

A new look at aid's “great game”

by Cameron Hill

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Bamboo scaffolding at a construction site
Photo Credit: [Unsplash/Thomas Kinto](#)



There have been libraries of academic books published over the last decade examining the various political, economic and military dimensions of competition between China and the West. By contrast, there have been comparatively few that provide an in-depth examination of how this competition has played out in the domain of aid and international development and, more specifically, development finance. So, a new book, *China, the West and the global development finance regime: competitive convergence*, written by Drake University's Professor of Political Science David Skidmore, is a welcome addition to a small but important body of literature.

Skidmore's central argument is that China's emergence as a competing (and leading) source of various forms of development finance in low- and middle-income countries has been, to date, largely characterised by a process of accommodation and adaptation *within* the established, Western-led “liberal international order” (LIO) rather than one of fundamental challenge and change to that order. He states, “growing competition [between China and the West] has not led to divergence but to convergence as the gap between the norms, institutions, policies, and development models between the two sides has narrowed rather than expanded over the last two decades”. The result has been the continuation rather than the collapse of the postwar LIO-based development finance regime, albeit in a more plural form that more closely resembles its postwar state-oriented variant (“embedded liberalism”) than the more market-oriented incarnation that dominated in the 1980s and 1990s (“neoliberalism”).

The book explores three arenas of competition to demonstrate this process of convergence: the evolution of China's bilateral development cooperation and the

West's response; China's influence on domestic social order (state-market relations) arrangements in the recipients of its development finance; and the emergence of the China-led multilateral development banks (MDBs).

In terms of the first arena (Chapter 2), Skidmore traces a process of “two-way socialisation” through which, over time, the West has emulated some of the key aspects of China's approach to bilateral aid — namely, a bigger emphasis on infrastructure, economic growth and state-led development. Beijing has, in turn, adopted some of the practices traditionally associated with its Western competitors — including increasing its alignment with the Sustainable Development Goals, promulgating social and environmental safeguards, and pursuing various forms of multilateral development cooperation.

In terms of influencing social order arrangements in recipient countries (Chapter 3), Skidmore contends that despite Western fears of the emergence of a new “Beijing Consensus”, China has largely failed to export its contemporary state-market model through financing mechanisms like the Belt and Road Initiative (BRI). This failure reflects the fragmented, poorly coordinated nature of the BRI, its lack of connection to China's own successful development experience pre-2008, its heavy reliance on unsustainable debt financing, and the important role that domestic institutions in recipient countries play in mediating Beijing's influence efforts.

Turning to the two China-led MDBs (Chapter 4), the Asian Infrastructure Investment Bank (AIIB) and the smaller New Development Bank, Skidmore sees neither institution as disruptive to existing development finance norms — “China's sponsorship of [these] new MDBs represents an example of norm-governed, rather than transformative, change”. In the case of the AIIB, China's need to attract Western nations as members to strengthen the Bank's credit position meant that it had to accede to the latter's demands for “design convergence” with established MDBs like the World Bank and the Asian Development Bank. At the same time, these established MDBs have had to weaken their lending and policy conditionalities to compete with China's bilateral finance. This has further narrowed differences between China and the West.

Skidmore expands on the West's various counter-moves in Chapter 5. These have encompassed attempts to: harness various forms of “blended finance” involving private capital to outcompete China's lending in the global south; promulgate global infrastructure quality standards that favour Western models; and reinvigorate US and European domestic industrial policies to diversify supply chains and trading relationships away from China. In the case of Japan, the response has also involved more direct forms of infrastructure competition, particularly in Southeast Asia. The net result has been “evolution not revolution”. The West has embraced development

models that “re-centre the state” just as China has adopted a bigger focus on private sector approaches like equity investments in areas such as digital and “green” technology.

In the final chapter, Skidmore acknowledges that there are clear risks to global development emanating from the China model, as well as to the overall durability of the LIO (including from its populist opponents *within* the West). He recommends that the US and other Western donors avoid further emulating Beijing’s approach of bankrolling large, and often unsustainable, infrastructure projects. Instead, he advocates that the US and Europe “place the BRI and China’s ambitions in a more realistic focus” and “help developing countries acquire the knowledge and expertise to bargain more effectively on their own behalf”.

Skidmore’s book provides a carefully researched corrective to those commentators that continue to characterise development competition as a Manichaeian contest between an unchanging democratic West and an authoritarian China, with neither side learning nor adapting its approach. It also provides a useful background to China’s transition from a revolutionary power — whose aid program in the 1950s and 1960s was arguably a more genuine expression of its solidarity with countries in Africa and Asia — to the developing world’s largest bilateral creditor with a significant stake in many (but not all) elements of the existing order, not least being repaid. The section dealing with what China has learned and applied from its experience as one of Japan’s largest aid recipients during the 1970s and 1980s is particularly interesting.

The book’s arguments are clearly applicable to [competition in the Pacific](#). Here we have seen Australia mirror China’s focus on infrastructure (at the expense of sectors like health and education) and debt financing, as well as providing state backing for large telecommunications and banking corporations to invest in the region. Beijing has, in turn, tilted its focus toward grant-based assistance and working through regional multilateral institutions like the Pacific Islands Forum.

In terms of shortcomings, the book could have spent more time addressing the limitations to convergence that arise from the structural differences in the domestic political economies of the West and China. While Skidmore acknowledges that these differences have hampered US and European responses to China, the question of whether they represent a binding constraint to mobilising the scale of financial and political capital required to credibly compete with Beijing’s investments in the developing world is left unanswered.

These constraints became particularly stark after the 2008 Global Financial Crisis. The aftermath of this crisis saw the “billions to trillions” mantra around private capital

mobilisation emerge **principally as a political fix** to the West's unwillingness to provide more public funding for aid in the face of domestic populist and fiscal pressures rather than anything resembling a credible, long-term strategy for engaging with the developing world. It took the successive shocks of the COVID-19 pandemic and Russia's invasion of Ukraine to partially reverse this, but the West's response to both crises was uneven and arguably the damage to its reputation in the global south was already done.

As Skidmore acknowledges at the end of the book, the West's competitive credibility has since become even more uncertain with the election of Donald Trump in the US and his evisceration of US bilateral and multilateral aid. This has been accompanied by the unprecedented and simultaneous cuts to development budgets being pursued by Europe's three biggest donors – Germany, the UK and France. China is unlikely to fill **the vast funding gaps** left by this unseemly aid “burden-shedding”. More profoundly, the US and Europe's apparent capitulation on aid raises larger questions about whether global development's “great game” is over and to what extent China still needs to “compete” or “converge” with the West at all.

*David Skidmore will launch **his new book**, China, the West and the global development finance regime: competitive convergence on 3 December at this year's Australasian AID Conference (AAC2025). Read **the full program and register for AAC2025 now**.*

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