

Winning Hearts and Minds or Stoking Resentment? Exploring the Effects of Chinese Foreign Aid on Africans' Perceptions of China

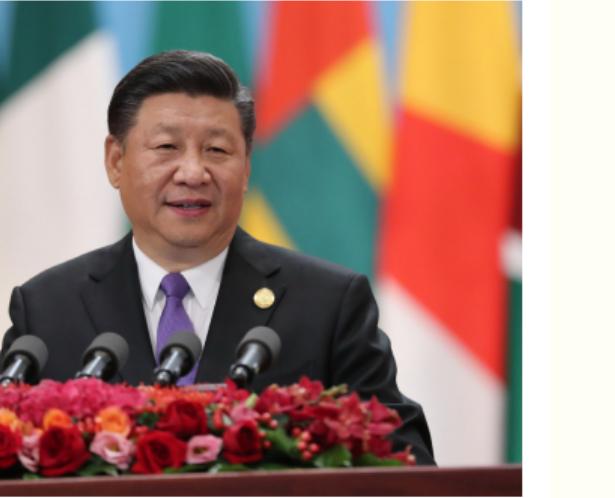
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Motivation

- Since “Going Out” Policy launched in 1999, China’s foreign economic footprint has grown exponentially, especially in Africa

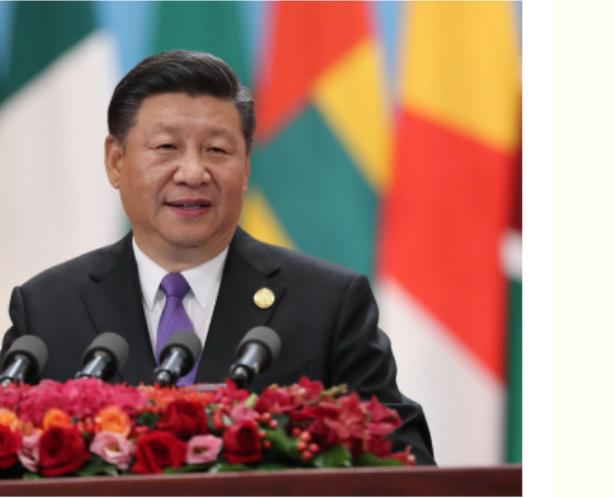


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In its 2017 National Security White Paper, the United States identifies Africa’s strategic importance and frames the US role in the region as offering an economic alternative to “China’s often extractive economic footprint on the continent.” To match word with deed, the US signed into law the *Better Utilization of Investments Leading to Development* (BUILD) Act of 2018, which transformed the Overseas Private Investment Corporation (OPIC) into the US International Development and Finance Corporation. At \$60 billion, the new body has double the budget of OPIC. More importantly, it can take an equity stake in its investments, unlike OPIC.

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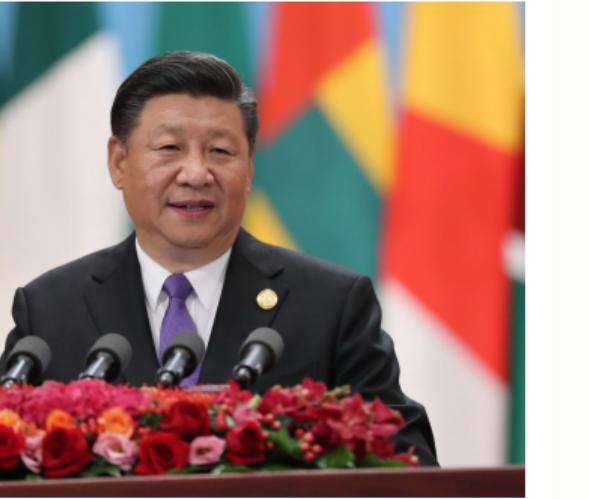


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- At 2018 Forum on China-Africa Cooperation, Xi Jinping pledged another \$60 billion in financing
- Policymakers and politicians often cite as evidence that China’s influence is increasing and motivate policy based on this.



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- What do we mean by influence?
 - Hard power (Dreher, Fuchs, Hodler, et al., 2016; Flores-Macías and Kreps, 2013; Fuchs, Dreher, and Nunnenkamp, 2014; Kastner, 2016)
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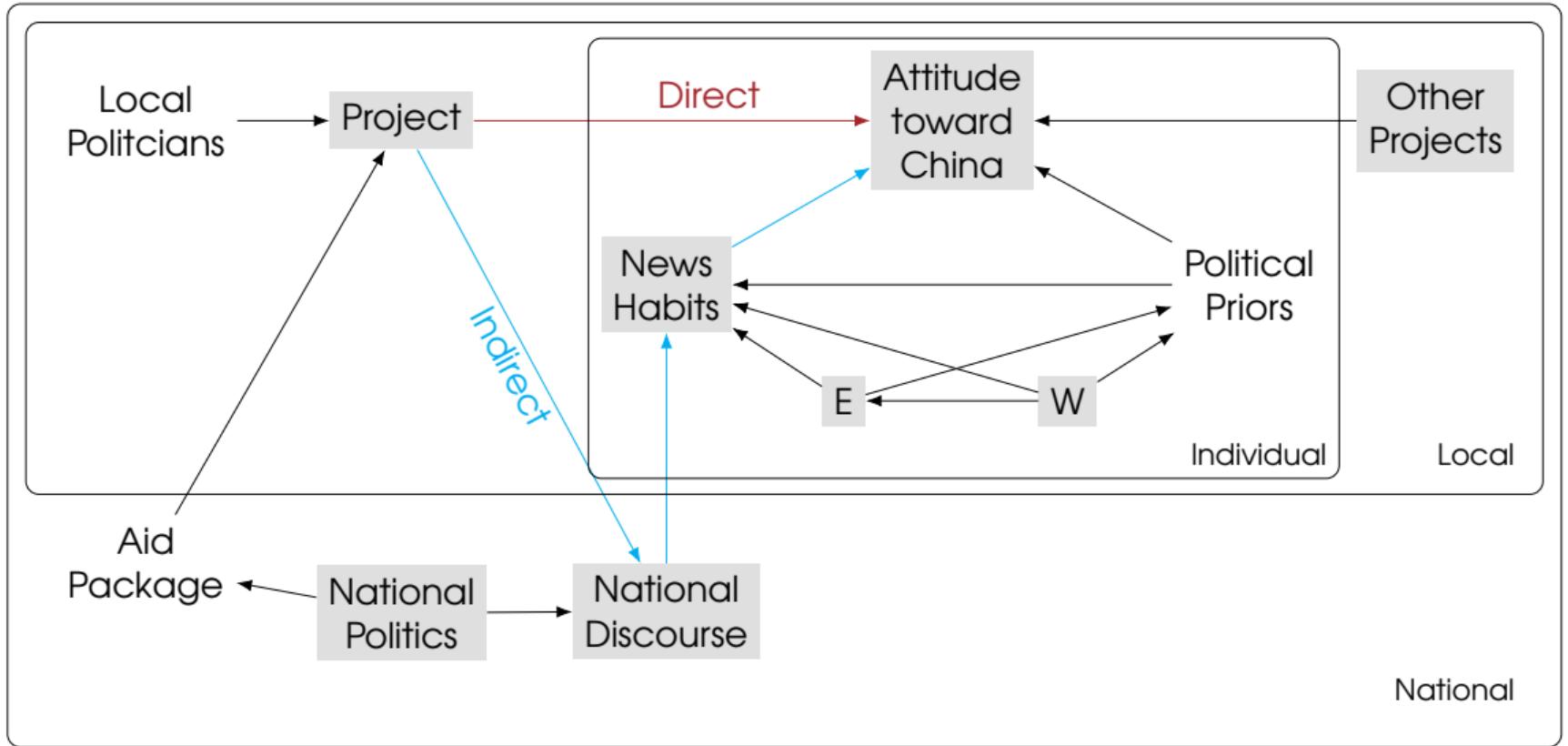
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- The paper aims to test both within the African context.

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Aid Exposure and Attitudes



Expectations

- Chinese ODA-like projects linked to corruption (Brazys, Elkink, and Kelly, 2017; Dreher, Fuchs, Hodler, et al., 2016; Isaksson and Kotsadam, 2018)

Ugandans show no preference between donors (Findley et al., 2017)

Chinese aid does not alter perceptions of state legitimacy (Blair and Roessler, 2018)

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Expectation: *individuals exposed to ODA-like projects should view China more positively but that the geographic range of this effect should be much smaller.*

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Expectation: *exposure to OOF-like projects should improve citizens' perceptions of China's role in their country.*

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Expectation: *exposure to commercial projects that are associated with large in-flows of Chinese workers will lead to more negative attitudes toward China.*

Data and Methods

- Matched Afrobarometer Respondents (2014-15) to project data from AidData's Geocoded Global Chinese Official Finance data set (Bluhm et al., 2018)

- 1521 projects
- 35,625 respondents
- 32 countries

[▶ Project Info](#) [▶ Map](#)

- DV Questions:

- Now let's talk about the role that China plays in our country. In general, do you think that China's economic and political influence on (ENTER COUNTRY) is most positive, or mostly negative, or haven't you heard enough to say?
- Now let's talk about the role that China plays in our country. In your opinion, does China's economic development assistance to (ENTER COUNTRY) do a good job or a bad job of meeting the country's needs, or haven't you heard enough to say?

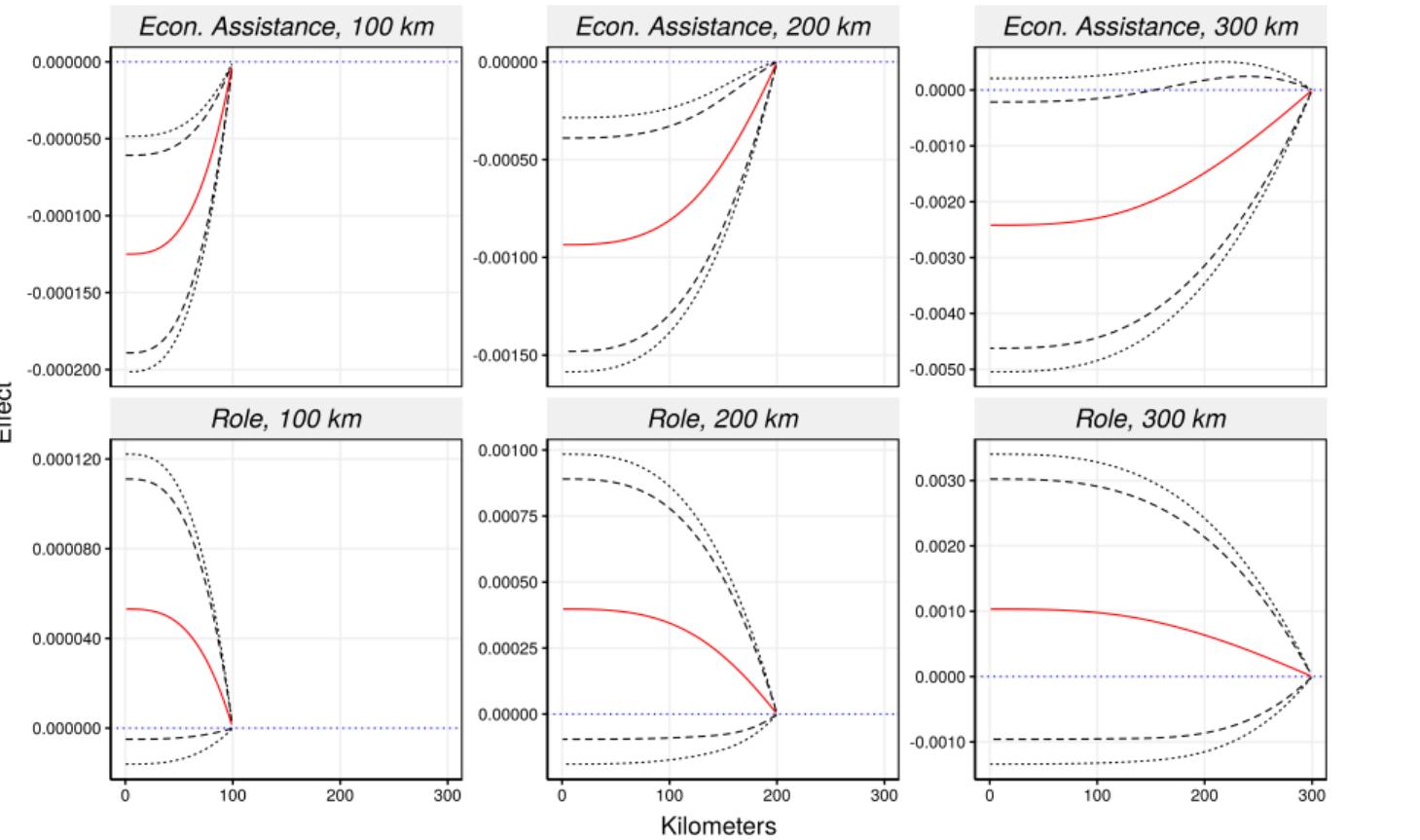
Data and Methods

- Spatial Model (Imai et al., 2018):

$$Y_i = \alpha^* + \sum_{j=1}^J X_j f_i(D_{ij}) + \sum_{j=1}^J (1 - X_j) g_i(D_{ij}) + \epsilon_i \quad (1)$$

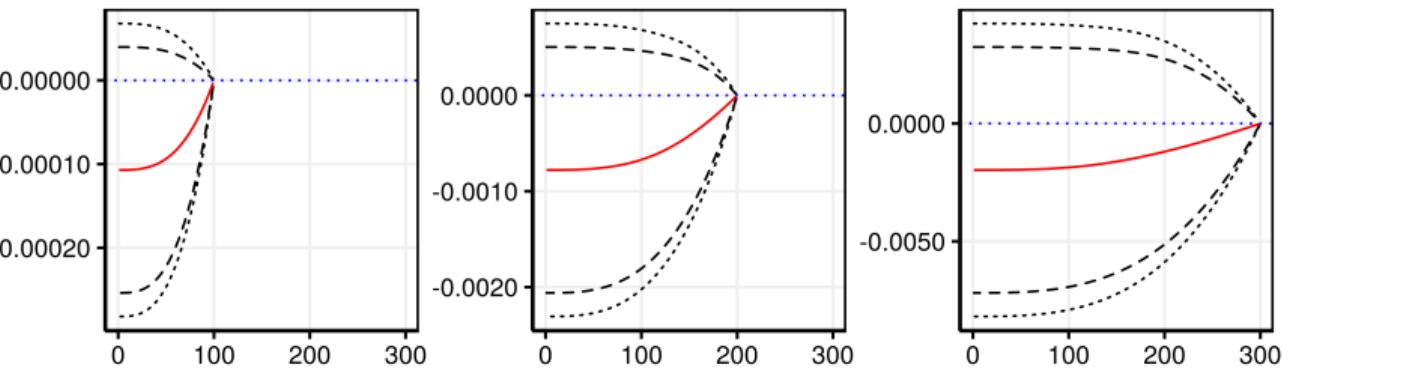
- IV: D_{ij} is distance from individual i to project j , f and g are random smooth functions
- Two treatment types:
 - $X_j = 1$ for already initiated projects
 - $X_j = 0$ for pipeline projects
- Identifying assumption: timing of when projects start is random / conditionally independent of attitudes ▶ DAG ▶ Timing ▶ Map
- Year and country fixed effects

Results – All Projects

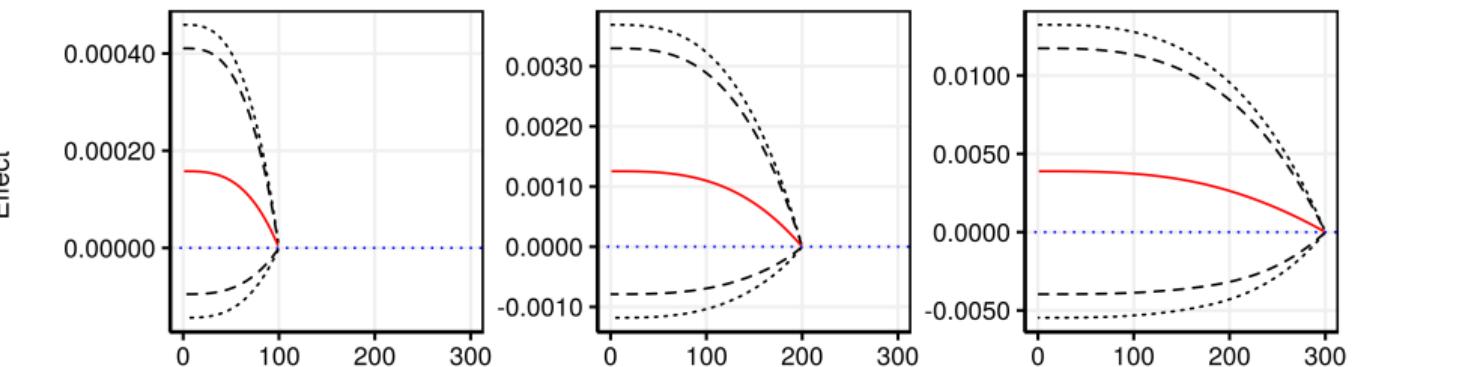


Results – Economic Aid Efficacy by Flow Type

ODA-like

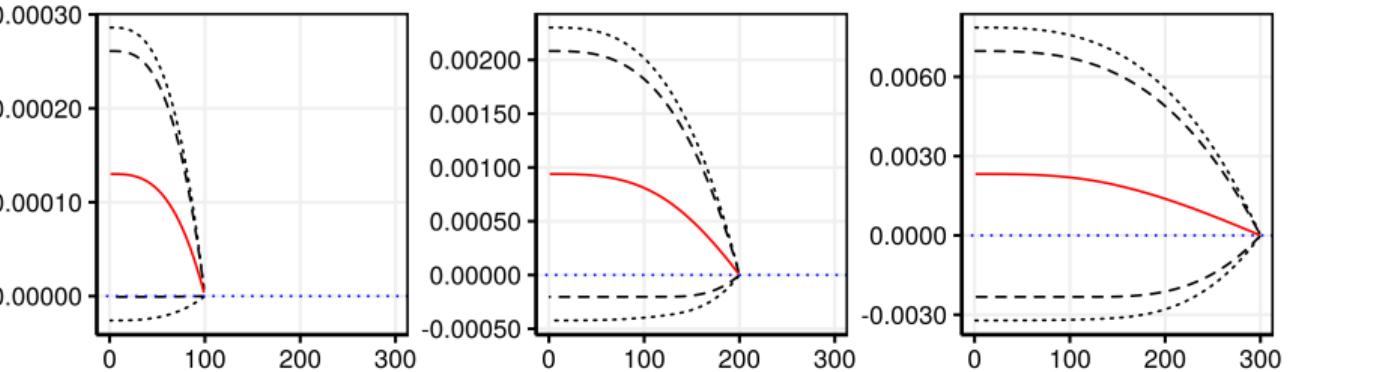


OOF-like

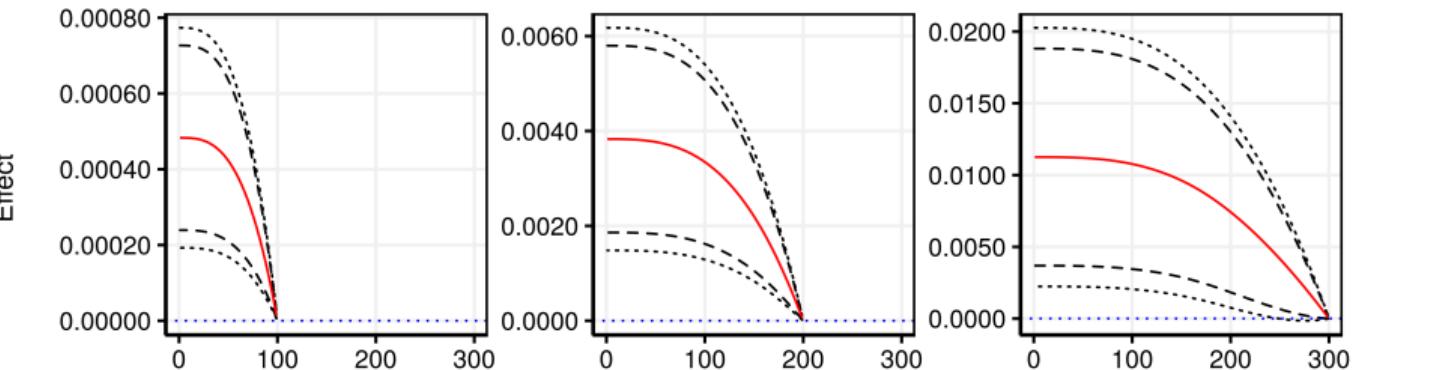


Results – China's Role by Flow Type

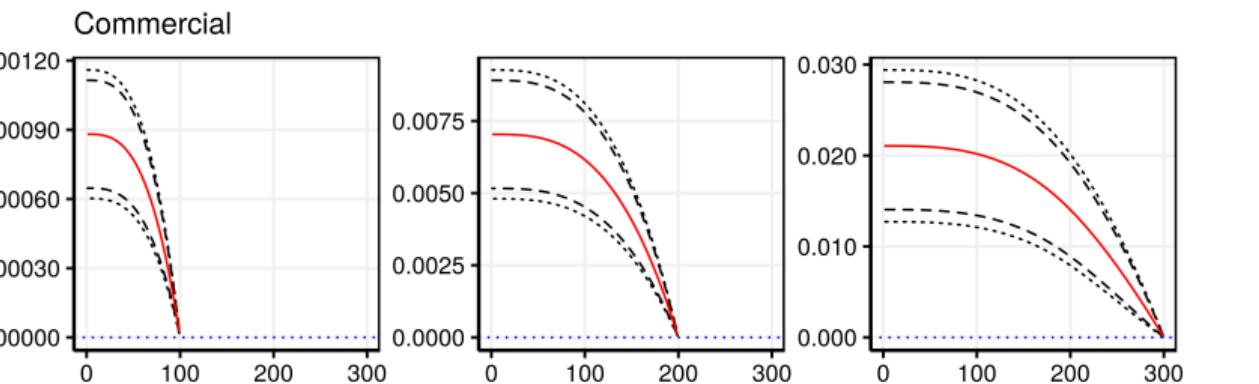
ODA-like



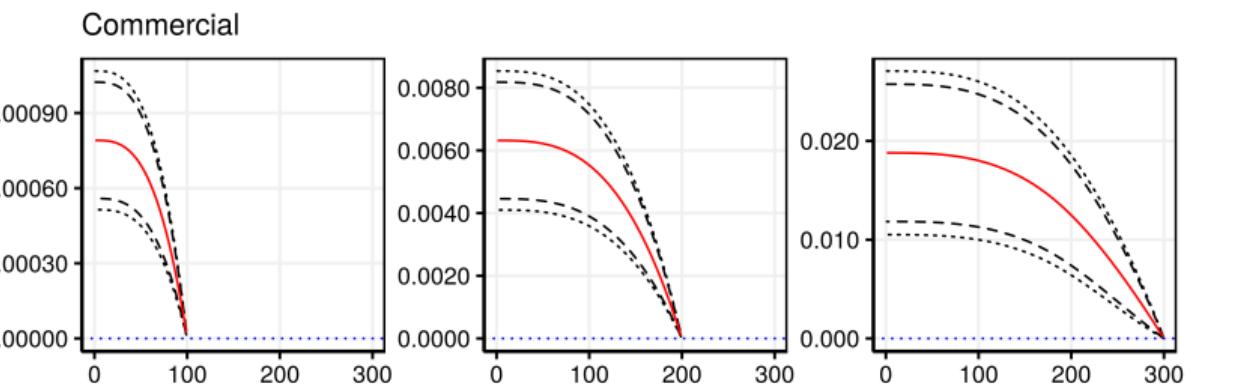
OOF-like



Results – Effect of Commercial Projects



Top panel is impact on attitudes towards China's role in the country
Bottom panel is impact on beliefs about efficacy of China's aid



Conclusion

- Exposure to more traditionally-financed projects (OOF) improves attitudes about China's overall role in country
- No evidence that ODA-like projects impact attitudes at all
- If inflows of Han laborers do negatively reflect on China, the effects are overwhelmed by positive development impacts
- Chinese foreign financing does *not* directly translate into soft power

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Appendix

Project Data Breakdown

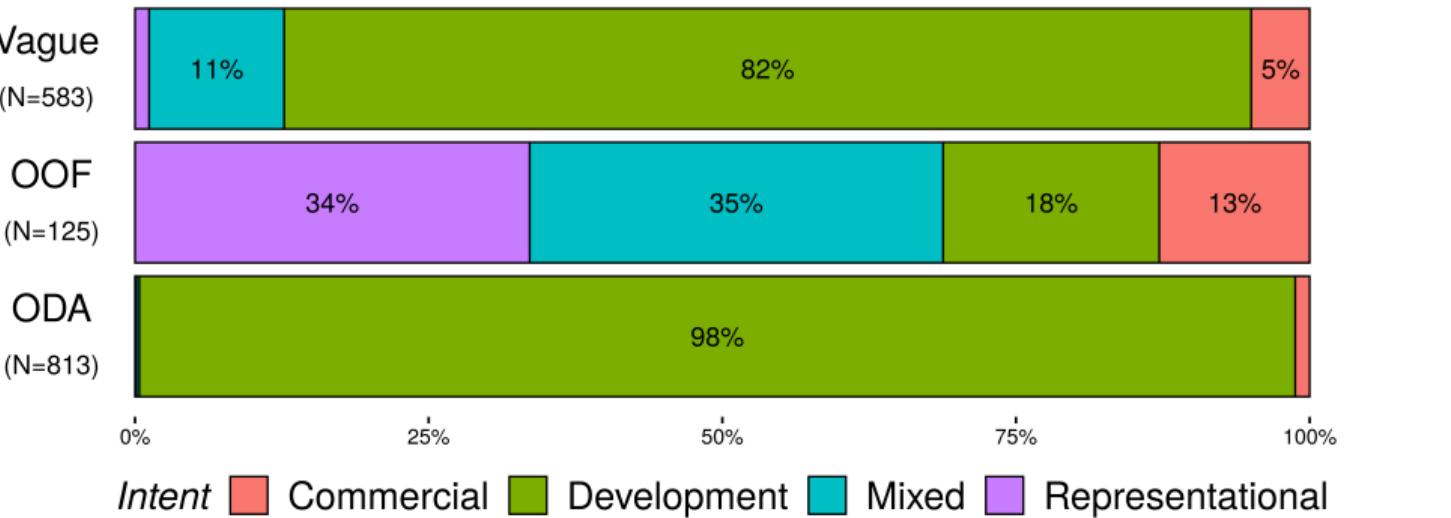


Figure: Flow Class by Donor Intent. ODA-like and Vague projects are primarily intended for development purposes. OOF projects, however, are more evenly distributed across each intent category. Note: percent labels are cut off at $\leq 5\%$.

Treatment Timing

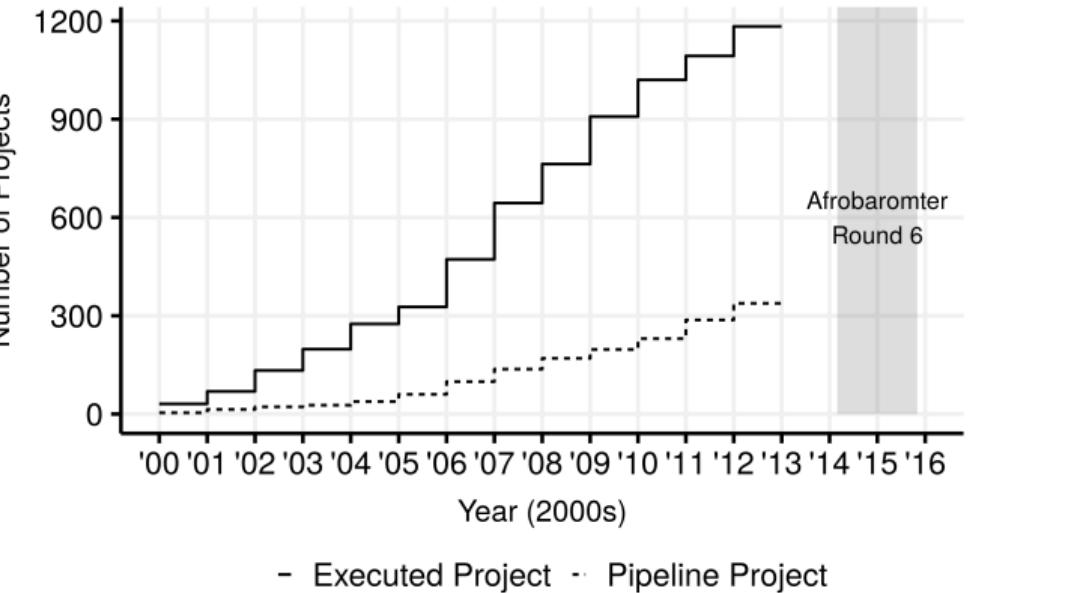
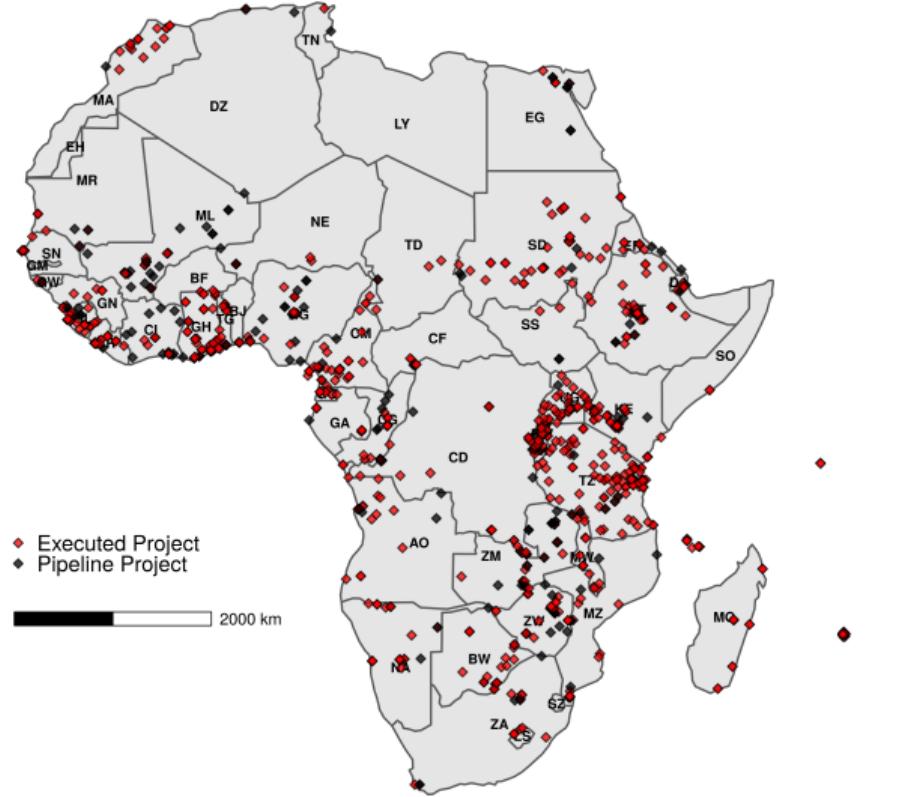


Figure: Timing of Executed versus Pipeline Projects. The number of executed and pipeline projects coming online each year. I leverage the counterfactual difference in 'exposure' to these two categories. All project data precedes the survey wave. [Back](#)

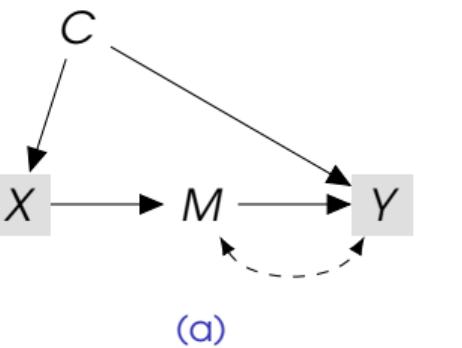
Treatment Map

Map of Executed versus Pipeline Projects. Red and black diamonds indicate the locations of executed and pipeline projects, respectively.

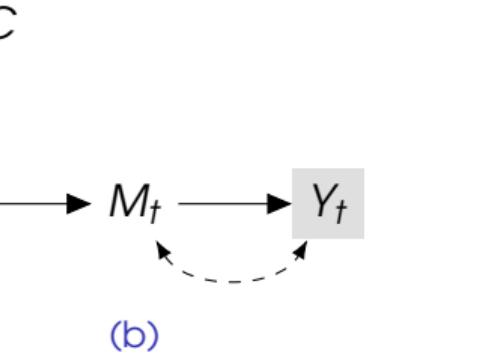
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Identification



(a)



(b)

Figure: Directed Acyclic Graph of Identification Strategy. X denotes exposure, Y attitudes, C an unobserved set of 'demand-side' variables that determines project placement, and M an unobserved mechanism through which exposure influences attitudes. (a) C influences where and, ultimately, whom will be exposed X and it also influences Y , confounding estimates. (b) Switching to a subset of the respondents that haven already been or will eventually be treated, blocks the backdoor path between X and Y by indirectly adjusting for C .