KONRAD ADENAUER STIFTUNG USA

US and EU Strategies for Africa:

A Pathway Towards New Development Cooperation

By Andrew Adair and Marcus Marktanner

December 2019

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FORWARD

Dear Reader,

We, the Konrad-Adenauer-Stiftung, are a German political foundation and think tank with over 100 offices worldwide. Our mission is to engage Americans, Germans and Europeans in a dialogue on global policy challenges and opportunities. We believe that Americans and Germans benefit from sharing ideas and best practices.

This report intends to expand the dialogue among the transatlantic partners to intensify collaboration with regard to development policy in Sub-Saharan Africa. The countries of Sub-Saharan Africa have been undergoing major political and economic transformations. The KAS stands for the creation of humane living conditions throughout the world and promotes participatory, self-determining development. Together with partners, we work towards improving global economic framework conditions in favor of developing countries and make the case for principles of social market economy and a fair constitutional state.

The KAS Office USA invited two policy experts, one American living in Germany and one German living in the United States, to analyze and assess the political economies of Sub-Saharan Africa from a transatlantic perspective. The authors, Andrew Adair and Marcus Marktanner, argue that many of the countries in the region boast growing economies and populations. Nevertheless, the economic growth starts from a small base. Africa's political and social stability depends on sustained economic growth and employment opportunities. The authors doubt that Africans are yet ready to achieve sustainable growth. They observe that a big portion of African growth is based on robust global commodity markets, in particular Chinese demand. Africa remains heavily dependent on international development assistance.

The authors study and compare the economic development approaches in Sub-Saharan Africa conducted by the United States and the European Union. The authors contend that American and European approaches to development assistance have differed in methods and objectives. They find explanations in the historical contexts of the European and American experiences on the African continent. They encourage Americans and Europeans to consider ways to find common ground as defenders of rule based democratic governance and market based economies, especially in light of the increasing footprint of China in the region. Americans and Europeans, they argue, should find ways to cooperate with development initiatives.

We trust you will find the analysis and results of this report interesting and insightful. In the interest of furthering the dialogue, your comments and contributions are most welcome.

Paul Linnarz
Director KAS Office USA
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EXECUTIVE SUMMARY

Africa has gone from a backwater (in the West's eyes) to a region of major geopolitical importance in the last 20 years, and will contribute ever more to the economic, political, and security fate of the world in this generation. The three largest economies – the European Union, the United States, and China – are increasingly competing for influence in Africa, particularly now that China is providing African countries with an alternative partner and model to the West. As such, all three of these economic powers will have to navigate an Africa replete with both opportunity and risk – not only those inherent to the continent itself – but also from the geopolitical implications of competition among one another.

In recent years, Africa has demonstrated impressive economic growth, but it nevertheless remains a small market. With the world's fastest growing population and labor force, Africa can scarcely afford not to sustain its high economic growth rates in order to avoid political instability. There are doubts that Africa can sustain the necessary growth rates to support peaceful and equitable social development. Much of the growth, we posit, comes from rising commodity prices. When looking at Africa's own governing institutions that are the prerequisite for a competitive economic order, Africa remains heavily dependent on international partners for support. Many unresolved and newly emerging conflicts, including mass migration, add to the skepticism about Africa's development trajectory.

In addition, the United States, the European Union, and China are increasingly expanding their development cooperation efforts with Africa, not as partners but as competitors. In this competition, the United States and Europe are currently losing ground to China — both in economic terms, and in "soft power" terms. Many factors contribute to this dynamic, including Europe's historical baggage, military interventions in the fight against communism during the Cold War, Western development-policy dogma after 1990 that was seemingly ineffectual, as well as a general sense that African socioeconomic development is low on the Western World's list of priorities. Africa accordingly has had good reasons to turn to China — which since 2000 is using development as a tool to expand its own geopolitical footprint.

This new competition in the arena of development-cooperation poses many risks, both for Africa and the system of multilateral development cooperation. We ultimately recommend a renewed commitment to multilateralism in development cooperation with Africa by all three of the major global economic actors: The United States, the European Union, and China. Additionally, the European Union and the United States need to learn from their past mistakes and engage with Africa more openly and creatively. The West should also capitalize more on its soft-power advantages and expand more integrated approaches to development assistance. Such approaches will invariably require broadening the traditional scope of development assistance to involve multipliers like the private sector, whose involvement is indispensable in order to achieve international goals of sustainable development. The West should also focus attention on supporting ever more regional and continental African integration, including channeling support for African-led initiatives.

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1. INTRODUCTION

1.1 AFRICA'S RISING GEO-ECONOMIC AND POLITICAL IMPORTANCE

Africa has rapidly become a major player in shaping the economic, political, and security fate of the world. Among all developing regions, Africa has the greatest untapped development potential, making it attractive for foreign direct investment and trade. Similarly, among all United Nations Regional Groups, Africa comprises the largest number of countries, giving it a substantial voice in international organizations and making it a valuable political ally in multilateral international affairs. This economic and political potential puts Africa naturally on the radar of the world's major economies, namely the European Union, the United States, and China.

Still, relatively weak African institutions, migration challenges, ongoing unresolved conflicts, and terrorism are reminders that development cooperation with Africa also carries risks. High risks and returns are still in many ways inseparable in Africa. Yet, Europe and the United States have no alternative to pursuing deeper engagement in Africa. In an increasingly globalized world, African prosperity will lead to opportunities for Europe and the United States, just as African hardship will lead to ever greater challenges for both. Harris (2017, p.1), for example, argues that "[t]he continent's uneven democratic and economic growth and pockets of conflict contribute to a disproportionate number of weak and failed states, which threaten US interests at home and abroad by opening the door to terrorism, criminal activity, and pandemics." For Europe, African instability and hardship are already arriving in the form of the migration challenge and Raine (2019) concludes that "European interest in African security concerns is hardly new, but the focus has intensified and shifted to include more attention to capacity-building for conflict prevention and crisis management, most notably with regard to irregular migration."

Thus, for both Europe and the United States, the importance of deeper development cooperation with Africa will only continue to grow. Yet, development cooperation with Africa is also becoming more complex, as the field becomes more crowded and competitive. Historically, Europe has been the principal development cooperation partner for Africa, followed by the United States. Since 2000, however, China is successfully competing with Europe and the United States in Africa. For the first time since the end of the Cold War, African nations seeking partnerships have an alternative to the West and to the multilateral international system that the West designed. China has designed and is now implementing a plan that allows it to challenge the Western model. The heart of this plan is the Belt and Road Initiative (BRI), which refers to an umbrella of some $1 trillion in infrastructure projects to connect China to large swaths of Asia, Africa, Europe, and the Americas. Africa, in particular, has become a key element of China's strategy.

Historically, Africa has always been a proxy battlefield for great powers and their ideologies. After African independence in the 1960s, the continent became a proxy battlefield for democracy and market liberalism on one hand, versus one-party rule and socialism on the other. After the collapse of socialism in 1990, market liberalism and democracy seemed to be without alternative — which Fukuyama (2006) famously deemed "The End of History." Since the beginning of 2000, however, history began once again. China has become the major new player in Africa, largely due to its staggering economic growth and concomitant thirst for primary commodities, and its willingness to invest in Africa by cooperating directly with governments. According to Schneidman and Wiegert (2018), from a big-picture perspective, China is now "leaping ahead" in this competition, Europe "shoring up its commercial position," while the United States' "commercial engagement in Africa is waning."

For Europe, the United States and China, the stakes of this competition are high. Besides a great interest in Africa's economic potential, the United States is concerned with China's expanding political influence in Africa, which China famously executes through massive investments in infrastructure, but increasingly also through the settlement of businesses. According to Jayaram, K., Kassiri, O., & Sun, I. Y. (2017) "[a]round 90 percent of these [Chinese] firms are privately owned - calling into question the notion of a monolithic, state-coordinated investment driven by 'China, Inc.'" Moreover, the authors emphasize, "Chinese firms operate across many sectors of the African economy. Nearly a third are involved in manufacturing, a quarter in services, and around a fifth each in trade and in construction and real estate."

While Europe and the United States are guardians of the rules-based liberal international order, China relies on a more opaque method of discretionary political cooperation. The concern for the United States and Europe is, therefore, that China's approach to development cooperation will not only reduce the West's geopolitical influence and opportunities, but also alter the very norms of international competition and cooperation that they developed. For the United States, this concern is a longer-term strategic consideration; for Europe, however, it is already acute.

Europe cannot afford to bear both the brunt of the refugee crisis and to lose political and economic voice in Africa. If the migration challenge is not properly managed, right-wing populist parties will likely continue to change Europe's political landscape and could even take power in more coalition governments, undermining Europe's traditional liberal political values of openness, multilateralism, and rules-based economic policy. Case in point: The French election of 2017 could have precipitated the break-up of the European Union, had Marine Le Pen defeated Emmanuel Macron. Macron himself now suffers from low popularity and regular demonstrations at home. While Macron is celebrated on the world stage, French politics could portend a graver threat to the current order in its next election in 2022. Einbinder (2018) summarizes the rise of radical right-wing populism concisely: "Across Europe, parties on the far right are experiencing renewed vigor, fueled by economic uncertainty, cynicism toward the European Union, and anger over an ongoing crisis that has brought more than 1.5 million refugees and migrants to the West since 2015". The future of Africa, in this way, is directly linked to the future of Europe.

1.2 EU and the US Prepositioned to be Leaders or Followers in Africa?

The history of Africa has always been intimately linked to the history of Europe and America, suggesting that these two actors ought to be natural leaders and first-choice partners for Africans in their development aspirations. As the former colonizer, for example, Europe's legacy in Africa is still prominent in political, economic, and social terms. This is still true despite China's arrival as a major political and economic actor in Africa; Europe still holds the biggest foreign capital stock in Africa, giving Europe's interest a strong political voice. Africa is linguistically and religiously more closely connected to Europe than to China. And as Hart (2011) observes: "At its narrowest point, only 15 kilometers separate Europe and Africa in the Strait of Gibraltar. Partially due to their close proximity, relations between the two continents have always been intertwined."

Europe's imperialism and Cold War politics also connected the history of Africa to that of the United States, which according to Nyang (2005), can be summarized, albeit somewhat simplistically, as follows: "The relationship between [Africa and the United States] has been defined primarily by the slave trade and the Cold War. Although historians familiar with the details of the two zones could come up with a number of events that to some degree characterize the unique nature of this relationship, the fact remains that Africa and the United States of America have come to be associated in the minds of most people around the world only in terms of their black populations and their political and military connections during the Cold War."

Nevertheless, even after the election and re-election of an American president with a Kenyan father, the United States never developed deep economic, political, and sociocultural ties with Africa as Europe had done before it. Before African states won their independence, the United States' geopolitical focus was Latin America — not Africa. The Monroe Doctrine of 1823 made the separation between East and West clear: The United States would not tolerate further European colonial aspirations in Latin America, nor would the United States become involved in European politics elsewhere.

However, after World War II, when the United States emerged as the world's new global and economic superpower, it actively entered African affairs. The focus of the United States, however, was political — not economic. The United States was particularly concerned with Africa's socialist experimenting after many countries' independence and the rising influence of the Soviet Union. Scholars like Landsberg (2003) and Adebajo (2018) tend to analyze the history of the United States in Africa under the heading of "malign neglect." While the U.S. promoted democracy and market liberalism in rhetoric, in its political practice it often turned a blind eye to right-wing dictators, even if such tacit support countenanced economic misery and human-rights abuses.

Thus, while the European Union and the United States may appear ideally positioned to maintain a leading role in development cooperation with Africa, historical ties also come with baggage, and are not necessarily an advantage. As for Europe, its colonial legacy often taints any economic and political pursuit in development cooperation in Africa as neo-colonial. The legacy of colonialism, in fact, was the driving force behind Africa's socialist experimenting after independence. Capitalism had a bad reputation for African countries gaining independence, and capitalist cooperation with the former colonial rulers carried even less appeal. Such suspicions and resentments were also applied to the United States — the global promoter of market liberalism and spearhead of the fight against socialism after World War II.

China, on the other hand, which historically has far fewer political and economic ties with Africa, can draw on a blank canvas. Historically, Sun (2015) finds, “Sino-African relations have been relatively smooth and free of major disturbances, thanks to a shared sense of historical victimization by Western colonial powers and a common identity/affinity as developing countries.” Without the historical baggage, China also presents Africa with an alternative paradigm — a “third way” that combines liberal capitalism and socialist central planning. Whereas under liberal capitalism, democratic pluralism is a prerequisite for market development, and one-party rule a prerequisite for central planning, China offers a new hybrid model that combines political centralization with market economic development. China’s own breathtaking economic rise flies in the face of the Western orthodoxy that democratization, rule of law, and human rights are prerequisites for economic development and success.

The speed at which China has built up relationships with African nations has been stunning. Broadly speaking, in the span of 20 years, China has evolved from a cautious player on the sidelines to Africa’s largest single-country economic partner. Key elements of China’s model in Africa consist of a policy of non-interference in domestic political affairs such as democracy, rule of law and human rights, and the exclusive concentration on realizing economic gains.

China now not only builds ports, railways, and roads in Africa but it has also built its first overseas military installation in the Horn of Africa, it is committing money and troops to U.N. peacekeeping efforts in Africa, assisting with global-health relief efforts there, and building person-to-person Chinese-African cultural diplomacy. As a result, many African leaders now view China not only as their largest economic partner, but also as a model for the future in all other respects.

The different approaches to economic development between the West on the one hand and China on the other have more than economic implications. The post-World War II liberal economic order was built on the idea of a strict division of responsibilities between democratic states and decentralized economic actors. In the Western model, democratically legitimized states provide on behalf of their citizens’ public goods such as roads, ports, schools, and hospitals, while private economic actors compete in markets for goods and services such as food, clothing, and financial services.

The China model turns all this on its head. China asks: Why would governments (democratically legitimized or not) not want to provide public goods with the help of another country, rather than just with the support of their own citizenry? Or, why should land used for agricultural production not be leased to another sovereign state? Such new avenues of development cooperation raise severe concerns for the West. As soon as states cooperate on the production of essential public goods such as transportation infrastructure or land based agricultural production, the desired competitive economic order can shift toward a state-corporatist one.

In this shift, the fundamental liberal economic axiom of the state as subordinate to citizens is reversed. No longer do competitive and sovereign consumers and producers interact freely to resolve the economic questions of "What is produced?", "How are things produced?", and "Who gets what is being produced?" Instead, states increasingly decide for consumers and producers, threatening fundamental tenets of the competitive economic order. With this shift now occurring, the West finds itself increasingly in a new position, which necessitates taking leadership in development cooperation, or risk being demoted to followers or, even worse, bystanders as China assumes the pole position in development cooperation with Africa.

1.3 Objectives

This study addresses the following questions:

- ❖ Why is Africa politically, economically, and security-wise so important for Europe and the United States?
- ❖ How big is the development cooperation footprint of the European Union and of the United States in Africa?
- ❖ Are the European Union and the United States Africa's preferred development cooperation partners, or is it China?
- ❖ How do the development cooperation strategies of the European Union, the United States, and China differ?
- ❖ Are the European Union's and United States' development cooperation strategies viable?

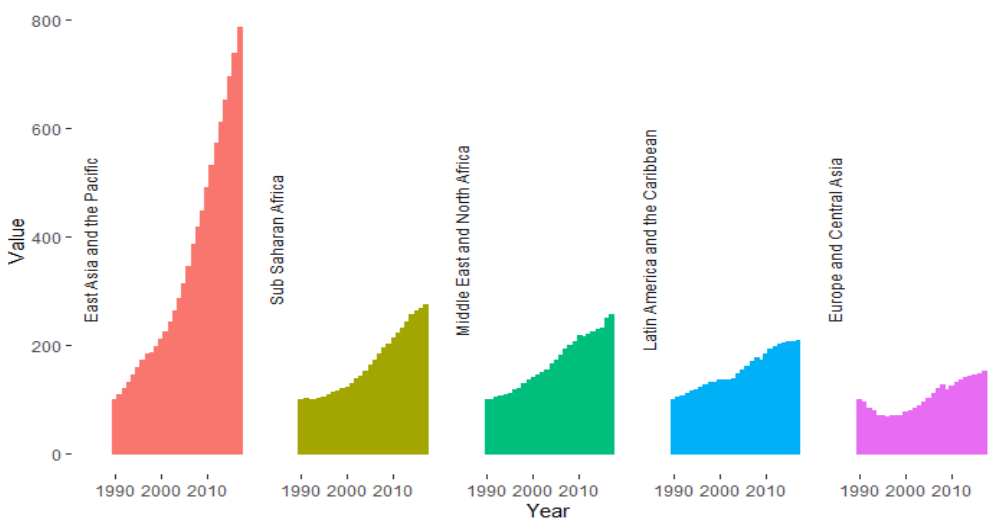
This report is organized as follows: Section two analyzes why Africa is an increasingly important geopolitical player, focusing on its economic potential, and the risks to realizing this potential. Sections three and four review the United States' and the European Union's history of development cooperation with Africa. Sections five and six conclude with a set of policy recommendations for the European Union and the United States, as well as a summary and outlook.

2. WHY FOCUS ON AFRICA?

2.1 AFRICA - A FAST-GROWING REGION, BUT STILL A SMALL MARKET

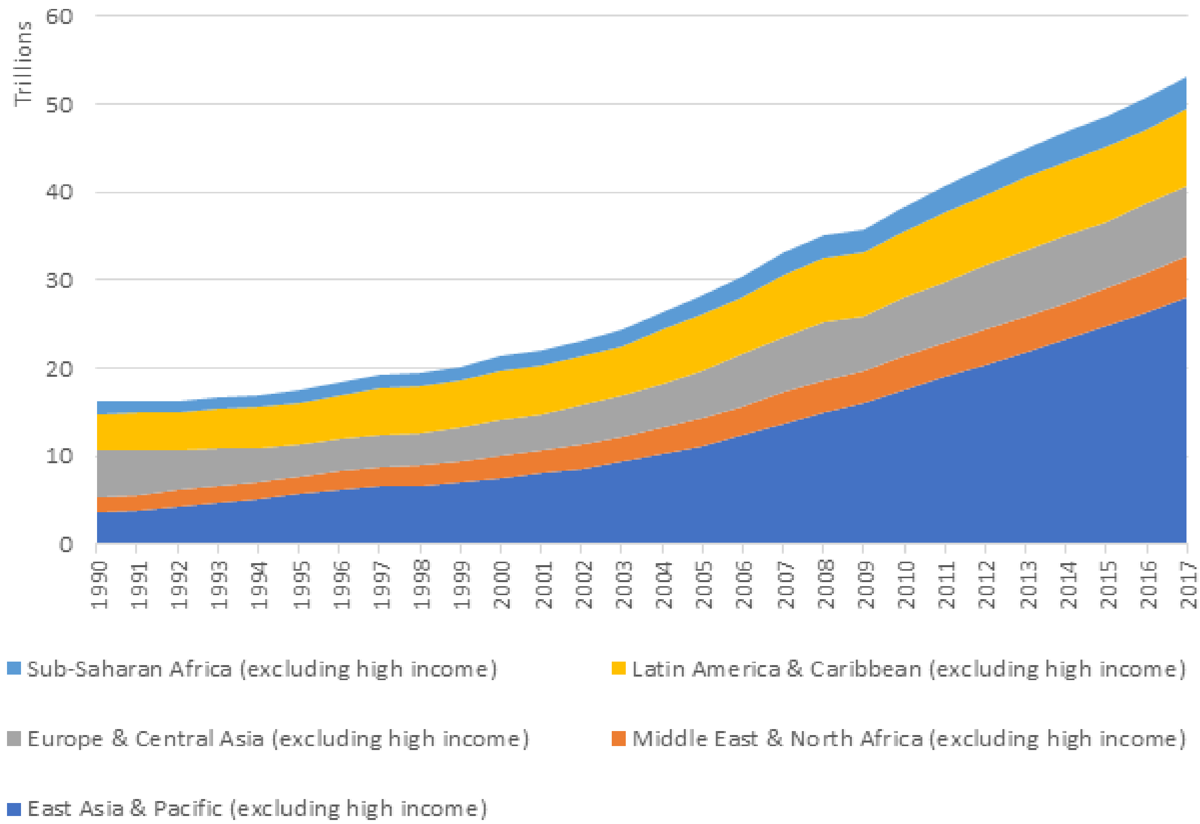
Since 1990, Sub-Saharan Africa has been the second fastest growing region of the world (excluding high-income countries). It is second only to East Asia and the Pacific — albeit by a considerable margin. Between 1990 and 2017, developing Sub-Saharan Africa grew by roughly 175% (GDP, PPP, constant 2011 international $) while East Asia and the Pacific grew at 685% during the same period (Figure 1). Moreover, despite considerable growth since 1990, the region is still a comparatively small market that accounts for less than 10 percent of all developing areas' combined GDP (Figure 2). Even with enviable growth, Sub-Saharan Africa's (excluding high income countries) GDP today is still only about the size of Germany's (World Bank, 2019). Nonetheless, Africa represents a huge growth potential.

Figure 1: GDP by World Bank Regions (1990-2017, 1990=100)



Source: Constructed from World Bank (2019).

Figure 2: Developing World's Combined GDP (1990-2017)

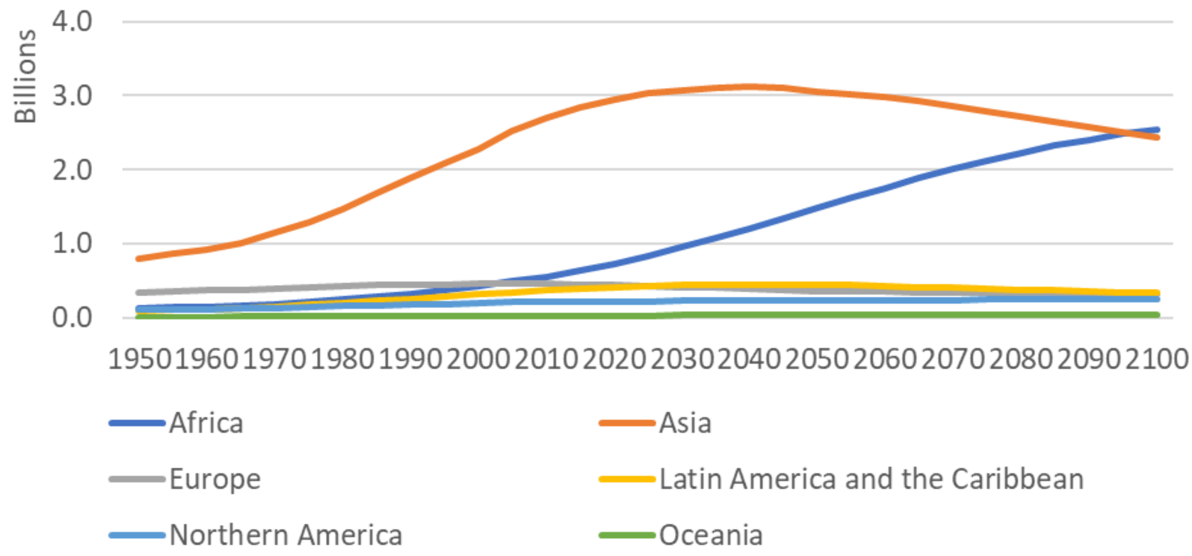


Source: Constructed from World Bank (2019).

2.2 Africa - The World's Fastest Growing Labor Force

Among all United Nations geographic regions, Africa already has the world's second largest working-age population (Age 15-59) and is forecasted to have the largest working age population by the end of the century (Figure 3). Hence, Africa needs ever more jobs for its growing working-age population. If Africa succeeds in creating a business environment that allows African and international firms to utilize this growing labor force, Africa can become a major destination for productive economic activity. On the other hand, if Africa fails to realize its demographic gift and the working age population grows faster than employment opportunities, political instability is inevitable. The consequences of such development failure will most likely continue to fall on Europe.

Figure 3: Working Age Population Trends by UN Geographical Regions



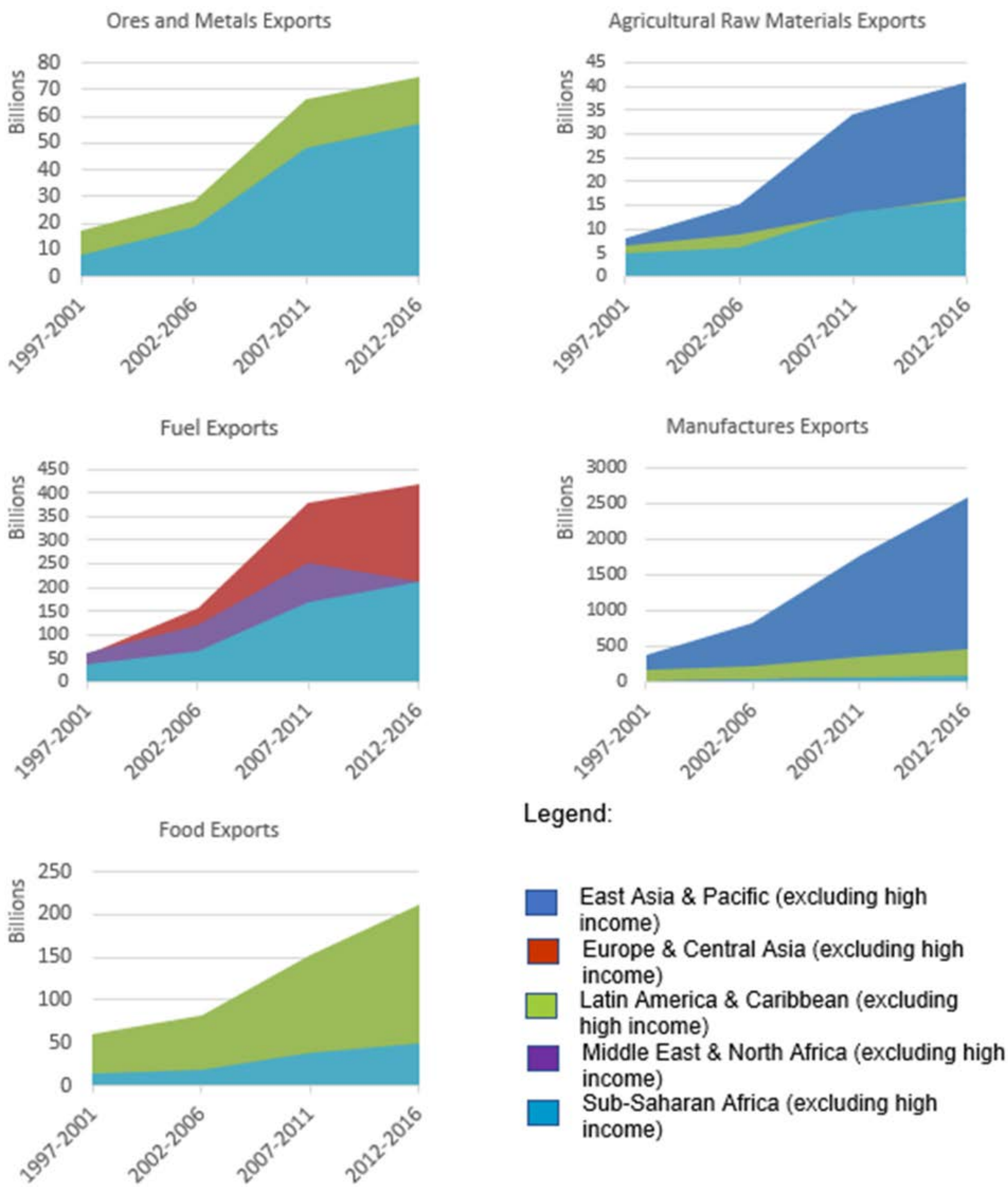
Source: Constructed from United Nations DESA/Population Division (2019a).

2.3 Africa – Booming or Already "Boomed"?

The African continent has become a major supplier of primary commodities, especially in the area of ores and metals, but also agricultural raw materials, fuel, and food. In terms of manufactures exports, Africa's global position is negligible (Figure 4). Manufactures is dominated by developing East Asia and the Pacific. If Africa wants to fully utilize its potential from its demographic opportunity, Africa needs to produce globally competitive goods and services within Africa, with value-added elements that can promote the transition from a rent-extracting to a rent-creating economy.

Some observers conclude that Africa's economies are booming. A closer look at the underlying dynamics, however, suggests that any African "boom" is driven foremost by rising commodity prices, and not by productive economic activity.

Figure 4: Developing World's Exports (Current US Dollar)



Source: Constructed from World Bank (2019).

A dependency on exporting raw materials could even ultimately continue to hold Africa back. History shows that resource blessings can become a “resource curse.” The most common such resource curse is the ‘Dutch disease’, a term used by economists that originated from the Netherlands’ experience with the aftermath of natural-gas discoveries during the 1960s. This led to a commodity export boom for the Netherlands, a real exchange-rate overvaluation, and ultimately to reduced export competitiveness of Holland's manufacturing sector (The Economist, 1977).

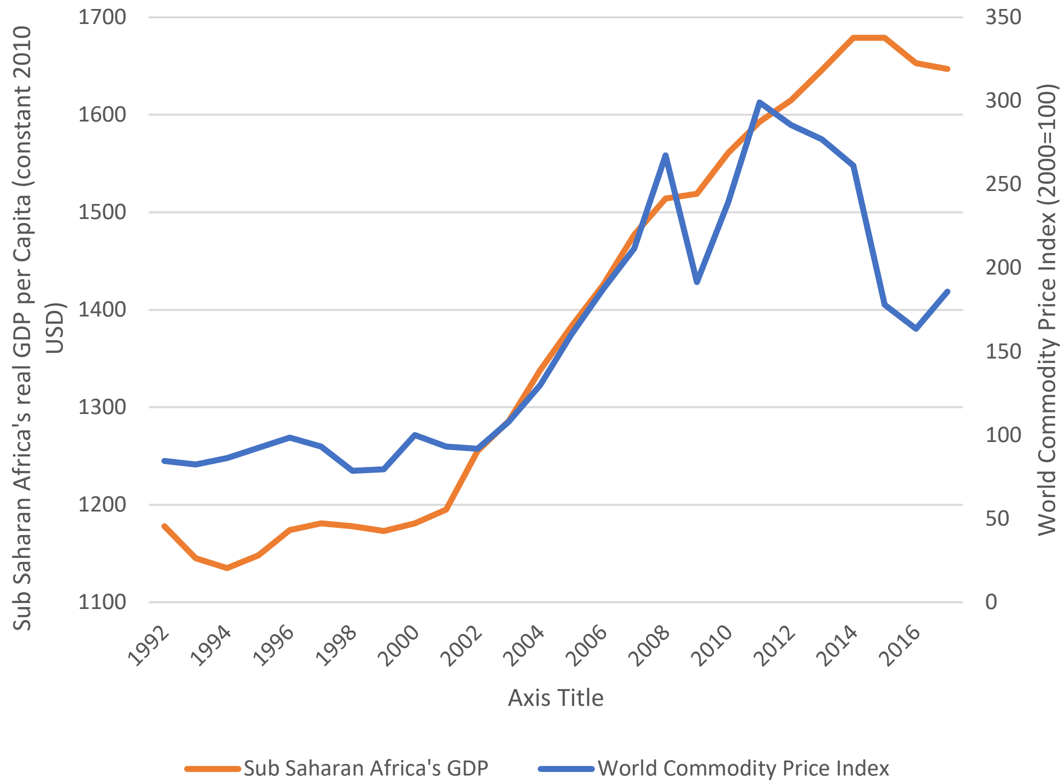
In addition to a deteriorating economic diversification, other resource-curse problems include environmental degradation, boom-and-bust cycles, rising influence of government in economic affairs, and the evolution of authoritarian bargains in which citizens are exempted from tax burdens in exchange for handing over to government greater authoritarian space (Desai et al, 2007). Africa's dependency on primary commodity exports is illustrated in Figure 5, which shows the strong correlation between Africa's GDP and global commodity prices.

Figure 5 shows that between 2000 and 2011, the IMF's Commodity (All commodities and Energy) Index increased by 200 percent and Sub-Saharan Africa's real GDP per capita by approximately 35 percent, suggesting that for every three-percent increase in commodity prices, Sub-Saharan Africa's GDP increases by one percent. Yet, between 2011 and 2017, commodity prices fell again, recognizably contributing to a slowdown of per capita GDP growth. In fact, in the three years between 2015 and 2017, Sub-Saharan Africa's real GDP per capita fell again.

Economic observers often mistake short term booms for long term prospects. In 2013, for example, Foreign Policy published an article entitled: "Sorry, but Africa's Rise is Real" (Robertson and Moran, 2013), only to feature another piece in 2015 entitled: "Africa's Boom is Over" (Rowden, 2015). In the long run, Africa needs not only opportunity, but opportunity-transformative capability. This will necessitate a comprehensive development strategy that involves investments in people, institutions, and sound economic policy.

As for investments in people, Canning et al (2015) emphasize considering Africa's demographic prospects the need for greater public investments into child and maternal health, female education, and female empowerment. The authors summarize the rationale behind these recommendations as follows: "Except for a few countries in Southern Africa and some island nations, fertility rates and youth dependency rates in Sub-Saharan Africa are among the highest in the world, exposing the region to higher poverty rates, smaller investments in children, lower labor productivity, high unemployment or underemployment, and the risk of political instability. But demography need not lead to disaster. If the focus shifts from population numbers to population age structures, the prospects for Africa may be positive" (Canning et al, p.1).

Figure 5: Sub-Saharan Africa's Primary Commodity Price Dependency



Source: Constructed from International Monetary Fund (2019) and United Nations DESA/Statistics Division (2019).

2.4 Competitiveness - Can Africa catch up?

The World Economic Forum regularly publishes a World Competitiveness Report, which evaluates countries and regions along 12 pillars under four major competitiveness themes. Figure 6 shows that in each competitiveness dimension except for labor market efficiency, in the 2018 report, Africa scores last or second-to-last, driving home that comprehensive, sustained efforts at reform are needed for Africa to realize its potential.

Figure 6: Africa's Competitiveness

			Sub-Saharan Africa	East Asia and the Pacific	Eurasia	Europe and North America	Latin America and the Caribbean	Middle East and North Africa
		2019 Global Competitiveness Index	47.3	69.9	59.4	71.2	56.7	61.4
Theme	Pillar	Pillar						
Enabling Environment	1st Pillar	Institutions	46.9	61.6	53.8	64.7	47.1	55.5
	2nd Pillar	Infrastructure	45	74.8	67.7	79.7	61.3	70.5
	3rd Pillar	ICT adoption	34.3	70.3	59.5	70.4	50.9	57.6
	4th Pillar	Macroeconomic stability	69.4	89.6	74.9	92.6	73.7	75.3
Human Capital	5th Pillar	Health	50.8	83.8	71.3	89.1	82.2	80.8
	6th Pillar	Skills	44.3	67.3	66.1	74.6	58.7	62.9
Markets	7th Pillar	Product market	49.3	62.2	56.1	60	51.6	56.7
	8th Pillar	Labor market	54.6	66.6	63.5	66.4	55.9	54.8
	9th Pillar	Financial system	50.8	74.3	52	70.9	60.3	63.7
	10th Pillar	Market size	40.4	67.9	50.3	60.1	51.2	59.9
Innovation Ecosystem	11th Pillar	Business dynamism	51.8	66.1	61.9	68.3	53.8	58.2
	12th Pillar	Innovation capability	29.4	54	35.5	58.1	34.3	41.3

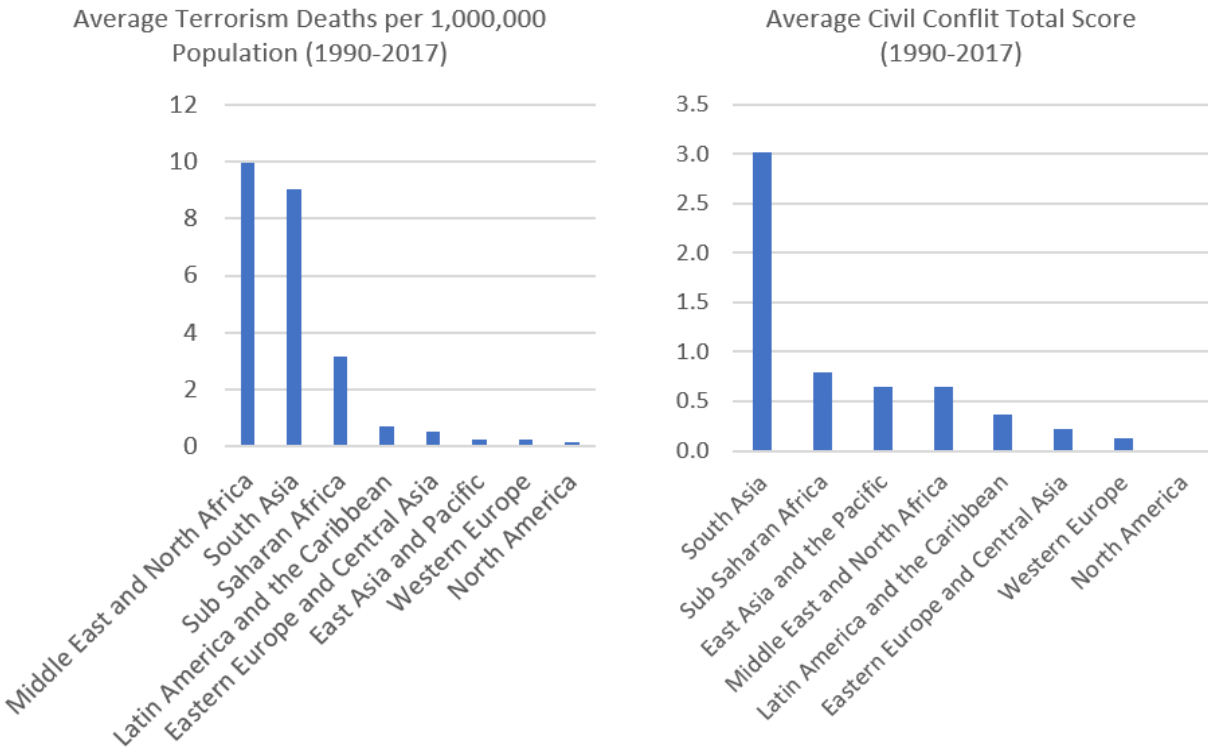
Source: Constructed from World Economic Forum World Competitiveness Report (2019).

Such reforms will require the creation of an enabling environment for competition to unfold, the accumulation of human capital necessary for African citizens to successfully compete in a competitive economic order, the regulation of markets such that they best solve societies' scarcity problem, and the introduction of a culture of innovation. None of this can happen overnight. Instead, the introduction of political, economic, and social reforms is a complex and long-lasting political process during which many different societal interests need to be reconciled.

2.5 Africa still faces many conflict and security risks

Africa is still home to many security risks, which are manifested in protracted conflicts, civil wars, and terrorist activities. From a global comparative perspective, Africa is the region with the second highest civil conflict density and third highest terrorist activity between 1990 and 2017 (Figure 7).

Figure 7: Security in Africa and Comparison Regions



Source: *Constructed from National Consortium for the Study of Terrorism and Responses to Terrorism (2019) and Center for Systemic Peace (2019).*

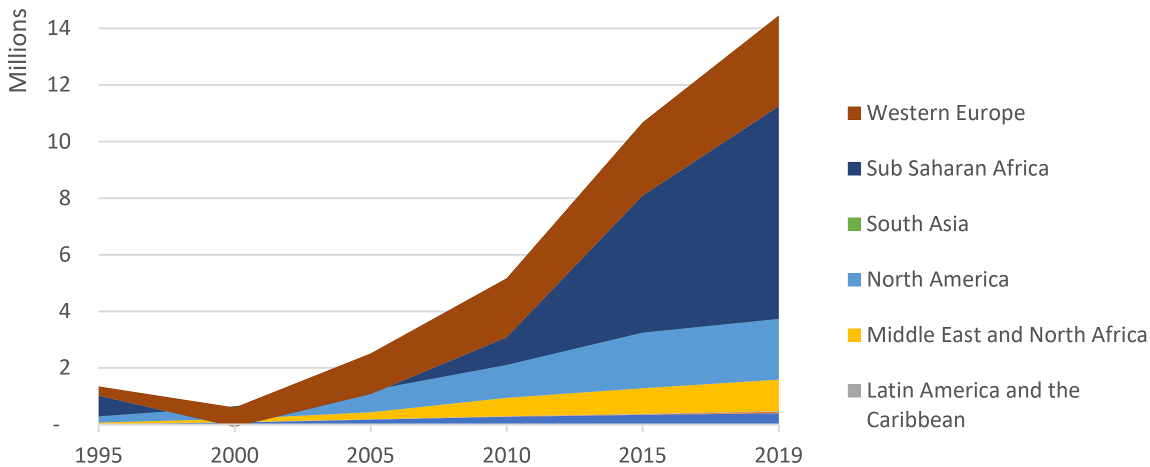
The reasons for Africa's conflicts and security concerns are manifold and clearly not limited to the continent's colonial history. Of course, colonialism prevented an historically organic evolution of African nation-states. In the West, nations grew into states over hundreds of years, yet after independence many Africans found themselves in states that demanded from their citizens to grow into a nation overnight. But Africa's conflicts go beyond structural breaks induced by external factors. They also include religious conflicts (in particular between Christians and Muslims), and conflicts triggered by climate change and the overexploitation of natural resources.

In their paper, von Soest and De Juan (2018) examined Africa's security threats, finding that while Africa has made overall progress in reducing violent conflicts since 1990, security threats have changed. Specifically, Africa is mostly prone to the recurrence of existing conflicts, rather than the emergence of new ones. Non-traditional forms of violence such as terrorism, riots, and state-peripheral insurgencies are rising, in addition to conflicts with regional and international involvement. The authors list inequitable social development, lack of democratic consolidation, weak states, bad governance, fast population growth, urbanization, and youth unemployment as major conflict drivers, thus underscoring Africa's conflict complexity and highlighting the importance of the economic development-security nexus.

2.6 The Migration Challenge for Africa

Ever more Africans have begun to turn their back on their home countries as economic migrants or refugees (Figure 8). While most African migration flows to other African countries, the majority of those leaving Africa behind migrate or flee to Western Europe. The inflow of African (and other) migrants and refugees to Western Europe has already caused major political disruption.

Figure 8: Cumulative Migration from Sub-Saharan Africa to various world regions



Source: Constructed from United Nations DESA/Population Division (2019b).

The challenges associated with migration, of course, are borne not only by Europe and African transit countries, but also by countries of origin. This is because it is typically the young and aspiring young citizens who are willing to take the risk of migration (not taking into account those who are forced from their homes). From a microeconomic perspective, in a well governed country with plenty of economic opportunities, it would be often exactly these young people who become entrepreneurs. From a macroeconomic perspective, it is also the young people who account for the lion's share of private consumption, as it would be typically the young who start families, build homes, and create demand for goods and services. Thus, the drain of potential entrepreneurship and aggregate demand due to economic desperation is a dear price that Africa pays for failing to reach its economic potential.

A Food and Agriculture Organization Report (2017) examined Africa's migration patterns, finding that international migrants are on average wealthier, better educated, and more often from urban areas than migrants who stay in Africa. Those staying in Africa are on average poorer, less educated, and more often from a rural area. The FAO report also shows that most African migrants are between age 15 and age 34. Migration from Africa, therefore, is linked to a brain, wealth, talent, and productivity drain.

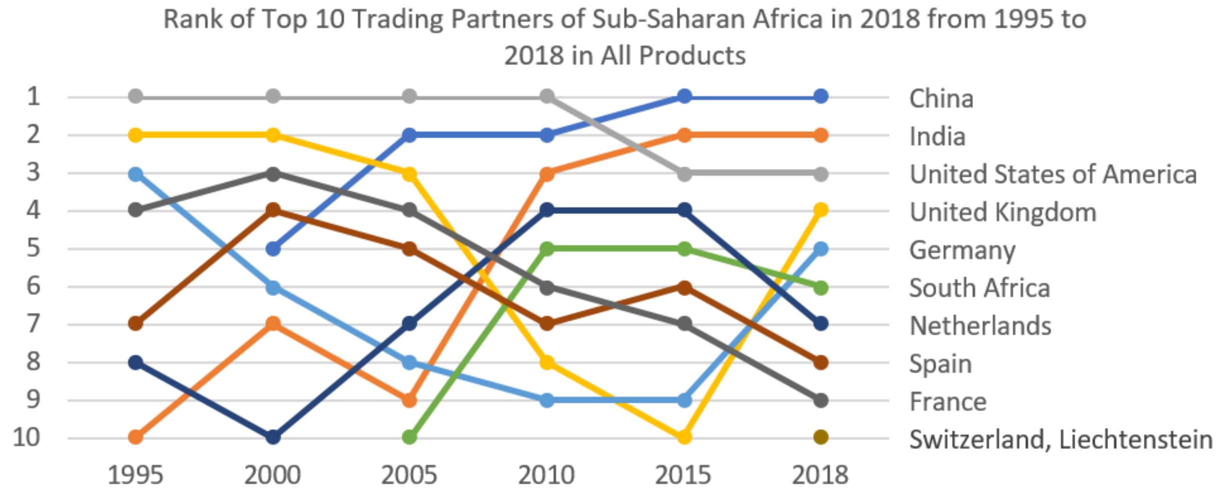
2.7 China's Economic Rise in Africa

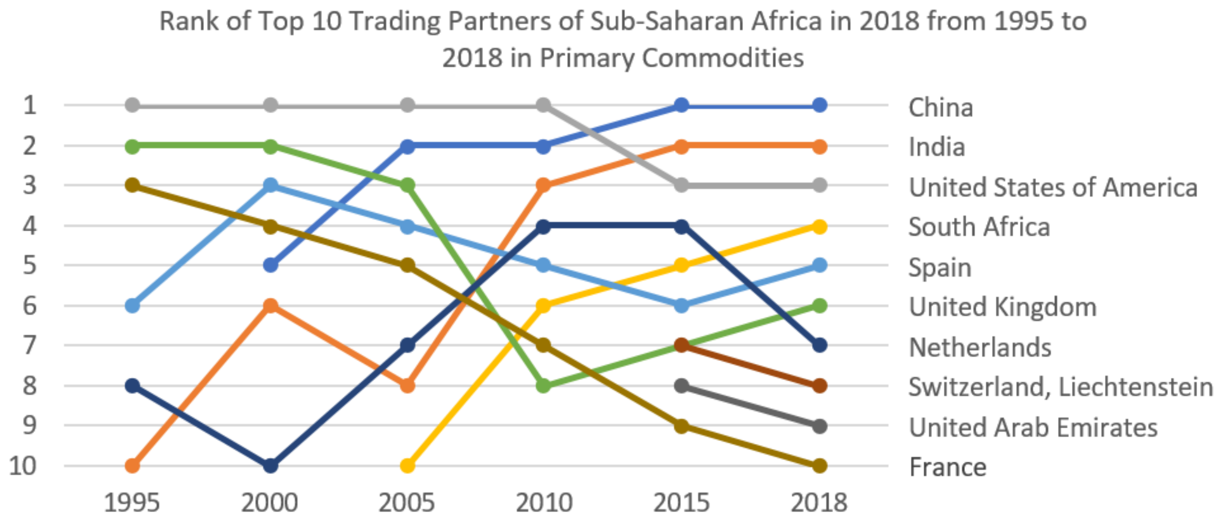
From the Western perspective, China's footprint in Africa magnifies Africa's geostrategic importance. The West must now consider not only the mix of direct economic opportunities and political and security risks originating from Africa, but also the political influence that China gains in Africa through its trade and FDI relationships there, diluting the opportunities for Europe to successfully engage diplomatically in Africa and elsewhere.

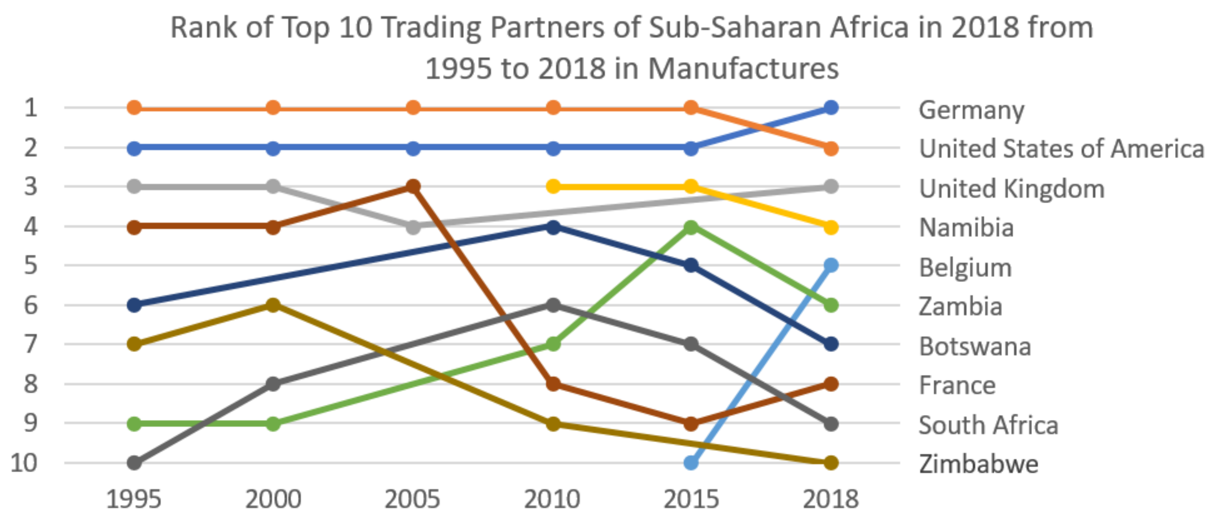
Taken together, the European development architecture provides almost half of all ODA to developing nations -- more than any other player, including China and the United States. Nevertheless, Europe's importance to Africa, both politically and economically, has "declined markedly" over the last twenty years (Schmieg, 2019); largely due to the rise of other actors — China in particular. In 2014, Romano Prodi, President of the European Commission between 1999 and 2004, summarized Europe's dilemma in Africa in the following words: "We are losing soft power . . . India and China will not wait for us . . . Africa is waking up, it is growing at 5 per cent . . . Europe has been the most generous donor to Africa, but our policy is divided. China has relationships with 54 African countries, they have a continental policy" (Europe University Institute, 2014). Upon releasing the annual results for the European Investment Bank in 2019, its chief Werner Hoyer opined: "we are fighting under par as Europeans" (Devex, Jan. 30, 2019).

When looking at all tradable goods, China was not even among the top ten export markets for Sub-Saharan Africa in 1995; a mere 20 years later, China has become its most important single-country export market. This is particularly true for primary commodities. Regarding exports of manufactures, which ultimately play a more important role for Africa's future than primary commodities, China is still not even in the top ten of Africa's export markets. As for manufactured goods, Africa largely turns to European countries, the United States, and other partners within Africa itself (e.g. Namibia, Zambia, Botswana, and South Africa) (Figure 9).

Figure 9: Ranking of Sub-Saharan Africa's Most Important Trading Partners

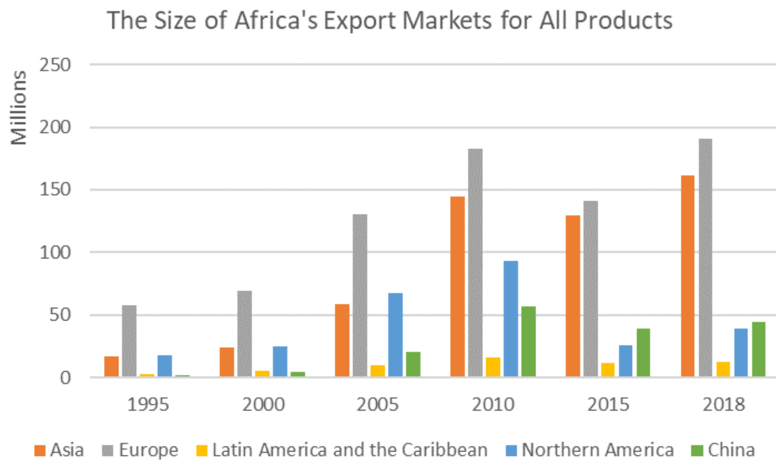


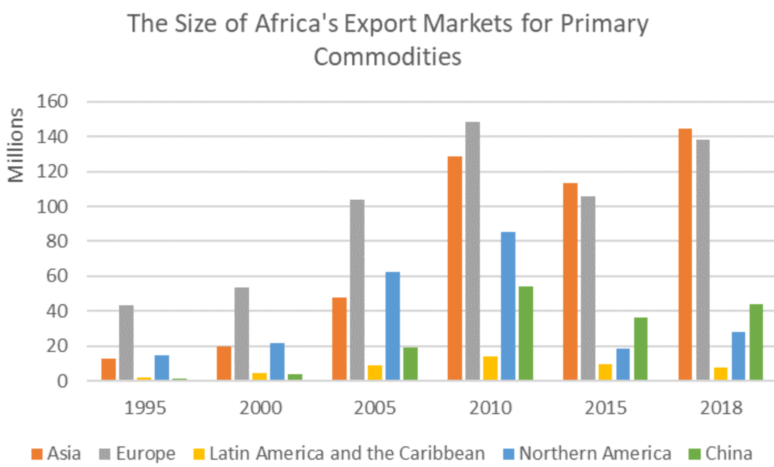


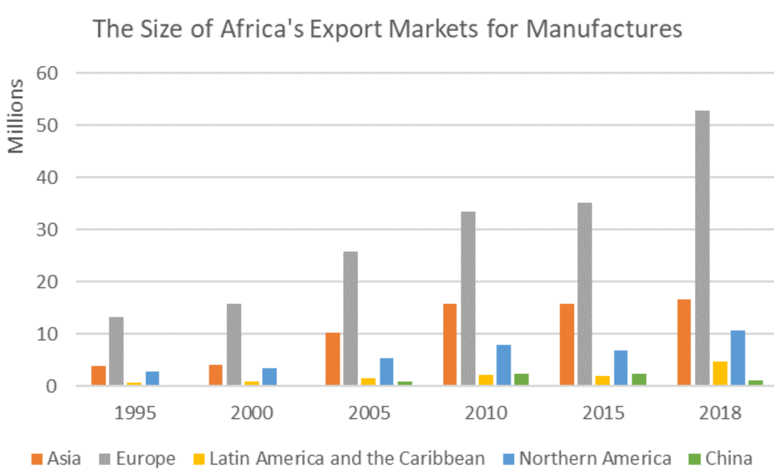


Source: Constructed from United Nations Conference on Trade and Development (2019b).

Figure 10: Africa's Export Markets by Size





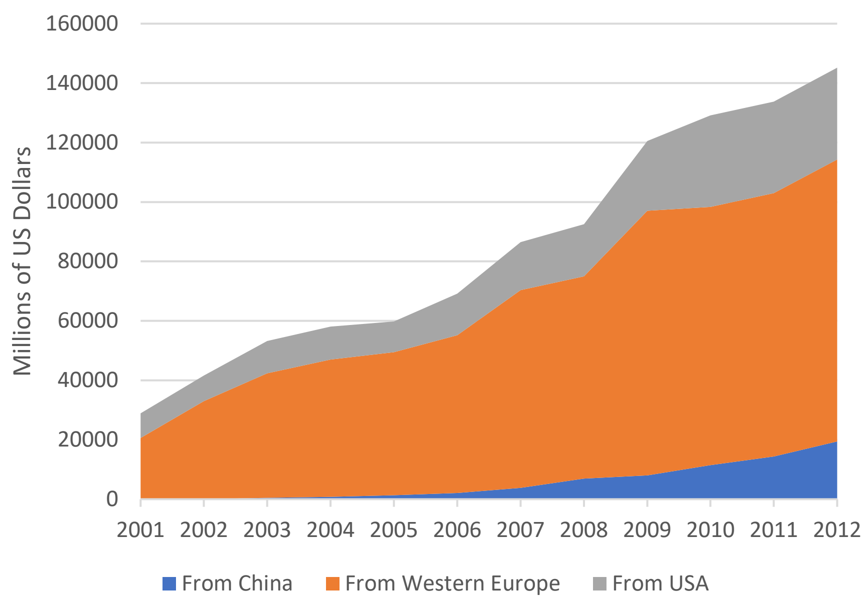


Source: Constructed from United Nations Conference on Trade and Development (2019b).

While China is now Africa’s biggest individual export partner country, Europe’s combined export markets are still more than three times China’s size and remain Africa’s biggest export market overall. However, Asia is rapidly catching up to Europe — through its massive increase in consumption of African raw materials. Indeed, for primary commodities, Asia has become Africa’s biggest export market, having edged out Europe over the last decade. Yet, when it comes to manufactures, Asia in general, and China in particular, show very little interest in buying from Africa. Europe remains Africa’s most important export market for manufactures by far (Figure 10). Notably, China has begun to promise African nations that it will diversify its purchases from the continent, i.e. import more value-added African goods (Sun, Brookings, 2018), but this is still in the form of an aspirational political promise, and not a binding commitment.

Perhaps more concerning to the West than China-Africa trade relationships, however, is China’s rapidly expanding foreign direct investment (FDI) footprint in Africa. China’s FDI in Sub-Saharan Africa between 2001 and 2012, for which consistent time series data is available from the United Nations Conference on Trade and Development (UNCTAD), indicates that Chinese FDI in Sub-Saharan Africa increased from virtually zero in 2001 to USD 19.4 billion in 2012. While China’s total FDI stock in Sub-Saharan Africa in 2012 remained far behind Western Europe and the United States, the growth trend is impressive and noteworthy. In 2012, the foreign direct investment stock of Western Europe and the United States was USD 94.9 and 30.9 billion respectively (Figure 11).

Figure 11: China's, Western Europe's, and the United States' Foreign Direct Investment Stocks in Sub-Saharan Africa (2001-2012)

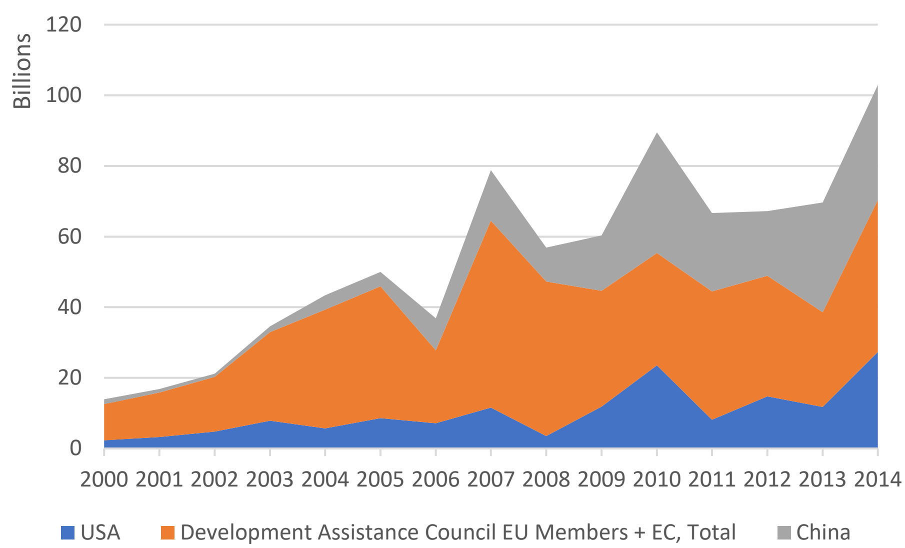


Source: Constructed from UNCTAD (2014).

For 2017, UNCTAD (2019a) estimates furthermore that the total FDI stock attributable to China, the United States, and Western Europe are 4.3, 8.1, and 37.2 percent, respectively. Thus, while China is expanding its economic influence rapidly in Sub-Saharan Africa, Africa's existing inward FDI stock is still largely dominated by Western Europe and, to a lesser extent, the United States.

Although available aid data needs to be reviewed and analyzed with some caveats, a similar picture emerges when comparing the U.S.'s, the E.U.'s, and China's aid flows to Africa (Figure 12). Unfortunately, data on global aid flows that uses identical data collection standards is not available. However, available aid data from the OECD for the E.U. and the U.S., and aid data for China from AIDDATA.ORG, indicates that just as with foreign direct investment, China was not a major aid donor to Sub-Saharan Africa in 2000. While the E.U. is Africa's biggest aid donor for the entire observation period between 2000 and 2014, the U.S. was a clear second between 2000 and 2005. Since 2005, however, China is vying to replace the United States as the second largest aid donor in Sub-Saharan Africa.

Figure 12: Aid Flows from the E.U., the U.S. and China to Sub-Saharan Africa (2000-2014)



Source: Constructed from OECD and Aiddata.org.

2.8 China's Development Aid Business Model vs. the U.S.'s and the E.U.'s

The Chinese and the Western models of economic development differ greatly. Since the period of Enlightenment, the West has preached the subordination of the state to the individual. China, on the other hand, preaches the subordination of the individual to the state.

In China's self-perception, one-party rule is not necessarily equated with authoritarianism, but democracy. Furthermore, it does not regard electoral democracy as a prerequisite for successful economic development, nor does China view as important that government act on the majority will of its citizenry (Ramo, 2004).

Most importantly, however, China differs from the West in terms of how economic development is supposed to be managed. From a Western perspective, the government is supposed to assume the role of a referee that assures a competitive economic order in which the selection test of domestic and international competition makes economic actors competitive (Qasem et al, 2011). In the Chinese understanding, the government can be thought of more as a "coach" for its economic actors; economic actors are shielded from domestic competition but supported and prepared for international competition. This approach allows the government to restrict the freedoms of its individual economic actors much more than would be acceptable in liberal democracies. For example, while China is often accused of manipulating its exchange rate to gain a competitive edge on international markets, China's edge rests on the fact that it can impose on its people greater social costs in terms of lower labor and environmental standards than Western democracies could do.

Even though China's economic development model is costly in terms of forgone personal freedoms and environmental sustainability, China's economic success since 1974 demonstrates that some countries are willing to accept the trade-off of the China model. Developing countries inspired by the Chinese example may reasonably conclude that sacrifices to democracy and the rule of law today will allow in the future for improved personal freedoms and reversal of environmental degradation, whereas development in conjunction with respect for personal freedoms and environmental sustainability will never lead to an accelerated Chinese-style success.

3. U.S. ENGAGEMENT IN AFRICA

3.1 AFRICA: A TOP GEO-ECONOMIC PRIORITY ONLY RECENTLY

After American independence in the late 18th Century, almost a century went by before the United States became a global economic player, but in Latin America — not Africa. The United States' past involvement in Central America, in particular, resembles China's current political and economic operations in Africa.

During the so-called "first globalization wave" between 1870 and 1914, global trading patterns evolved predominantly on a North-South axis (World Bank, 2002). As most Latin American countries won their independence in the first half of the 19th century, the greatest trade-related opportunities for the United States arose with the newly independent states in Latin America — not Africa.

A watershed event occurred in 1871, when the government of Costa Rica contracted American industrialists to build a railroad connection between the capital of San Jose and the Caribbean port of Limon. When the government of Costa Rica subsequently defaulted on its payment, the government repaid its debt in land titles, allowing these new American landowners to cultivate a lucrative banana-trade business. The banana-trade business, in fact, turned out to be substantially more profitable than the transportation business (Chapman, 2007).

This prompted the United States to expand its foreign direct investments in Central America. The basic business model was to negotiate with local governments for railroad projects in exchange for fruit-production rights and capacities. It was a profitable arrangement; all newly independent states in Central America were ruled by a landed aristocracy, which benefited from such investment partnerships. Moreover, arable land was abundant and provided enough collateral to finance the expansion of U.S. economic interests throughout Latin America. Of course, the societal groups which did not benefit from this investment cooperation were the landless, many of which were indigenous groups (Chapman, 2007).

When examining China's rising political-economic influence in Africa, and some of its methods (e.g. the "Angola Model" of infrastructure financing, under which African countries use raw materials as collateral for low-interest Chinese loans) one must not strain to see a historical parallel to American business models (e.g. that of the United Fruit Company) in Latin America in the nineteenth century.

3.2 U.S. BEGINS ITS INVOLVEMENT IN AFRICA WITH THE FIGHT AGAINST COMMUNISM

The American perspective on Africa shifted after World War II when many Latin American countries, carried by political support of the landless peasantry, saw a rise of liberal governments coming to political power. These liberal political parties challenged the economic influence of US companies and advocated for the expropriation of American assets such as those held by United Fruit. The United States perceived the rise of radical left-wing political forces as a threat to its interest in the region and prompted the United States to favor right-wing conservative forces — even going so far as to orchestrate military coups such as in Guatemala in 1954 (Dosal, 1993).

Meanwhile, African countries also achieved independence during the post-World War II era. Many of these new nations sympathized with socialist models of economic development rather than capitalist ones. The reason for this was twofold: The first can be described by the so-called "colonial dialectic," which explains a natural pull toward socialist tendencies. The second was socialism's seeming success after World War II (Lösch, 1990).

The colonial dialectic — a framework for assessing socio-political dynamics in the course of colonial rule — consists of three phases: assimilation, counterrevolution, and reconciliation (Henry and Springborg, 2010). The assimilation phase recognizes that during colonial rule, the colonized are not universally opposed to colonialism; it accounts for the fact that colonization leads to winners and losers. The winners are often urban commercial elites who benefitted from the expansion of trade opportunities with the colonial hegemon. The losers were typically the rural population consisting of landless peasants. During the second phase (counterrevolution), the disenfranchised segments of society organize themselves against the commercial elites and their ties with the colonial hegemon. This often happens through the formation of paramilitary organizations, and moreover is often supported by academic elites. After independence, individuals from the resistance movement then ascend to political office, which leads to the third phase: reconciliation. This phase recognizes the healing of societal divisions between former commercial elites and disenfranchised communities. Today, most of the world's former colonies are still struggling to complete this third phase (Id.).

In addition to the dynamics of the colonial dialectic, under which socialism has become a viable alternative to market-oriented liberalism as a result of the exploitative experience with colonialism, socialism in the early years after World War II looked like an attractive alternative to Western market capitalism on its own merits — especially in light of the seeming development success of the Soviet Union. Never in history had a country developed as rapidly as did the Soviet Union, which transformed its economy from a de facto agrarian feudal state to an industrialized country and victoriously sent its tanks to Berlin to claim victory over Nazi Germany. Then, in 1961, during the movement of African independence and decolonization, the Soviet Union again shocked the world by sending Yuri Gagarin as the first man into space. Socialism appeared to more successfully combine equality with socio-economic progress than any capitalist system was ever able to do.

Meanwhile, the West seemed to have lost a measure of faith in its own market-liberal system after the Great Depression of the 1930s by designing a post-World War II economic order that rested on the idea that markets work only if government and international policy coordination serve as a bulwark against inevitable market excesses and failures.

Lu (2011) summarizes this appeal as follows: "First, the nature of socialism emphasized immediate economic growth, which could help the third world develop within a relatively short period. Second, the nature of socialism was anti-imperialism and anti-exploitation. This reflected the third world's radical response to hostile threat and even military aggression from the global imperialists and its economic dependence on the developed world. The third reason is a political-cultural argument that claims that the traditional societies in the third world were more compatible with socialism. Fourth, the Soviet Union's efforts to influence developing countries led to the development of socialism in such countries."

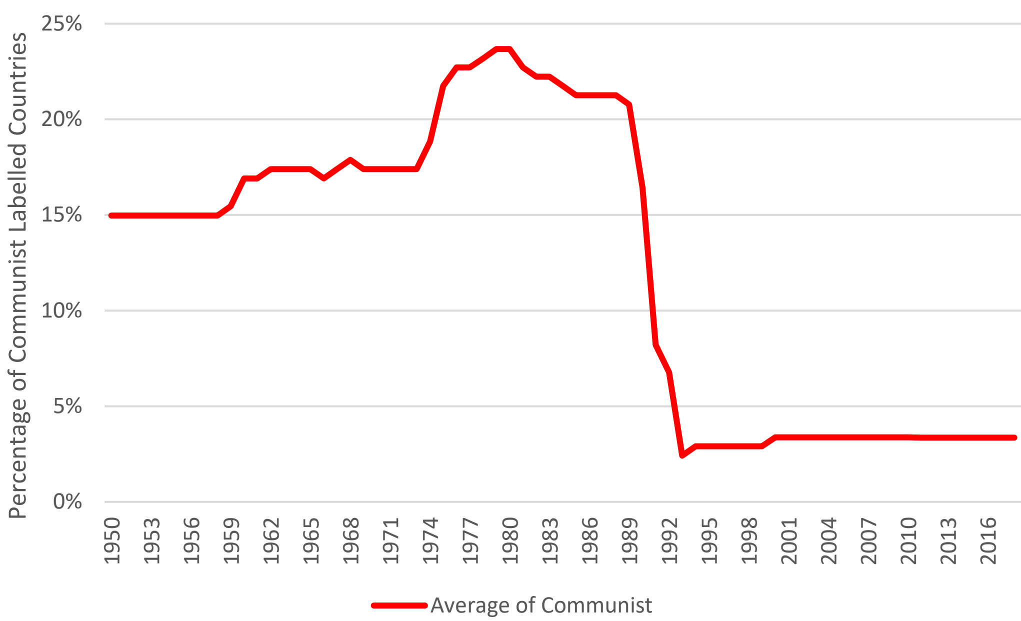
In contrast to Latin America, the United States had less of a direct economic stake in Sub-Saharan Africa. As the spearhead of the fight against the spread of communism and socialism, it accordingly looked at Africa first for geo-political, rather than geo-economic, reasons. In short: The United States' objective was to limit the expansion of socialist forces that spread across the newly independent developing world.

Just as Cuba represented a communist threat to Latin America, so too did Congo to Africa. Shortly after Congo's independence in 1960, the resources-rich province of Katanga declared independence from Congo. The break-away movement was supported by Belgium, which ran mining operations in

Katanga. The secession was opposed by Congo's democratically elected prime minister Patrice Lumumba, who turned to the Unites States and the United Nations for help but was rebuffed. Lumumba then sought help from the Soviet Union, converting him into an adversary and target for the West. Belgium and the United States saw in Lumumba a gateway to the spread of Soviet style communism in Africa, which both countries wanted to avoid. With American and Belgian support, Lumumba was executed by a firing squad in January 1961, only six months after assuming office (Mamdani, 2005).

The United States became increasingly involved in Cold War proxy wars, the costliest to itself being the Vietnam War between 1955 and 1975. Yet, just as the Vietnam War was ending, another proxy battle ground opened in Africa, in Congo's neighboring Angola. After independence, pro-Western and socialist groups battled for control over the resource-rich country. Each group received support from either the United States or the Soviet Union and their respective allies, and it was eventually the Marxist's People's Movement for the Liberation of Angola (MPLA) that gained control over the country (Id.). Ultimately, the United States and the West could not meaningfully restrain the rise of socialism and communism in Africa. By 1980, socialism and communism peaked in Africa when almost a quarter of all African governments could be classified as communist (Figure 13).

Figure 13: The Rise and Fall of Communism in Africa



Source: Constructed from Bjørnskov-Rode (2019).

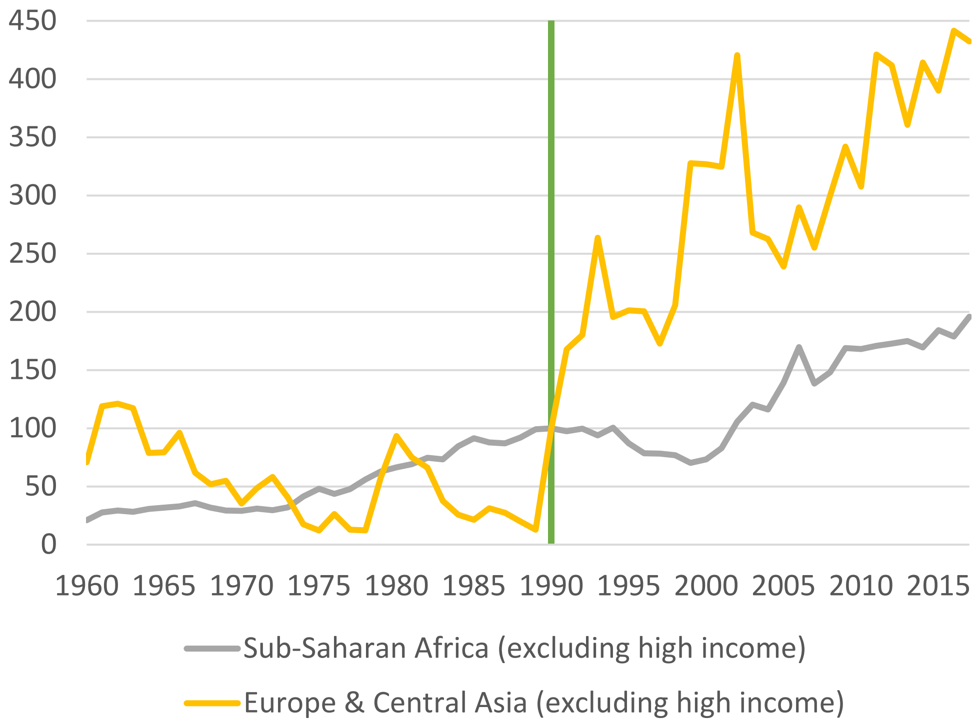
While communism in Africa was a threat to the United States and the West in general, however, communism was principally a threat to African countries themselves. Communism in Africa effectively prevented the consummation of the colonial dialectic's reconciliation phase, and instead acted to cement the counterrevolutionary second phase. As long as communism and central planning delivered on their socioeconomic promises, and as long the policing power of the central authority was strong enough to suppress any opposition, African communism was viable. When the Soviet Union finally collapsed in 1990, however, Africa's experiments with socialism and central planning came to an end as well.

3.3 The 1990s: Reduced development aid and overconfidence in the Washington Consensus

Beginning with the 1990s, African countries, like most developing countries, adopted a new development paradigm that emphasized market liberalism and democracy as the pillars of economic development. Yet, because the transformation from a non-sustainable to a sustainable economic system implies "walking through a valley of tears," these countries needed to rely on foreign aid to cushion the social hardship associated with the recalibration of their economic course. In former socialist countries, this economic pain flows from the fact that jobs in inefficient sectors of the economy are more readily dismantled than new jobs in sustainable sectors can be created. Employment during such transitions therefore first declines and the need for social spending increases when at the same time governments' tax base is falling (Sachs, 2005).

After the collapse of communism, however, Africa received much less foreign aid than did Europe and Central Asia. The aid recipients there were, in particular, the so-called transformation economies consisting of the former socialist states in Central and Eastern Europe as well as the successor states of the Soviet Union. This is illustrated in Figure 14, which shows net official development assistance (ODA) and official aid received (constant 2016 US$, 1990=100). Specifically, in 2000, ten years after the collapse of socialism, foreign-aid flows to Africa dropped by more than 25 percent compared to 1990 while at the same time foreign aid to Europe and Central Asia increased by more than 200 percent. Only after 2000, did foreign aid to Africa increase again, but still at a much smaller rate than foreign aid to Europe and Central Asia.

Figure 14: A Comparison of Foreign Aid Dynamics to Africa and Europe & Central Asia



Source: Constructed from World Bank (2019).

The general neglect of foreign aid to Africa compared to Europe and Central Asia and its former socialist economies after 1990 was seen by many African countries as evidence that the development-cooperation community does not prioritize African economic development (Stein, 2009). Africa therefore saw no reason not to explore less traditional development cooperation partnerships, including partnerships with China. At the same time, after decades of isolation, China had begun turning outward, implementing its own “Going Out” policy in 1999, and held the first Forum for China-Africa Cooperation (FOCAC) in the year 2000.

After the end of the Bretton Woods system and its emphasis on governmental macroeconomic management, the world re-entered a market liberal phase that emphasized deregulation, privatization, and market liberalization. In the United States, this period became known as Reaganomics. For the developing world, the same idea became known as the Washington Consensus (Yergin & Stanislaw, 2002).

The Washington Consensus was originally developed as a set of economic policy reform guidelines for Latin America after the sovereign debt crisis of the 1980s, on which the Washington based development organizations of the World Bank and International Monetary Fund can both agree (Williamson, 2009). The guidelines comprise 10 objectives, namely:

- *Fiscal discipline* - Fiscal indiscipline is seen as the root cause of inflation in many developing countries, hurting mostly the poorest of the poor.

- *Re-focusing of public spending* - Public spending should be redirected from often politically motivated and inefficient subsidies of consumption to non-discriminatory public investment into health, education, and infrastructure.
- *Tax reform* - In order to reduce tax evasion, close tax loopholes and broaden the tax base, a tax reform shall aim at introducing low marginal tax rates.
- *Liberalization of interest rates* - Overcome price controls on capital, which often favored the public over the private sector and discouraged savings and investment.
- *Liberalization of foreign exchange markets* - Exchange rates were often distorted by defending a fixed exchange rate, which in combination with inflation led to overvaluation, unsustainable trade deficits and paved the way for currency crises; these risks are best minimized through controlled floating.
- *Free trade* – Facilitate a transition from import substitution policies, which prevented access to essential know-how and foreign capital, when at the same time protection from the selection test of international markets let inefficiencies grow unchecked for many years, to free trade to improve competitiveness.
- *Liberalization of inward foreign direct investment* - In order to enhance access to new ideas and capital, foreign direct inward investments shall be liberalized while at the same time the liberalization of outward foreign direct investment shall be handled more carefully in order to avoid capital flight.
- *Privatization of state enterprises* - State enterprises often enjoy special privileges in access to scarce resources such as foreign exchange, capital and subsidies, which combined with inefficiencies pose a substantial drain on countries' fiscal capacities.
- *Deregulation* - Red tape in doing business drives many economic actors into the shadow economy, which reduces countries' tax base, and protects inefficient industries.
- *Secure private property rights* - Functioning, competitive, and efficient markets require secure private property rights, without which access to capital is difficult, or only possible at prohibitively high interest rates; moreover, the principle of liability does not apply as economic actors without secure property rights cannot legally protect themselves against intrusions of other economic actors, which is a particular problem in the area of environmental overexploitation.

A valid criticism of the Washington Consensus was that it prescribes the institutions of healthy economies to sick ones, as if a doctor prescribed a healthy diet and vigorous physical exercise to a patient who is injured, disabled, and too poor to buy healthy food. Market liberalization, deregulation, and getting prices right will not generally lead to equitable and peaceful socioeconomic development if markets are not connected by an efficient transportation and communication infrastructure and people do not have access to health and educational services.

Similarly, Rodrik (2006) commented on the Washington Consensus: "Not only were success stories in Sub-Saharan Africa few and far in between, but the market-oriented reforms of the 1990s proved ill-suited to deal with the growing public health emergency in which the continent became embroiled.

The critics, meanwhile, feel that the disappointing outcomes have vindicated their concerns about the inappropriateness of the standard reform agenda. While the lessons drawn by proponents and skeptics differ, it is fair to say that nobody really believes in the Washington Consensus anymore. The question now is not whether the Washington Consensus is dead or alive; it is what will replace it."

While markets can be liberalized quickly, grooming people into competitive economic actors takes time. The poor are typically not absorbed by a competitive economic order but left behind by it. Stiglitz (2002) summarizes this as follows: "It has become increasingly clear not to just ordinary citizens but to policy makers as well, and not just those in the developing countries but those in the developed countries as well, that globalization as it has been practiced has not lived up to what its advocates promised it would accomplish - or to what it can and should do. In some cases, it has not even resulted in growth, but when it has, it has not brought benefits to all; the net effect of the policies set by the Washington Consensus has all too often been to benefit the few at the expense of the many, the well-off at the expense of the poor. In many cases commercial interests and values have superseded concern for the environment, democracy, human rights, and social justice."

3.4 The Washington Consensus Footprint in U.S. Foreign Aid

The Washington Consensus left its biggest footprint in the Millennium Challenge Corporation (MCC), established by the U.S. Congress in 2004. Countries are eligible for foreign assistance from the MCC if they meet certain objective performance indicators in the areas of "ruling justly, investing in people, and fostering economic freedom" (Brown, 2019).

The MCC was designed to be independent from foreign policy objectives but, of course, the promotion of rule of law, human capital accumulation, and free market economics are broadly consistent with U.S. foreign policy objectives. Aid given under MCC aims at promoting economic growth without the U.S. getting lost in multi-sector micro-management. In order to build agency, recipient countries are asked to co-sponsor and design their development priorities in collaboration with MCC, a mechanism called MCC compact. The MCC compact philosophy is to leave the micro-management of sectoral activities to the recipient country. MCC compact activities typically focus on agriculture, rural development, transportation, electrification, water, sanitation, and health projects. In order to strengthen democratic practices, recipients of MCC funding must demonstrate strong civil society involvement. Lastly, MCC projects are supposed to be guided by rigorous data-driven benchmarking and transparent decision-making processes. (Brown, 2019)

Sub-Saharan Africa has benefitted from MCC funding more than any other region, with a total of roughly $7.8 billion in MCC compact assistance received, or 58% of all disbursements (Figure 15).

Figure 15: A Comparison of Foreign Aid Dynamics to Africa and Europe & Central Asia

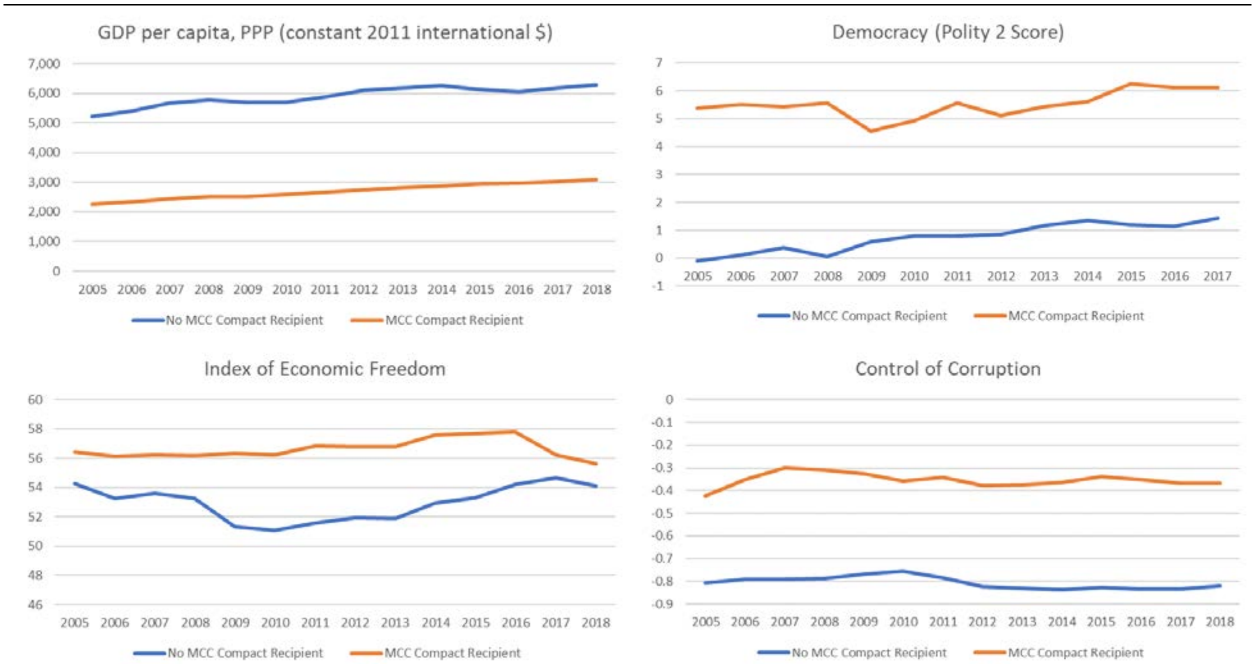
Developing Area	Millions of Dollars (Total over 2004-2018)	Percent of Total
Sub-Saharan Africa	7,842	58%
Europe and Central Asia	1,568	12%
Latin America and the Caribbean	1,562	12%
Middle East and North Africa	1,423	10%
East Asia and the Pacific	666	5%
South Asia	500	4%
Grand Total	13,560	100%

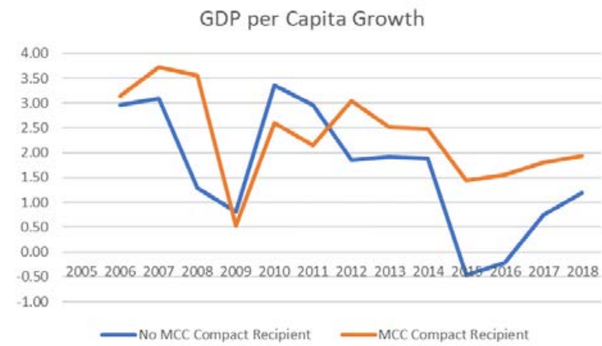
Source: Constructed from Brown (2019).

Within Sub-Saharan Africa, a total of 16 countries received MCC Compact funding at some point of time. The 16 countries are: 1. Benin, 2. Burkina Faso, 3. Cabo Verde, 4. Côte d'Ivoire, 5. Ghana, 6. Lesotho, 7. Liberia, 8. Madagascar, 9. Malawi, 10. Mali, 11. Mozambique, 12. Namibia, 13. Niger, 14. Senegal, 15. Tanzania, and 16. Zambia.

Figure 16 summarizes the average performance of the 16 countries that received MCC funding against those Sub-Saharan African countries that have not received MCC funding along five indicators, which are: GDP per capita, PPP (constant 2011 international $), growth rate of GDP per capita, a democracy score (so-called Polity2 score), Heritage Foundation Index of Economic Freedom, and World Bank's Control of Corruption Score.

Figure 16: Average Political-Economic Performance of MCC Compaq Countries vs. No MCC Compaq Countries





Source: Constructed from World Bank Development Indicators Database, Heritage Foundation, Polity IV Project.

Looking at Figure 16 suggests the following: Since the program started in 2005, MCC Compact recipient countries generally had an income that was lower than the regional average. They were in 2005 also already more prepared in terms of democratic development, economic freedom, and governance as measured by the variable control of corruption index. Lastly, MCC Compact countries grew on average at a faster rate than non-MCC Compact countries.

Accordingly, the MCC Compact program could be viewed less as an aid and more as a rewards program. Parks (2019), who researched the effectiveness of the MCC program in detail, astutely observes when he concludes: "These patterns in the data suggest that governments in the developing world are not being cajoled or coerced by the U.S. government to pursue reforms that they would not otherwise want to implement. Rather, it appears that the MCC Effect works through 'sympathetic interlocutors' in low- and lower-middle income countries who consider the prospect of receiving the MCC's 'good housekeeping seal of approval' — and access to hundreds of millions of dollars in flexible grant assistance from the U.S government — as an opportunity to rally domestic reform efforts and neutralize anti-reform opposition."

Interestingly, Parks (2019) also highlights moreover the following finding "that merits careful consideration by those within the Trump administration who would like to use foreign aid as a tool of realpolitik. Countries that consistently voted with the U.S. in the U.N General Assembly — a key measure of support for U.S. foreign policy that is annually monitored by the State Department — were less likely to undertake domestic reforms that would make them competitive for MCC funding. The most obvious explanation for this pattern is that these governments chose not to expend much effort on risky, status-quo-altering reforms because they knew that the U.S. government would financially reward them regardless of their reform credentials. So, when President Trump declared at the U.N. General Assembly in September 2018 that "'[m]oving forward, we are only going to give foreign aid to those who . . . are our friends,"' he may have inadvertently undercut his own administration's efforts to "'encourage states to make choices that improve governance, rule of law, and sustainable development."'

3.5 U.S. – African Trade Initiatives

When looking at the U.S.'s development-cooperation initiatives with Africa, the African Growth and Opportunity Act (AGOA), enacted by Congress in 2000 and essentially an extension of a preferential trade initiative implemented in 1974, as well as the new "Prosper Africa" initiative, unveiled in 2018, are arguably the most important initiatives.

The objective of AGOA is to promote trade with selected African countries via zero-tariff access to the U.S. market. Under AGOA, the U.S. does not explicitly demand reciprocity, but rather encourages it. The U.S. hoped that such a trade agreement would not only help Africans to grow and diversify their economies, but also contribute to political stability. This strategy, after all, has worked for many East Asian economies such as Taiwan, Singapore, Hong Kong, and South Korea, which used export-led growth as their development strategy. Unfortunately, however, African economies are very different from the so-called East Asian Tigers in significant ways.

For one, Africa's comparative advantage has been historically on land intensive production whereas the East Asian Tigers were natural-resources poor. East Asian economies were therefore forced to build comparative advantages from scratch as opposed to utilizing existing ones. Early on, East Asia's most successful economies therefore emphasized good governance and public investments in human capital (education and health care) and transportation infrastructure. Among the East Asian Tigers, necessity begot ingenuity. In Africa, where the same necessity was not given, innovation has not yet followed. As a result, while Africa had access to potentially great markets, it did not invest in the economic actors to realize this potential. Consequently, AGOA is generally considered not to have achieved its goals. According to Felter (2017), "U.S. trade with AGOA's participants has dropped since its 2008 peak almost to its pre-AGOA total, while African trade relationships with other countries, particularly China, have expanded [and] "AGOA participants' exports have decreased, in 2016 dropping below their level when the program started."

With AGOA not having met expectations and the apparent success of China, the U.S. saw itself in need of rethinking its Africa strategy. The Prosper Africa initiative defines this new strategy. Prosper Africa's objective is to "[s]ubstantially increase two-way trade and investment between the United States and Africa." The strategy is advertised as a "one-stop shop" that makes it easier for African and U.S. companies to tap into each other's market through trade and investment activities. Prosper Africa will coordinate its activities closely with the brand-new United States International Development Finance Corporation (US DFC), created by Congress in 2018. A major innovation of the US DFC will be that as a quasi-federal agency it will be allowed to make equity investments in private businesses abroad.

Signé and Olander (2019) accordingly ask "Can Trump's Prosper Africa make America greater than China and other partners in Africa?" and conclude that "[w]hile Prosper Africa is promising, its impact will probably not be strong enough to counterbalance China's unique influence in the region." The authors highlight that for programs to be effective, they also need to be promoted through diplomatic efforts, which is an area in which the U.S. falls dramatically short of other countries. For example, at the time of publishing, since assuming office in 2017, President Donald Trump has not visited Sub-Saharan Africa once. His predecessor, Barack Obama visited six Sub-Saharan African countries (Ethiopia, Ghana, Kenya, Senegal, Tanzania and South Africa) during his presidency.

3.6 How can the United States gain more political and economic traction in Africa?

The United States' economic activity in Africa is subject to the following concern: The United States' investment stock in Africa is much greater than China's, but China gets the greater long-term strategic impact. The United States invests substantially through decentralized but limited market opportunities; China invests much less through decentralized markets but through abundant political opportunities. U.S. economic activity in Africa is economic, China's economic activity in Africa is not only economic but also political. The U.S. exploits existing market infrastructures; China builds market infrastructure. In short: The U.S. focuses on the play, China on building the playing field. Yet, as the playing field is increasingly controlled by China, the worry is that others must increasingly pay if they want to play.

Such concerns have legitimacy and are supported by historical experience. As explained above in Chapter 3.1, China's involvement in Africa today resembles the United States' earlier involvement in Latin America in the 19th and 20th century. The consequences for Latin America may provide valuable lessons for Africa, namely: While governments may benefit in the short run from outsourcing infrastructure projects to external actors, in the long run such agreements can perpetuate weak states, political capture, corruption, and non-competitive markets. Trying to realize short-term political goals with the help of external actors who are given long-term economic guarantees in return, is a risky pawnshop deal.

For the United States to gain greater political and economic traction in Africa, the United States needs to restore development cooperation credibility. African nations observed that after 1990, Europe and Central Asia became the development-cooperation priority for the West. Even given tremendously successful investments in tackling global pandemics (e.g. through the U.S. President's Emergency Plan for AIDS Relief program), Africa largely felt left alone with its overall reform challenges. Advocating for democracy and market liberalization alone did not help to win the hearts and minds of Africans. Too many Africans felt that market freedom and competition are useless if citizens do not have the capability to compete because they lack education, health care, access to financial services, and social safety nets. If the initial distribution of economic opportunities is unequal, economic liberalization will not turn markets into drivers of equitable social development, but instead cement machines of social immobility.

Accordingly, areas of development cooperation which the United States should prioritize, in addition to its classical areas of expertise like rule of law and economic reforms, are exactly these: public budget support, education, health care, social safety nets, and access to finance. Such investments would allow the U.S. to build a different development-cooperation profile compared to China. Whereas China's foreign development-cooperation strategy is often perceived as helping host governments and spreading China's influence, a U.S. development cooperation strategy focused on economic empowerment of individuals would be perceived as helping African citizens first.

Of course, the effect of a U.S. development-cooperation strategy that emphasizes less tangible investment in people and institutional frameworks is harder to measure than the effects of China's development-cooperation strategy, which emphasizes tangibles like transportation infrastructure. China therefore will have an advantage in being able to highlight immediate success stories. These successes, however, may compromise political sovereignty down the road. Development cooperation around the idea of investing in people and institutions, on the other hand, may not deliver immediate measurable results, but will surely pave the way to greater political sovereignty and stability in the future.

4. E.U. ENGAGEMENT IN AFRICA

4.1 EUROPE'S LEGACY IN AFRICA – COLONIZER, MANIPULATOR, AND LECTURER

Unlike the United States and China, Europe has a deep colonial legacy in Africa. The impact of this legacy is almost uniformly evaluated as having stunted Africa's economic development. A major thread in the discussion of Europe's colonial legacy is that Europe's only interest in Africa was the exploitation of its natural resources and all investments (such as railways and irrigation systems) served the purpose of exploiting these resources, rather than helping African peoples. Colonialism therefore pushed Africa into a producer of low value-added goods that allowed mercantilist Europe to leap ahead at its expense (Austin, 2010).

When Africa gained independence and began to implement its own economic and political visions, its first impulse was overcoming centuries of exploitation that pushed Africa into economic backwardness. But which economic model would be the appropriate vehicle for this transformation? As discussed above, many African countries felt inclined toward Soviet-inspired approach. Nevertheless, Africa's economic ties with their former colonial rulers remained, notwithstanding independence and decolonization. This applies in particular for relations between France and its former colonies. France pursued a colonization strategy that emphasized the introduction of French culture and institutions. By way of comparison, England's interest in Africa was mostly limited to commercial interests, the protection of trade, and England generally pursued a more hands-off colonization strategy (Lee and Schultz, 2012). Nevertheless, the centuries-long colonial economic ties could not be easily cut.

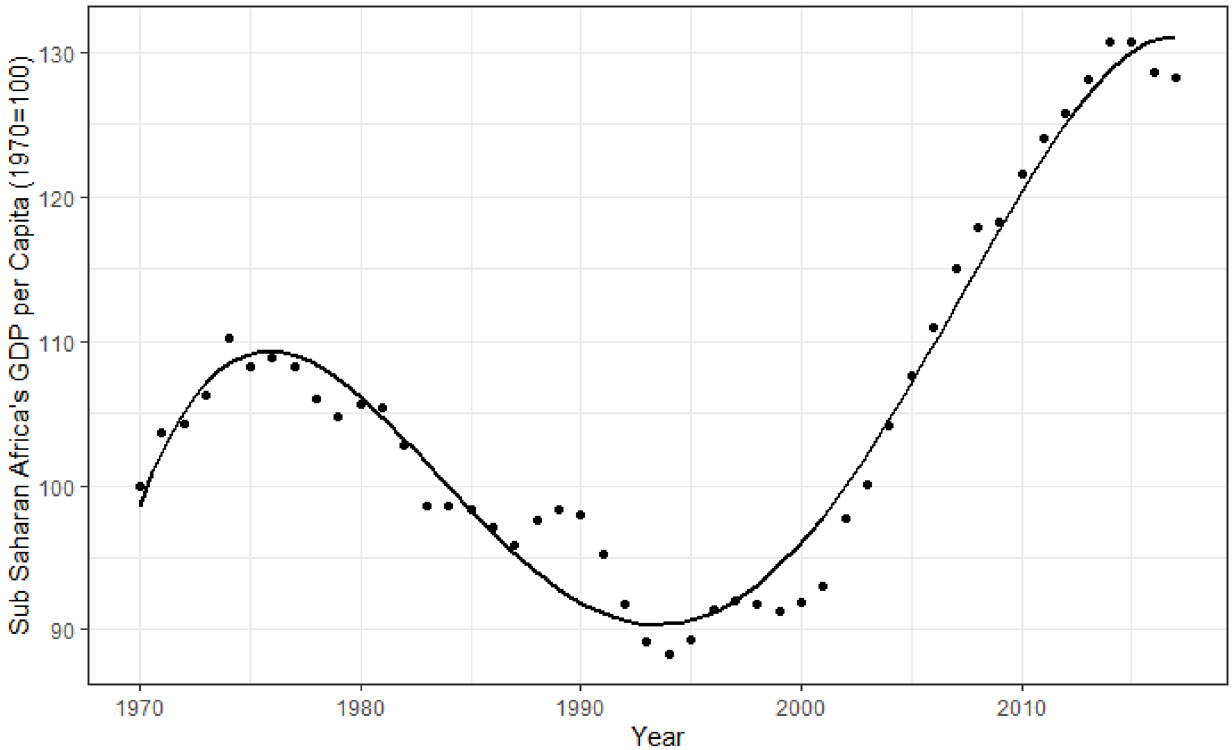
Maintaining economic ties with France, for example, was still advantageous for its former colonies, despite an ideological divide. Of course, Europe would have preferred to continue its economic legacy in Africa without grappling with these ideological differences, helping to explain why it sided with the United States in the fight against communism, and in advocating democracy and free markets. However, the dynamics of the colonial dialectic militate against such pro-Western commitments by African countries. Thus, post-World War II relationships were transactional, not alliances.

The collapse of socialism in 1990 and the democratization wave sweeping through Africa would have provided new opportunities to win Africans' hearts and minds, but Europe at that time was principally concerned with its own economic integration and most importantly the economic transformation process of the Central and Eastern European transformation countries and their integration into European markets. Quite simply, Africa lost importance on Europe's list of political priorities. Whereas Europe massively supported the transformation process in Central and Eastern Europe both financially and ideologically, Africa largely received ideological advice in the form of the Washington Consensus. By way of example, the E.U.'s attempt to forge reciprocal free-trade agreements with African regions (so called "Economic Partnership Agreements") through the Cotonou Partnership Agreement in 2000, has proven far more challenging than envisioned some 20 years ago. Despite starting in 2000 and aiming to conclude in 2008, none of the EPAs has been ratified and brought into force beyond the provisional level -- even as the two sides have decreased their ambitions by removing chapters on services, investment, public procurement, and other items from the agreements. Even the strongest African economies — most notably Nigeria — are unwilling to throw open their markets to European competition.

Africa's post-independence era might be summarized in three episodes. Socialist experimenting since independence, Washington Consensus between 1991 and 2001, and the period of China's rising influence since 2001. Of course, while the collapse of socialism in 1990 and the rise of the Washington Consensus suggest natural structural breaks, setting the year 2001 as the start for China's rising influence in Africa might be arbitrary, but can be justified when looking at the 1999 start of China's "Going Out" policy, the first FOCAC summit, and China's trade and foreign direct investment data with Africa, when China began to become a visible player.

Figure 17 illustrates three waves of GDP per capita development in Sub-Saharan Africa. The era of socialist experimenting was generally characterized by a decline of GDP per capita (although factors other than economic mismanagement such as the HIV pandemic played a role as well). The Washington Consensus episode shows the typical "valley of tears." The era since 2001 shows fast economic growth.

Figure 17: Waves of Economic Growth in Africa



Source: Constructed from United Nations DESA/Statistics Division (2019).

Of course, China may not be primarily responsible for Africa's enviable economic growth rates, but rather the commodity price boom. But the correlation between China's expanding role in Africa and fast economic growth can be easily mistaken for causation. Similarly, while economic pain in the 1990s and 2000s cannot necessarily be laid at the feet of the Washington Consensus, but rather the inherited burden from the inefficient management of economic systems, correlation between declining incomes and the Washington Consensus is also easily mistaken for causation.

In the collective historical memory of Africa, Europe's presence and interventions have generally carried negative associations. Europe was either an aggressive exploiter during colonial times, a "puppet master" during the cold war, or a blinders-wearing reform lecturer in the 1990s. China's arrival on the African continent, on the other hand, is generally welcomed, at least among African elites. The correlations between Western and Chinese economic interventions on one hand, and trends in African economic growth on the other hand, certainly help to cement these sentiments.

4.2 The evolving politics of European-African Cooperation

During the preceding two decades, a relatively new question for Europe has developed: who is the principal African counterpart for multilateral dialogue? Continental-level European-African dialogue and cooperation in the post-colonial age has traditionally taken place between the E.U. (and the EEC before it) and the African Caribbean and Pacific Group of States (ACP) — an organization representing 79 countries in the Global South that share colonial historical ties with Europe (including all of Africa save the five North African nations). The ACP, formed in 1975 under the Georgetown Agreement, exists primarily to help integrate its member states into the global economy through sustainable development and the eradication of poverty. The ACP is based in Brussels — a fact that contributes to the perception that the E.U. and Africa remain even today principally engaged in a post-colonial donor-recipient relationship. This, despite many years of rhetorical insistence that Europe and Africa are in a partnership of equals.

On a separate track, African countries and their people achieved a significant milestone in 2002 in the creation of an African Union (A.U.), designed to create a continental, pan-African body to facilitate "African solutions to African problems," rather than solutions dictated by Europe or other outsiders. The A.U. is based in Addis Ababa, and now counts as its members all 55 African nations. The launch of the A.U. was the "outcome of a consensus by African leaders that in order to realize Africa's potential, there was a need to refocus attention from the fight for decolonization and ridding the continent of apartheid, which had been the focus on the OAU, towards increased cooperation and integration of African states to drive Africa's growth and economic development." (African Union, 2019b) The A.U.'s governing documents, according to Article 4 of the Constitutive Act, allows the "Union to intervene in a Member State pursuant to a decision of the Assembly in respect of grave circumstances namely: war crimes, genocide and crimes against humanity." (African Union, 2019a) This allows African nations for the first time to intervene in the affairs of another member nation. As such, the A.U.'s raison d'être, mandate, and scope of powers are different in character but also significantly broader than the ACP's. In addition, the A.U. provides an important symbolic forum for African leaders to plan their shared destiny together, as Africans. Hence, a form of competitive tension now exists between the A.U. and ACP in terms of who speaks for Africa in matters of development cooperation with Europe.

After decades of European engagement with Africa via the ACP — mainly through the ACP-EU Cooperation Agreement (now known as the Cotonou Partnership Agreement or CPA), the E.U. has begun to pivot toward the A.U. — for example, with the launch of the Joint Africa-E.U. Strategy (JAES) in 2007, which the E.U. describes as the "overarching long-term framework of cooperation between the European Union and the African Union" (E.U. evaluation report, 2017). Rather than a full-blown treaty like the CPA, the JAES is a more flexible cooperation arrangement that lives through a series of regular summits and work plans (e.g. the most recent joint declaration emanating from the E.U.-Africa Summit in 2017 in Abidjan), which lay out objectives within discrete "priority areas" of partnership.

In 2018, as European and African leaders began discussing the renewal of the CPA (a critical umbrella agreement that expires in February 2020 and governs development cooperation between the E.U. and Sub-Saharan Africa), many African leaders looked to the A.U. as the better partner, which should replace the more heterogeneous ACP in the talks. The A.U. went so far as to adopt the

"African Common Position for Negotiations of a New Agreement of Cooperation with the European Union on the future of the African Union / European Union relations post 2020," under which it recommended that the CPA's successor "be separated from the ACP context and based on a strong and sustainable continent-to-continent partnership that revolves around the A.U. and the E.U." This led to divisions among E.U. countries as well: "Some countries such as France, Belgium, Italy or Portugal wished to maintain cooperation with the ACP group. But others, such as Germany, Sweden, or the Netherlands, called for the ACP framework to end" (Euractiv, Aug. 30, 2018).

The manifest destiny of the European-African relationship is likely the "union-to-union" model; nevertheless, the CPA's successor agreement (now in negotiation since September 2018 and likely throughout 2020) will remain a treaty between the E.U. and the ACP. The JAES, accordingly, will likely continue to play a complementary role — emphasizing security, migration, and other forms of cooperation more than economic development. One prominent European development organization admits that the JAES has "lost some momentum in recent years" (Medinilla and Bossuyt, 2019). However, the negotiations now underway between the E.U. and ACP also incorporate the shifting politics toward a continent-to-continent model — most importantly through the proposal in the E.U. negotiating mandate to replace the CPA with new underlying framework, comprising a single foundational document, as well as three regional protocols (called "partnerships") — (one each for Africa, Carribean, and Pacific).

As the negotiations for the CPA successor began, Koen Doens, Director General of the European Commission's development department, DEVCO, told a panel in Brussels: "There is no choice to be made for Europe between a relation with the ACP or a relation with the African Union . . . It's perfectly possible to continue and develop what we already have, which is a strategic partnership between the EU and the African Union, and at the same time to pursue, to modernize, to change, the relationship we have with the 79 ACP countries. This is all the more important because . . . in these days, multilateralism, multilateral governance, is under pressure" (Devex Oct. 4, 2018).

4.3 "True Partnership" — Rhetoric or Reality?

Another important theme running through the E.U.-Africa development dialogue revolves around a desire for Europe and Africa to evolve from a donor-recipient relationship into a "partnership of equals." This is a broader theme running through development policy in general; the OECD has stated: "in 2015, the international policy community made a marked shift away from framing the world as donors versus recipients, to embrace a shared development agenda" (OECD, 2019).

The CPA (which has the word "partnership" in its very name) establishes "equality of the partners" as a fundamental principle of the agreement in Article 2. The JAES states that its purpose is "to take the Africa-EU relationship to a new, strategic level with a strengthened political partnership and enhanced cooperation at all levels." President Juncker in his 2018 State of the Union Speech said about Africa that "donor-recipient relations are a thing of the past" and "reciprocal commitments are the way forward." European Commission President Ursula von der Leyen has renamed the

Commissioner for International Cooperation and Development the "Commissioner for International Partnerships." Despite this ambition, however, the reality remains that many African countries continue to depend on Europe for assistance, and will do so into the future.

Nevertheless, the E.U. has begun in the last five years to pay much more attention to Africa as an area of geopolitical strategic importance rather than merely a target for development assistance. The atmospherics around European-African cooperation are changing, and it begins with language, as well as more shared and inclusive processes. Germany, for example initiated the G20 Compact with Africa (CwA) during its presidency of the G20 in 2017 (the use of the word "with" is relevant, as also reflected in Germany's "Marshall Plan mit Afrika," launched by its domestic development agency). The CwA was launched in Hamburg at the July 2017 Leaders' Summit, and is co-chaired by Germany and South Africa (the sole African member of the G20). The compact is designed to "promote private investment in Africa, including in infrastructure." The engagement with Africa at the G20 was notable, as Africa was a "hitherto marginalized region in G20 summits" (Chakrabarty, 2019). It also marks a shift in emphasis from development aid to improving the conditions for private investment — which is a sine qua non to fill the massive infrastructure and financing gaps that persist in Africa.

More prominent African actors are also publicly recognizing that African leaders are ultimately responsible for Africa's future, and that the overreliance on Western aid can limit Africa's destiny. Ghanaian President Nana Akufo-Addo famously told French President Emmanuel Macron at a summit meeting in 2017: "We can no longer pursue a policy for our countries and regions that is based on support given by the West, France, or the European Union. This has not worked and it will not work" (Euractiv, Dec. 5, 2017). According to an African national-security scholar: "there cannot be an equal partnership if African actors remain recipients of funds from the E.U." (Ani, 2018). "While EU funding remains extremely important for Africa, the A.U. and its member states will in future have to significantly reduce dependency and strive for self-reliance when it comes to peace and security in Africa" (Id.).

As a core component of sovereignty, security seems to be the first area of focus among African leaders to reduce the dependency on Western aid. Specifically, the A.U. heads of state pledged in 2015 to fund at least 25 percent of the A.U.'s peace and security operations (PSOs) "phased in over five years from January 2016" (African Union Handbook, 2019). There is an understanding that the U.N. will fill the 75-percent gap, once the 25-percent threshold is reached (Africa Report, Mar. 15, 2018). This would be financed by a new 0.2-percent levy on all imports into A.U. nations. In practice, the levy has faced resistance among some A.U. member states and also may have a WTO-compliance problem; the discussion still marks an important new trend.

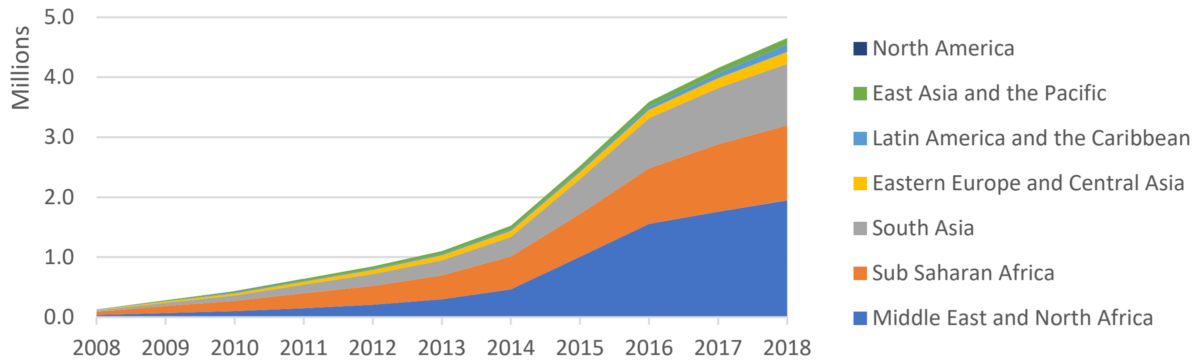
Nevertheless, the dynamics of the E.U.-Africa relationship differ radically from China's approach to Africa, which is based more on a sense of a shared past and shared destiny. Important to the sense of a shared past is that the China of one generation ago was a poor country, but has since lifted 850 million people out of extreme poverty (World Bank, 2019). "In Beijing's view China's historical experience and development model resonate powerfully with African counterparts, and create a comparative advantage vis-a-vis the West. China emerged from colonial encroachment, internal chaos and economic destitution to achieve spectacular economic growth and infrastructure development" (Akpan and Onya, 2018). A European advisor to the E.U. negotiators on the CPA successor agreement admits: "the EU lectures [on corruption and governance], while China doesn't" (Devex, Nov. 1, 2018). Uganda's President Yoweri Museveni has said that Western actors are "full of themselves, ignorant of our conditions, and they make other people's business their business, while the Chinese just deal with you as one who represents your country" (Fidler, 2018). "In contrast to the West's view of Africa that chaos, conflict, corruption, and poor governance characterize its underdevelopment, China propagates that the African continent is rich in culture, religion, social dynamism, and energy" (Akpan and Onya, 2018).

An appraisal of the atmosphere at the most recent Forum on China-Africa Cooperation (FOCAC) in Beijing in 2018 supports these observations: "The grandeur of the treatment for African leaders also shows the importance of the event, including the level of protocol, the diversity of the commitment, and a fully mobilized public relations machine to sing praise for the Sino-African friendship" (Sun, 2018). This is all part of "President Xi's lofty foreign policy agenda [that] requires portraying China as a major power that provides public goods and seeks to rebalance global governance and give greater voice to developing countries" (International Crisis Group, 2018). South African President Cyril Ramaphosa exclaimed after FOCAC 2018 that Africa-China relations had entered "a golden age" (Reuters, Sept. 6, 2018). Notably, Ursula von der Leyen won praise for making her first foreign trip as European Commission President to Ethiopia, where she engaged in a listening tour at the African Union. The symbolic power of this trip could portend more than a rhetorical shift in emphasis in E.U.-A.U. relations.

4.4 The migration challenge for the European Union

Europe is seemingly losing ground as a development-cooperation partner in Africa, while also increasingly grappling with a migration challenge. Unlike the United States and China, Europe absorbs the lion's share of migrants driven out by of all the various conflicts and crises in the Middle East and North Africa, Sub-Saharan Africa, and South Asia. Europe has accordingly a prime interest in contributing to the stabilization of these regions. As Figure 18 shows, around 4.6 million people have sought asylum in the European Union (28 countries) between 2008 and 2018. The majority of these are refugees from the Middle East and North Africa (42%), followed by refugees from Sub-Saharan Africa (27%) and South Asia (22%). This helps explain why the migration challenge, and the spike of new arrivals in 2015 instantly catapulted migration into the top tier of European leaders' policy priorities — with a sharpened focus on Africa in particular.

Figure 18: First Time Asylum Applicants to Europe 28 by Geographic Region of Origin (Cumulative)



Source: Eurostat (2019).

To some extent, the refugee wave that Europe witnesses today resembles the refugee flow during the first globalization wave between 1870 and 1914, when some 60 Million Europeans emigrated from Europe to the Western offshoots of the United States, Canada, Australia, and New Zealand. These Europeans also fled economic despair as a result of conflict associated with the political consolidation process of their respective states. The outflow of citizens had stabilizing effects in Europe: as factory labor became increasingly scarce, workers' political bargaining power improved, and many European countries responded with policies to empower them (Khoudour-Castéras, 2008). It was the time when the European welfare state was born. At the same time, the recipient countries welcomed the refugees as they were often well educated, entrepreneurial, and filled abundant economic opportunities.

In contrast to the migration wave of the first period of globalization, which was mutually beneficial for Europe and its refugees-receiving offshoots, the refugee crisis today has severe adverse political consequences for Europe, as well as for the countries of origin — to some extent. Europe is not as abundant in terms of economic opportunities for the refugees as Europe's offshoots were during the first globalization wave. Moreover, the assimilation and integration process of Europe's migrants and where they settled between 1870 and 1914 was much easier because of cultural and religious similarities, while the refugees coming to Europe today face much greater cultural assimilation and integration challenges.

The migration crisis has led to major political implications in Europe, most notably the rise of anti-government demonstrations and the rise of right-wing populism, which often is borne out of a protest movement. In the case of Europe, the migration wave of 2015 particularly leveraged the rise of a political right-wing movement that already had its origin in the Euro crisis beginning in 2010. Without these challenges, right-wing populism in Europe would surely have a more difficult stand.

Antonio Tajani, President of the European Parliament between 2017 and 2019, wrote in 2018 that "[t]he migration crisis threatens to destroy the E.U." He opined: "The instability, insecurity, terrorism, poverty, famine and climate change besetting large parts of Africa and the Middle East are the root causes of migration, but E.U. governments have come around to this too late, engaging essentially in damage-limitation exercises at our borders," concluding that "failure to deliver a credible European strategy could culminate in the renationalization of migration policy, the closure of national borders and the collapse of the Schengen system."

Since the peak of irregular migration into Europe in 2015, the E.U has rolled out a series of policy initiatives designed to address the migration phenomenon, most notably an agreement with Turkey to slow migration flows into the E.U. (which despite its drawbacks has become a model for subsequent agreements with Morocco, Egypt, and Tunisia), and various funding instruments to help tackle root causes of migration in countries of origin and transit. These new funding instruments (e.g. the Emergency Trust Fund for Africa, the European Fund for Sustainable Development, and others) represent the manifestation of a fundamental paradigm shift within European politics about Africa — Europe now recognizes in a more immediate way that its destiny is tied to Africa's own, and therefore that it must play an active role in promoting Africa's success by projecting know-how, resources, and efforts into Africa, to address the drivers of migration — not only security-related causes but also job creation. And it must leverage ever more actors outside government to help multiply the government commitments. The success of these efforts will be borne out over time, but Europe's ability to be an effective development partner in Africa over the long term will be preconditioned on whether it can also manage migration credibly in the eyes of African leaders and African peoples. For Europe, these two previously disparate fields of development and migration will likely merge more into a single area of public action in the years to come.

5. POLICY RECOMMENDATIONS

5.1 LEARNING FROM PAST MISTAKES

In order for Europe and the United States to capitalize on the opportunities from development cooperation with Africa while reducing the risks, both need to help Africa grow economically and learn from previous mistakes.

The first mistake was promoting free trade through words, but unfair trade in practice. Economic development implies a transition from an agricultural and rural to an industrial and service oriented urban economy. For this transition to be successful, rural development needs to come first. Successful rural development allows for higher incomes, lower fertility rates, higher educational attainment levels, better public health, and ultimately less migration motivated by economic desperation from rural into urban areas. While Africa's low agricultural development level may have many reasons that include climate change, conflicts, and governance deficiencies, denied access to the markets of developing countries is another important factor. This access, however, has always been an empty promise to African countries. The developing world was told since the 1990s that if they want to gain access to international agricultural markets, they would first need to learn to play by the existing rules, especially respect for intellectual property rights. Yet, while Africa and many other developing countries cracked down on bootleggers and producers of counterfeit products, no progress has ever been made in opening agricultural markets for Africa. In order to become a credible development cooperation partner for Africa, opening Europe's markets to African agricultural products would be an important growth and socioeconomic development stimulus for Africa. Of course, such a stimulus should ideally have all industrialized nations on board that protect their agriculture (Akyüz et al, 2006).

The second mistake was preaching market liberalism and democracy differently to Africa and Central and Eastern Europe, both of which were in a similar transformation phase after 1990. Europe made great efforts to support the transformation process in Central and Eastern Europe with aid and incentives for Central and Eastern Europe to join the European Union in the long run. Africa, at the same time, saw aid flows reduced and did not receive similar incentives. The incentives for becoming fully integrated into the European Union also spilled over to European companies who prioritized consequently investments in Central and Eastern Europe, rather than Africa. Consequently, during the 1990s, Africa could reasonably doubt whether the West was actively supporting its socioeconomic development.

5.2 Not Bilateralism, but Multilateralism in Development Cooperation with Africa

There are three main players now in Africa: The European Union, the United States, and China. While the European Union and the United States would like to see Africa become more rules-based, China is presenting Africa with the power of discretionary policy. Development cooperation strategies with Africa have therefore become subject to development cooperation competition. Two questions emerge from this scenario: (1) Is Africa best served if it deals with major players that compete for winning over Africa's hearts and minds? (2) Are the European Union and the United States best served if they compete with China?

As for the first question, the fact that China has become such a popular development cooperation partner is both an opportunity and a risk for Africa. Africa may be tempted to play out one possible cooperation partner against the other, thereby possibly losing one of the partners. Surely, Africa would be best served from a development cooperation round table in which the European Union, the United States, and China were not competitors but partners. While there are already plenty of European-Africa, United States-Africa, and China-Africa partnerships, what Africa would serve best were a single European Union-United States-China-Africa partnership.

Development cooperation should also be in the best interest of the European Union, the United States and China. Given the diversity of vested interests in development cooperation with Africa, multilateral approaches are more promising than attempts to outbid competitors. Despite all the differences between the European Union, the United States, and China, there are also many common interests such as peace, stability, and prosperity in Africa, for which a common economic development cooperation strategy is more promising than a spaghetti bowl of bilateral cooperation agreements.

5.3 More open, creative and frequent engagement Needed

China has managed to create partnerships with African nations in more than name, as China's Belt and Road Initiative (BRI) can be fairly viewed as an "unprecedented plan to expand its geopolitical reach" (Chatzky, 2019). American and European development goals in Africa must be similarly accompanied by engagement and dialogue that looks and feels like the "true partnership" that reflects the West's promises. The Germany-initiated Compact with Africa (CwA), for example, has won praise from the IMF's director of Africa Department, Abebe Aemro Selassie, as a "partnership that puts African countries in the driver's seat," as it encourages participant countries to design their own reform programs, among other things.

Efforts to tackle the root causes of migration, for example, should be programmed to also meet the test for official development assistance, namely by "promoting the welfare and economic development of the recipient" (OECD 2019b). This can be done by focusing on creating employment and sustainable economic development within African countries of origin and transit, and enhancing security environments. Given China's trajectory of immense FDI, Europe could look to China more as a cooperating partner on employment creation in Africa in particular. According to a recent study of Germany Trade and Invest, half of the German firms operating in Africa and cooperating with Chinese firms are acting as suppliers to large Chinese projects (GTAI, 2018). Europe and the U.S. should explore how these links could be built upon.

Western leaders must also physically show up more in Africa, and at African-related events. If Western engagement with Africa is more urgent than ever before, then Western (and particularly American) leaders must demonstrate their commitment first by physically showing up. Actions speak louder than words; counterparts are ultimately political actors who reasonably interpret personal involvement as a signal of engagement and commitment. Angela Merkel has made Africa a priority. After making no trips to Africa between 2012 and 2015, Merkel has taken regular trips to the region since 2016 (e.g. in 2018 to Senegal, Ghana, and Nigeria, and May 2019 in the G5 Sahel region). Showing up is a critical gesture with a strategic purpose. Africa is a big continent; all Western leaders should follow suit and do so in all African regions.

5.4 Capitalize on soft-power advantages

Europe and the U.S. have inherent advantages over China when it comes to transparency and fair play. China has become the world's largest creditor, easily passing the IMF and World Bank. As of 2017, third countries' debt to China stands at more than $5 trillion, and half of China's debt to developing nations remains undisclosed, since it is not signed on to the OECD rules that require publishing loan portfolios. Given that sub-Saharan countries are particularly vulnerable to socioeconomic and financial sustainability, and often have large debt-to-GDP ratios, their creditors should lend transparently so that the international community can have confidence in development cooperation, including its attendant consequences of debt settlements that can undermine local sovereignty (for example the famous Hambantota Port case in Sri Lanka).

In addition, in 2018 it was discovered China stole confidential data daily from the A.U. headquarters' IT network during the period 2012-2017. (Fidler, 2018) This revelation gives the E.U. and the U.S. ample opportunity to remind their African partners that they have a more values-centered approach to international cooperation and do not employ, for example, cyberattacks with development partners.

5.5 Seek Common integrated approaches to development assistance

In light of China's kitchen-sink strategy to African development cooperation, the West should accelerate its push toward broader and more integrated development assistance, involving more actors (multilateral, national and sub-national, and private sector). The traditional model of official government assistance as direct government assistance (whether government-to-government or through NGO intermediaries) must be expanded to encourage more private investment of Western actors who want to enter African markets and help produce economic opportunities there. The private sector is eager to seize the opportunity that Africa presents, but will act in their rational self-interest, and only governmental actors can create the conditions to give the private sector the incentive to participate. Europe's External Investment Plan and the United States' Prosper Africa represent a recognition of a paradigm shift, but the West can afford to do more.

In addition, if the West wishes to lead the charge to meet the Sustainable Development Goals (SDGs), then the circumstances demand it. Ultimately, the European Development Fund (EDF) resources (whether independent or collapsed into a proposed "Neighborhood Development and International Cooperation Instrument") and similar American resources (for example from USAID and the MCC) will need to unlock massive private investment in order to meet the needs suggested by the SDGs. In 2015, when the SDGs were agreed to, the U.N. estimated a $2.5 trillion investment gap that would need to be filled annually to meet the SDGs (UNCTAD 2015). The European Commission reports that the investment gap for Africa alone is in the range of $200 billion to $1.2 trillion per year (E.C. Report, quoting the SDG Center for Africa 2017). "Although ODA [Official Development Assistance] remains critical to these countries, it is not going to be sufficient for the next development 'leap'" (Gavas, 2019).

The West should also more clearly establish and enforce conditions of assistance, and in particular with respect to upholding democratic values and human rights. Europe can also align its commitments with the African desire for more self-determination by tying its financial contributions to Africa's own (e.g. dollar for dollar or through some proportionate funding scheme). The West can also lead by holding up African leaders when they themselves lead on issues of human rights and governance (for example when the A.U. Peace and Security Council suspended Sudan's A.U.

participation in A.U. activities for three months in 2019 after a deadly protest). China, on the other hand, has protected Sudan from sanctions at the U.N.

5.6 Encourage regional and continental self-led African integration

A new African Continental Free Trade Agreement (AfCFTA) represents an opportunity to create a single African market for goods and services, as well as the free movement of people and capital. The AfCFTA came into effect on May 30, 2019 as 22 nations ratified it (half of the 44 nations that agreed to it in 2018). The operational phase was launched on July 7, 2019. Once implemented in July 2020, the agreement will create a free-trade zone among 54 of 55 A.U. countries (Eritrea has not joined), with a combined GDP of $3.4 trillion. It remains an open question whether the AfCFTA progresses past merely symbolism; it depends on two more phases of negotiations (Signe and van der Ven, 2019). Nonetheless, the A.U. will need significant support from the West to succeed in this ambitious project.

The agreement, for example, calls for the elimination of 90 percent of tariffs within 5 years (10 years for less developed countries), and for intra-African trade to account for 25 percent of all African trade. The E.U. has already pledged its full support for AfCFTA and called for a continent-to-continent trade agreement. The U.S. has expressed similar support. This represents a significant opportunity for the E.U. and U.S. to help bolster the multilateral trading system, while also supporting self-led African solutions.

5.7 U.S. guardian of multilateralism

China is the new rising hegemon; the United States and Europe, however — even with the historical baggage — are stronger multilateral actors. NATO is still by far the world's largest and most powerful military alliance; China on the other hand lacks military allies aside from North Korea. The E.U. under von der Leyen seeks to be the "guardian of multilateralism" and can continue to lead the formation of global coalitions. On trade, for example, the E.U. is now in the vanguard of concluding high-standard free-trade agreements that contain chapters on sustainable development.

However, without the United States, the big things cannot be accomplished or even seriously attempted. Under President Donald Trump, the United States has retreated from multilateralism by withdrawing from numerous international agreements (e.g. the Paris Accord, the JCPOA, and the Trans-Pacific Partnership), which has damaged American credibility and standing on the world stage. To return to its role as leader and shaper of the rules-based international order, with the most opportunity to project transformative power and influence, the U.S. must return to multilateral engagement in general, and in its engagement with Africa in particular.

5.8 Europe needs a China strategy

For all Europe's strength when it comes to multilateralism, it lacks the conceptual approach to China that the United States has. The European Commission in March 2019 named China "a system rival promoting alternative models of governance" in a strategy document; meanwhile Italy has become the first G7 country to endorse the BRI in April 2019 and signed 29 agreements with China, including giving the rights for a Chinese construction company to develop its ports at Genoa and Trieste.

For all the criticisms that could be leveled at the United States, it is fair to say that it has a strategy on China — particularly in the dimension of national security. The U.S. has begun a process of unwinding itself from China economically and militarily, in order to preserve its economic and military advantages in the future. As China views Europe as part of its BRI playing field, Europe must coalesce around a more principled China strategy so that it is not relegated to a junior partner in African development, and in great-power competition in general.

6. Summary and Outlook

Africa is poised to increasingly shape the political and economic fate of the world. It is home to tremendous economic opportunities. It has the fastest growing – and soon the world's largest – regional labor force. The continent is rich in natural resources. Yet, Africa is also home to immense political risks with many unresolved protracted conflicts, the face of which is the current migration challenge.

A necessary, though not sufficient, condition for Africa to prosper is the creation of an equitable socioeconomic development path. This path must be paved with productive, as opposed to extractive, equal economic opportunities. This will require massive investments in good governance, education, public health, social safety nets, macroeconomic stability, and an equal opportunity competitive economic order. Without external help and sound development cooperation, Africa will struggle to overcome these development challenges.

Successful development cooperation is thus essential, including among the external actors themselves. China is now quickly trying to fill a development void in Africa that neither the West, nor Africa itself, has thus far been able to fill. Even after centuries of Western colonialism and paternalism, China's nascent influence -- and its model writ large -- are on a fast track to predominate in Africa. Despite Africa's relatively small economies, and the continent's unique security risks, China views Africa as a key element of its geopolitical strategy and is on track to create a footprint in Africa larger than the West's. The Chinese model, with its core focus on infrastructure development and resource extraction, and a laissez-faire approach to local governance, stands in stark contrast to the West's arguably unsuccessful model of attempting to reshape African economies and markets in the image of the West (best exemplified by the Washington Consensus). Consequently, China has seemingly become many African leaders' preferred development partner.

Meanwhile, Africa's development needs remain so vast that there is ample room for cooperation among the West and China. African leaders are eager to build their own autonomy and capacity but will remain dependent on outside actors for the medium and perhaps long term. With many Western-led multilateral institutions weakened and even in decline the West must use this turning point to reinvent a viable "Western" approach to development cooperation in Africa – one that African leaders themselves view as an opportunity to partner with the West on a new footing. This approach may borrow elements of the Chinese model, but ultimately should not imitate, but rather reinforce the West's "soft power," flowing from its traditions of individual empowerment, rule of law, gender equality, sustainability, and democratic values. Ultimately, Africa is likely to reach its vast potential only if the West and China can act in complementary roles, rather than as competitors or rivals.

Establishing regular joint Africa-E.U.-U.S.-China development cooperation summits would be a first step towards cooperative strategy. The status quo of competitive vs. cooperative development cooperation efforts carries the risk that competition for winning over the hearts and minds of African citizens and their governments resembles a zero, if not, a negative sum game. Because of the divergent development cooperation strategies pursued by the West and China, success by one player can be seen as tantamount to a loss by the other. To the extent feasible, the principal players should seek to establish a forum for multilateral development cooperation in Africa.

Development cooperation goals and priorities often diverge from those of the citizens and donors. While the West may prioritize institutions and China investments in physical capital, African citizens are primarily in need of investments in non-tangible economic capabilities such as health, education, and access to finance. Thus, in addition to strengthening horizontal development cooperation with Africa, development cooperation must not lose sight of the need for vertical development cooperation within Africa by strengthening and collaborating with civil society.

As this report has shown, data on development cooperation is often difficult to obtain and when available may be incomplete and difficult to compare across programs and settings. There is also a proliferation of development cooperation programs: E.U.-level programs such as the European Development Fund, programs managed by E.U. member states, multilateral programs such as the G20 Compact with Africa, grant programs like the Millennium Challenge Corporation, trade-preference schemes such as AGOA and the EPAs under the Cotonou Agreement, new initiatives such as Prosper Africa, and meanwhile very little forensic information on Chinese specific programs increases the likelihood of duplication, inefficiency, and knowledge gaps. A unified platform for specific development cooperation initiatives with information on funding objectives would therefore provide a great benefit to effective development cooperation programming.

Of course, the widely diverging interests and objectives in development cooperation may not be easily reconciled. Yet, trying to reconcile them and reaching at least some minimum consensuses is still more promising than the status quo, which carries the danger of driving wedges between the various players.

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Imprint

Published by:
Konrad-Adenauer-Stiftung USA
2005 Massachusetts Avenue, NW
Washington, D.C. 20036
U.S.A.
Tel.: +1(202) 464-5840
www.kas.de/usa

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