U.S. LEADERSHIP IN GLOBAL DEVELOPMENT
INVIGORATING U.S. LEADERSHIP IN GLOBAL DEVELOPMENT
AUGUST 1 – 3, 2018

SESSION VI
U.S. LEADERSHIP IN GLOBAL DEVELOPMENT

Questions

- Where does U.S. development policy fit within the changing global landscape? How should development policy respond, and where might it lead?
- Is China a competitor or partner? In which areas?
- Will Europe exert a more concerted leadership role?
- Is fragility the fundamental challenge to development, and how can the U.S. respond?

Policy Brief


Background Readings

American Leadership in Development Cooperation

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Government may take from citizens and give to foreigners when doing so serves the common good, but it may not do so if...all advantage will accrue to foreigners and none to citizens.

Edward C. Banfield

The United States has been a global leader in the development cooperation field for an extended period of time. Thus far, despite a disturbing general attack on the rules-based international system by the current U.S. administration, country partners, international organizations, and other donors still look to the United States for leadership. Yet preeminence is ephemeral, built partly on historic inertia, partly on perception, and partly on real results. Indeed, inertia may be the key factor maintaining the U.S. position today. Yet more is at play than that, including a Congress that is resisting isolationism and deep budget cuts in the foreign affairs budget accounts.

Political antecedents

The U.S. development cooperation experiment grew out of both self-interest and altruism. Concerns over the threat of communism motivated many who supported the Truman Doctrine and its assistance to Greece and Turkey and the even more ambitious Marshall Plan to rebuild Europe that followed. These programs from the 1940s were influenced by the Soviet Union’s expansionist intentions; yet there was also strong popular support for ending the humanitarian crisis faced by European nations, even the defeated Germany. Feeding those devastated by war and reconstructing the essential elements of functioning economies were central both to alleviating suffering and containing the communist threat.

A bipartisan consensus assumed a strong and integrated Europe served U.S. economic and security interests. That a foreign assistance program of the magnitude of the Marshall Plan was in the national interest did not detract from its humanitarian impact. It may not have been conceived as “the most unsordid act in history” (as Winston Churchill purportedly said), but its effect was both lifesaving and practical.

As the late University of Minnesota scholar Vernon Ruttan observed in his seminal work on the antecedents of the U.S. aid program, United States Development Assistance Policy, “American exceptionalism” was a powerful theme in popular political culture. According to Ruttan, this perspective “spawned two conflicting doctrines.” One was the liberal ideal in which America’s role is “to lead the world...into a more democratic and prosperous future.” The other was a realist doctrine, “that a virtuous America, prosperous
and democratic, is continuously threatened with contamination by the anti-democratic and corrupt Old World (and, one might add, by extreme ideologies).”

Ruttan asserts that these two conflicting doctrines, a desire for security, and a need to promote values, “have exerted a powerful influence on U.S. assistance policy from the beginning.”

The two doctrines have co-existed for most of our post-WWII history. The emphasis has evolved, depending on presidential administrations and the nature of perceived global threats, but the blend of security concerns and the desire to create a global community in our image provide political support for American development assistance.

**Point Four: Soft power’s hesitant beginning in a bi-polar world**

This blend of security concerns and humanitarianism was conspicuous in President Harry Truman’s inaugural address in 1949. After listing three security-related initiatives, Truman surprised many by adding a fourth “soft power” concept. He urged the United States to “embark on a bold new program for making the benefits of our scientific advances and industrial progress available for the improvement and growth of underdeveloped areas.”

Averell Harriman was selected by Truman to run the new Mutual Security Agency. During this period, the security focus was front and center. Despite its idealistic birth, Point Four aid was relatively short-term and typically directed at countries on the periphery of the Soviet Union or China.

Harold Stassen took over the post in the Eisenhower administration and called for a US$2 billion cut in the program, telling the Senate Appropriations Committee, “We are seeking more defense, more rapidly, with less dollars, lasting longer (a reference to his estimate that protecting countries against communism might take 10 years).”

Later, Stassen, who was also assigned the task of strengthening the new United Nations and giving it an aid-giving capacity, began to express concern that the administration had been pre-occupied with military solutions at the expense of economic ones.

The Mutual Security Agency was the vehicle for the realist doctrine as it combined security assistance with an aid program influenced primarily by geo-strategic objectives. This was a program driven by ideological competition; development was given secondary importance, if it was even understood as a concept. The intentions of Truman’s Point Four program were largely lost as hot and cold war and the communist threat preoccupied the Eisenhower administration.

Efforts to use limited resources to “aid the poor” were often awkward, culturally insensitive parodies of what passes for development today. It was in the 1950s that the moniker “Ugly American” took hold, further damaging the case for a program that could successfully advance development only by working with partners over time.

**The Kennedy administration and development diplomacy**

The shift toward the “liberal idealist” approach accelerated dramatically with the inauguration of John F. Kennedy in 1961. Military and economic aid were separated, as the Mutual Security Agency became the
United States Agency for International Development (USAID). The Peace Corps was born and the administration gave great prominence to an Alliance for Progress in Latin America. This coincided with a global anti-colonial independence movement embraced by Kennedy, himself the president of a nation that itself had escaped the shackles of colonialism.\textsuperscript{4}

The Foreign Assistance Act of 1961 created two accounts, the Development Assistance (DA) account to be administered by USAID, and the Economic Support Fund (ESF) to be allocated by the Department of State, for the most part implemented in the field by USAID missions. The ESF account was intended to support the foreign policy and security interests of the U.S. The Development Assistance (DA) account was more focused on need and, while it reflected the national interest as well, it looked more long term and at developmental prospects.

USAID would be held accountable whichever of these accounts was being used, but it was often more difficult to achieve results when partners were selected for purely political reasons. As economist Robert F. Zimmerman wrote: ESF “has largely failed to achieve its clearly stated economic and social development goals, primarily because this assistance has been first and foremost a diplomatic tool to promote U.S. political and security objectives.”\textsuperscript{5}

During this period, the United States was instrumental in creating the Development Assistance Group (DAG), an initiative to coordinate donor assistance policies and produce accurate and comparable data on official development assistance (ODA). Soon after, in 1961, the U.S. ratified the convention creating the Organization for Economic Co-operation and Development (OECD), combining the DAG and the post-Marshall Plan office, the Organization for European Economic Co-operation (OEEC). The DAG became the Development Assistance Committee (the DAC), still the only permanent committee of the OECD, and an important vehicle for U.S. leadership.

President Kennedy provided a strong political rationale for the aid program by appealing to both our obligations as a rich country—“our moral obligations as a wise leader and good neighbor...our obligations as the wealthiest people in a world of largely poor people...” and also to our security interest “as the single largest counter to the adversaries of freedom.” In September 1961, Kennedy spoke at the United Nations and called for a “Decade of Development.” The initiative was endorsed by the General Assembly, which also established concepts of development and global priorities. A decade later, the United Nations adopted a target for the rich countries of 0.7 percent of GDP for official development assistance (the U.S. and Switzerland did not accept this commitment).\textsuperscript{6}

In practical terms, the challenge then (and now) was how to assure that these resources were being invested properly and effectively when positive results so depended on the effectiveness of our partners. These were governments with weak and often unaccountable institutions, civil societies with very little appreciation for the requirements of active citizenship, economies with poorly functioning micro-economic systems (banks, customs offices, tax systems, and commercial laws), and colonial contexts that often created ethnic tensions. Many U.S. partners were corrupt dictatorships, but they opposed communism and thus were beneficiaries of our aid (usually of the ESF variety).
Fears of widespread starvation in the late 1960s inspired books like *The Population Bomb*, by Paul Ehrlich, and provided the impetus to share modern agricultural technology. The Green Revolution became a model for successful development and Norman Borlaug received the Nobel Peace Prize in 1970 for his contribution.

The Vietnam War saw the USAID budget ramped up and the agency found itself in the middle of a hot war, working with the military and the Central Intelligence Agency in an effort to “pacify” villages. The USAID workforce expanded to some 21,000 employees, the highest number in its history. Yet this may have been the nadir of the U.S. development program, as USAID became a tool of the security establishment, calling into question its reputation as a development partner.7

**Basic human needs**

In the 1970s, USAID Administrator John Hannah, reinforced by presidential study commissions and working closely with Congress, encouraged the Basic Human Needs initiative, which focused on the provision of social services to the world’s poor. Senator Hubert Humphrey was the lead proponent of this approach in the Senate, and House members Clement Zablocki (D-WI), Donald Fraser (D-MN), and Brad Morse (R-MA) contributed amendments that promoted community development, democratic governance, and the building of economic, political and social institutions. A 1973 House Foreign Affairs initiative, titled New Directions, called for a focus on food production, rural development, nutrition, family planning, health, education, and human resource development. An additional amendment by Congressman Fraser linked human rights and democratic governance to development.8

**The fall of the Berlin Wall**

The collapse of communist regimes in Central and Eastern Europe and the former Soviet Union in 1989 and 1990 provided a new rationale for the U.S. aid program. The George H.W. Bush Administration was somewhat slow in responding to this transition and an aggressive Congress, led by the Senate and House Committees responsible for foreign affairs, filled the gap with Support for East European Democracy Act (SEED) in 1989, and The Freedom Support Act in 1992.9

Near the end of the George H. W. Bush administration, USAID was facing mounting challenges as Congress cut its operations budget just as the demands on its resources were increasing. The transitions in the former communist world saw the opening of new missions at the same time that the Congressional coalition of idealists and realists that had been supportive of foreign aid began to dissipate. The end of the Cold War was seen as an opportunity for a budgetary “peace dividend” and USAID, not the Defense Department, was the target. The Agency confronted allegations that it was poorly managed, had too many ill-defined goals (some 33 goals and 75 targets) and seemed unresponsive to U.S. foreign policy needs. When in 1992 Appropriations Committee Chair, Congressman David Obey, asked Secretary of State James Baker what was wrong, he replied, “I don’t know, Mr. Chairman, I don’t know.”

The Bush White House ordered a new study to find the answer. George Ferris, an old friend of the President, led a bipartisan commission to investigate. Their final report was highly critical of USAID management and recommended that USAID be merged into the State Department.10
The Clinton years

The merger issue consumed considerable attention in both the Executive Branch and Congress. USAID undertook a number of reforms, including the creation of the Office of Transitions Initiatives (OTI), which allowed the Agency to be more responsive to post-conflict situations. Other reforms included: an effort to focus agency programming around five developmental and humanitarian relief goals; the merger of four Washington bureaus into two; and identification of 21 overseas missions for closure based on the quality of the partnership, a graduation plan, or coverage of smaller countries from a regional base.

A year after these reforms were instituted, George Ferris was quoted publicly as describing the reforms as a “dramatic transformation” and announced that he was rescinding his recommendation to merge USAID into State.

Management reforms were not enough. USAID sought to demonstrate that other donors shared the goals of peace, prosperity, and democratic principles. Taking note of USAID’s effort to define its development goals in a strategy paper, USAID joined other donor agencies to suggest that DAC members write a political paper describing the goals of the development community. DAC Chair Jim Michel, former career State Department ambassador and acting administrator of USAID, drafted what emerged in 1996, after two years of intense negotiation, as “Shaping the 21st Century: The Contribution of Development Co-operation.” What emerged from the paper were eight goals, which were in turn adopted as part of a G-7 summit statement in 1998 and subsequently by the U.N. in 2001 as the Millennium Development Goals (MDGs).11

The creation of goals accelerated the move toward results accountability. USAID had already moved in this direction, and the adoption of the MDGs and the deadlines set for achieving the goals (by 2015 in most cases) meant that all donors had to create data measurement matrices. Development cooperation was to be held accountable as never before. Now it was time to turn to effectiveness.

The effectiveness era

A summit meeting in Monterrey, Mexico on “Financing for Development” in March 2002 gave new impetus, not only to the effort to increase ODA, but also to encourage the mobilization of domestic resources through efficient tax systems, and more effective use of these resources. President George W. Bush went to this meeting armed with an announcement that the U.S. would increase ODA. He eventually would tie his request to a new national security concept, arguing that defense, diplomacy and development—the 3Ds—were the three legs of U.S. security policy.

With the U.S. taking the lead in increasing ODA, the DAC organized a series of high-level aid effectiveness forums. These Forums in Rome, Paris, Accra, and Busan produced a number of effectiveness principles, calling on donors to respect local ownership, to harmonize their reporting and auditing requirements, align their projects, be more transparent, and use country systems where possible.

At the 2011 Fourth Forum in Busan, Korea, the focus was on convincing South-South (S-S) donors to accept the principles adopted in the earlier forums. A “Working Party” created by the DAC engaged several “new providers” of aid including China, Brazil, and India. A Global Partnership for Effective Development Cooperation (GPEDC) was created in Busan with a Steering Committee co-chaired by a traditional donor, an
S-S provider, and a partner country representative. Subsequent forums in Mexico and Nairobi focused on implementation of the U.N. Sustainable Development Goals adopted in 2015 (see Aspen paper, “U.S. Global Leadership through an SDG Lens,” by Homi Kharas).

**New goals and a new national security strategy**

As the 21st century moved into its second decade, there was even more convergence around the security and humanitarian rationales for foreign assistance. Today, global crises are either emerging or are at risk of unfolding due to transnational issues such as migration, infectious disease, and climate-related disasters. Likewise, ethnic and religious conflicts exacerbated by extreme poverty can quickly morph into region-wide conflagrations. Preventing these threats would require even more investments in development, and, to his credit, President George W. Bush recognized this, as did his successor, Barack Obama. Both presidents embraced a national security concept built around the 3Ds.

International cooperation in development may have reached a peak at the beginning of the second decade of the 21st Century. Traditional donors had increased Official Development Assistance (ODA) by 50 percent since the MDGs were adopted. A new set of universal goals—the Sustainable Development Goals—was adopted in 2015. South-South providers were becoming more active led by China, and triangular projects—with traditional donors, S-S providers, and partner countries working together—were increasing exponentially. Developing countries were contributing more as domestic resource mobilization systems (tax systems) became more efficient. Foreign Direct Investment was increasing particularly in middle-income countries. There was increasing evidence that the effectiveness principles were making an impact on behavior. While it was no longer the dominant influence, the United States continued to contribute to this positive trend, leading a willing international community.

**Leadership under the “America First” banner**

Was this enough to stem the inexorable surge of population and poverty? A world population that had increased by 5 billion since the founding of the U.N. and the Bretton Woods institutions was beginning to overwhelm the international system. It would take additional resources and new innovations to stabilize this new and increasingly volatile situation. For the most part, western democracies were not uniformly generous in responding. Instead, the immigration flows encouraged by conflict, criminal gangs, and poverty sparked a nativist, and at times populist, response.

It may be too early to tell whether the “America First” policies of the Trump administration will stymie efforts to fully implement a 3D national security strategy. The new administration’s recommended 30 percent cut in diplomacy and development foreign affairs accounts was rejected by Congress. Momentum for more effective development assistance—built over two administrations through initiatives such as the Millennium Challenge Corporation, the President’s Emergency Plan for AIDS Relief (PEPFAR), legislation to make food aid more efficient, reforms to AID Forward, the Development Innovation Laboratory—continue to garner strong bipartisan congressional support, including through the Trump administration’s USAID transformation program.
External support for U.S. aid is strong. Non-governmental policy and advocacy organizations like the Brookings Institution, the Modernization of Foreign Assistance Network (MFAN), the U.S. Global Leadership Coalition (USGLC), the Center for Global Development (CDG), and the Blum Center for Developing Economies at the University of California, Berkeley, have contributed creative ideas for invigorating U.S. development.

Efforts at reinvigorating U.S. architecture include:

- A proposal to merge and strengthen development finance programs under a new International Development Finance Corporation (see paper for Session III); the Aid Accountability and Transparency Act requiring public disclosure of official development assistance (ODA) in real time;
- Support for USAID Administrator Mark Green's plan to merge the Office of U.S. Disaster Assistance and Office of Food for Peace;
- Creating a new Bureau for Development, Democracy, and Innovation, and combining (once again) USAID's policy and budget functions;
- Promoting technology innovations, and;
- Introducing legislation to reform food aid.

The community of nations is under threat as populist political leaders challenge the international system. It is difficult to be optimistic, but so long as there is a vibrant development community seeking solutions, hope endures that logic will prevail. Development professionals are by nature patient. They know that political leaders will turn to them when all else fails.
Wednesday, June 6, 2018 - 12:00am
Reclaiming Global Leadership
The Right Way to Put America First
John Kasich

JOHN KASICH is Governor of Ohio.

The international system that the United States and its allies created after World War II has benefited the entire world, but global political and economic engagement have left too many Americans behind. Over the last 70 years, free-market democracies have come to dominate the global economy, U.S.-led efforts have dramatically reduced poverty and disease, and the world has been spared great-power conflict. Yet many Americans—myself included—are increasingly coming to believe that our country suffers from a leadership vacuum. People are losing faith that their leaders will work to make all Americans better off and that they will rally us to join with our allies in order to craft cooperative solutions to the global problems that buffet us. Economic growth is delivering benefits for the few but not for the many. Political discourse has become poisoned by partisanship and egotism.

In the face of these challenges, we have a choice between two options: shut the blinds and withdraw from the world or engage with allies old and new to jump-start a new era of opportunity and security. Although American leaders should always put American interests first, that does not mean that we have to build walls, close off markets, or isolate the United States by acting in ways that alienate our allies. Continuing to do that will not insulate us from external challenges; it will simply turn us into bystanders with less and less influence.

I choose cooperation and engagement. Only those who have forgotten the lessons of history can credibly contend that peace and prosperity await us inside “Fortress America.” Yet as evergreen as this debate is—retreat or engage—reaching for set-piece answers to the problems facing the country will not work. New times require new answers, even to old questions. The way forward is not to retreat but to renew our commitment to supporting those who share our values, to reboot our capacity to collaborate, and to forge a new consensus on how to adapt our policies and institutions to the new era.

Having served on the Armed Services Committee and chaired the Budget Committee of the U.S. House of Representatives when the U.S. government enjoyed the only balanced budget in living memory, I am no stranger to the pessimism of those who say, “It can’t be done.” But I am also no stranger to the hope that comes from remembering past accomplishments. Leaders must now draw on that hope to rediscover open-mindedness, civility, mutual respect, and compromise.

On challenge after challenge, we are better off working together than going it alone. To secure our economic future, we must prepare our workers for the future rather than retreat into protectionism. To deal with global threats—from Russian aggression to nuclear proliferation to cyberattacks—we need to harden our defenses and reinvigorate our alliances. To fight terrorism, we must be more discerning about when to commit American power and insist that our allies bear more of the burden. To deal with the rise of China, we must strike the right balance between cooperation and confrontation. In other words, the world needs more American engagement, not less.
TRANSFORMING DISRUPTION INTO OPPORTUNITY

As governor of Ohio, a state with an economy larger than those of 160 countries, I am reminded daily that we live in a connected world. Over a quarter of a million jobs in my state depend on trade, and those jobs generate close to $50 billion in export earnings every year. In the United States as a whole, one in five jobs—40 million of them—depend on trade, and these jobs tend to be higher paying. There’s no denying that as goods and services have flowed more freely across borders, our country as a whole has become better off [4]. But there are also some people who have suffered as a result. Jobs have been lost, and the cold steel furnaces in my hometown of McKees Rocks, Pennsylvania, stand as a testament. These steel mills were once the engines of middle-class prosperity. Today, the well-paying jobs they provided are gone.

It is up to Americans to constantly innovate in order to remain competitive. Our international trading partners have to realize, however, that if they do not do more to eliminate government subsidies, dumping, and other anticompetitive behavior, support for free and fair trade will collapse even further in the United States. The result will be that everyone will suffer. That said, we should not have to resort to heavy-handed tariffs and quotas in order to get our partners to start taking our concerns seriously. To reduce jobs losses from trade, we need an expedited process, free of bureaucratic delays, to review trade violations and stop them when they occur. But we must also undertake new efforts that help people obtain the skills they need for the jobs of the future. Trade was not responsible for the majority of American job losses in the last generation; technology was. That trend will only accelerate.

Traditional manufacturing will suffer the most from the technological tsunami. It would be foolish to try to spare ourselves the force of this wave by retreating. Instead, we must ride the wave. That means better preparing the U.S. work force—in particular, aligning our education and training efforts with the needs of emerging industries and improving the flexibility of labor markets. Educators must partner with the private sector to advocate the right curricula, develop the right skill sets, and make businesses a greater part of the educational system by offering mentoring, workplace opportunities, and on-the-job training. Real leadership is showing the courage to help people embrace change, find new frontiers, and adjust in a fast-paced world—not making false promises about returning to the past. The right leadership can draw out from Americans the characteristics that we need to flourish, ones I know we already possess: resiliency, flexibility, and agility, and a dedication to lifelong learning.

Without greater confidence about their future place in the global economy, Americans will have little reason to support international cooperation and engagement. If the United States continues to go it alone, however, that will only open up further opportunities for nations that do not have our best interests at heart, such as China and Russia, to shape our future for us. That’s why it was such a mistake for the Trump administration to turn its back on the Trans-Pacific Partnership, which would have eliminated 18,000 foreign tariffs currently imposed on products that Americans make and seek to sell overseas. Those tariffs hold back job creation, and eliminating them could unleash new growth across the United States. We shouldn’t have threatened to jettison the North American Free Trade Agreement or the U.S.-Korea Free Trade Agreement either. Instead, we should work with our neighbors and partners to modernize these agreements, which are essential to our economic security and global influence. On trade, as on many other issues, the goal should be to find win-win solutions, not to make threats and try to divide and conquer.

COUNTERING THREATS

During my 18 years on the House Armed Services Committee, I learned that our alliances are vital to national security. But the world has changed markedly since these partnerships were first formed. We now must contend with not just the familiar conventional and nuclear threats from Russia but
also those posed by China, Iran, and North Korea; threats in space and cyberspace; and threats from nonstate actors. The new environment demands leaner, more agile coalitions to solve such problems swiftly.

President Donald Trump was right to suggest that our allies are no longer the poverty-stricken nations they were after World War II. They can and must provide for a greater share of their own defense and security, particularly in their own regions. These allies, along with the United States, need to take care to avoid overemphasizing any individual threat, such as terrorism, at the expense of longer-term challenges, such as Russian intimidation, Chinese expansionism, or North Korean nuclear proliferation. All of us must adapt our budgets accordingly, investing in efforts to deal with new cyberthreats and preserving our ability to project power and secure the open global trading system. And Washington must insist that its allies in Europe and the Pacific contribute more to joint efforts.

Our common purpose with our allies is to preserve and advance freedom, democracy, human rights, and the rule of law. These values are what distinguish us from our rivals, and they are what make our alliances so strong and attractive to others. As we press our allies to do more, we must not lose sight of the fact that we should also be working with them—both to reshape our alliances into nimble coalitions and to recruit other like-minded countries, such as Indonesia, Malaysia, and Vietnam, to join in.

As a child of the Cold War, I remember well the schoolroom “duck and cover” exercises, an ever-present reminder of the risk of nuclear war. No threat holds greater consequences for all of humanity than that of the accidental or deliberate use of nuclear weapons. Containing that risk has to remain our top priority.

U.S.-Russian agreements such as the 1987 Intermediate-Range Nuclear Forces (INF) Treaty and the 2010 New Strategic Arms Reduction Treaty (New START) were designed to achieve greater stability and security when it comes to nuclear weapons, and that goal should not be abandoned lightly. With New START expiring in 2021 and the INF Treaty on the verge of being fatally undermined by Russia’s noncompliance, we need to think long and hard about walking away from them. Unless we are convinced that they are unsalvageable, agreements that by and large have worked for the two states holding more than 90 percent of the world’s nuclear weapons should not be allowed to fall apart.

A number of issues have soured U.S. relations with Russia, including the Kremlin’s violent intervention in Ukraine, its support for Syria’s brutal dictator, its disinformation and destabilization campaign in the Baltic states, its penchant for assassinating political enemies at home and abroad, and, of course, its interference in the 2016 U.S. presidential election. Nonetheless, we will have to work with Russia on arms control, because with around 7,000 warheads, the country remains the world’s largest nuclear power. Where we have common interests, we should cooperate, while never closing our eyes to the nature of Russia’s leaders, their intentions, and their disregard for our values. Where we cannot cooperate, we must hold Moscow at arm’s length until there is either a change in behavior or a change in leadership.

North Korea’s acquisition of nuclear weapons remains another major concern. Until we have a definitive, verifiable treaty that formally ends the Korean War and denuclearizes the Korean Peninsula, we will need to keep up the pressure on Pyongyang to relinquish its nuclear weapons. Additional sanctions can and should be put in place. That includes sanctions on large Chinese companies that enable North Korea’s nuclear weapons program. North Koreans who are working overseas to earn the regime the hard currency that funds that program should be sent home on an expedited basis. The United States and its allies should also put in place a much tighter counterproliferation regime on shipments going into or out of North Korea. Ultimately, however, it will
take peaceful regime change in Pyongyang to resolve the nuclear threat North Korea poses in Northeast Asia. The country best positioned to facilitate such a change is China, provided it can be sure that the United States, South Korea, and Japan will not exploit the situation.

Iran also presents a major proliferation threat. Given that the nuclear deal with Iran was one of the few things constraining the country from producing nuclear weapons, it was a mistake for President Trump to walk away from it. The president’s move created disunity and separated us from our allies at a time when we need to be rallying together to confront a myriad of other challenges.

I am sympathetic to the efforts of former Secretary of State Henry Kissinger, former Democratic Senator Sam Nunn of Georgia, former Secretary of Defense William Perry, and former Secretary of State George Shultz to rid the world of nuclear weapons. In my discussions with them, however, it has been made clear that this is a goal that can be achieved only in small steps. And with nuclear proliferation on the upswing, it appears as though that dream is now further away than ever. For that reason, deterrence will have to remain an essential part of our national defense strategy for the foreseeable future. Accordingly, we will have to continue to modernize our nuclear weapons and harden against cyberattacks the electronic systems that control them.

Almost all U.S. computer systems and communication networks are at risk from such attacks. To stop the systematic looting of American technology and ideas, we will need to reorganize our cyber-operations. Those parts of the U.S. military, the Department of Homeland Security, and the FBI that deal with cyberattacks should be united under a single agency headed by a cabinet-level official. That agency must be responsible for both cyberoffense and cyberdefense, and the latter task must encompass both government and commercial systems.

Beyond this, the government can mandate that sensitive data be encrypted, and individual agencies can hold cyberdefense drills and employ “red teams” to independently test the ability of their systems to withstand attacks. But we cannot rely on defenses alone. Washington must use its improving ability to attribute the origins of cyberattacks and then retaliate loudly or softly, depending on the circumstances. And given that cyberwarfare has geopolitical implications, diplomacy will be key to organizing a collective defense among our allies—a cyber-NATO, effectively.

The private sector has a vital role to play in cyberdefense, too. American technology giants have all too often failed to prevent their platforms from being used for malign purposes, such as interfering in elections and spreading terrorist propaganda. The general public and the rest of the private sector should place economic pressure on these companies—for example, withholding advertising and avoiding doing business with them—until they fulfill their responsibilities.

REBALANCING THE WAR ON TERRORISM

After 17 years, the war on terrorism has become a series of open-ended commitments. Some of those commitments clearly need to be revisited. In Afghanistan, President Barack Obama micromanaged the war and put in place a series of half measures, and President Trump sent additional troops into a conflict that cannot be resolved militarily. Both presidents’ decisions were mistakes. We must now look instead to diplomacy to negotiate a sustainable U.S. exit with all of Afghanistan’s stakeholders.

We should continue to train and assist Afghan government forces so that they can hold key population centers, but we should limit ourselves to securing two core U.S. interests: preventing Afghanistan from once again becoming a terrorist safe haven and ensuring that Pakistan’s nuclear weapons remain secure. Neither goal requires all that many U.S. boots on the ground. U.S. forces in the Gulf and along Afghanistan’s northern borders can achieve the first goal. A political settlement in Afghanistan that reduces the risk of chaos spilling across the border, together with long-term assistance in Pakistan supporting the institutions of civilian nuclear control, can help achieve the
second. We should have no illusions about the difficulty of achieving such a settlement. But it is probably the only way to exit an otherwise endless conflict without risking a bloodbath in Afghanistan or instability in Pakistan.

President Trump deserves credit for improving on President Obama’s strategy against the Islamic State, also known as ISIS, in Syria and Iraq. Now that the terrorists’ strongholds have been all but eliminated, the only remaining core U.S. interest at stake is preventing ISIS from using those countries to mount future attacks against us. That mission does not require a major commitment of U.S. combat troops. With our help, allies whose interests are more directly affected than our own—such as Egypt, Israel, Saudi Arabia, Turkey, and European countries—should take the lead in mitigating the continuing but reduced threat from ISIS and in repatriating Syrian refugees.

Going forward, we need to be much more careful and focused about how we fight terrorism. We have to develop better criteria for when to intervene abroad. And when we do intervene, we need clearer guidelines about what kinds of resources to commit—for example, combat troops versus military trainers. We also need clearer benchmarks for when we should escalate our commitments and when it makes more sense to cut our losses and leave. In particular, we should restrict our major counterterrorism efforts to instances in which our homeland is directly at risk. When it is not, we should avoid getting embroiled in civil wars and instead use diplomacy to rally international partners to assume the lead. Doing that would allow us to husband our resources for the challenges that pose a far greater long-term threat to U.S. national security.

ADAPTING TO THE RISE OF CHINA

Chief among those challenges is an increasingly assertive China. Beijing is already seeking to convert its economic power into regional influence through such projects as the Belt and Road Initiative, a massive infrastructure venture, and the Asian Infrastructure Investment Bank, a rival to Western-led development banks. Looking to fill the political void created by the current vacuum in U.S. international leadership, Chinese leaders are making ridiculous assertions that their country will define the meaning of freedom and liberty.

The principal strategic challenge for the United States is to integrate China into the international system in a manner that allows us to protect our interests in Asia and safeguard international institutions against China’s assaults on democratic values. China’s ultimate goal is to end what it considers to be American dominance and to replace it with a new order in which Beijing gets an equal voice in setting the rules. It wants to push the United States out of the western Pacific, undermine our alliances in the region, and re-create a Sinocentric sphere of influence in Asia free from challenges to its authoritarian rule.

Confounding our hopes and expectations, China’s regime has managed to deliver economic growth without being forced to democratize. But China is not 12 feet tall: its economy has serious structural flaws, including exceedingly high levels of debt, a cohort of retirees whose living expenses will be difficult to fund, and wages that are increasingly uncompetitive with those paid by China’s neighbors. Nor is China a monolith: like the United States, the country is riven by rival factions, leading to infighting that diverts productive resources. China does not need to be contained as the Soviet Union once did, since its provocative behavior is already driving some of its neighbors into our arms. Indeed, through its actions, Beijing can largely be counted on to contain itself.

Another difference between the rivalry with China today and that with the Soviet Union during the Cold War is that China and the United States are so economically intertwined. This means not only that the two countries will remain co-dependent for the foreseeable future but also that relations between them need not be a zero-sum game. There are ample opportunities to pursue strategies with China that can adapt the world system to reflect Beijing’s growing international role while benefiting both sides. Those opportunities include reining in North Korea, addressing climate change, and promoting international investment and economic growth.
There are limits to how much can be achieved through cooperation, however. We should acknowledge our rivalry with China more frankly and prepare our country to compete more vigorously. This does not necessarily mean embarking on a path of outright confrontation. Rather, it means putting hopes of a peaceful political evolution in China on the back burner and incentivizing Beijing to play a constructive role in the international system. It also means being prepared to decisively counter Chinese moves that threaten the United States and its allies.

Achieving these ends will be impossible if we continue to hollow out the State Department. Instead, we must empower it and permit our seasoned senior diplomats to guide the way, harnessing all the instruments of American power to exploit China’s weaknesses. U.S. officials should much more forthrightly advocate the values that we hold dear and vocally criticize China’s shortcomings. They should also better protect our economic interests by combating Chinese dumping and currency manipulation, streamlining the World Trade Organization’s dispute-resolution process, and insisting on full reciprocity in market access.

Deterring China also has a military dimension. The U.S. military should forward-deploy greater numbers of forces in the western Pacific and continue to challenge China’s illegal attempts to expand its territorial control there. Washington should make it clear that there will be a significant price to pay for any attack on U.S. assets in space and expand our regional allies’ missile and air defense capabilities. In the long run, however, the best chance for peace lies in a China that itself chooses reform. To kick-start that process, we will have to support efforts to give mass audiences in China better access to the unvarnished truth about what is going on in the world.

TOGETHER WE ARE STRONGER

The United States needs a national security doctrine around which a consensus can be built—both between the Democratic and the Republican Parties and with those who share our interests and values overseas. As we continue the search for that, we should work together to secure our economic future, reimage and strengthen our defenses and alliances, and focus on the prime challenges to our national interests. Rather than pulling back and going it alone, America must cooperate and lead.

That is true whether the country in question is China, Iran, or Russia and whether the issue at stake is nuclear proliferation, cybersecurity, or counterterrorism. But to achieve any of our foreign policy goals, we will have to rededicate ourselves to civility and compromise at home. Without doing so, we cannot hope to lead by example. Nor will we be able to pass the fiscal, educational, work-force, and other reforms needed to restore Americans’ confidence in international engagement.

I have faith that our deeply held values will guide us down the right path. As we look back at history, Americans can take pride in the fact that we have made the world a better place time and time again. We can draw strength for the future from our past achievements. Working together in the spirit of bipartisan compromise, idealists and realists can help the United States rediscover optimism to shape our destiny and guarantee our security. America will be stronger and more prosperous for it.

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The world is experiencing change of unprecedented velocity and scope. Governments everywhere must develop strategies to deal with this emerging new world. They should start by studying the forces of technology and demography that are creating it.

Change is the raw material of history. What gnaws at me now is the speed of change. In the last century, machines performed as instructed. Today, they can be designed to learn from experience, by trial and error. This will improve productivity—but it will also accelerate workplace disruption.

Societies usually had time to adjust to economic revolutions. In the early 20th century, American farmworkers fell from half the population to less than 5% as agriculture was mechanized. We were able to establish a public school system to retrain those workers’ children for jobs in the cities. But today, the rapid destruction of old jobs and simultaneous creation of new ones means that the workers themselves must adapt.

There are now 6.7 million “unfilled jobs” in America. Filling them with both new and newly displaced workers will test both education (particularly K-12, where the U.S. continues to fall behind) and the flexibility of workers to pursue new occupations. Community colleges and similar institutions can help, on a time scale more attuned to new technology’s rapidity. They deserve strong support.

Another force of change that needs to be understood more fully is the information and communications revolution, which is making governance more difficult. Information is everywhere—some of it accurate, some of it deliberately inaccurate. We have ceaseless and instantaneous communication to everybody, anybody, at any time. People can easily find out what is going on, organize around it, and take collective action—and they do.
Autocrats respond by using the same technology for surveillance and repression as they try to govern this new form of diversity by suppressing it. Democracies have too often become trapped in short-term reactions to the vocal interests that most effectively capture governance infrastructures. Both responses have produced sharp declines in trust toward institutions. In the long run, neither will work.

Fundamental changes in the technological means of production will furthermore allow goods to be produced on demand, near where they will be used, in ways that can unsettle international order. Sophisticated use of robotics alongside human colleagues, plus 3-D printing and unexpected changes in the distribution of energy supplies, have implications for our security and economy.

Similar manufacturing advances also diffuse military power—through ubiquitous sensors, inexpensive and autonomous drones, high-powered nanobombs, and less costly access to space through microsatellites. These developments empower smaller states and even individuals, eroding incumbent powers like the U.S. of their current advantage. We will increasingly need to be vigilant that our words and deeds aren’t revealed to be backed by empty threats.

Against this, the world’s population is undergoing its own dramatic reordering just as emerging technologies hint at a potential new deglobalization.

In developed countries, fertility is decreasing as life expectancy is increasing. This reduces the working-age population and increases the cost of pensions and care for the elderly—requiring government budgets that increasingly crowd out other productive investments. The populations of many of today’s major powers—Japan, Germany, Russia, even China—are set to shrink. Notably this isn’t the case for the U.S., Canada, and Australia, all countries with a long history of immigration. Will these trends continue?

In developing South Asia and in Africa, however—where most of the growth in world population comes from—persistently high fertility rates aren’t sufficiently matched by economic growth. These same regions also feel a disproportionate impact from natural disasters, human and agricultural diseases, and resource scarcities. That disparity underlies the global movement of peoples, setting off a populist turn in world politics.

So what should we do about all of this? We should think local and global.

Technology and demography can’t be halted; they will always go forward. The U.S. will need to find ways to adapt domestically, but if these trends are handled well the prospects for America to benefit are remarkably bright. I think in particular of how the Founders addressed the problem of governance through their own time of change by leaning more on the diversity of individual states and localities—governments whose ears were closer to the ground, so that they were more nimble.

Meanwhile, America’s allies and adversaries are likely to struggle with many of these changes, more than the U.S. will. America’s own global leadership will face growing demands. The more we can understand other countries’ situations, the stronger our foundation for constructive national and international engagement will be.

The 21st century’s waves of change are being driven by technology, not by the humanities. But, to move beyond these disruptions, we have to think through this change in human terms.

Mr. Shultz, a former director of the Office of Management and Budget, and secretary of the Treasury, of labor and of state, is a distinguished fellow at Stanford University’s Hoover Institution. He is co-editor of “Beyond Disruption: Technology’s Challenge to Governance” (June 2018, Hoover Institution Press).
The State Department Needs Rehab

American diplomacy is losing its battle with the Trump administration — but it can still win the war.

By Stephen M. Walt | March 5, 2018, 12:39 PM

When a U.S. president thinks most positions at the State Department are “unnecessary” and insists “I’m the only one that matters,” it’s a safe bet that serious, professional diplomacy will get short shrift. And that has clearly been the case in the Trump administration. President Donald Trump and Secretary of State Rex Tillerson have done serious damage to American diplomacy. And it’s time to consider how that damage can be repaired.

It’s important to understand the State Department was falling on hard times even before the Trump administration accelerated the trend. The United States has had a rather casual attitude about diplomacy for much of its history, even though some of its greatest foreign-policy successes were achieved by diplomacy rather than by force of arms. As I’ve observed elsewhere, initiatives such as the Louisiana Purchase, the Marshall Plan, the Camp David Accords, and the negotiated end of the Cold War were remarkable foreign-policy achievements won not on the battlefield but across the negotiating table. And you could add to that countless other agreements and arrangements that advanced U.S. interests at remarkably little cost, because skilled diplomats were able to discern other parties’ interests, resolve, and sensitivities and fashion accords that their foreign counterparts accepted, implemented, and preserved.

Yet even as the benefits of effective diplomacy are manifest, Americans have long viewed it with a certain suspicion and disdain. Instead of thinking of foreign policy as primarily the art of pursuing arrangements of mutual benefit and adjustment — where we get most of what we want while others get some of what they want as well — Americans prefer the moral clarity of unconditional surrender. That approach is usually short-sighted, however, because it encourages others to fight harder and longer and because losers who are not reconciled to their defeat (such as Saddam Hussein after the
first Gulf War or the Confederate states after the Civil War and Reconstruction) will try to renege on whatever the United States forced them to accept.

Diplomacy is also devalued because Americans (falsely) associate it with secrecy, deception, and double-dealing. Americans like to think of themselves as honest, plain-speaking truth-tellers, in contrast to those wily and unscrupulous emissaries whom foreign powers send abroad. The American satirist Ambrose Bierce famously described diplomacy as the “patriotic art of lying for one’s country,” and that same innate suspicion was apparent in President Woodrow Wilson’s naive insistence that the affairs of nations should be managed via “open covenants of peace, openly arrived at.” A similar belief that diplomacy requires no special training or skill is evident in the U.S. policy of reserving more than 30 percent of its ambassadorial appointments for untrained amateurs (read: big campaign donors), a practice no other great power has seen fit to imitate.

Disdain for diplomacy also reflects America’s fortunate history. The Founding Fathers did not neglect diplomacy during the War of Independence (e.g., Benjamin Franklin helped persuade France to come to the colonists’ aid, and John Jay negotiated the treaty that ended the war), but their successors mostly tried to remain aloof from foreign entanglements. Even after the United States became a great power, its providential position in the Western hemisphere gave it a level of security that made skillful diplomacy seem like a luxury rather than a necessity. To be sure, U.S. leaders began to take diplomacy more seriously during World War II and afterward, but by then the United States was a global superpower and could get its way without having to be very knowledgeable, subtle, or skillful. With some noteworthy exceptions, U.S. leaders tended to rely on brute force, arm-twisting, and coercion rather than more subtle arts of persuasion. And when they failed, the consequences were mostly visited upon unfortunate populations far away.

Even after the United States became a great power, its providential position in the Western hemisphere gave it a level of security that made skillful diplomacy seem like a luxury

Of course, such failures are beyond the Trump administration’s State Department, which has been consumed with its own internal troubles. Tillerson’s efforts to modernize the department are backfiring badly, with resignations mounting and
morale plummeting. Indeed, after a year in the job, we still have little idea what
Tillerson is trying to do at State or what he thinks America’s top diplomatic priorities
are. I did my best to defend the poor guy a few weeks ago, and I couldn’t even convince
myself.

Seriously: The United States is trying to counter China’s rising influence
in Asia and deal with a
continuing confrontation with North Korea, and it still has no ambassador in South
Korea and no assistant secretary of state for East Asian and Pacific affairs. Earlier this
week, the department’s top expert on North Korea announced his retirement. It’s as if
Tillerson were back trying to run ExxonMobil but believed he didn’t need anyone in
charge of pumping oil.

In some ways, this situation reminds me of the challenges the U.S. military faced in the
years between the two world wars. It is often forgotten today, but the United States put
more than 4 million men and women under arms in World War I, and would have
mobilized even more had the war not ended in 1918. Yet this force was demobilized
immediately afterward, and the U.S. military endured on a starvation diet until the late
1930s. In 1932, for example, the U.S. army had only 136,000 enlisted, with divisional
structures that existed mostly on paper.

Yet military leaders did not sit idle. Instead, they worked to preserve the institution and
prepare for the moment when the nation would require their services and expertise
again. In particular, senior military leaders identified a cadre of talented officers who
would eventually lead it when World War II came, and they prepared the detailed
mobilization strategies that would prove invaluable when the country began to rearm in
the late 1930s and went on a war footing after Pearl Harbor.

Today, the “demobilization” of the State Department and the disdain for diplomacy that
it reflects creates a similar imperative. Those who recognize the value of diplomacy
should use the present period to lay the groundwork for a revitalized and reformed set
of diplomatic institutions and a broader appreciation of diplomacy’s role in U.S. foreign
policy.

We’re going to need it. The Trump era is looking more and more like a foreign-policy
train wreck, and his successors will have a lot of repair work to do. Moreover, the
unipolar moment is clearly over, and it’s going to be harder for the United States to run
a foreign policy based mostly on blowing things up, issuing threats, imposing sanctions,
and twisting arms. In a world where power is more diffuse and ephemeral, the need for sophisticated and adroit diplomacy will increase. The long-term competition with China is an obvious example: Much of this rivalry will be a competition for influence — especially in Asia — and preserving America’s current position will require a subtle and sophisticated understanding of the region and a lot of nuanced and convincing conversations with our many and varied Asian partners. In short, it will require diplomacy.

If this forecast is correct, then what steps could be taken now to facilitate rebuilding America’s diplomatic capacity later? The Trump administration is hardly going to spearhead this effort, so it will have to be led by private foundations, think tanks, universities, and other institutions in civil society. What might such an effort entail?

First, a reform movement should launch a well-organized campaign to educate the American people about the importance of diplomacy. Few people question that military weakness could imperil the nation, and most people recognize that preserving a strong economy is essential even if they disagree on how to do it. But relatively few people appreciate the risks we face from a half-hearted and inept approach to our official dealings with other countries, or understand the benefits that effective diplomacy can bring. To put it bluntly, our diplomats have not sold their product nearly as well as their military counterparts.

In addition to documenting diplomacy’s “success stories,” such an effort could also identify episodes when poor diplomatic capacity or preparation had costly consequences. Americans understand what happens when a country goes to war with inferior weapons or inadequate training, and so we spend hundreds of billions of dollars to preserve clear military superiority. Americans also need to grasp what can go wrong when you send unskilled emissaries off to do the nation’s business overseas and expect them to outperform their better-prepared counterparts.

Diplomacy’s defenders also need to do a better job of explaining exactly what diplomats do. In addition to conveying the official U.S. position on relevant matters to the governments to whom they are accredited, diplomats are an invaluable source of political intelligence and cultural interpretation. U.S. leaders are constantly drowning in information, but what they often lack are smart and knowledgeable people who can tell them what it means. In particular, diplomats with a deep and intimate knowledge of other societies and governments provide the indispensable capacity to explain how problems look to others. This quality of empathy is essential to crafting successful
international agreements; unless one knows how the other side is thinking, it’s hard to put forward proposals that will achieve our aims and that the other side will accept.

U.S. leaders are constantly drowning in information, but what they often lack are smart and knowledgeable people who can tell them what it means

Second, this campaign should develop a blueprint for American diplomacy in the 21st century, emphasizing the need to develop a genuinely professional diplomatic service. Like the U.S. military, it should design and seek funding for a program of career-long education. Senior military officers are routinely sent back to school (at various service colleges or other U.S. universities), but State Department officials and foreign service officers rarely enjoy similar opportunities to enhance their skills and training as their careers advance. Like the U.S. military, America’s diplomats should routinely conduct “after action” reports of major diplomatic initiatives, seeking to draw lessons from past performance with an eye toward constant institutional improvement. And like the military, a revitalized State Department should employ both scholars and practitioners to create a formal “diplomatic doctrine” derived from its past experience — i.e., something akin to the Army’s Field Manuals — that would guide training and practice and be revised and improved over time.

It is hard to be optimistic about the current state of U.S. foreign policy. The United States is still trying to manage an impossible array of international problems, still engaged in several endless wars, largely bereft of a clear and compelling strategy, and under the leadership of the least competent president in modern memory. Yet the present crisis of American diplomacy is also an opportunity to design a new set of diplomatic institutions, build a broader consensus on the value of diplomacy itself, and eventually forge a new approach toward dealing with other nations. For those of us who recognize the value of skilled diplomacy, there’s nowhere to go but up.

Acknowledgement: I had the pleasure of hearing veteran U.S. diplomat Chas W. Freeman speak on two occasions last month, once at the Harvard Kennedy School and a few days later at the Camden Conference. Freeman is especially eloquent on the sorry state of American diplomacy, and this article was inspired and informed by his remarks and writings on this topic. He is of course not responsible for the use I have made of his ideas.
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TAGS: COLD WAR, DIPLOMACY, FOREIGN POLICY, REX TILLERSON, STATE DEPARTMENT, TRUMP, U.S. FOREIGN POLICY, UNITED STATES
China’s Belt and Road Initiative: Five Years Later

January 25, 2018

The below is a statement before the U.S.-China Economic and Security Review Commission for a hearing on "China’s Belt and Road Initiative: Five Years Later."

Introduction

Thank you for the opportunity to testify on China’s Belt and Road Initiative (BRI), and its implications for U.S. interests. The Commission asked me to focus on the BRI’s economic dimensions. I will address four key questions in this regard:

- What are the key trends in BRI projects to date, and to what extent do BRI projects follow market rules and international standards?
- What tools has Beijing used to boost Chinese exports under the BRI?
- How has the BRI affected China’s trade and investment patterns, its diplomatic reach, and its soft power?
- What are the economic implications of the BRI for the United States?

After addressing these questions, I will conclude with brief recommendations for Congressional action.

Hot Spots and Blind Spots: Key Trends in BRI Projects

The BRI is the most ambitious geoeconomic vision in recent history. Spanning some 70 countries, it can claim to cover more than two-thirds of the world’s population. It could include Chinese investments approaching $4 trillion.\(^1\) It intends to strengthen hard infrastructure with new roads and railways, soft infrastructure with trade and transportation agreements, and even cultural ties with university scholarships and other people-to-people exchanges. In all these ways, when much of the West is looking inward, China is connecting with the world.

The BRI is also the best-known, least-understood foreign policy effort underway. Beyond investments in actual projects, China spends significant resources organizing BRI events, promoting BRI stories, and conducting other outreach. Recognition within and outside China has been growing. Chinese state media claim that global awareness of the BRI has tripled.
between 2014 and 2017, increasing from 6 percent to 18 percent in a survey of 22 countries. Nearly 30 world leaders and representatives from 110 countries and international organizations attended the BRI Forum in May 2017. The event, hosted by President Xi Jinping, received significant global coverage. Attention and awareness continues to climb, especially in the West. In recent weeks, the Financial Times, the New York Times, and other international outlets have all included reporting on BRI-related projects.

But for all the attention the BRI receives, there is little reliable information about how it is unfolding in aggregate. A major challenge is that the BRI label evades classification. There is no agreed-upon definition for what qualifies as a BRI project. There are roughly 70 countries participating in the BRI, according to Chinese state media. Yet there are Chinese-funded projects in non-participant countries that share many of the same characteristics. The BRI was officially launched in November 2013, but projects started years earlier are often counted. The BRI banner hangs over a wide and ever-expanding list of activities. There are BRI fashion shows, concerts, and art exhibits. By design, the BRI is more a loose brand than a program with strict criteria.

Infrastructure is a major component of the BRI and provides a window into its drivers and broader implications. For three years, the Reconnecting Asia Project at the Center for Strategic and International Studies (CSIS) has been tracking infrastructure projects across the Eurasian supercontinent. Our website, ReconnectingAsia-CSIS.org, has an interactive map, an open-source database of over 2,200 transportation projects, and expert analysis. To date, this database has focused on transportation projects: road, railroads, seaports, and dry ports. It will expand in the future to include power plants, pipelines, telecommunications, and other connectivity infrastructure. China is not the only focal point of this database, which covers all funders, but it is the most active.

As this database grows, several trends are emerging. First, China is often the biggest spender, but it is not the only consequential actor. Across the Eurasian supercontinent, three zones of competition are emerging. In Southeast Asia, Japan is outspending China in several countries. In Central Asia, the Asian Development Bank and other multilateral development banks (MDB) have significant activities underway. In Eastern and Central Europe, European funders remain dominant in many countries. To be sure, this is not a zero-sum contest, and there are numerous projects with both Chinese and MDB funding. These areas will be important to watch as China continues to compete with, and adapt to, other visions for connectivity.

Second, Chinese projects are less open to local and international participation. Out of all contractors participating in Chinese-funded projects within the Reconnecting Asia database, 89 percent are Chinese companies, 7.6 percent are local companies (companies headquartered in the same country where the project was taking place), and 3.4 percent are foreign companies (non-Chinese companies from a country other than the one where the project was taking place). In comparison, out of the contractors participating in projects funded by the multilateral development banks, 29 percent are Chinese, 40.8 percent are local, and 30.2 percent are foreign.
These findings illuminate some difficult practical and political realities. Practically speaking, it should not come as a surprise that Chinese companies are winning more contracts for Chinese-funded projects. Despite official rhetoric about the BRI being open and global, it is a China-centric effort. Chinese companies are also extremely competitive in the transportation sector. It is possible that Western firms are more competitive in providing related services around these projects, such as consulting and legal services, but further research is needed. China’s advantage also stems from some of the tools it uses, which are explained further in the next section.

Third, Chinese projects are less transparent at earlier stages of the project lifecycle. The Reconnecting Asia Project recently ran an experiment that scored the project pages in our database for completeness. Projects with more data fields completed received more points. Scoring was adjusted based on the project status. A project that is just under negotiation, for example, would not be expected to have as much information as a completed project. We found no meaningful difference in the amount of information available for Chinese-funded projects versus projects supported by various multilateral development banks. They all scored in the low to mid 80’s out of 100, roughly B’s and B-minuses.

But transparency is tricky. How do you evaluate projects that you cannot find? To get closer to answering that question, we examined the status levels for projects in our database. We have six status levels – beginning with “announced” and ending with “completed” or “cancelled” – and there are some projects for which the status is unknown. What jumped out in this comparison between MDB projects and projects from the China Development Bank is the difference in early stage projects. About 7 percent of our MDB projects are marked as announced, which is the earliest stage in our database. To date, the database does not have any China Development Bank (CDB) projects in the earliest stage (“announced”), and it has a higher percentage of CDB projects that are completed.

These trends could change over time. Indeed, it is in everyone’s long-term interest that projects are open and transparent. Greater openness and transparency benefits recipient countries by ensuring the companies participating are the best for the job. If there is little or no information available publicly about early stage projects, it is impossible to have an open and fair competition. Even China stands to benefit over the longer term. Right now, U.S. and other Western firms are genuinely interested in participating in BRI-related projects. But unless there are more opportunities to participate, that interest will wane and suspicion will rise. More countries will start to ask why they joined the BRI, and those that have not joined will not.

**The Visible Hand: China’s Tools**

China uses several tools to boost its exports, many of them now falling under the BRI banner: national champions, credit, infrastructure, and trade agreements. Chinese state-owned enterprises (SOEs) often benefit from tremendous scale and subsidies. They have dramatically moved up the global rankings in recent years. In 2000, Fortune’s Global 500 list of the world’s largest companies by revenue included 10 Chinese firms, of which 9 were state-owned. In 2017, the list included 107 Chinese firms, of which 75 were state-owned. This trend is
especially stark in the construction industry. In 2017, seven of the ten largest construction companies in the world, by revenue, were Chinese.\textsuperscript{7} When Chinese SOEs compete for foreign contracts, they bring these advantages to the table.

Credit is a powerful incentive. According to researchers at William and Mary, Chinese lending during 2000-2014 totaled $354.4 billion, with lending highest in the transport and power sectors.\textsuperscript{8} Of these loans, about three quarters had commercial terms. China is successful at locking in higher rates because it agrees to assume risks that other lenders will not. In Sri Lanka, which I visited earlier this month, China was willing to provide a $1.3 billion loan for a new port after MDBs declined. After Sri Lanka could not repay the interest on its debt, China agreed to take equity in the port. China is also proactive, offering to pursue projects without solicitation. Its loans to Sri Lanka now exceed $8 billion, a sum that grew as leaders found each project too tempting to turn down.\textsuperscript{9}

Infrastructure projects have short and long-term implications for Chinese exports. In the short term, these projects are aiding Chinese exports of construction-related goods. Chinese exports to Pakistan, for example, increased 77 percent between 2012 and 2015.\textsuperscript{10} Chinese producers of steel, concrete, and other construction materials stand to benefit from projects that use them, as do Chinese engineering and construction firms. These activities provide important but modest relief for Chinese overcapacity, a problem that will still need to be addressed even if the BRI’s ambitious spending targets are reached. Despite the BRI’s scale, it is too small to solve China’s overcapacity challenges.\textsuperscript{11}

Over the longer term, new infrastructure could facilitate trade by improving connectivity between China and its trading partners. The actual impacts will depend on both macro and micro factors, such as the trajectories of the recipient economies and whether the right projects were selected. There is no question the region needs infrastructure investment. Developing Asia alone requires $26 trillion in infrastructure investment between 2017 and 2030 to maintain current growth rates and adapt to climate change, according to ADB estimates.\textsuperscript{12} If all that infrastructure appeared tomorrow, flawlessly built where markets required it, there would be large trade gains. But many barriers to trade would still remain, from onerous customs paperwork to divergent standards. Upgrading Asia’s “soft” infrastructure will be important as well.

Trade agreements could provide that upgrade, and they have been placed under the BRI banner as well. Chinese officials have described a network of free trade agreements that would support the BRI, but to date, China appears primarily focused on bilateral trade deals.\textsuperscript{13} Given the diverse list of countries participating in the BRI, a BRI-wide trade agreement is highly unlikely. While lowering barriers between China and individual markets, additional bilateral deals could further complicate a web of rules that firms struggle to navigate, as could the 130 transportation agreements that China says it has concluded with BRI participants.\textsuperscript{14} Neither of these efforts has the trade-promoting potential of a high-standard regional agreement or a truly multilateral effort.
Equally important is how China brings these tools together. China’s approach is centralized yet flexible. It is centralized in bringing together many of the above elements in a single deal. When a recipient country considers an offer from China, it often interacts with all the key actors, who often present a unified front. This differs from the “Western approach,” which involves dealing separately with a wider range of actors, including some who coordinate loosely, others that operate independently, and others that actively compete with each other.  

China’s approach is flexible in at least three respects. First, China is willing to work with any government. While this approach predates the BRI, it can be seen in the list of BRI participants, which even includes participants with active conflicts, such as Syria and Yemen. Second, China is often willing to build to budget and with less stringent requirements for meeting social and environmental safeguards. Third, China is flexible in negotiating payment terms. It is willing to accept natural resources, for example, and when loans cannot be repaid it is sometimes willing to take equity. Centralization and flexibility provide more ways to get to “yes,” and they help get there faster.

All these tools magnify short-term incentives for starting projects, but they can also mask long-term risks.

**Access and Influence: Economic and Political Impacts**

The economic and political impacts of the BRI are difficult to isolate and could even have opposing short and long-term implications. As noted earlier, the BRI is more a brand than a master plan with specific criteria for project inclusion. Temporally, functionally, and geographically, what counts as a BRI project is open to interpretation. Even obvious cases can have complicating factors. For example, there is a lag between the announcement of infrastructure projects, construction, completion, and usage. The economic impact of a recently-completed railway project, for example, will not become clear for several years. This is a frustrating answer, particularly for a hearing with a title that reminds us that the BRI’s fifth anniversary is later this year. Consistent, long-term monitoring of BRI-related activities will be important for finding more exact answers.

Chinese government statements about the BRI’s economic impacts help illustrate these challenges. Chinese officials and state media often frame the BRI’s impacts in broad terms. It is common to hear about trade, investment, tourism, and other flows between China and “BRI partners” or “BRI countries.” Some studies have claimed the BRI is greatly enhancing these connections. But they use questionable timelines, often relying on data that predates the BRI, and do not separate recent developments from economic trends that were underway before the BRI. Other popular metrics are often incomplete. For example, Chinese state media trumpet the increase in freight train services between China and Europe. But they do not state the value of cargo carried, and they rarely refer to trains traveling in the opposite direction, which occur less frequently and carry more empty containers.
With these challenges in mind, there are some nascent trends that merit further observation. First, Chinese outbound capital restrictions appear to be more relaxed for BRI-related transactions. Deals that might be classified as advancing the BRI are more likely to be approved, and to be approved faster.18 In contrast, China has been reining in outbound deals for foreign real estate, entertainment, and sports teams.19 Third, the BRI’s emphasis on infrastructure has helped boost Chinese exports of construction-related goods and services. The longer-term trajectories of these trends, whether outbound capital is invested effectively and transportation corridors mature into economic corridors, hinge on implementation.

Politically, China is already benefitting from the BRI with individual countries and globally. Traditional partners like Pakistan, where BRI-related investments total roughly $62 billion, have become even closer. Chinese infrastructure loans have helped persuade some countries, including the Philippines and Cambodia, to reevaluate military or diplomatic ties with the United States. China is also forging ties with countries further west, particularly those in Central and Eastern Europe. China’s “16+1” framework brings together a diverse set of countries in the region, many of whom have little in common other than their interest in doing business with China. These and other developments suggest the BRI is producing political dividends.

Globally, the BRI positions China as the leader of a new form of globalization. Much of this rhetoric sounds familiar, but carries a different meaning. For example, in his opening remarks at the BRI Forum in May 2017, Chinese President Xi Jinping spoke about upholding the multilateral trading system, liberalizing investment, and promoting transparent rules. “We should build an open platform of cooperation,” he urged, “and uphold and grow an open world economy.” But the BRI’s openness is questionable, as evident in the contractor trends noted earlier. Yet other countries are beginning to echo this rhetoric. Several have announced their intentions to “link” their national development plans and broader economic initiatives with the BRI.

Economically and politically, the BRI also faces near-term constraints and longer-term challenges. When smaller economies do business with China, they are often balancing rather than directly aligning themselves. Dependencies can develop over time, of course, as Sri Lanka’s experience illustrates. But smaller countries also seek to diversify their economic relationships. In 2016, for example, every leader that took office in Southeast Asia discussed infrastructure projects with both China and Japan. “This is a good competition,” Indonesia’s Finance Minister Sri Mulyani Indrawati said last year.20 A key question for the longer term is whether this competition fosters a race to the top in standards and quality, or a race to the bottom.

Not all the BRI’s political impacts have been positive. For some countries that have signed on, there is a gap emerging between expectations and actual benefits. South Korea has embraced the initiative, for example, but it has yet to cooperate with China on concrete projects. Economic cooperation has been held up by differences over North Korea, highlighting how the BRI can quickly take a backseat to other interests.21 The BRI has been met with various degrees of skepticism and concern elsewhere, such as Western Europe, Japan, and India.
The BRI’s roster may seem long at roughly 70 participants, but that still leaves about 125 countries that have not joined. Ultimately, the BRI’s longer-term political impacts hinge on its execution and its economic performance.

Over time, support for the BRI could decline and even turn against China. Large infrastructure projects are rarely delivered on time, on budget, with their promised benefits—even in the best businesses environments. Most BRI-related projects will encounter difficulties in the coming years. Projects that rely too heavily on Chinese labor, rather than local labor, can stoke resentment. Some projects will fail outright. Others will creep along and succeed only partially—delivering some commercial benefits, for example, while also introducing environmental costs. When projects disappoint for any reason, China stands to suffer reputational damage. What looks like boldness today might look like hubris in two decades.

The BRI is also constrained by China’s domestic political imperatives. The BRI aims to increase the flow of goods and people, but China’s overbearing security presence near border areas is suffocating commercial activity. Chinese capital controls, while favoring outbound investment for BRI-related projects, are still inefficient and overly restrictive for inbound investments. The BRI aspires to promote the exchange of ideas and knowledge, but Chinese censorship is increasing. These trends all contradict the BRI’s expressed goal of improving global connectivity. Beijing’s dilemma is that greater connectivity requires giving up some control.

**Winning Business and Shaping Systems: U.S. Economic Interests**

Whether the BRI succeeds or fails, its vast scale and scope guarantees consequences for U.S. interests. The United States has a range of economic interests at stake, from immediate commercial opportunities to ensuring the viability and stability of major global systems in the longer term. Commercial opportunities should exist for U.S. suppliers, service providers, and investors to participate in BRI-related projects. To date, U.S. suppliers that have participated have often done so through joint-ventures with Chinese firms. There are also opportunities for U.S. logistics firms and other potential users of completed projects. Hewlett-Packard, for example, was an early pioneer of the direct China-Europe freight trains that are now expanding. To date, however, U.S. and Western firm participation in BRI-related projects has been relatively modest.

At least three barriers stand between U.S. companies and BRI-related projects. First, companies need access to timely and accurate information about BRI-related opportunities. Many U.S. companies are now aware of the BRI’s potential scale and wide range of activities, but they are struggling to identify concrete business opportunities. As noted earlier, one of the nascent trends in the CSIS Reconnecting Asia database is that public information about some Chinese-funded projects is more difficult to obtain in the project’s earliest stages, which is typically when bids are solicited. Greater transparency would help.
Second, after learning about specific opportunities, U.S. companies sometimes confront an uneven playing field. Many of the tools for advancing the BRI noted earlier give Chinese firms an edge in winning contracts. National champions benefit from state subsidies. Financing can be tied to picking Chinese firms. As noted earlier, the low participation of U.S. contractors in Chinese-funded transportation projects is not a challenge unique to U.S. firms but affects non-Chinese firms more generally. Different methods for estimating project costs and revenues can also favor Chinese firms. These considerations extend beyond U.S. competitiveness and also impact recipient countries, which risk entering commitments without fully accounting for operations, maintenance, and other lifecycle costs.

Third, even if competition is open and fair, a host of risks can outweigh the potential rewards for U.S. firms. Partnering with foreign firms can present IP-theft risks. Elections, corruption, complicated land rights, and other political and legal risks can threaten a project's viability. Funding risks arise from the capital-intensive nature of infrastructure projects, long repayment schedules, and the challenges that developing economies might encounter along the way.\textsuperscript{23} When projects are completed, weak demand and other operational challenges remain. These risks are a primary reason why U.S. institutional investors, such as pension funds and insurance companies, rarely venture into emerging market infrastructure.

Even more important to U.S. economic interests is the BRI’s longer-term impact on major global systems. Since World War II, the United States has played a leading role in creating, expanding, and defending open trade and financial systems. The United States has done this not merely out of goodwill, but also out of self-interest. U.S. economic strength flows from the dynamism of its private sector and the U.S. economy’s central position within these systems. Of course, globalization has also produced costs at home, a critical challenge that must be addressed but is outside the scope of this hearing. But as foreign markets have grown over the past seven-plus decades, so has the United States.

A BRI that succeeds on China’s terms could revise these systems to reflect Chinese interests. Changes would be seen in supply chains for goods, from manufactured products to energy and other resources. China’s currency would become more widely used. Chinese technical standards, for everything from high-speed railway systems to wireless networks, would become more widely adopted, as would Chinese preferences for environmental and social safeguards. Collectively, these changes would push the United States away from its current position in the global economy and move China toward the center.

A BRI that fails also has implications for U.S. economic interests. The financial burden that developing economies are assuming through Chinese loans is considerable. Many recipients are counting on sustaining high GDP growth to pay back their loans, setting ambitious targets that leave little room for error or unexpected events. Many of today’s assumptions about China are also based on its spectacular rates of growth over recent decades. Events within or outside China could lead to enough of these loans failing as to impact the broader global economy. Rather than helping write the next chapter in regional integration, a failing BRI could set the region back, harming global growth.
These economic developments carry strategic implications as well. A separate panel will address strategic concerns in greater detail, but two areas are intimately tied with the BRI’s infrastructure focus and should be briefly noted. First, transportation infrastructure is dual-use, meaning that it can be used to move goods to market as well as militaries to battle. Second and more broadly, the United States has the same fundamental interest it has had since World War II in ensuring that no single power dominates the Eurasian supercontinent. If a hegemon does emerge, history suggests that new infrastructure will be an important indicator and vehicle for influence.

**Recommendations**

The United States must not only be vigilant, it must advance a vision of its own for the region. It is sobering to recall the U.S. position in Asia at the beginning of this century. In 2000, a bipartisan commission at the Harvard Kennedy School examined U.S. national interests and noted, “No country in East Asia, including China, appears capable of seriously challenging US leadership any time soon unless America, through neglect or indifference, were to create a vacuum.” Today, the U.S. position in Asia is considerably weaker. Neglect can be seen in the U.S. decision to withdraw from the Trans-Pacific Partnership. Indifference can be seen in the absence of a positive U.S. economic vision for the region.

The Administration’s support for a “free and open Indo-Pacific” is a welcome development. Featured prominently in both the U.S. National Security Strategy and National Defense Strategy, this framing has several strengths. It focuses on what is likely to be the main arena for great power competition, economically and strategically, in the twenty-first century. It emphasizes the maritime domain, which despite the BRI’s ambitions to create new economic corridors across the Eurasian landmass, will remain the primary conduit for global trade. It positions the U.S. to work closely with allies and partners in the region, many of whom have expressed similar aspirations.

But more must be done to operationalize these ideas. Resources matter more than rhetoric. For example, it is necessary but not sufficient to warn recipient countries against risky lending and questionable projects. Put yourself in the shoes of a foreign leader seeking international support for infrastructure projects. On the one hand, you have offers for specific projects that could start immediately. On the other hand, you have warnings about medium and long-term risks. Politically and psychologically, the scales are tilted toward taking the risky offer today. Even the strongest language is not likely to persuade recipient countries to turn down risky infrastructure offers, particularly those with acute development needs. What’s needed are better alternatives.

Working with the Administration, Congress has an important role to play in operationalizing the “Indo-Pacific” concept and expanding the availability of better financing alternatives. First, Congress should direct the Administration to establish standards and principles for infrastructure investment in the region. There is growing recognition about the importance of “quality infrastructure,” but there are competing definitions for what quality means. The
challenge is not only building consensus about preferred outcomes, but also the processes that lead to better outcomes. These standards would cover procurement, environmental and social safeguards, and debt sustainability, among other issues.

Second, to build international support for these principles, Congress should preserve U.S. influence in the World Bank, Asian Development Bank, and other multilateral development banks. China alone cannot meet Asia’s infrastructure needs, and these institutions will remain central in setting standards and providing alternatives. The Administration can also build support by working with partners and allies and through the G-20 and other multilateral bodies. Done correctly, these principles will take hold not only in Asia, but in other regions where competing approaches exist, such as Eastern and Central Europe.

Third, to help U.S. companies compete overseas, Congress should strengthen the U.S. foreign economic policy toolkit. Concerns about the Export-Import Bank and Overseas Private Investment Corporation crowding out private sector investment, while grounded in economic theory, are at odds with economic reality. Foreign governments have already tilted the playing field. There is merit in considering whether some U.S. commercial agencies could be consolidated and streamlined for greater efficiency and unity of action, but the bottom line is that their activities should be fully resourced, as should the U.S. Department of State.

To be sure, the United States should not aspire to replicate the BRI’s scale with federal spending. But through resourcing the efforts mentioned above, the U.S. and its partners and allies can expand private sector investment. Globally, institutional investors—such as pension funds, mutual funds, insurance companies, and others such as sovereign wealth funds—manage more than $100 trillion. Only a small fraction of that largess is invested in infrastructure. The actions recommended above would help manage risks, expand the pool of bankable projects, and mobilize more private capital.

The BRI has all the marks of a difficult foreign policy challenge. It is a slow-moving development that will unfold in decades rather than days. It is functionally and geographically vast, spanning the responsibilities of many U.S. agencies. It requires grappling with both economics and security issues. It will be tempting to delay action and difficult to coordinate an effective response. Ultimately, the best U.S. response to the BRI is not a response at all, but a compelling U.S. economic vision, resourced strategically and sustained over time.


[5] Rather than adopt a superficial definition, I use the phrase “BRI-related project” broadly to describe infrastructure projects with Chinese funding.


[17] In addition to their analytical shortcomings, these framings should also be avoided because they carry negative political connotations. Terms like “BRI country” subtly subvert each country’s independence to China.


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by Deborah Bräutigam April 12

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In Washington, Republicans and Democrats generally look at China as a new imperial power in Africa: bad news for Africans. But is this really the case?

Just before his visit to Africa last month, former secretary of state Rex Tillerson accused China of using “predatory loan practices,” undermining growth and creating “few if any jobs” on the continent. In Ethiopia, Tillerson charged the Chinese with providing “opaque” project loans that boost debt without providing significant training. As secretary of state, Hillary Clinton sang the same tune, warning Africans to beware of this “new colonialism.” China, we are often told, is bringing in all its own workers or “grabbing” African land to grow food to send back to feed China.

But researchers who have explored China’s role in Africa suggest that many of the things our politicians believe about Chinese engagement are not actually true.

1. Jobs and training

Take jobs and training. Lina Benabdallah, a political science professor at Wake Forest University, studies Chinese investments in African human resource development programs. “Africans are being invited to Chinese universities. China is offering scholarships,” she said. “When Africans are thinking about technology [and] skills, they are thinking of China as a valid option.” Surveys of employment on Chinese projects in Africa repeatedly find that three-quarters or more of the workers are, in fact, local. This makes business sense. In China, textile workers now earn about $500 a month — far more than workers in most African countries. Chinese investors flocking to set up factories in low-cost countries like Ethiopia are not thinking about importing Chinese workers. Like U.S. and European factory owners who moved their factories to China in past decades, Chinese firms are now outsourcing their own manufacturing to cheaper countries.

2. Predatory lending

Are the Chinese engaging in predatory lending? Here, researchers can also shine light on a murky subject. Scholars at Boston University and Johns Hopkins University have been painstakingly assembling databases of Chinese loans provided since 2000. In Africa, we found that China had lent at least $95.5 billion between 2000 and 2015. That’s a lot of debt. Yet by and large, the Chinese loans in our database were performing a useful service: financing Africa’s serious infrastructure gap. On a continent where over 600 million Africans have no access to electricity, 40 percent of the Chinese loans paid for power generation and transmission. Another 30 percent went to modernizing Africa’s crumbling transport infrastructure. Some of these were no doubt pork barrel projects and white elephants: airports with few passengers, or bridges to nowhere. African presidents, like others, love to cut ribbons and leave legacies of big buildings. Chinese companies will receive nearly all of the contracts to build this Chinese-financed infrastructure. Questions have been raised about its quality. Yet on the whole, power and transport are investments that boost economic growth. And we found that Chinese loans generally have comparatively low interest rates and long repayment periods.

3. Land grabs

“Land grabs” — a term used for any purchase, rental or theft of relatively large amounts of land — are controversial around the world, but especially in Africa, where colonial powers like Britain and France grabbed nearly the entire continent. The stories that China was now a “land grabber” in Africa seemed to make sense. After all, China has 9 percent of the world’s arable land, 6 percent of its water and over 20 percent of its people. Africa has plentiful land and the planet’s largest expanses of underutilized land and water. And Chinese companies were clearly interested in investing in Africa; some came to inquire about land.
And so the land grab rumors began to spread. On the CBS News website, we read: “China recently purchased half the farmland under cultivation in the Congo.” German Chancellor Angela Merkel’s top African adviser told reporters that a devastating famine in the Horn of Africa several years ago was partly due to China’s “large-scale land purchases.” Even Swedish crime writer Henning Mankell recirculated a “land grab” story: “I read just the other day that China has rented land in Kenya to move some one million peasants to Africa.”

Intrigued by these stories, I did what academics do. Instead of tweeting what might have been fake news, I set up a research project.

Our team at the International Food Policy Research Institute and at Johns Hopkins University collected a database of 57 cases where Chinese firms (or the government) were alleged to have acquired or negotiated large (over 500 hectare) amounts of African farmland. If all of these media reports had been real news, this would have amounted to a very alarming 6 million hectares — 1 percent of all the farmland in Africa.

We spent three years tracking down every single case. We travelled from Madagascar to Mozambique, Zimbabwe to Zambia. We confirmed that nearly a third of these stories, including the three above, were literally false. In the remaining cases, we found real Chinese investments. But the total amount of land actually acquired by Chinese firms was only about 240,000 hectares: 4 percent of the reported amount.

The stories of large-scale land grabbing and Chinese peasants being shipped to Africa to grow food for China turned out to be mostly myths. As researchers at the Center for International Forestry Research concluded after their own rigorous research: “China is not a dominant investor in plantation agriculture in Africa, in contrast to how it is often portrayed.”

We found a story of globalization, not colonization; a story of African agency, rather than Chinese rapacity. In Mozambique, I met African investors like Zaidi Aly, who had traveled to Brazil to learn how to grow soybeans for local chicken feed. There, he met a Chinese firm buying soybeans. Aly invited them to invest in soybeans with him. Hit by a prolonged drought, their joint venture failed. The Chinese returned home. But Aly told me it was a net gain: “I learned so much from them.”

To be sure, increased Chinese engagement comes with significant and very real challenges for many Africans. Traders complain about competition from Chinese migrants. In our research on Chinese factories in Africa, we’ve interviewed African workers who now have jobs but complain about Chinese bosses who expect long hours at low pay.

Chinese demand for African ivory, abalone, rhinoceros tusk and materials from other endangered species has taken a significant toll on conservation efforts. And Chinese President Xi Jinping’s recent lifting of his own term limits is bound to embolden African leaders who are reluctant to leave their comfortable presidential posts.

China is often lambasted as a nefarious actor in its African dealings, but the evidence tells a more complicated story. Chinese loans are powering Africa, and Chinese firms are creating jobs. China’s agricultural investment is far more modest than reported and welcomed by some Africans. China may boost Africa’s economic transformation, or they may get it wrong — just as American development efforts often go awry.

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