

The Brookings Institution  
Dollar & Sense podcast  
How should the G-7 respond to China's BRI?  
Tuesday, July 6, 2021

HOWARD W. FRENCH

Author and Professor at the Columbia Journalism School

DAVID DOLLAR

Senior Fellow, the Foreign Policy and Global Economy and Development programs and  
the John L. Thornton China Center  
The Brookings Institution

\* \* \* \*

*This transcript has been lightly edited.*

**DAVID DOLLAR:** Hi, I'm David Dollar, host of the Brookings trade podcast [Dollar & Sense](#). Today, my guest is Howard French, a professor at the Columbia Graduate School of Journalism and a longtime journalist and observer of both China and Africa. He's really the ideal person with whom to have a conversation about China's activity in Africa. In particular, what caught my eye recently was an essay Howard wrote in *The World Politics Review* with the provocative title "[Leave Infrastructure to China and Compete Where the West Has More to Offer](#)." This was after President Biden's trip to Europe where he launched an initiative that's seen as a counter to the Chinese Belt and Road. So these are the topics we are going to cover today. Welcome to the show, Howard.

**HOWARD FRENCH:** Thank you. It's a pleasure to be with you, David.

**DOLLAR:** So let's start with the big picture on China's infrastructure financing in the developing world, particularly Africa. You have written about the Belt and Road. How do you see the pros and cons of this Chinese initiative?

**FRENCH:** As being deeply intertwined. So on the one hand, it is absolutely true that much of the so-called developing world has an immense infrastructure deficit, that the needs are enormous, and that the traditional postwar financing mechanisms—what we sometimes call the “iffies”—are just inadequate to the challenge. So China has stepped into the breach and is exporting capital on a pretty large scale to supplement, and in fact, even to surpass for example World Bank lending for infrastructure development in many places. This begins in the 1990s, it is my view, more or less experimentally in Africa. It wasn't branded as Belt and Road yet, but I think of Africa as, for China's purposes, having been a training ground for this larger thing rolled out on the world stage. So China is on the one hand filling a real and very, very large need.

On the other hand, from the perspective of the client countries, the recipient countries, one can't reproach them their needs, but when you look very carefully at the countries involved, very often the projects aren't actually in the first sense about carefully prioritized needs in terms of infrastructure. They are very often about political needs. In other words, how can the incumbent regime do something in the short term to shore up its chances of survival or of legitimization? You paradoxically see this, I think, sometimes played out to most obvious and maybe even deleterious effect in nominally democratic countries where bad loans are taken out to help a poorly performing or sometimes very corrupt government to get through the next election cycle by doing something very kind of flamboyant in terms of national infrastructure.

China has this well-known policy saying we are not going to interfere with their political judgments and how they do their things domestically, we are just providers. So China is providing on the one hand and the borrowing countries, often misguidedly or at least not stringently enough, are taking up this capital and engaging long-term debt, often commercial debt, with China that risks two things. One, never performing economically in the way that one might hope. Two, creating debt problems down the road.

**DOLLAR:** Right, there are a lot of ironies here. It's hard to get detail on a lot of these Chinese loans; quite a few of them are at three percent or five percent. These are U.S. dollar loans, and that's money these countries could put to very good use. But as you say,

if they end up building a white elephant, then it's just debt, even if it's relatively low interest rate.

**FRENCH:** Right.

**DOLLAR:** So the key outcome of President Biden's G-7 diplomacy is a new initiative called Build Back Better World, B3W. So now we have competing brands: BRI and B3W. There were not a lot of details, but I think we can speculate about what the U.S. program—or probably G-7 program is more accurate to call it—what is this likely to entail?

**FRENCH:** Well, I'm worried about it, frankly. I'm worried about it because, firstly, Build Back Better isn't exactly taking off without any kind of hitches in the United States itself. So the idea that we are now—we meaning America—are now in a position to roll out Build Back Better to the rest of the world seems at a very minimum somewhat premature. So that's at the level of kind of domestic considerations. And although the Biden administration says this isn't about politics and that we are not going to inject politics into this, it very clearly is about improving the image of the West in a competition with China.

So, at the second level, I'm not really sure that it will accomplish that either. If you haven't built back better in the United States, then how is it that you are going to be ready to start building back better on a much vaster scale to compete with China? I'm going to come to the substance of what the aims are here in a moment, but just at the level of image and soft power, I just don't think that's necessarily the smartest way to go. Again, premature.

I worry that at some point not too far down the road it becomes more or less known as vaporwave, basically—that the G-7 has a long history of talking up all sorts of good notions of initiatives that they are going to take and signing up pledges for funding this or that that don't ever really materialize or don't quite materialize. And so, related to the potential for a soft power debacle, you have that possibility here. That yeah, sure, it sounds great in a G-7 meeting. The European leaders want to welcome Biden back and the United States back into the fold after the Trump years and so they signed up with something notional with Biden quite easily without too many details, as you said, and it was more or less just meant from their perspective as a feel good kind of thing that didn't require very many commitments. Certainly not many details. So those are the first two problems.

The third problem—and this is sort of at the most substantive level—is I don't think that the United States in specific or the West in general actually has the institutional mechanisms necessary to roll out large scale capital loans to developing countries for project work. I just don't know where the machinery is for that. This isn't an impossible task technically speaking, but I don't think it's a quick matter. If you don't have that kind of institutional tissue, that requires a lot of work, and that means years. And we're not even talking about the capital yet, so now let's come to the capital.

As I wrote in my column, the United States is a capital-importing country. The rich western European countries have very serious demographic issues and social spending costs related to that, and they are capital importing countries, many of them. So there's a reason why China is in this business—or there are reasons. One of them is global competition, soft power, et cetera. But another one is diversification away from putting all of their savings in T-Bills. They are looking for other vehicles to earn money with their savings. They need to export capital in order to do that. The West doesn't, by and large, need to do that. So you have on the one hand this institutional issue. On the other hand, you have this

capital issue. They come together to create, I think, a quite significant barrier to beginning to play the kind of role that Build Back Better global sort of suggests.

**DOLLAR:** I think one of the really nice ideas in your essay is that the West should do what the West is good at, which is not necessarily infrastructure at this particular moment of history. So what did you have in mind? What are some of the things the West is good at that we could be doing more of in Africa?

**FRENCH:** There are two areas that just cry out to me that seem both obvious in terms of Africa—and I won't limit this to Africa; more broadly, the so-called developing world's needs—where the West has very great strengths and could, without the institution building barrier that we spoke about in terms of developing the capacity to create infrastructure around the world, could develop pretty quickly, could roll out quickly. These two areas are education and public health.

The West has had a very mixed record promoting the squishy thing called governance in the third world. This has been a kind of big thing for the World Bank and for a lot of Western bilateral lending for a long time now. It's never really been very carefully or clearly defined. And nobody has really figured out, I don't think—and I want to come back to this later in our discussion—but I don't think anybody has really figured out how do you help a poor country govern better. But public health and education are things that we actually know how to help people do, things that Western countries tend to be good at, and things that Western countries have competitive advantages in.

China sends huge numbers of its students to the West for education. There's a reason for that. The West has this immense institutional capacity for education and a reputation for results and excellence. So this is a business that the West—so to speak business—that the West should be engaged in that would meet a real need in Africa and more broadly in the developing world.

The most obvious sort of easiest hit here is higher education where I think the West's advantage is greatest, but I would not limit it to that. You want to really impact the direction in terms of quality of life, in terms of even governance down the road of very poor countries? Educate everyone. Educate everyone means make sure everyone is literate. Why is somebody in Niger, to take one example, not literate in the 21st-century? This is a problem that needs to be solved. And it relates to fertility rates, it relates to religious-related violence, it relates to economic performance, and ultimately it relates to governance. The West should be in the business, with grand ambitions, of helping developing countries overcome this very much 19th/20th-century problem called how to attain universal literacy, as well as helping them develop higher education, higher educational facilities, and being much more open to higher education in Western countries themselves.

The other side of the ledger here I mentioned is public health. There are grand public health problems in almost all developing countries, and especially in African countries. The United States and the rest of the West should be in this space in a much more ambitious way. Again, this plays into fertility questions. But there's a reason why I chose the country Niger. Niger has one of the highest fertility rates in the world. Niger is a country that has a precarious environment in terms of desertification and stress on the land, et cetera, and yet it's among the fastest growing populations in the world. That's going to be a problem for Niger, for its region, for Europeans who for good and for very bad reasons are angry or afraid of African immigration. And the best tools that we know how to use to sort of remedy

or to address runaway fertility are these very two tools: education and health. A woman in Niger has seven or nine—I don't remember what the last data is on this, but it's a very large number. It's more than seven children on average in the lifespan of the average woman because, in large part, she's worried about her own economic security over the course of her life. If I have more children, they can help till the land. One or two of them might get salaried jobs in the future. I'll be taken care of. Right? We need to change that equation or help these countries change that equation.

**DOLLAR:** Two reactions to what you're saying, Howard, which seems very sensible to me. First, while those points make sense in general, this is a moment with the COVID-19 pandemic where there's an even stronger argument. Part of that G-7 diplomacy was pledging about a billion vaccine doses, which is an okay start, but there are eight billion people in the world, seven billion people in developing countries. So instead of this B3W, we could have had a much, much more serious push on the vaccine public health side.

**FRENCH:** Absolutely, and I mentioned this in my column. The rollout of this vaccine, the timidity of the Western engagement in terms of furnishing vaccines to the developing world, has just been appalling. There should be a billion doses on the way now with plans within 12 months to get the next three or five billion doses. And if it cost 20 billion dollars to do that, let's say, if the West can find money to compete with China over dodgy infrastructure programs, can't the West find the money to do that? Where's the better payoff? I think the argument is whether in real terms—in terms of the well-being of the human population or in terms of soft power—I think the payoff is better in terms of the public health side.

**DOLLAR:** Yeah, and from the point of view of these recipient countries, if all goes well some of that Chinese infrastructure will be fine. There will be some roads and power stations. And if you also have education and health, then you start having the ingredients you actually need to get self-sustaining development. So, from the point of view of the recipients, that actually makes a lot more sense.

**FRENCH:** Absolutely. I mean, let's be clear, the Chinese infrastructure lending is not all bad. It's a mix of projects, and there's not a lot of transparency, and some of the projects are good and some of the projects are quite dubious. And as you say, over time, let's hope the good ones outweigh the dubious ones and have payoffs for the local populations. But the West can be doing these other things that have all sorts of very strong complementarities. The Chinese are fond of this expression, but it could be a true win-win for everyone concerned.

**DOLLAR:** I mean, one thing that's been pointed out is there's probably not a lot of new money in this B3W initiative. And one idea that the U.S. has continued to promote over time is trying to get private investment in infrastructure. This is difficult enough in the United States. I worked 20 years for the World Bank, and I can tell you in most developing countries it's pretty hopeless trying to get private investment in many types of infrastructure because it's just so long gestation, there's so many policy [and] political risks, et cetera. The private sector will often do these things, but it's often looking for 15, 16 percent return, and that's just going to make it extraordinarily expensive. So I'm just wondering if you have a reaction to this idea about trying to get more private investment into, say, African infrastructure?

**FRENCH:** Sure. When I wrote my book, "China's Second Continent," I was struck by the fact that USAID lending to Africa for project development back then, meaning five, six,

seven years ago, the United States couldn't find American companies that were willing to go build things in Africa for guaranteed American lending. So if that's the case, how are you going to get U.S. companies to put up their own capital to go build stuff in African countries? And this is not a problem limited to American private business.

One of the reasons why China was able to make such inroads so quickly in building infrastructure in Africa is because the Europeans sort of got out of that business. The Europeans were never adequate to the challenge of Africa's infrastructure needs, but if you go back to the 1970s or the 1980s, the Europeans were still building a fair amount of infrastructure. They sort of gradually got out of that job. So the Chinese look around in the 1990s and say nobody's building projects and we have this grandstanding capacity because we are building infrastructure domestically in China on a scale never seen before, and we have these national savings that are looking for other homes besides T-bills. We can do this.

So the idea that suddenly you are going to flip a switch in 2021 or 2025 or whatever it is, and Western companies are going to start on a private basis investing in never mind Africa, in Kazakhstan, I just don't think it's going to happen.

**DOLLAR:** You made a reference, Howard, to the fact that some of the countries borrowing from China are African democracies and this often gets involved in their politics. So it's an interesting characteristic of the Chinese activity that it's pretty indiscriminate in a sense. They are lending to almost every country in Africa. There are a couple of exceptions of countries that do not recognize the People's Republic of China. So naturally, they don't lend to countries that don't recognize them, but they lend to both authoritarians and democracies. And while, again, we don't have all the details on the Build Back Better World, certainly part of the U.S. statement was that this would be aimed at like-minded countries, which I interpret to be democracies with good human rights. I'm just curious about your reaction to this difference in the approach of China versus the United States in terms of the politics of the recipient countries or the political systems of the recipient countries.

**FRENCH:** Sure. On the American side, or on the G-7 side, I just don't think this is thought through very well. There are not a lot in the world of everyone's hands are clean, we have a perfectly aboveboard, transparent and fair multiparty democracy up and running. The United States own democracy is in some considerable difficulty right now, and that's true of certain European countries as well. So the idea that this is a good moment to inject the purity test in terms of rolling out something as ambitious as B3W can sound seems a little bit foolhardy to me.

The other reason it seems foolhardy to me is that, if you are really serious about developing or encouraging democracy, you have to get into the countries that have democracies in trouble. You have to begin playing with some countries that are just not democratic and say, "we can prove to you by working with us and using transparency and various other mechanisms what the advantages of democracy are." You can't simply say: here's the list, and we are going to limit ourselves to these good housekeeping countries and call it a day. That's just not going to work. That's not realistic.

On the Chinese side, this is their brand. They have said for many years that they don't believe in interfering in the internal affairs of other countries. Now, that's not actually altogether true, but it is applicable in terms of what we are talking about. They don't care what you want to build a project for as long as you sign up for the terms that makes sense

for their purposes. One of the reasons for that is political, because they very carefully thought this through. They knew that the West, because of its hang-up with purity, had a limited number of countries that it could play with, and therefore this gave China an opening to a very much larger list of countries. On the other hand, this capital export business that China is in is a really serious thing.

China has—I don't remember, I haven't looked at the numbers recently—four or five trillion dollars in national savings. This has never happened before in history. It makes sense for them in a kind of imperative way to look to diversify the sources of income that they can get from—they can't inject it in the Chinese economy because this would create runaway inflation. So they have to find other places to deploy this capital. They are combining this with the purpose of accruing national power by developing relations with as broad a set of other countries as possible. So you combine the "don't interfere" with that need and you get this very obvious outcome.

**DOLLAR:** Howard, it's very interesting to talk to you about Belt and Road and this potential B3W, but I want to end with a couple of questions that go a little bit more big picture and think open skies. What could China be doing more that would be helpful to other developing countries, particularly Africa? Then we'll take the U.S, but let's start with China. So, are there missed opportunities?

**FRENCH:** I would return to the word governance that I talked about earlier. I was involved in a podcast recently about whether or not China is trying to export its political model overseas and how worried "we" should be about that. My own personal view is that this awkward "we" quote shouldn't be too worried about that and that we should actually welcome, in limited terms, it would be a good thing if China got into the business of trying to figure out how does one actually help poor and poorly governed countries govern better. That's not a dangerous idea necessarily. Now, if the answer to that is everyone should be a single-party Leninist state, then we are running into difficulty. But if the answer is you need to have a civil service that delivers public goods and that is disciplined and there's a culture of measuring performance domestically, well, that strikes me as a good thing. And that's something that's missing in much of the developing world and that China has actually done pretty well at out over the last generation.

So I would say that China has been timid about doing that because it hitherto has been afraid of the West pulling the alarm and saying this is going to be a war of ideologies again and that we are back to the 1960s. But if it's a more limited thing where you're actually talking about how bureaucracies can be trained and professionalized and acculturated to think about actually delivering returns for their own people in measurable ways, that's a good thing. This is not my area of expertise necessarily, but I would like to see a competition over that where the West is doing what it knows how to do from its own end and China is doing what it knows how to do from its own end and they are meeting somewhere in the middle and the result is there's a lot of learning all around, at both ends of that equation, and that locally, in as many developing countries as possible, governing capacities are rising.

**DOLLAR:** I think that's a really interesting point, Howard. One of the most interesting things I did in my 20-year World Bank career was organize a training program for mid-career African officials from different countries in sectors. You know, not the central bank economists, but people in the Ag ministry or the machinery ministry. Took them around China and looked at various projects. Some had been financed by the World Bank, but more generally. And it's really striking that local government capacity in China. The fact

that you have civil servants who can execute public projects that provide public goods to people. That was very valuable for me to see that kind of exchange between the African policymakers and the Chinese with just a little bit of facilitation from my team. That was quite rewarding.

**FRENCH:** The world needs a lot more of that, and so I agree with you completely. Having seen it myself in China and having seen the lacuna in Africa and other places, we all need to be in that business.

**DOLLAR:** So last question: what could the U.S. be doing more for Africa? We touched on some things. Is there anything you would want to add as a last area where the U.S. could be helpful?

**FRENCH:** I've talked about those two big areas of public health and education. I think the third thing that I would mention is from a much higher level, the clichéd thirty-thousand feet. The United States has a big and longstanding problem in terms of its political relations with Africa. It has almost always treated Africa from a very long-arms distance. Right? American leaders, senior American officials, don't go to Africa very much. They don't entertain very high-level, intense relations with African countries. When they meet with leaders of African countries, they go through this humiliating ritual where, in order to justify bringing them to Africa, there have got to be five countries in the room at one time. I think this has deleterious effects both for the United States and for the African countries. If you want African countries to treat you seriously, and if you want them to treat themselves more seriously in terms of the sorts of issues that you think are important in the world, then you have to engage with them more seriously.

This is a lesson that the Chinese learned a long time ago and have been very disciplined about. Chinese leaders never let a year pass when there are not the highest-level visits from China to Africa. It's a really remarkable thing when an American president goes to Africa. For a Chinese leader, it's a routine thing. The United States just needs to step up its game drastically in order to perform in a much more meaningful way in its relationships with Africa.

There are many reasons for this if an excuse is needed, but the most obvious and immediate for me is something that I often write about. This is not a matter of alarm for me, but it's a matter of urgency that Africa is the site of the greatest demographic growth in the world by far right now. In I think 2030 or certainly no later than 2035, over 60 percent of the world's youth population will be African. And so the United States has this traditional mindset of thinking about Africa last. So you sort of do all the important things and then you come down to the end of the president's term and if you can fit it in he'll meet some African leaders or go to Africa. But this is kind of a global sea change thing that's happening in Africa. The United States needs to sit up straight and pay attention to it and figure out a way to engage with it with a much higher level of seriousness and constancy and just roll up its sleeve and treat Africa with the importance that this deserves.

**DOLLAR:** I'm David Dollar and I've been talking to Howard French about the Chinese Belt and Road Initiative, particularly in Africa, and the U.S. effort, probably somewhat misguided, to counter it with this new B3W. Lots of other things the U.S. could be doing that would be helpful to Africa and would actually be very much in the U.S. interest. So thanks very much, Howard, for sharing your ideas with us.

**FRENCH:** Been a great pleasure, David.



**DOLLAR:** Thank you all for listening. We'll be releasing new episodes of Dollar & Sense every other week, so if you haven't already, follow us wherever you get your podcasts and stay tuned.

Dollar & Sense is part of the Brookings Podcast Network. It's made possible by support from Chris McKenna, our audio engineer Gaston Reboredo, and other Brookings colleagues. If you have questions about the show or episode suggestions, you can email us at [bcp@brookings.edu](mailto:bcp@brookings.edu) and follow us on Twitter @policypodcasts. Until next time, I'm David Dollar, and this has been Dollar & Sense.