

Interview - Jonathan Holslag

Written by E-International Relations

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Jonathan Holslag is a postdoctoral fellow of the Research Foundation Flanders and teaches international politics at the Free University Brussels. Among other things, in 2007 and 2008 he was a coordinator of the EU-China Academic Network (ECAN), an academic forum organised by the European Commission. In 2014 he became a Rockefeller Fellow of the Trilateral Commission and a Nobel Fellow at the Nobel Institute. His research focuses on the impact of China's rise on world politics, although also having a decided interest in Europe. His work often bridges different aspects of international relations, such as international political economy, diplomacy and military force. Recent books include *China and India: Prospects for Peace* and *China's coming war with Asia*. He is also an active public intellectual, with articles being published in The Financial Times, The Guardian and Foreign Policy. He also founded The Friday Group, a reflection group of young Belgian leaders.

Where do you see the most exciting research/debates happening in your field?

Personally, I am very interested in the question how Europe is going to survive as a polity, and economy and a society in today's world. This is one of the issues where all the debates come together. Can a group of countries defy the gravity of nationalism and fragmentation, by supplanting nationalism with something better – perhaps a new sort of unity that resembles nationalism, but with more ambition and more benefits to the people in terms of security, prosperity and happiness. For all my interest in Asia, I still consider Europe to be the main laboratory of international politics, and I can only hope that something good comes out of it.

How has the way you understand the world changed over time, and what (or who) prompted the most significant shifts in your thinking?

Well, it continues to change every day, incrementally. I had a strong interest in the world before I went to university, but courses like IR theory gave many of the things I saw a name, put it into categories. So that certainly helped. But, again, I try to pick up interesting bits from each conversation, each travel, each book, or article. The more I read into history, though, the more I discover that many important arguments have been made so many times before, but without the pretension of building theories, of methodological refinement, of being parsimonious... So I really wonder whether we have truly become much wiser or just add more footnotes to our wisdom.

Do you see the rise of China to the status of world power as a symptom of a rising multi-polar world order?

The world order with the United States at its centre is certainly challenged, but it is not yet clear to me whether it will be terminated. On the one hand, the success of the emerging markets remains fragile. Take China. For years, I have been cautioning political and business leaders that the Chinese economy is dangerously imbalanced. It is too dependent on exports of manufactured goods and investments. That cannot last. The correction of this economic model will be painful and dangerous. Now, finally, the world starts to notice how fragile the Chinese economic system is and hence also the one-party state, which has tied its legitimacy to more prosperity. I believe that China is in for some difficult years and that it is even not sure that the Party will be able manage this transition.

Most of the other emerging markets have largely been an extension of China's success and the consequent high

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commodity prices. Now that China's growth slows, they are starting to feel the effects. The economy of Brazil is on the brink. South Africa is a mess. Russia is in pains and that is not only due to Western Sanctions. India remains an economic joke. I do not see the slightest indication that this country, which certainly has a huge economic potential, is on a track of durable growth and industrialization. Really, if China's growth nosedives, the whole idea of emerging markets will prove a disappointment.

On the other hand, the weakening of the Western world should not be exaggerated. We still command a huge share of the world's manufacturing output, patents, high-tech exports, and renowned brands. Our social model might be under duress, but, still, rich people are very keen to swap their cities for the tranquillity and the clean environment of Europe or the United States. We are in decline, sure, but this is a gradual, creeping process.

What I see, as a result, is a world order that is dominated by fragile powers. We are all fragile in our own way and nobody is able to lead as the United States have been doing after the Cold War. Which country manages its fragility most effectively: that is the critical question. Power is not just about strength, it is also about getting away with our weaknesses or making others pay for it. I believe that both China and the United States are very capable in this regard. China is dumping itself a way out of its economic problems, at the expense of industries elsewhere. The United States continues to benefit from the reserve position of the dollar. Still, I believe that the US holds the best cards, due to its geopolitical advantage of being a great power without concerned neighbours, its raw materials, its actual wealth and its technological leadership.

What is your take on the recent launch of the Asian Infrastructure Investment Bank?

Well, in essence, this is one of the devices that China uses to make others pay for its domestic economic challenges. The Party wants a rich nation and it wants to achieve that partially through massive investments in the industry, which means that domestic consumption will continue to lag behind and that it has to export – goods, services and capital.

The Bank allows it to do so in different ways. It is an important tool to turn the foreign exchange reserves that result from the trade surpluses in strategic investments that serve China's interests in the longer run. Those investments on their turn facilitate exports: directly because Chinese workers and contractors are usually executing a large part of the infrastructure projects and indirectly because infrastructure projects help unlock China's poor provinces to neighbouring countries. This is not a new ambition, but the Bank, by giving other countries the impression that they have become shareholders, is important to mitigate suspicion and to mollify resistance.

If China gets away with this, if it manages to build competitive industries through an aggressive export-led policy, the uses of projects like the Bank will ultimately change. From the moment that the Party believes that its industries are strong enough, there will be less need for shifting capital from the households to factories, there will thus be more domestic consumption, and, eventually, even to the point that China starts to run trade deficits. Those deficits, at least for a large economy, and like the US did, are important to establish a reserve currency. From that moment onwards, Banks like these become a vehicle more of financial prowess. The main question remains, though: Will China get to that point?

You recently published a book in which you predict war breaking out in Asia. Could you explain your reasoning for this?

In that book, China's coming war with Asia, I put forward three important arguments. First of all: China's apparent flexibility is misleading. The book explains that, in the last few decades, it was more the neighbourhood that accommodated China, rather than the other way around. Second, the growing diplomatic flexibility, the willingness of Beijing to participate in dialogues, to invest in confidence building and to show some military restraint does not mean that it also wanted to compromise on important strategic interests. What I describe is a flexible foreign policy around a number of very static core interests.

Those core interests, and that is my third argument, are very difficult to reconcile with the promise of a peaceful rise.

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That is not to say that these interests are a sort of evil plot, but the consequence of those interests is nothing less than China's domination over the rest of Asia. A domination of the kind that could end the ability of other countries to take sovereign decisions or at least leaves them at China's mercy.

Consider a first aspiration: to keep the Party at the centre by building a moderately rich society, meaning that the average income exceeds about US\$ 12,000. A very legitimate pursuit, no? But the repercussion is that China will by far become that biggest economy in Asia and hence also be able to convert huge resources into coercive power. Consider the aim to consolidate control over frontier lands, like Tibet and Xinjiang. One might not like the way Tibetans are treated, but legally it is difficult to contest this goal. Yet, again, the consequences are huge. It implies control over most of the Asian continent's rivers and a raw materials reserve base that is far bigger than that of other large populous countries, like India.

Then there is the hope to "reunify the great motherland", in other words to get Taiwan back, the Senkaku/Diaoyu islands, most of the South China Sea and parts of disputed border with India. Now, all claimants have legal and historical arguments and I for one believe that it is very difficult to judge who is right or wrong. In the same vein, there is a lot of ambiguity in international law, about how to manage the waters around islands, for example, about whether other countries' navy ships are allowed or not.

All this results in pressing security dilemmas and a strong tendency of several countries to balance. Balancing in Asia could lead to armed conflict. In the contested and increasingly congested seas, tensions could easily spiral out of control. In a climate of economic uncertainty and nationalism, there will be less scope even for compromise. If, in addition, the main parties all believe that "right is on their side" and that they act defensively, it is even less likely that growing tensions can be controlled.

You called a planned Belgian shopping mall "A vehicle for Chinese power politics threatening our prosperity", and suggested that China is unleashing a reverse opium war upon Europe through mass-produced goods. Could you elaborate on these comments, and particularly your view on how a new economic model is to be built in Europe to counter a supposed Asian threat?

Yes, that was quite blunt and had mostly to do with domestic politics. Yet, what concerns me in general is the following: Many European governments believe to be advancing the interests of their citizens by shipping in as much as possible cheap goods. It helps prop up purchasing power, we hear. In the short term that is true, but in the long run imagine what could happen: Europe's industrial base is hollowed out, China's strengthened, and if the moment would come that China decides that its currency can go up, we will have a serious problem. It effectively undermines the prosperity of the next generations of Europeans. Shopping malls can't be the supplement for industry. That is, so to speak the balance of power argument.

But there is more. The globalization of cheap junk is holding us back from improving our economic model. Globally we are increasingly confronted with jobless growth and growing cost externalities – in terms of environmental damage, stress, wealth diseases, traffic. Economists still enthusiastically declare that the pie grows, but it looks more like a sponge cake. This leads to even fiercer competition, economic volatility and social unrest. I believe that if we want to stop this trend, we have to invest in smarter technologies, but also smarter societies that make quality goods, not the kind of garbage that you find in today's shopping malls. This is thus more about how we define power. I believe that world politics and domestic politics will continue to revolve around power, but the definition of power can change. Europe must try to make it change as it did in the past, otherwise, the future looks extremely dark.

You are an unapologetic realist. In what way do you see realism as being superior compared to other schools of IR thought, for analyzing Asian politics and international relations in general?

I am not a dogmatic realist. I tend to be quite practical. When I started researching Asia and getting involved in European institutions, I just found that realism was quite close to reality. Trade, institutions, identities matter too, but they are rather of secondary importance. Consider what I just said: Europe has to advocate a new economic model and, so to speak, to develop a new identity. Still, it will have to make sure that it does not lose on the balance of

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payments, and hence to continue to pursue economic power politics, and to make sure that it maintains its security by means of hard power. You cannot build a strong diplomacy around a weak society, but you cannot build a strong society with diplomacy alone.

Asia is of course very much into realism, hardnosed even. Some colleagues assert that Asia is a different animal, that it has a different strategic culture. That's nonsense. Consider the argument that Asia is unique because of its values of harmony, reflected by the old tributary system. But in history we had tributary systems everywhere. Take ancient Rome, the Habsburg Empire, the Byzantine Empire... If states, for example like South Korea, do not confront China's growing power, it is not because of the legacy of the Sinocentric system, but because it has different priorities – North Korea and Japan, because it is mollified economically, and because it gets close to the point that resisting China by means of hard power will no longer be possible – unless it sides with archenemy Japan.

You have been quite active as a public intellectual, what advice would you give to academics wanting to better engage with the broader public?

To do what fits your character. Some are more into rigid academic writing, some more into debating, some into both. I do believe, however, that we have to make sure that we do not lose ourselves into too much rigidity. Science is a means to try to understand the world, not an end. Researchers that try to become too fundamental in their work, risk becoming trivial. Because what does it mean, impact, in international studies? It is not that because a few dozens of PhD-students quote your research or people from your own research networks quote you that you have real impact. There's a real world out there.

What is the most important advice you could give to young scholars of International Relations?

To doubt and to continue to explore. Nothing is more detrimental to young promising scholars than to settle in one single theory or taxonomy and to apply it to an endless number of cases. And even if a certain concept or theory seems wonderful, do not stick to it, challenge it and question your own conclusions. To wannabe public-intellectuals: stay disciplined. When you get your first interviews, your first invitations for talks, the tendency exists to get addicted to them. Each week, I block two to three days of reading and studying in my calendar and for that I try to stay at home.

Finally: resist administration as much as you can. If a university wants to have many students, fine, but then it's up to its bosses to make sure that there is money to hire faculty and assistants, not the other way around. I find it repulsive to see many academics, especially in Europe, work to sustain large university administrations, rather than that university administrations help promote quality education or research. This is the world upside down!

Furthermore, when it comes to research: do we really need to try to hire as many researchers as possible? Where do all these PhD-students end up? How much energy and time does it take to get the funding, to supervise them? Does it really lead to more original and relevant research? When I look around, I still find the most influential academics in our sector to work only with a few people around them, even alone, not with huge groups.

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This interview was conducted by Tom Cassauwers. Tom is an Associate Features Editor of E-IR