

Outlook

‘China Enjoys Watching India Boycotting Its Products’: Expert

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China may have concluded that India's protectionist propensities and clamour for ban on Chinese products will, in fact, damage the country itself, says Steve H. Hanke, Professor of Applied Economics at the Johns Hopkins University in Baltimore (USA) and Senior Advisor at the Renmin University of China's International Monetary Research Institute in Beijing. In an email interview with *Outlook's* Jeevan Prakash Sharma, Hanke suggests that instead of engaging into a military conflict with China, India should focus on its economic reforms.

Excerpts:

What do you make of China's dastardly act of killing 20 Indian soldiers? Does it look like a well-thought-out plan?

No. There are no credible reports indicating that this was a premeditated attack. Chinese and Indian troops have been feuding over the Galwan Valley for decades. An event like this was bound to happen.

What message do you think China wants to convey to India?

After this incident, China will certainly play hardball with the Galwan Valley. The Chinese believe that the territory is theirs and will do anything to defend it. They are not going anywhere. Furthermore, the Chinese territorial ambitions under Chairman Xi are becoming more aggressive and clear with each passing day--just look at what's going on in the South China Sea.

Do you see any economic reason behind such provocative behaviour of China?

With regard to the Galwan Valley, I am highly doubtful that there is any economic reason behind China's behaviour.

India provides a huge market for all sorts of Chinese products and China must be well aware that escalating tension on the border will provoke Indians further to boycott Chinese products. Still, it did so. why?

Perhaps the Chinese are smarter than you think. They might have correctly concluded that India's protectionist propensities and embrace of bans on Chinese products will, in fact, damage India. Maybe they enjoy watching the Indian fanatics shoot themselves in the foot.

How realistic would it be to boycott all Chinese products by Indians? Can India afford to do that?

As stupid as the boycott policy is, it is perfectly feasible. Indeed, it's happening right before our eyes. It would not be the first boycott imposed by Indians in which they damage themselves.

Where do you see trade and economic relations between India and China going from here?

It's very difficult to predict the course of events. In Prime Minister Modi and Chairman Xi, you have two hardline leaders who are playing their nationalist cards--a very dangerous game.

Should India pay China back in the same coin which has a strong possibility to result in a full-fledged war between the two countries?

No. Modi should dial back on his nationalist rhetoric and start paying attention to real economic reforms which he has promised but never delivered on.

Do you think China's whimsical behaviour is a manifestation of global accusation against it for Covid-19?

No. There is no evidence that the border clash was premeditated. That said, the Chinese will use it to their advantage; namely, they will use it to stoke up nationalist fervour in China to distract the population from China's COVID-19 problems.

Did the Indian government look confused because of its very late admission of China's military aggression? Does it still look indecisive?

It's rather obvious that Modi and the Indian government were caught completely off guard by the border incident. It's also clear to me that the Modi government does not practice the 5 P's: Prior Preparation Prevents Poor Performance. This is true in the economic sphere and obviously true with regard to the COVID-19 pandemic.