TRANSCRIPT

Beyond Western-Controlled Development Investment

Rohan Hazell:

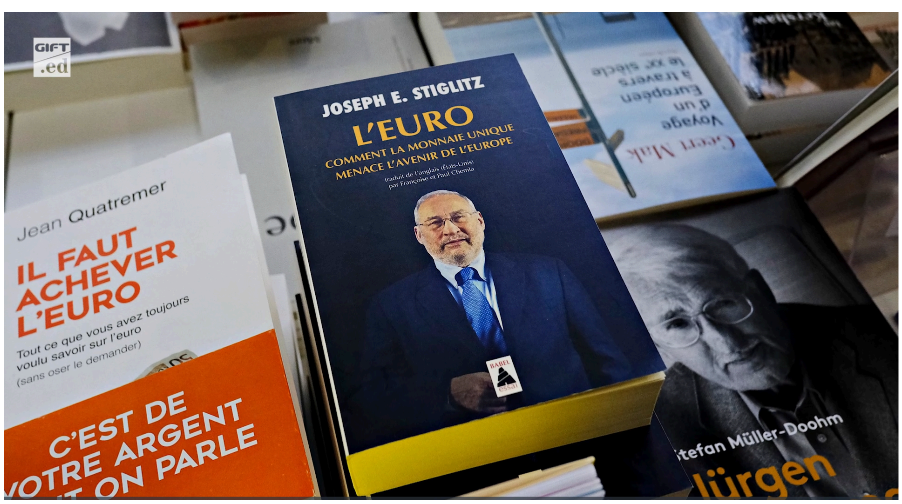
For much of the developing world, foreign direct investment, or FDI, from capital rich Western nations was the bedrock of development. But it often came at the cost. Resource exploitation, limited technology transfer and skewed trade agreements.

But what happens to the nature of FDI, in a world where emerging powers are increasingly able to negotiate on a level playing field?

Walking us through this is Professor Kishore Mahbubani, former President of the United Nations Security Council and Distinguished Fellow at the Asian Research Institute.

Professor Kishore Mahbubani:

One lesson I learned as ambassador to the UN for 10 years is that my best friends in the United Nations were the ambassadors of Africa, because I found the Africans to be very straightforward, very direct, very open and very honest. And so I found it such a tragedy that in private, many of the Europeans still treated the Africans with a great deal of condescension. Even after Africa was decolonised, the African states were effectively bullied by the West. And this has been documented by many great scholars.



I will give you an example. Joseph Stiglitz, the Nobel Prize winner in economics, wrote in one of his books, how when a very poor country called Ethiopia paid off early a high interest loan to American banks, because they used that loan to buy aeroplanes, they made money, they paid back the loan early. And because they paid back the loan early and the American banks lost money, the American banks called the United States Treasury. The United States Treasury called the World Bank, and World Bank loans were pulled from Ethiopia. So Ethiopia was punished for paying off a loan early to American banks. And this is an example of how the African states were bullied by the West. And that, I think, is very unwise.

And so that's the fundamental reason why many African states welcome the investment from China. And by the way, not just from China, but from other Asian countries - from China, India, Japan - because they believe that when the Asians come and invest in Africa also, then the Africans have a choice, they have alternatives. And so if the World Bank today pulls a loan from Ethiopia, what's going to happen is that Ethiopia can go either to the Asian Infrastructure Investment Bank or they can go to the New Development Bank that was set up by the BRICS countries. So there are other alternatives that are provided to the Africans.

BRICS

An informal group of states comprising the Federative Republic of Brazil, the Russian Federation, the Republic of India, the People's Republic of China and the Republic of South Africa

So I think the return of Asia and the resurgence of Asia is a positive development for the African countries. And by the way, when the Asians invest in Africa and do more economic deals with Africa, they are actually doing Europe a big favour. Because if the African states do not develop, And if we do not create jobs in Africa, then what's going to happen is that Africa will export Africans to Europe.

You look at the demographic imbalance that is happening, in the year 1950, Europe's population was twice that of Africa's. Today, Africa's population is more than double that of Europe. More than double. By 2100, Africa's population will be ten times the size of Europe. Ten times. So it is in Europe's interest to try and create as many jobs as possible in Africa. So Europe should be welcoming Chinese investment in Africa.

Unfortunately, because some European states have become politically so supplicant to the United States and because the United States is engaged in a geopolitical contest with China, because the United States is opposing Chinese investment in Africa, the European states are also opposing Chinese investment in Africa. And I think by opposing Chinese investment in Africa, they are shooting themselves in the foot. They are actually undermining their own interests. They should actually be sending China a thank-you note for investing in Africa. And the Europeans don't understand where their own long term interests lie when they campaign against or resist Chinese investment in Africa.

How are African leaders responding to Western attitudes to investment?

I would say from the point of view of the African countries, they would be happy if they had been given the choice. So I think it's good for the West to offer its aid, investment to Africa, and so good for China to offer aid and investment to Africa. But recently, I heard a podcast with an American guy called Kaiser Kuo. And on his podcast, one of his guests said he just spoke to a Kenyan minister who says every time the West comes and provides aid, it lectures the Africans.

And so this Kenyan minister said, does the United States lecture Saudi Arabia on LGBT rights in the same way that he lectures the Kenyans? And I think it's very unwise for the United States and for the West to lecture the Africans. I think we must treat the Africans with more respect, and we must let them decide what kind of society they want to have.

And I believe that just as we in Southeast Asia have worked out our own ways of developing our own societies, the United States should be more democratic and allow the African states and the Asian states and the Latin American states to choose their own futures. Because the days when the United States or Europe could decide for the rest of the world are over. And that's a fundamental psychological step that the United States and Europe need to take.

And that's why this course on the post-Western world is so timely. Because we need to educate the West on how to deal with the world. The remaining 88%, because the remaining 88% today know what is good for them, and they can make their own decisions, and it's better to have cooperation within the West and the rest on the basis of equality and respect.

Rohan Hazell:

The impact of foreign investment is complex and more countries are recognising that any deal with the West and emerging powers like China must be carefully scrutinised to avoid exploitation of workers and environmental damage.

In light of this, countries are now exercising greater autonomy in deciding which foreign investments and partnerships are worth prioritising.