

ASIA PROGRAM

NEW PERSPECTIVES ON THE BELT AND ROAD INITIATIVE BEYOND DOCTRINAL DEBATES

INTERVIEW WITH RICHARD T. GRIFFITHS

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On Richard T. Griffiths's book, *Revitalising the Silk Road: China's Belt and Road Initiative*, Leiden, HIPE Publication, 2017.

DEALAN RIGA: Seeing the title of Tom Miller's book, *China's Asian dream*, could you explain why a part of the Chinese doctrine is presenting BRI as a dream?

RICHARD T. GRIFFITHS: Firstly, the numbers involved are huge, so people ask "how can China do it? To what extent is it a dream?". If there is any criticism of China, most think the country can ill afford it and China should do more at home since it is a lower-middle income country. The other part of the dream is the ambition. It is the dream of the future. And that involves the sort of idea of a rising hegemon. And this brings a second message.... That there is not enough room on this planet for two hegemons. So if China rises, it must be a threat to the US, and therefore commentators see China as having a political ambition. Now, you can argue against this by asking, "is the ambition the major driving force or is it a consequence?" What I mean to say is that when countries grow, they tend to expand their cultural influence as well. For example in Europe, we have become accustomed to Japanese style and taste. Korean pop is popular here as well. So to that extent you get a sequence - with trade goes the flag, and with the flag goes political influence, goes cultural influence. That is what is going to happen, basically, whenever one country grows. And if you believe in a zero sum game, you will end up losing.

So to that extent it is called a dream; a dream or an ambition. Regardless of whether it is going to succeed or not, what matters for these analysts is that it is a danger, because a rising China is a threat. And basically you cannot answer that position, because that is the starting point they share. For them there is no room for two growing countries, for two growing powers. And if you look for the evidence you can find it. You look at the South-China Sea, you look at every little border incident along the Chinese border, you become antagonized by China's policy towards Pakistan, and in this way you can build up the story. China, by the way, does the same in its criticism of America. What is America doing in Syria, why is there still not a revolution? It is a game anyone can play; and they are playing it.

DEALAN RIGA: In your book, you talked about the concept of win-win relations. A lot of authors are publishing that win-win relation means double win for China. What do you think of this statement?

RICHARD T. GRIFFITHS: That is not necessarily the case. One thing I was thinking of doing, at some stage, is a book of extended articles on Europe's 'Belt and Road'. How is it that France and Germany, which had three wars in a little under seventy years, actually came out to a period of peace where, literally, war has become unthinkable? When that

started, back in 1945, wars were anything but unthinkable - one had only just finished. There is a classic case of win-win.

Now, what I found interesting in this, back in 1988 a political scientist called Joseph Grieco wrote an article entitled 'Anarchy and the limits of Cooperation' ('Anarchy and the Limits of Cooperation: A Realist Critique of the Newest Liberal Institutionalism', *International Organization*, Vol. 42, No. 3 (Summer, 1988), pp. 485-507). In it he observed that both neo-realists and neo-institutionalists had a place for institutions in their work. But there is a big difference between the institutions that realists like and the institutions that institutionalists like. Realists like a small institution, specifically on something that is easily closed, so the country does not get tied in. Whereas institutionalists want a complex thing because the more complex it is the easier it is to trade off wins in one area with wins in another. So you can anticipate getting benefit somewhere even if you lose at one point, because the whole structure is made that way. So you have a large binding environment that you yourself create.

And to some extent you can look at the belt and road in the same way. It is not an institutional structure at the moment but, on the other hand, it is becoming an ever more complex one. It is almost as though China argues on the neo-classical lines of the late 19th century - that countries that trade together do not go to war with each other. But, of course, they did! So that was wrong. However, you get the gist. That is also the idea that is within the European Union, that institutional interdependence therefore diffuses struggles.

DEALAN RIGA: In your book, when you talked about the win-win cooperation, you mentioned the risk for the loans to not be repaid. Should it be considered as a major threat for BRI?

RICHARD T. GRIFFITHS: Yes, it is a very real threat. And I mentioned in the book there is a struggle to exactly who you get indebted with. China would rather get indebted with the country because countries are not likely to get bankrupted. The borrowing country, on the other hand, would rather that China get indebted with some firms because they can go bankrupt, and then the debt is written off. So basically what the country has to do is take on a loan that it does not have to pay back... Yes, China has got its money back to pay back at some stage, but you hope to borrow the sum from someone else, preferably on favourable terms.

All countries are in debt. The Dutch are in debt to about 60% of GDP. They cannot pay back tomorrow but they borrow all the time. What the country has to do is to be careful in which currency the debt is denominated because if its currency goes through the floor, it will have to raise much more domestic income in order to pay the amount back... so that is one risk. Secondly, a country needs to make sure that it has grown sufficiently to be able to re-borrow at a favourable rate. If you are running a disastrous economy, with an

interest rate of 10% or more.... when it comes to rolling over the loan you are going to be in trouble.

So these are the risks for the borrowing countries. Is there a risk for China? Would it end up having to do some debt deals? To write off loans or extend the repayment periods has a cost. This is not what China had expected when it started, but nor did they expect debtor countries to bring China to its knees... but it is a real risk. On the other hand, so is selling arms to African and Arab countries... they have to pay back the associated loans as well. And with the sale of arms there is no countervailing production mechanism that may help increase the size of the economy. However, you rarely hear about that!

DEALAN RIGA: Do you trust in BRI? Do you think that in 2050 BRI will be a long road, all the investment will still be working, would they have permitted the country to grow and BRI the label that makes world economy work?

RICHARD T. GRIFFITHS: Let's leave BRI out for a moment and go to the Asian-Development Bank. They published a report in 2009 calculating Asia's infrastructural needs. And it came out that some 8 or 9 trillion dollars. They upgraded the report last year and came to a sum of 22 to 26 trillion dollars required in the next 15 years for infrastructural needs. So, you expect to get 4 or 5 trillion from China (*The Economist*, 4/10/2013), it is still not going to cover those needs. Now, just to make it clear, countries are already financing a large part of this themselves. Even so, there is still a considerable hole and China, acting alone, does not fill that hole.

What is interesting is what is involved in that infrastructural need; where does the real problem lie. I suspect that much of it is power. They need electricity for lighting, for industrial processes, for transport, for just about everything. So most commentator look at the Belt and Road, they tend to stress the transport investment. But most of the need is power, and if you look at where China puts its money, you will find that most of the money is going into power. Power and pipelines are more important than building railways. China is not building that many new railways. There will be, you know, the one or two across Mongolia, Thailand or Indonesia, but for the rest it is going on upgrading existing tracks.

Now my argument is 'Do you get human rights and democracy, if you don't give countries access to power? Will a country be better off if there is no investment in energy?' Let's suppose your light goes off eight times a day, do you become more democratic that way? So I cannot see why the provision of infrastructure runs counter to the social and economic development of the countries concerned. So as long the investment is not wasteful - and there is a big danger of it actually being wasteful - then it should increase the income level of the economies in which they have invested.

I do believe infrastructure stimulates growth, I do not know if it stimulates enough growth to pay for the infrastructure. I also do not know if there is a sufficient level of taxation - whether they can raise the taxes or impose charges for the projects so that are self-sufficient. This might not work for a road. Roads need to be maintained, effectively replacing them every 10-15 years. Without that investment, it would not be there in 15 years' time, but its replacement still needs to be financed and payback time for the original loan might still be stretching 25 years into the future. If not, you have to tax one set of people in order to pay it back... and it is a trouble many of these countries have. It is not the problem of growth but the fact that they lack tax structures to enable them to run publicly funded projects. Many people do not pay income tax. To be honest they do not do it either in certain European countries, but they certainly do not do it in most of these countries in which China is investing. So there is no way of saying whether we can take from that increase in wealth that we have generated, sufficient taxes to target the specific infrastructural debt we have created. On the other hand, I think if you do invest and you do not have over-expensive schemes, then it will benefit the countries.

DEALAN RIGA: A quick analysis of AIIB spending allows us to determine that it only finance something like 10 to 20% of the BRI. The rest of the financing comes from Chinese private bank. Some analysts say that the AIIB is for the world and China is doing unilaterally what it wants to do behind.

RICHARD T. GRIFFITHS: Well as far as China is concerned, I do not think it is doing anything suspicious behind the AIIB. The AIIB is a very responsible multilateral investment agency. China does not have the majority of the seats because all the other countries joined it. You can look up the [AIIB project list](#). They have done about 30 projects, all but six of them China is doing with other international organizations. In other words, there are only six projects in which China is not directly involved with somebody else. Now, I think one of them is for pollution in Beijing, one is a road project in India and there are three or four projects in the Gulf region for smart city technologies. The AIIB is a nice little story all by itself. It is acting much like the other investment banks, and it is responsible to no hidden Chinese hand.

So, where is China lending the money from? Well, it has its own development banks, its own export-import bank... and the common the Silk Road Fund which is being used for takeovers (so it took over Italian firms, it invested in gas in Northern Siberia). So, most BRI investment comes basically from state-owned banks or state-allied banks or provincial banks. And that is funnelled through the contractors, because with the loans come a contractor... all of this idea that every country must be able to compete for Chinese money, forget it. It is Chinese money and it is Chinese firms that use it. So, you have got to cut the whole AIIB out of the equation.

DEALAN RIGA: Would you agree with the statement that the AIIB is not made to reinforce or to participate with the World Bank but to compete with it?

RICHARD T. GRIFFITHS: No. It is working with the World Bank in a whole bunch of projects. It is stupid to say that. It is easily proven wrong. It is just not a part of the story. People are trying to rope it in, but the AIIB publishes a list of their projects, so it is easy to see what it is doing.

DEALAN RIGA: But there is always this argument that China has a veto inside the AIIB as the US has a veto inside the World Bank.

RICHARD T. GRIFFITHS: It does, it is true. But the World Bank and other multilateral development banks have joined the investments of these projects. So, no. If you have a look at what they are doing, it is what the World Bank is doing too. It builds infrastructure... well the AIIB does as well.

DEALAN RIGA: In your opinion, how will China deal with terrorism? In your book you are talking about terrorists and already mentioning some troops to secure Gwadar in Pakistan. Should we expect more Chinese troops in the world?

RICHARD T. GRIFFITHS: Yes.

DEALAN RIGA: For Chinese operations or just for security?

RICHARD T. GRIFFITHS: National operations... But it is not Chinese troops that are protecting in Pakistan, it is Pakistani troops. On the other hand, we have also seen the Chinese involved in protecting the oil tankers from the pirates in the Persian Gulf. When this resulted in their first base in Africa, everybody was shocked. But it was next door to the French base, the American base and the English base that are all next to each other. Come on guys, you want someone to be a responsible member of the international community, and you call on them to back threats with action, military action. But as soon as China moves troops of its own, it is wrong?

DEALAN RIGA: But you also mentioned Chinese boats in the port of Gwadar right?

RICHARD T. GRIFFITHS: Chinese security, yes.

DEALAN RIGA: Should we expect a Chinese military occupation of a country with local government approval? For example, to help Afghanistan fight against Taliban?

RICHARD T. GRIFFITHS: That is possible but I cannot see them doing it too quickly. It would be very careful on how it does it but, yes, in the future I would not exclude it. That does not mean I approve of it, but I would not necessarily exclude it.

DEALAN RIGA: In your book, you talked about the ASEAN organisation and you talked about several countries and China's agreement with these countries. Would Chinese bilateral way of doing business be a risk for ASEAN?

RICHARD T. GRIFFITHS: Well it could be, but it does not have to be. So, let's look. The main reason, do not forget that these areas in a project (all of these original corridors) is that they are existing projects. This is also the case with ASEAN largely because China has already got some investments there. But China is also involved specifically, for the Kunming-Singapore railway which, incidentally, was part of ASEAN Connectively Plan even before the belt and road was announced.

Basically China says 'we are coming in, we are going to help build that railway'. I think ASEAN had studied four routes and actually China is going through one of the most expensive routes, through Laos (GRIFFITHS R. T., *Revitalising the silk road : China's Belt and Road Initiative*, ed. Hipe, Leiden, 2017, pp. 163-175). After Laos, the railway arrives in Thailand. Everything has to go through Thailand because you do not reach Malaysia without going through the country. What does Thailand want? Well, the authorities argued that China wanted too much land and that there was insufficient local spin-offs. So the Thai government has agreed to pay for it themselves, but to get the Chinese to build it. But it will just start with the first instalment, which runs along the new industrial corridor they hope to create along the coast, east of Bangkok.

So at the moment you got the start of the Kunming-Singapore railway coming, but there will be no real traffic unless it reaches Bangkok at least. Will they build the rest is anyone's guess. However, the authorities show absolutely no real interest at the moment in going down further South to connect up with Malaysia. So they are in no great hurry to push things down to Malaysia. The Malaysians meanwhile have accepted Chinese help to build the railway East to West and connect the two ports on both sides (NOTE: Since the interview, the Malay authorities have suspended this particular project - RTG).

And the last bit that is up for discussion at the moment is Singapore-Kuala Lumpur line. This has not been decided yet because Singapore will probably go for the Japanese, and Malaysia go for the Chinese. But of all the sections of the line, it is here that a high-speed rail makes sense, especially if you can get the lands around the stations, because you can build your hotels and offices there and that helps with the profitability. In Kuala Lumpur, that contract was given first to China. But then somebody else came in, then the Malaysian reversed its decision. So, it is up for grabs. It still might be built by the Chinese, but now the authorities want more money for it.

So, within ASEAN, countries are still able to make their own individual decisions on the project. It is a project that ASEAN wants... but can still be blocked and not may be accelerated. By working bilaterally, piecemeal with individual countries China may exacerbate the problem in achieving a logical construction sequence. On the other hand, you, by dealing on a country-to-country basis, China does get answers, and it would probably be impossible to have an ASEAN answer. ASEAN does not have the same decision-making structure as the European Union (China is still waiting for an EU answer, by the way). So, ASEAN is an interesting case. It does show the limits and the freedom countries have within the current Belt and Road structure.

DEALAN RIGA: An opinion I have read about South-China Sea issue was to say that by not taking in consideration the arbitral tribunal decision, China sent a message to the world. This message is: “we won't follow your rules”. What do you think of this statement?

RICHARD T. GRIFFITHS: The Chinese position is that the tribunal has the right to make a statement about the sea, not about land. And they argued that these were Chinese islands and therefore the tribunal had no jurisdiction. If you speak off the record with the Chinese, they will tell you that they are not interfering with freedom of traffic at all and that they have not stopped any single commercial traffic vessel through the area. So when the Americans, and everybody else, are sending their navy through the sea, their ships are countering a threat that has never been made. This is their point of view. The “status quo” means that these territorial disputes (and they also happen in the Caspian Sea and the Black Sea area) have much to do with the rights, other than freedom of navigation, that go with water. One of the things that is put on hold is the exploitation of mineral resources off Indonesia and especially off the coast of Vietnam. Such activities are frozen as long as nobody knows who has got the rights to those resources.

So the freedom of navigation can be threatened. It is also a potential problem in the Strait of Malacca, which keeps getting mentioned in the literature. But nobody is sending a Chinese battleship to make sure it stays open. You see, if you want China to be the bad person in your story it is the easiest thing in the world to do. You just say 'look I don't trust China' and there it goes.

DEALAN RIGA: Lots of people are always talking of the USA when they analyse BRI. You did not do it at all. Why?

RICHARD T. GRIFFITHS: Because I do not believe in writing this sort of rubbish.

DEALAN RIGA: What would you answer people who theorise Thucydides' trap then?

RICHARD T. GRIFFITHS: Oh that... You do not even need to mention China at all, you just say growing power 8 times out of 11 always go to war. That insight did not add anything. I do not have any time for this, it is a game everyone is playing. You define a starting point and you know beforehand the person's position. Well come on, that is not scientific. So, I am not a strategist... good. I study why people are doing what they are doing - building roads and ports. When IR experts start talking about these strategic matters, they do not mention any of this. So why should I engage in their little games and just ignore the facts on the ground?

DEALAN RIGA: **To be sure to understand, there is dispute we can manage but you do not trust in a possible open conflict between superpowers?**

RICHARD T. GRIFFITHS: I would not rule out a militarized conflict between the US and China around the South-China seas. I would not say who is to blame for it, but if you read the security literature most people say China is not equipped for an all-out offensive war. It cannot fight that sort of war. But it is trying to get ready so if it is involved in a war or hurt, it will do considerable damage to the American fleet if a war were to start.

DEALAN RIGA: **To make a comment, it is always something strange to say we are building a defensive army. No country in the world say 'we are building an offensive army'. Even if China says the army is defensive, the investments in some weapons can make us sceptical. For example, aircraft carriers are not defensive arms since planes can take off and land from your territories if you are defending.**

RICHARD T. GRIFFITHS: Well, you have forward defence that is attack, Britain and France have three aircraft carriers, America has three, I do not know why military like hardware, but they do. The point is, China is building up a credible resistance and it will hurt anybody who attacks it. It is not intending, I think, to attack the coastal properties of the United States. I do not even think it is going to attack a territory of any of its neighbours, which is more than you can say from America at the moment. Now, within all of this, you need two caveats: one is that countries with autocratic control (and if you like, internal party mechanism) used to be considered more unstable than democratic elected politicians. That may have been the case until 15 months ago (when the USA changed president –RTG). In other words, countries that are ruled like that can go around the flip and change suddenly. Well, there is a whole trouble being a historian when it happens... Because when it does we are useless at predicting (laughs).

DEALAN RIGA: **In conclusion, if you have to summarize BRI, would you use the expression, multilateral, by China for China or by China for new world order?**

RICHARD T. GRIFFITHS: It is motivated by two things I think. A need inside and a need outside China. So I think it does answer the need that is identified by these two reports by the Asian Development Bank. Asia needs infrastructure fast. China is in a position to provide quite a lot of it because it has got the equipment of building it for themselves. So to that extent it is a “win-win”. And I see nothing wrong in a “win-win” situation and there will be political fallout that will follow.

Now, Chinese say it is not the Marshall Plan. True, it is not the Marshall Plan. For a bunch of reasons, not all of them the Chinese put forward. But the Marshall Plan said 'right, Europe has a balance of payment problems, it cannot afford to pay for all of its raw materials it needs. America has got vast stockpiles of the stuff from the war. And it can supply them to Europe'. So the Marshall Plan does not give any money, it gives American goods to Europe. So it gets rid of its surpluses, Europe then saves the currency and it can spend it on something else. That is a win-win situation. And with that, America got considerable political leverage within Europe, a result which was back-up afterwards by NATO and all the other things. No more, no less than could happen with China. ■

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BY DEALAN RIGA / RESEARCHER FROM LIÈGE UNIVERSITY FOCUSING ON BELT AND ROAD INITIATIVE IMPACT ON EURASIAN TRADE

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