. Various authors identify an unavoidable trade-off between SD and cheap emission reductions with favour of the latter as one of the major problems of the CDM.

The lack of a formal definition and standards for additionality or SD within the CDM regulatory framework reduces the overall quality of certified carbon credits and allows actors to participate in the CDM with purely financially-driven motives. These inconsistencies and the CDM's failure might be seen simply as an issue of the mechanism itself due to careless and negligent design, which it certainly is to some extent. However, the influence of corporations and industries and their power on the CDM's design process and operation cannot be denied. Financially oriented organisations such as the IETA, World Bank or Barclays Capital have lobbied the CDM either in its negotiation process or involvement in the CDM authorities, and therefore have been engaged in all relevant decisions. Needless inconsistency and abstraction in the regulatory framework's

standards and regulations introduced by these authorities open broad margins for gaining financial profits. Accordingly, the CDM is solely a market-orientated mechanism that focuses on generating financial benefits rather than an instrument realizing both of its original targets. It then appears as a farce, a symbolic action that lacks credibility in its foundation, rather than a mechanism that was intended to achieve the initial aims.

While it is conjured to endeavour for both declared targets and create an impression of active responsibility, the actual effect of the CDM is that it operates primarily as a financial market, not a development fund or a sustainability-promoting programme. Edelman (1964) described such political action as ‘symbolic politics’. The characteristic two-dimensional reality is represented by the CDM’s actual effect, the provision of cheap CERs with considerably low SD standards, and the presentation to the public as the Clean Development Mechanism, a non-aid sustainable development mechanism that also reduces global GHG emissions. In order to gain credibility and more importantly, effectiveness in achieving both targets equally, the CDM needs a stricter regulatory framework but also a more efficient and effective bureaucracy that has the power to simplify the whole process and undermine adverse motivated activities. Lastly, critical dialogue, scholarly knowledge production, and debate are crucial aspects to creating any change for the better, which is surprisingly lacking in this academic field. This revitalization is necessary if we are to truly take our collective challenge of global GHG reduction seriously. As Albert Einstein appropriately expressed, "The world is a dangerous place, not because of those who do evil, but because of those who look on and do nothing."

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# APPLYING THE PAST: THE USE OF HISTORICAL NARRATIVES IN CHINA'S AFRICA POLICY

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**ABSTRACT:** Across the wide range of global cultures, a plethora of proverbs and statements can be found that express the value of history as a tool for understanding the present, and as a guide for future action. It would seem that human societies bestow upon past events a significance that transcends time, where we look to history for guidance, legitimacy and role models for the times that are and the times to come. Tapping into this fundamental mechanic of identity and interest formation would thus be an asset for any nation seeking power and influence. Taking as my case China's involvement in Africa, this paper seeks to demonstrate how the fabrication and propagation of certain historical narratives can serve as an integral tool of foreign policy. Through reframing the past, a nation can successfully alter the configuration of another state's ideational policy space, thereby enabling foreign policy success at minimum political cost. Using a poststructuralist framework, I identify two main narratives the Chinese are using to further their strategic interests in Africa: the first focuses on the 15<sup>th</sup> century travels of the Chinese Admiral Zheng He, and the second emphasizes China's and Africa's common colonial past. Drawing upon the ideational mechanisms of mnemonic legitimation, and the logic of analogy, I will demonstrate how China employs these narratives to frame its involvement in Africa in benign and beneficial terms.

观今宜鉴古

*(History is a guide for the present.)*

Chinese proverb

*What then is, generally speaking, the truth of history? A fable agreed upon.*

Napoléon Bonaparte, quoted in Las Cases, 1823:251

## Introduction

The rapid rise of China stands as one of the most defining dynamics of the contemporary international system. Conscious of the tensions likely to arise from such re-allocation of the world's economic and political power, the Chinese government is utilizing an increasingly wider range of foreign policy tools in order to dampen the rising tensions, and secure access to commodities and markets; issues central to China sustaining its growth. In this paper, I will investigate an aspect of Chinese foreign policy that I believe has been given insufficient attention: namely, the deliberate construction and utilization of historical narratives aimed at smoothing the path of China's rise by influencing the perceptions of China in the outside world. As my case, I will look at how such historical narratives are used by China to gain political goodwill towards its policies on the African continent, a strategically important area that in recent years has acquired prominence as a focal point of Chinese foreign policy. Beijing is clearly conscious of the need to establish credibility and create political goodwill in Africa and is promoting a discourse designed to shape positive perceptions of Chinese engagement on the continent. In seeking to establish such an ideational framework among the people and decision-makers of Africa, China has found the use of historical narratives to be an important tool.

I will start out by establishing the theoretical framework of my investigation, advocating the need to expand the scope of the usually applied soft power theory of Joseph Nye. I believe that in order to get an adequate understanding of the functionality of historical narratives, it is necessary to engage the processes of identity construction. Therefore, I will draw mainly on the ideas developed by, among others, Jan-Werner Müller and Yuen Foong Khong, in which the shaping of identity and interests by the forces of analogy and historically conditioned legitimization is emphasized. After the theoretical discussion, the paper will proceed to the inquiry of my chosen case: China's application of historical narratives to earn political capital in Africa. I will start out by providing a short background of the case and the political goals China is seeking to achieve, before moving on to an analysis of the narratives' themes and the mnemonic techniques used to communicate these themes. I will then try to make an approximate assessment, in spite of the considerable methodological challenges to this, of the effect

and the level of success met by these efforts. I will conclude that the Chinese government is indeed propagating historical narratives to affect the ideational structure of various African states, consciously seeking to frame the past in terms that legitimize and promote policies beneficial to China.

## **Theory and Methodology**

The central theme of this paper is to explore what Campbell (1998:84) dubs the vital political functions of historical narratives, investigating how such narratives are used as resources by China to advance its foreign policy agenda. When it comes to the issue of wielding historical narratives as an instrument of foreign policy, surprisingly few investigations have been undertaken, thus leaving the field with a rather meagre range of theoretical approaches. In this section, I will give a short review of the research procedure I use throughout the paper. I will then critically examine Joseph Nye's theory of soft power, which is the principal theory applied to historical narrative analysis in International Relations, before dismissing it in favour of a poststructuralist approach.

This paper builds on a qualitative analysis of relevant textual information, mainly drawn from a selection of primary sources. My main sources will be official Chinese policy documents, speeches and statements made by leading Chinese politicians and academics, such statements being regarded as of great importance in shaping perceptions of the past (Müller 2002:21). In addition, I will draw upon secondary sources, especially where this is needed to describe mnemonic strategies of a non-rhetorical category, such as the promotion of archeological expeditions. Secondary sources will also be of core importance in seeking to assess the degree to which the propagation of historical narratives has led to any measurable effect in the political climate and policy decisions of the target country.

One criticism of the approach outlined above might be that my Chinese proficiency is too limited for me to draw directly upon written Chinese material, thereby prohibiting access to credible primary sources to such a degree as to invalidate my claims to empirical representativity. However, this limitation in the range of sources I can access, although regrettable, does not for the purpose of this paper hamper the empirical

gathering to such a degree as to be a substantial hindrance as I am concerned solely with analyzing how China applies historical narratives to countries outside the Sinophone area. My argument then is founded upon interaction and rhetorics used in bilateral and international fora where English, rather than Chinese, is the common language, and the relevant policy statements are made in English or are officially translated to English. As this paper deals not with the inner workings of the Chinese power structure, but solely with the external rhetoric presented *vis a vis* a selection of foreign actors, undertaken principally in English, I find my approach justified.

When it comes to my brief attempts to assess the effect of China's application of historical narratives, however, a whole set of critical claims might be set forth with greater gravity. An impact analysis, if only on the general effect of historical memory on foreign policy, entails a number of serious methodological problems. "The connections between history and politics are often subterranean" (Dienstag 1996:205); thereby, establishing a clear causal relation borders, as in so many other issues in the social sciences, on the impossible. Of the obstacles faced, three of them are pointed out by Berger (2002:81-82) as requiring special attention: the problem of measurement, the problem of establishing the relationship between culture and actual behaviour, and the problem of specifying under which conditions cultures do change. His proposed solution to these problems is to craft a tedious research strategy, analyzing in-depth the political debate and public opinions of a country, and then take the relevant country's foreign policy decisions and justifications under equally close scrutiny, in order to try and establish a consistent association between changes in the two variables (Berger 2002:82-83). As such an in-depth inquiry could hardly be accomplished inside the limits of this paper, and as the question of impact is not the main area of interest, my approach will be somewhat briefer. Drawing on secondary sources, I will analyze relevant policy decisions and key statements from important actors within the African countries targeted by China's narrativistic offensive. Additionally, I will bring in important elements of quantitative art in looking at a number of public opinion polls. In doing this, I will try to establish whether any policy change has taken place that corresponds to China's stated goals. However, given the presence of other relevant factors, even if such a correlation were found, it would be very difficult to establish the degree of influence attributable to

the use of historical narratives. In light of this, I will attempt to make a certain causal effect plausible by pointing out congruent relations between the rhetoric employed by China, and the policy behaviour directed back at China. But as the danger of spurious relationships looms large, analyses of a much more extensive and laborious kind will be needed in order to establish any firm causal relationship.

What analysis has been made of Chinese attempts to use historical narratives has consistently framed the inquiry in terms of soft power theory (Holmes & Yoshihara 2009; Kurlantzick 2007). Soft power, as the term was coined by Joseph Nye, is defined as the ability to obtain from others the outcomes you want, not through threat or inducement, but through being able to shape their preferences in accordance to yours (Nye 2004:5). According to Nye (2004:11), the soft power of a country rests primarily on three resources: “its culture (in places where it is attractive to others), its political values (when it lives up to them at home and abroad), and its foreign policies (when they are seen as legitimate and having moral authority).” In all three cases, when a country’s culture, values and politics includes and promotes universal values and interests shared by others, the probability of that country obtaining its desired outcome is increased because of the relationships of attraction and duty that it creates (Nye 2004:11).

As a reading of Nye’s works will reveal, he pays little or no attention to the mechanics he believes are responsible for causing the effects of soft power. Neither does he directly address the issue of applying history to strengthen a country’s soft power stature. Rather, the closest Nye comes to implicitly acknowledging the importance of historic ties is in pointing out that “popular culture is more likely to attract people and produce soft power in the sense of preferred outcomes in situations where cultures are somewhat similar rather than widely dissimilar” (Nye 2004:15-16). Nevertheless, the case is made that the theory of soft power proves a salient tool in understanding how the propagation of historical narratives serves to shape the preferences of others, even though both Holmes & Yoshihara (2009) and Kurlantzick (2007) fail to elaborate on this claim in any explicit fashion. In my view, however, the theory of soft power is too crude to grasp the essentials of this paper’s theme. I will make the case that Nye fails to address properly the underlying processes that form the basis for his assumptions about preference formation. While he correctly points to the effects of ideational mechanics in

influencing others preferences, he complacently declines to investigate these mechanics further, leaving his argument in an intangible limbo of implicit assumptions. In failing to ask *how*, I find soft power theory to be an insufficient tool in providing a fruitful understanding of the political application of historical narratives. What is necessary to gain an adequate understanding of this paper's theme, then, is to go beyond soft power theory and delve more thoroughly into the crucial question of *how* identities and interests are socially constructed.

### **The Poststructuralist Approach**

Of the works dealing with the impact of history on present-day politics via the mechanics of identity formation, all those I have come across engage this issue solely from the viewpoint of the domestic sphere; analyzing how collective memory and competing narratives championed by powerful *domestic* groups contribute and vie for the power to define the character of the nation, thereby setting the stage on which the policies play out. The pivotal point of my theoretical application, then, is the assumption that this theoretical framework can also be used to understand the processes involved in disseminating historical narratives in the realm of international relations as nations seek to influence how they are perceived by foreign publics and their elite decision-makers. My argument will build upon the understanding that this is indeed possible, as it would seem that the fundamental mechanics of identity-building and interest-shaping, the processes through which narratives affect these, and the challenges to the acceptance of certain versions of the past, is something that is more or less shared by all attempts to advance certain narratives..

In order to understand the impact of the past upon the present, it is necessary to recognize the role that narratives of collective memory play in shaping the identity and interests of a social entity. "Identity – understood as a relational concept and as sameness over time – is established by what is remembered" (Müller 2002:21). The question of what is remembered, however, is not the straightforward process one might intuitively think it to be. Instead, the collective memory is a result of a series of ongoing intellectual and political negotiations, a process prone to influence by those with the power to do so

(Müller 2002:21). In shaping the identity of the self, thereby distinguishing the self from the other and its outlook on the wider world, the shaping of the self's history is pivotal. As Campbell (1998:34-36) points out, narrative is central to renegotiations of the past as events acquire a status as real as they are remembered, with the development of a narrative occurring relatively independent of the event itself. "Narrative is thus not simply a re-presentation of some prior event, it is the means by which the status of reality is conferred on events" (Devetak 2009:187). As it can be argued, and I personally concur, any event of the past may sustain a number of equally plausible narratives (White 1987:76). The question of which narrative will become dominant sets off a political battle for the chance to influence a nation's identity and the configuration of the dichotomy between the self and others, with far ranging consequences in terms of both domestic and foreign policy. To extend the point further, we must consider the role played by history in constructing a state's interests. The case is made that states will react to shifts in the balance of power or other reconfigurations of international society in ways shaped by political culture, and in particular those shaped by collective memory (Müller 2002:29).

As the past holds power over politicians, so do politicians hold power over the past. Gildea (2002:59) renders an example of how the question of what constitutes a state's real interests will lead the different parties to propagate historic myths, or narratives, both as arguments and, eventually, as constitutive factors of national interest: "History will be rewritten, and rewritten in different ways, to legitimate competing policies." In the words of Müller (2002:30), "memory and interests become interdependent, as political meanings and interests emerge in the struggle over past and future." It is into this mutually constitutive relationship between memory, power, identity and interests that China, like most other domestic actors, brings to bear a certain set of historical narratives in order to legitimate and promote policy behaviour compatible with Chinese interests. These narratives, as de Certeau (cited in Neumann 2002:635) formulates it, are "stories that go in a procession ahead of social practices in order to open a field for them." The core task at hand, then, is to try and investigate the mechanisms through which the past is used by a state to shape the ideational policy space of a foreign entity, in order to enable certain desired foreign policies to be undertaken at a minimum political cost. I must emphasize that as this paper is intended to deal with the

propagation of such narratives only as a tool directed towards external actors, I will not go into how promoting these narratives contributes to the formation of Chinese policies, interesting subject though that is, I will instead for the purpose of this inquiry choose to regard China's interests as given.

When it comes to identifying the main nexuses for transforming historical narratives into political power, Müller points in particular to two mechanisms of interest: the logic of analogy, and the legitimization of certain policies on the grounds of historical experience (Müller 2002:10). In the latter case, policies are legitimated through appeals to the collective or national memory, attempting to construct what could be dubbed a 'mnemonic legitimation,' a concept which is close in terms to the Weberian notion of traditional legitimacy (Müller 2002:26). The key connection, as formulated by Joshua Dienstag (1996:60), being that "between the legitimacy of existing institutions, their historical roles and the question of representation. Memory takes on a certain importance when claims of legitimacy rest on claims of representativeness. These, in turn, often rely on historical identification." Returning to the former of the mechanisms described above, Müller (2002:27) emphasizes the importance of historical analogies as a guiding tool for deciding the policies of the present. Müller also demonstrates how analogies reduce the complexity of current issues, short-circuit critical reflection, and create what he defines as 'instant legitimacy', functioning as "a set of archetypical situations [that] provides rules or guidelines for acting in the present." (Buckley 1989:184).

Relying on the tools of cognitive psychology, Khong (1992:24-25), also highlights the importance of analogies by demonstrating how human beings, due to their limited capacity to handle large portions of data, inevitably assimilate impressions into simplified pre-existing structures of the mind, with these impressions being again to a large extent shaped by memory and internalized narratives. On this basis, he develops a framework assessing the different ways in which analogies work their influence, defining analogies as:

cognitive devices that "help" policymakers perform six diagnostic tasks central to political decision-making. Analogies (1) help define the nature of the situation confronting the policymaker, (2) help assess the stakes, and (3) provide

descriptions. They help evaluate alternative options by (4) predicting their chances of success, (5) evaluating their moral rightness, and (6) warning about dangers associated with the options (Khong 1992:10).

Implicit in both of Müller's highly connected mechanisms is the notion of structural power, namely the power to define what is put on the agenda, and in what terms political issues are framed (Müller 2002:26). The main point of this paper will be to identify deliberate attempts by Chinese authorities to propagate narratives for the purpose of shaping perceptions of historical legitimacy, and creating and highlighting a set of historical analogies suitable to China's political interests.

### **The Application of the Past: Alluring Africa**

Moving into a region of central interest to Chinese foreign policy, I will in this section analyze China's application of historical narratives with the aim of supporting the country's far-ranging engagement in Africa, securing economic opportunities and harnessing political capital in spite of raised accusations of neo-colonialist behaviour.

### **Background**

A few years ago I turned the corner to Tiananmen Square in Beijing, to find the area draped in the flags of a foreign nation; large parts of central Beijing would for many days fly these foreign colours coupled with those of their own flag. What puzzled me, however, was that I was unable to recognize the flag of the country whose state visit was found worthy of such eye-catching honours. It turned out that the state receiving such lavish symbolic recognition was Sierra Leone, a small, deeply impoverished country whose official visits are usually greeted by considerably less courtship. This event stands as one simple example of the broader pattern of African states, regardless of their size and international stance, being given the full red carpet treatment by China, which treats them with a deference often not granted in the capitals of the world's dominant powers (Kurlantzick 2007:58). China's political and economic involvement in Africa has been

described as the most momentous development on the continent since the end of the Cold War (Taylor 2009:1). Hitting 91 billion dollars in 2009, China is now the continent's largest trade partner, and political ties are growing ever stronger, as was highlighted on the recent 10<sup>th</sup> anniversary of the foundation of the Forum on China-Africa Cooperation (China Daily 2010). It has become a tradition that the first overseas trip of the Chinese foreign minister each year is to Africa, and China maintains embassies in every African country except those six still recognizing Taiwan (Tull 2006:462). Moreover, by providing substantial amounts of aid (Lum et. al. 2009:9), promoting private investment (Alden, Large & Oliveira 2008:151-152) and arranging various high-level summits, China is undertaking an economic and diplomatic offensive in Africa in order to secure the necessary political space for Chinese-friendly policies to play out in a region regarded to be of core importance.

China's motives for engaging Africa so thoroughly can be found in a set of very tangible material interests rooted in the all-encompassing Chinese goal of maintaining the country's economic growth, this growth being the *de facto* legitimization of China's domestic political elite. In terms of securing the raw materials necessary to sustain the rapid economic development in China, Africa is increasingly becoming one of the core suppliers (Pannell 2008:709). Especially concerning the supply of hydrocarbons, the access to the resource rich countries of Africa has become a main objective of Chinese foreign policy, as the People's Republic seeks to diversify its energy trade away from the Middle East. Estimates show that Africa in the very near future will account for 30% of Chinese oil imports (Lanteigne 2009:134), while the continent is also becoming a significant contributor of metals and ore (Broadman 2007:81). At the other end of the economic chain of production, African markets are becoming increasingly important for the export driven Chinese economy. "The basic element of China's Africa policy is the search for markets for Chinese goods and services. This involves identifying and creating new markets for a variety of manufactured goods" (Pannell 2008:707). The macro-economic processes of China's rise are thus providing ample motivation for Beijing to ensure the hospitality and loyalty of the African continent. "The mounting saturation of China's export markets, combined with a rapid increase in the cost of importing raw

materials into China [...], makes Africa more and more important to the Chinese economy” (Taylor 2009:15).

In addition, other less material factors are also important in understanding the significance Africa has taken on in Chinese foreign policy..Since the days of Mao, China has enjoyed portraying itself as a leader of the Third World (Lanteigne 2009:132-133). The drive to assume this leadership position has increased in recent years, and whatever the Shanghai skyline might convey to a visitor, China is still defining itself a developing country. As stressed by Chinese Foreign Minister Yang Jiechi, among others, “China is the biggest developing country while Africa has the largest number of developing countries. With similar historical experiences, same tasks of developing and common interests, the two sides have always been supporting each other and forged a friendship of brotherhood” (Deng 2009). Holding a permanent seat in the UN Security Council, China has drawn upon this to position itself as a mentor for African countries, supporting important African causes such as the establishment of various African reform-oriented institutions, and the shaping of a more fair trade system, although the vagueness of many of these pledges is considerable (Tull 2006:462). Nevertheless, in shaping a South-South alliance with the African continent, Beijing clearly believes there are important gains to be made. First, such an alliance could help dampen the effects of what the Chinese authorities regard as an unfortunate American hegemony. “Sino-African cooperation is considered important for strengthening a multi-polar world order and promoting both China’s and Africa’s international positions and influences therein” (Alden, Large & Oliveira 2008:145). Furthermore, and in keeping with the goal of a multi-polar world order, China seeks to establish a strong diplomatic support base in international fora, where the sheer numeric strength of African states is of considerable use in arenas such as the UN General Assembly (Pehnelt & Abel 2007:7-8). Moreover, as China pursues its “One China” policy with the goal of diplomatically isolating Taiwan, having African nations break off their diplomatic ties to the proclaimed Republic of China is regarded as a principal target of China’s foreign policy (PRC Ministry of Foreign Affairs 2006). When adding these diplomatic factors to the vital role Africa increasingly is playing in sustaining China’s economic growth, the reasons for Beijing to regard Africa as an issue of core importance in its foreign policy become quite clear. In fact, quoting Ian Taylor,

“indeed, it would be difficult to overstate the importance of Africa to China’s own development.” (Taylor 2009:15).

In pursuing its political goals in this important region, China meets the usual challenges, which range from political instability and corruption to infrastructure bottlenecks. However, a new issue has recently emerged, carrying with it potentially destructive consequences for Beijing’s involvement in Africa. A narrative of China as a neo-colonialist power has highlighted concerns over the country’s engagement on the continent, and is regarded by the Chinese government as a paramount concern (Taylor 2009:64). As Africa’s exports to China are dominated by natural resources and raw agricultural commodities, the imports from China are typically value-added products (Alden, Large & Oliveira 2008:99). This gives rise to the ghosts of Africa’s colonialist past and threatens to frame China’s engagement as just another attempt by a foreign power to secure Africa’s resources for itself, while giving little or nothing back (Ding 2008:201). Such worries have led the African scholar Fantu Cheru (2007) to characterize the Sino-African relationship as “recolonization by invitation”, while African newspapers have been found discussing whether Africa might be China’s next imperial frontier base (cited in Taylor 2009:2). Quoting former South-African President Thabo Mbeki: “the potential danger [...] was of the emergence of an unequal relationship similar to that which existed in the past between colonies and the colonial powers. China can not only just come here and dig for raw materials, then go away and sell us manufactured goods” (*ibid*). Chinese leaders have repeatedly sought to refute such allegations, stating their sincere concern for the development of Africa for the benefit of its people (Taylor 2009:64). As China seeks to reassure the African states of its intentions, it has worked to shape a framework of understanding that is favorable to China through the conscious propagation of specific historical narratives.

### **China’s Use of Historical Narratives**

The application of history to shape the ideational framework of African nation-states revolves mainly around the propagation of two thematically interrelated narratives: one detailing the 15<sup>th</sup> century travels of the Chinese Admiral Zheng He, and another that

emphasizes a common colonial past. There is arguably also a third main narrative concerning political and material support for the liberation movements and economic development of the emergent African states during the Maoist era (PRC Foreign Ministry 2000; Rettman 1973:232). However, I have chosen to focus solely on the two former narratives because they are the most prominent narratives in China's discourse towards Africa. Additionally, as this paper is concerned with how historical narratives are formed and propagated, it is perhaps best to focus on narratives that have been constructed upon historical events that no longer are part of personal remembrance, highlighting the process of externally informed constructions of the past.

### **The Zheng He Narrative**

China promotes the Zheng He narrative in Africa, as it does on the wider global stage, as a means of ensuring its own credible rise as a peaceful nation. By communicating a picture of China as a nation and a culture to which the values of peace and benevolence towards its neighbours have been integral throughout its history, even when the nation stood as the undisputed superpower of the world, the Chinese hope to craft an image of China as a state with a deeply ingrained pacific culture. China characterizes itself as a state that would be unlikely to raise a stir, and the absence of such events throughout its foreign relations history proves that such action would be against the nation's values. The underlying rationale is as simple as this editorial in the People's Daily conveys: "We did not harm others then, so why should we do so now? This is exactly what the country's public relations managers desperately want the world to ponder. It is not difficult to convince other countries that China has a traditional fondness for peace and harmony" (People's Daily 2005a). However, contrary to the newspaper's optimism, convincing other countries of the inherently benevolent nature of Chinese foreign policy - past, present and future - has not been an easy task. To convey this image a powerful historical narrative was called upon to front China's rhetorical offensive. The story of Zheng He, an admiral and explorer whose voyages were neglected for centuries, has in recent years been vigorously embraced and molded to the national interests, with

prominent Chinese decision-makers propagating Zheng He widely as the ultimate witness-of-truth to China's peaceful nature.

In order to fully comprehend the conscious advancing of the historical narrative of Zheng He, it is appropriate to give a short rendering of the events from which this narrative is drawn. During the Ming Dynasty, the eunuch admiral Zheng He led seven major expeditions to the Indian Ocean in the years from 1405 to 1423 (Stearns et. al. 2007:605). Consisting of about 250 ships, manned by more than 27,000 men, the Ming emperor's treasure fleet was unsurpassed in size until the orlog fleets of 19<sup>th</sup> century Europe (Levathes 1994:20). With orders to “display his soldiers in strange lands in order to make manifest the wealth and power of the Middle Kingdom” (Unknown author 15<sup>th</sup> century cited in Dreyer 2007:187), this armada controlled the marine landscapes from the Pacific coast to Eastern Africa, fighting pirates, and integrating Asia into the diplomatic network of symbolic political subjugation, gift-exchange and trade that was the Chinese imperial tribute system. In Zheng He's own words: “once again, in command of the fleet, we go to the foreign countries to proclaim and read [the emperor's edicts and to] confer gifts” (Zheng 1431:199). This period of grand expeditions, however, soon came to an end. For various reasons the expeditions were halted, and China turned away from the seas to an increasingly introverted orientation. The death penalty was introduced for building seafaring ships, the maps and official records from Zheng He's expeditions were destroyed (Tsai 1996:164), and the voyages were left to relative obscurity, and generally frowned upon by those who paid them any heed.

Today, however, this past is being brought into the spotlight with gusto. The role Zheng He now carries as the “poster boy” for China's peaceful development can hardly be overstated. Already on the first page of the government's white paper on “China's Peaceful Development Road,” the narrative of Zheng He is invoked:

It is an inevitable choice based on China's historical and cultural tradition that China persists unswervingly in taking the road of peaceful development. The Chinese nation has always been a peace-loving one. Chinese culture is a pacific culture. The spirit of the Chinese people has always featured their longing for peace and pursuit of harmony. Six hundred years ago, Zheng He (1371-1435), the

famous navigator of the Ming Dynasty, led the then largest fleet in the world and made seven voyages to the "Western Seas," reaching more than 30 countries and regions in Asia and Africa. What he took to the places he visited were tea, chinaware, silk and technology, but did not occupy an inch of any other's land. What he brought to the outside world was peace and civilization, which fully reflects the good faith of the ancient Chinese people in strengthening exchanges with relevant countries and their peoples (People's Daily 2005b).

This basic narrative, forming the foundation of Beijing's rhetorical counter-offensive towards any China Threat theory, is then being pressed home through official statements and speeches held in international and bilateral fora all over the world. Talking to a core public of aspiring American leaders at Harvard University, Premier Wen Jiabao was eager to underline that "China tomorrow will continue to be a major country that loves peace and has a great deal to look forward. Peace loving has been a time-honoured quality of the Chinese nation. [...] Five hundred years ago, Zheng He, the famous diplomat navigator of the Ming Dynasty, led seven maritime expeditions to seek friendly ties with other countries, taking along China's exquisite products, advanced farming and handicraft skills" (Wen 2003). Holding a later speech at Cambridge University, he elaborated further on the theme, utilizing an almost lyrical pattern of speech:

The Chinese cultural tradition values peace as the most precious. [...] The Chinese nation is generous and tolerant, just as Mother Earth cares for all living things. She is in constant pursuit of justice, just as the eternal movement of the Universe. In the 15th century, the famous Chinese navigator Zheng He led seven maritime expeditions to the Western Seas and reached over 30 countries. He took with him Chinese tea, silk and porcelain and helped local people fight pirates as he sailed along. He was truly a messenger of love and friendship. The argument that a big power is bound to seek hegemony does not apply to China. Seeking hegemony goes against China's cultural tradition as well as the will of the Chinese people. China's development harms no one and threatens no one (Wen 2009a).

A multitude of other quotes revolving around the same theme could be cited (refer for example to China Daily 2004; PRC Ministry of Foreign Affairs 2010; Yang 2009; Mohan 2004; Yang 2010; Xinhua 2010), but as these are mainly repetitions of the quotes above, I will simply point to them as confirmation of the widespread utilization of this narrative in the leading political and academic circles of China.

An important aspect of this paper's theme is found by addressing the multitude of voices pointing out the incoherence between the Zheng He narrative nurtured by Beijing, and what is considered by leading historians to be the most plausible interpretation of the events. As is pointed out by some, while the Zheng He narrative makes for apt diplomacy, the history is somewhat shaky (Holmes and Yoshihara 2009:5). Crucially, the disconnect turns on the question of whether or not the voyages undertaken to foreign kingdoms were really as peaceful as the narrative suggests. Historian Geoff Wade disputes Beijing's version of the narrative and questions the portrayal of a benign adventurer, saying that the historical records show the treasure fleets carried sophisticated weaponry and participated in at least three major military actions in Java, Sumatra and Sri Lanka (Murphy 2010). "Chinese nationalism is fed on ignorance of its past relations. The way Zheng He is being represented is part of this" (Murphy 2010). The International Zheng He Society in Singapore, however, forcefully refutes this, saying the battles that Zheng was embroiled in were either retaliatory or an effort to rid the high seas of pirates. According to spokesman Chen Jian Chin, "these incidents were hardly the nature of true battle but, instead, vividly signify the peaceful diplomacy of Zheng He" (Murphy 2010). Tan Ta Sen further supports this argument, accusing Wade of seeing the voyages only through a European historical context of colonization, in which the Chinese tribute system makes little conceptual sense (Sen 2005:55-56). Zheng He's treasure fleets were certainly armed, and partook in military operations, equally certain is that they did not undertake in anything like the wars of conquest and empire-building of the later Europeans. It all boils down to just what constitutes a journey as violent, and who possesses the power to define it? This is where the important distinction between the factual events and the narratives derived from them comes into sharp relief, emphasizing once more what was considered in the theoretical discussion earlier in this paper. An

event may give rise to many equally valid narratives, with some of them gaining prominence as a result of being nurtured by groups with the power, as well as the will to establish their version of the truth as dominant as it suits their interests.

In my view, Beijing's Zheng He narrative draws its utility by promoting three tightly interwoven dimensions that together serve to shape China's image in the way desired by the Chinese government. First, it draws upon what Müller calls historical legitimacy by invoking images of China's great past, the reach and might of Imperial China, and what the Chinese were achieving in the days when European overseas exploration was still in the starting blocks. The iconic effect of the popular line-up of Zheng He's gargantuan flagship next to the minuscule ship of Columbus serves as a striking example in this regard. The narrative emphasizes China's historical record as one of the central, dominating states of the last thousand years and implicitly normalizes China as a great power. In highlighting the continuity of China's great power status, the narrative also connotes that it is China's absence from great power status during the last hundred years that is exceptional, rather than China's current rise to greatness.

Second, and most importantly, by exemplifying the alleged peacefulness of Zheng He's voyages, the narrative illustrates how peacefully China has historically borne the mantle of superpower status, thereby establishing a bridgehead for making historical analogies between the inherently benevolent China of the past, and the rising China of today.

In Zheng's time China had no close rival. The nation was the first in the world to have developed the might to possibly conquer, occupy, or colonize on foreign shores. We did not harm others then, so why should we do so now? [...] Looking back on the country's past may help one understand some unchanging that weave through the evolution of the nations view of the world. [...] Zheng He's legendary voyages this is evidence that China chose to be a bringer of peace when it had the potential to be a bully (People's Daily 2005a).

To the degree that historical analogies form rules or guidelines for acting in the present, the implicit lesson of the Zheng He narrative, and the threat assessment to be drawn from

it, is that there is no need to fear China's current rise to great power status, as the nation has proved itself to be benevolent even in its days as the world's dominant superpower. Stating the point in rather crude terms, former Malaysian Prime Minister Mahathir Mohamad claimed that if China wanted to act aggressively towards foreign countries it could have done so 600 years ago (People's Daily 2005a).

Third, the core of this historical analogy's message is further underscored as the history of Zheng He sets the stage for drawing a comparison between the behaviour of the Chinese and that of the Europeans, who arrived in the Indian Sea just few decades after the great Chinese treasure fleets were docked for good. To turn again to the *China Daily*:

Yet the rise of the Western powers was reminiscent of the merciless law of the jungle applied to the human world. How could China be an exception when it regains strength? Unlike later Western explorers driven by greed for gold, diamonds and fragrances, the mammoth fleet of the world's strongest navy at the time brought to foreign countries presents and advanced technology, and even helped mediate conflicts between indigenous clans. One can see the difference in the firearms used by European explorers and the china presented as gifts by the Chinese that are displayed side by side in some African museums. (People's Daily 2005a).

The Zheng He narrative thus serves not only as an excellent starting point for reminding the West of their atrocities abroad, but it is also a good medium for selling the notion of China as inherently different from the Western powers. Establishing this dichotomy between itself and the West is important for China as it invalidates other competing historical analogies that often compare China's rise to that of Wilhelminian Germany or Napoleonic France, narratives that highlight the overwhelming potential for conflict and violent confrontation. The narrative of Zheng He's travels are intended to serve as a point of departure for thinking about Chinese power in a way that differs from the traditional European context: China is different, China is peaceful.

Most of this rhetorical framework, which communicates the non-threatening nature of China's growing power and influence, applies directly to the African context.

As the Chinese UN-diplomat Du Xiacong decisively pointed out when addressing what he described as the unfair accusations of China practicing neo-colonialism in Africa:

The illusion that China would do bad things as others did before is out of ignorance in Chinese politics, history and culture. More than 600 years ago, Zheng He, a noted Chinese navigator of the time, led fleets to the west on seven voyages, including four times to the east coast of Africa, which is today's territory of Somalia and Kenya. Zheng He brought Chinese silk and porcelain to countries on the route and promoted the spirit of "Harmony with All Nations", offering valuable historical lessons to the harmonious co-existence today. The establishment of a harmonious world remains an important part of China's diplomatic philosophy today (Du 2010).

However, in directing the Zheng He narrative towards an African audience, additional aspects of these historical events are highlighted, creating an additional facet to the narrative. A central feature of the Zheng He narrative's use in Africa, then, is the desire to establish notions of tradition and long-standing continuity in Sino-African relations. This is accomplished by drawing upon the mechanism I have earlier defined as historical legitimacy where the narrative establishes China's presence in Africa not only as benevolent, but also as inherently normal. In propagating these notions of a long, time-tested relationship, Beijing is building mainly on the basis of Zheng He's travels, but it also exploits whatever slim evidence does exist of further contact going back to the days of antiquity (Strauss 2009:781; Yang 2009), thus enabling China to proclaim 2000 years of friendship (Deng 2009). In the words of Tian Peiliang, Director at the Chinese People's Institute of Foreign Affairs:

China and Africa share a profound traditional friendship and good cooperative relationship. [...] Although China and Africa are separated by vast oceans, the friendship between them goes back to ancient times. In the seventh century A.D., there were already direct contacts at sea between China and Africa. In the 15th century, the famous Chinese navigator Zheng He commanded a fleet and reached

the coastal areas of Eastern Africa four times. Personages from some African countries also successively visited . As the trade and cultural exchanges between and Africa progressively increased, mutual understanding and friendship were further enhanced (Tian 2005).

The propagation of this narrative utilizes other mnemonic techniques, rather than merely linguistic ones. As the year 2005 marked the 600<sup>th</sup> anniversary of his first voyage, this was taken as a golden opportunity to accelerate and cultivate the narrative of Zheng He. The jubilee was marked with massive celebrations both at home and abroad and included international expositions, books and a TV-series (China Daily 2004; China Daily 2005a; Xinhua 2005a). In further remembrance of the eunuch admiral's accomplishments, July 11, the day the treasure fleet first set sail, was also declared as an annual day of national celebration known as "Maritime Day", which promoted the following theme: "Love the motherland, be good friends with neighbouring countries and navigate scientifically" (Xinhua 2005b). Furthermore, Beijing's effort to disseminate the story of Zheng He, has consisted of organizing museum exhibitions abroad (Kurlantzick 2007:62), building a grand cultural centre close to his once hidden-away tomb, and sponsoring efforts to build replica ships to retrace the original routes of the treasure fleets (Luard 2005). Especially notable in the African context is the Chinese-sponsored joint Sino-Kenyan archaeological expedition searching for remains of Zheng He's visits along Kenya's northern coastline (BBC News 2010). DNA samples gathered in connection to the excavations have reportedly found traces of Chinese ancestry among the population of certain coastal villages, seemingly confirming local legends of shipwrecked Chinese sailors being integrated into society (Greste 2010). In a well publicized gesture, a young descendant of these sailors was given a scholarship in China, and was shown touring around in a highly symbolic return to the Motherland (China Daily 2005b). The quest for evidence of these 15<sup>th</sup> century bilateral ties serves not only to strengthen the Chinese claim in material terms, as the archaeological excavations have been met with considerable success so far (Greste 2010), but it also draws widespread public attention to the events for the purpose of more firmly etching them into the collective memory of the region, serving the goal of legitimizing China's current engagement with Africa.

Exemplifying the mechanics of historical legitimacy in a very precise way, one of the Kenyan archaeologists working on the project was quoted saying “A long time ago, the East African coast looked East and not West, [it] gives politicians a reason to say: 'Let's look East' because we've been looking that way throughout the ages” (Greste 2010).

### **The Colonial Narrative**

The other main historical narrative utilized by China to shape perceptions of itself in Africa is that of its shared colonial past with Africa. China utilizes this narrative to highlight not only its own past as a colonial subject, but also to stress its lack of involvement in colonizing of Africa. In emphasizing the point that China is untainted with regards to African colonialism, China is again drawing upon the force of historical analogies to make a moral distinction between itself and the Western powers: “as [...] is known to all, Western powers, not China colonized Africa and looted resources there in history” (Mu 2006). The ability to front a “pure” legacy while implicitly pointing to the guilt of the West is of significant use to China as it competes in markets where Western companies’ dominance is firmly established due to their ties with the former colonialist “motherlands” (Lanteigne 2009:134).

The colonial narrative also serves the important task of framing the Chinese policy of non-intervention in far more benevolent terms than those Pilatean notions nurtured in the developed world. The five principles of non-intervention that constitute the stated foundation of Chinese foreign policy (PRC Embassy in the UK 2005) take on a hue of righteousness when regarded as part of a long legacy of respect for the sovereignty of the African peoples. Additionally, the narrative makes it easier to implicitly brand Western pressure for political and economic reform as just the latest stage in a long history of illegitimate interference. Thus, the narrative serves to shape a framework of understanding that rings comfortably in the ears of many in the African elite. In Premier Wen Jiabaos’ words: “The Chinese government and people respect the right of African countries to independently choose their social systems and support the African people in exploring development paths that suit their national conditions. We firmly believe that Africa is fully capable of solving its own problems in an African way” (Wen 2009b). As

Chinese scholar He Wenping asked rhetorically “is it neocolonial behaviour to allow Africans to conduct their own affairs” (He 2007:29)?

The colonial narrative’s first aspect thus singles China out with a historical moral superiority. The second aspect of this historical narrative extends this point by stressing that China is not only *different* from most of the great powers operating in Africa, but also inherently *better* suited for understanding the plights and challenges facing the African nations, due to what Beijing constantly proclaims as its common colonial past. “As developing regions that [...] once suffered the oppression and exploitation of imperialism and colonialism, China and the African countries [...] easily understand [one another’s] pursuit of independence and freedom and [...] have a natural feeling of intimacy” (Qian 2005:200). President Hu Jintao (Hu 2006) echoed this statement at the Opening Ceremony of the Beijing Summit of the Forum on China-Africa Cooperation:

Though vast oceans keep China and Africa far apart, the friendship between our peoples has a long history and, having been tested by times, is strong and vigorous. In the long course of history, the Chinese and African peoples, with an unyielding and tenacious spirit, created splendid and distinctive ancient civilisations. In the modern era, our peoples launched unremitting and heroic struggle against subjugation, and have written a glorious chapter in the course of pursuing freedom and liberation, upholding human dignity, and striving for economic development and national rejuvenation.

Seeking thus to establish a notion that “there is no [...] interest conflicts between China and African countries” (People’s Daily editorial, quoted in Taylor 2009:16), Beijing uses the colonial narrative to harness the combined forces of historical legitimacy and analogy to create a perception of solidarity and shared struggle. The title of an influential new Chinese TV-series provides an instructive example in this regard: *China and Africa: Sharing a Common Fate*. The title effectively highlights the notion of mutual identification the Chinese government seeks to nurture with African populations (CCTV 2005). The same sense of shared Sino-African suffering is also brought into play to counter the accusations of neo-colonialist behaviour. Quoting He Wenping (2007:29):

The Chinese have endured their own grievous history of national humiliation at the hands of foreign powers and understand the pain of colonialism. China has staunchly supported Africa's struggle against colonialism and to go back on this would betray not only China's kinship with Africa on this issue but China's own constitution, which explicitly opposes colonialism.

One may easily defend the view that China's colonial experiences differed sharply from those of the African continent, the concession-based domination of the former bearing little resemblance to the complete colonial takeover of the latter (Murphey 2007:336). Again, it is necessary to distinguish between what actual events might have occurred at some point in history, and what narratives it is possible to generate from those events, as well as whose interests are served by certain narrative formulations. In recognizing the artificial construction of the narratives of the past, however, one should also be aware that "some are more artificial than others" (Gildea 2002:74). Nevertheless, in this case emphasizing the similarities of the colonial experience can hardly be regarded as more or less correct, than emphasizing the differences. The historical narratives taken together have been central to China's efforts to secure vital foreign policy interests, and their African counterparts see little interest in challenging this view, so it has become the dominant Sino-African discourse.

## **Impact**

Looking away from the methodological issues acknowledged earlier in this paper, the wider development of Sino-African relations seems to strongly imply that the propagation of historical narratives has had a positive impact on China's ability to establish political goodwill in Africa, while simultaneously refuting allegations that China harbours a neo-colonialist agenda. To quote Denis M. Tull: "The extent to which China appears to be welcomed with open arms by many of Africa's leaders is perhaps the most striking element in recent Sino-African relations" (Tull 2006:466). One indicator of this apparent goodwill could be the recent surge in Sino-African trade, which grew at

33,5% annually over the last decade (FOCAC 2010). However, a more convincing argument, detached from the materialist interest of the world market, would be the political deference granted China's positions in international fora. For example, a recent report tracking voting on human rights issues at the UN General Assembly over the last two decades shows a clear decline in support for the EU position in favour of the position held by the Chinese; China's preferred position rising from under 50% support in the 1990's to 74% in 2007-2008 (Growan & Brantner 2008:8). The African countries have played an important part in this regard, providing valuable diplomatic support, not only at the UN but also in other international institutions such as the WTO, where they were vital in recognizing China as a market economy (Tull 2006:467). I return again to He Wenping (2007:27) for an illustrative example:

For instance, prior to 2004, the United States, in its efforts (along with other western countries) to foist their values on others, brought 11 proposals against China for its human rights record at the United Nations Conference on Human Rights. African nations, which hold 15 of the 53 seats at the Commission on Human Rights helped block these proposals. China could not have defeated such proposals without the stalwart support of Africa.

In asking an official in Sierra Leone's Ministry of Foreign Affairs about the importance of support from African nations in securing China's successful bid for the 2008 Olympics, he simply answered by explaining that "in Africa we look after our friends and help them" (cited in Taylor 2009:24). A variety of opinion polls support the claim that China enjoys widespread popularity on the African continent, especially in the Sub-Saharan region. Importantly, the number of people with positive views of China is substantially higher than the number of those holding a favourable view of the EU, and even with the "Obama effect," China's popularity in Africa is on par with the US. Although variances from country to country exist, the African countries consistently rank among those with the most positive view of China in international surveys. For example, according to the 2010 Pew Global Attitudes Project, 86% of Kenyans hold a favourable view of China, a rating only surpassed by the 97% held among the Chinese people

themselves. (BBC World Service Poll 2009; Pew Global Attitudes Project 2010; Gallup 2010) While more rigorous quantitative investigations are required before causality can be established, this data supports the view that the Sino-African discourse, shaped by the internalization of the two historical narratives discussed in this paper, has had an impact in conditioning and easing China's entrance as a large scale actor on the African continent.

## **Conclusion**

History stands as one of the most important forces guiding us in the process of giving meaning to our experiences. Being able, then, to tap into this fundamental mechanic of identity and interest formation, would be an asset for any nation seeking power and influence, particularly in the area of foreign relations. Throughout this paper, I have analyzed the case of China's Africa policy, and found that it is engaged in considerable efforts to further its foreign policy agenda by consciously applying ideational tools such as historical narratives. By reframing its past, China is actively reshaping the present policy space of its foreign relations, utilizing historical narratives to affect other states' ideational structure. Using a varied set of mnemonic techniques, ranging from official speeches and statements to sponsoring archaeological expeditions and museum exhibitions, they are consciously seeking to frame the past in terms that legitimize and promote policies beneficial to China. This approach has arguably led to significant, if difficult to quantify, results. The general lesson to draw would be that the complex process of shaping a state's identity and world view are open to influence from external actors to a far larger degree than what is currently acknowledged in the academic literature. Consequently, I believe that academic research would benefit from prioritizing studies that analyze how states seek political gains by propagating key historical narratives to advantageously reconfigure another country's ideational policy space, consciously applying the past in order to serve the present.

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Having finished his BSc in International Economics and Sinology at the University of Tübingen (Germany), **Julian Valentin Michel** is currently enrolled in UMB's International Development Studies programme. His studies have always been accompanied by engagement in various participatory youth projects - for six years, he stood up for the young generation's interests, making their voices heard in communal and regional politics. Julian further enjoys bouncing around the globe, marked for example by a one-year support of a local NGO in northern Nicaragua or his 15-months in eastern China. Before heading to Costa Rica for his Master's thesis on Payments for Environmental Services (PES), he plans to join UNEP's Finance Initiative in Geneva for six to nine months.

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**Bjørnar Sverdrup-Thygeson** is from Akershus, Norway. After graduating from high school, he spent several years travelling and volunteering in South America, Africa, and Asia. He later joined the University of Oslo's BA program in International Studies, during which he spent a semester as an exchange student to China, laying the foundation for a special fascination with Chinese culture and politics. He is currently studying for the Master's degree in International Relations at Ås, and is preparing his return to China next semester for language studies in Beijing.

## About the Editors

When he isn't editing the Noragric student journal, **Connor Cavanagh** moonlights as an MSc candidate in International Development Studies at UMB. Connor received his B.A. in Sociology from the University of British Columbia (Canada), during which time he completed fieldwork in Swaziland, Mozambique, Uganda, Tanzania, and Rwanda. Currently, his academic interests include political ecology, environmental history, and the philosophy of social science. In July 2011, Connor will begin another six months of fieldwork in Uganda, where he will study the relationship between biodiversity conservation, carbon sequestration, and violent conflict at Mount Elgon National Park.

**Leslie McDonnell** is studying in the MSc in International Environmental Studies program at UMB and her origins stem from Rosedale, Washington State, U.S.A. Her academic curiosities revolve around how diverse and divided concepts of nature influence environmental policy, as well as how this impacts collective cultural attitudes towards local and global environmental challenges. She also has a passion for education. Leslie desires to add her energy to reconstructing education to fit the needs of modern students by discovering fresh, effective and alternative methods of learning that cultivate innovative, creative and adaptive individuals. She believes this is a necessary component that will help societies have higher capacity to solve the multiple socio-environmental challenges confront our current and future generations.

**Jody Marie Scholz** received her BSc degree in International Environment and Development Studies from UMB. As part of her undergraduate work, Jody spent a term on exchange in India studying the political economy of South Asia. She also participated in the Palestine Arabic Studies program at Birzeit University in Palestine, where she focused on post-Oslo political developments in the Israel-Palestinian conflict. Jody is currently pursuing an Msc degree in International Relations at Noragric, where her research interests include transnational social movements, post-conflict state formation, US foreign policy in the Middle East, and gender dynamics in the Arab world.