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[Raj Kharel]
You are now listening to a podcast from the University of Stavanger.
Hello and welcome to episode 13 of the RegInno podcast.
With me today we have Tommy, one of my co-hosts, and as a guest we have Heidi Haugen, a professor of human geography at University of Oslo.
She's also a speaker at KÅKÅnomics.
She has two different sessions today and tomorrow.
Welcome to Stavanger and welcome to KÅKÅnomics.

[Heidi Østbø Haugen]
Thank you.
Great to be here.

[Raj Kharel]
Super.
I will start this podcast off with the first question that you usually ask to our guests, which is what brings you to the field of human geography?
And you're doing also ethnography.
So this is a really interesting field.
What brings you to this field and what keeps you, what fuels you to stay in this field?

[Heidi Østbø Haugen]
Yeah, so I identify what I do as economic geography, but I work, or I should say, and I work ethnographically.
I'm extremely curious about people's lives.
I like to see how people organize their lives, what they think about the world and society, how they relate to each other.
But I also like to understand the economy and economic geography and the economy studied ethnographically allows me both to look into these different kinds of life worlds and to understand and do research and have new findings on how the global economy works.

[Raj Kharel]
Yeah.
And you've done a lot of ethnography in China and in Africa as well.
Can you reflect on that a little bit?
How does it feel like?
What have you done?

[Heidi Østbø Haugen]
So my entry point is often how does a good get made?
Why is it made to look a certain way?
How does it get to its end market?
Maybe in spite of there being an import ban or in spite of there not being a formal way to do logistics to get it from South China to West Africa where I am working.
So in order to do this, I need to be on the ground where they are doing the manufacturing or in the trading malls where the West African customers are meeting with the Chinese producers or on the West African side in, for example, Ghana or Togo, to be at the port, the logistics agents there, seeing how the

goods are cleared, how they get to the wholesalers and then how they finally get to the consumers.
And then understand things like how does credit work all along this chain and how does it tie the fates of these different actors together.
So in a way it feels like a very big puzzle where I'm sort of a detective trying to work this out.
In another way, it feels exhausting, long days where you don't know whether you're going to get something at the end of the day because it's not like administering a questionnaire.

[Tommy Galliver]
Yeah.
Super.
That's super interesting.
I think we'll definitely continue with this theme of these value chains later on in the podcast.
But I wonder if we could start with just getting a bit more of an understanding of China and the Chinese system, because we hear about it so much nowadays in Western media.
But it's often there's the two competing narratives.
One is of this, you know, growing tech dominance, this growing military power, this incredibly important, incredibly powerful country.
And the other is this aging country that has an oppressive political regime.
And there's, you know, this labor market tightness.
And there's a huge amount of problem around debt and the construction industry.
And so I wonder if you can help us understand these two different images of China.

[Heidi Østbø Haugen]
Yeah, I think you're right.
And when I'm approached to explain things, it's often with one or the other, as you're implying with your question as the starting point.
And what we can do as social scientists and more specifically as economic geographer is to show how these two aspects, realities, are linked.
So, for example, you mentioned the population decline, how China has an aging population, how it's difficult to recruit people to work on the factory floor these days.
But... and that's obviously a great challenge to the government and to the economy.
But then at the same time, China is in the very forefront with the robotics.
So in South China, where I'm working, I'm all of a sudden seeing robots being applied in workshops where there are 10, 15 persons working, where you're not making a very complicated thing.
And with new robotic technology, all of a sudden it's possible to automate tasks that people would do very cheaply.
So if we can understand China's growth in robotics as partly the result of the challenge it's facing on the demographic level, demographic front, we can understand it better.
And you can say the same about the housing crisis in China, that that's creating the need for alternative places to make investments, and that's part of what's driving the going abroad of Chinese capital, or the low domestic spending that's also a driver for innovation.
So if we can see how these two worlds are linked, we can understand them both better.

[Tommy Galliver]
And then if I can touch back on this issue of robotics and automation, one of the ongoing narratives we see in a lot of Western European countries or North American countries is in response to this labour market tightness, we see arguments that we need more migration to adjust to these demographic changes, to absorb these labour market shortages or skill shortages.
Do we see pressure in China or any opening up of inward migration into China? Or is that less of a force there?

[Heidi Østbø Haugen]
Intellectually, there are some academics who have made the case for more immigration exactly for that reason.
But there are some pockets of experiments on the border with Vietnam, on the border with North Korea, but not at all any general political sentiment that this should be expanded.
So China is going down a different road from, for example, Western Europe in this respect.
And it's also going down a different road from Western Europe in the sense that now it's specifically... pronounced that China should not get rid of this kind of low-end, labor-intensive manufacturing, that it needs to stay in these low-end, low-profit industries, even though, as we know, it's become such a great technological force globally.

[Raj Kharel]
I want to come back to the earlier point that you made.
So there were two points.
One was on robotics and how advanced China is in these technologies.
And the other aspect of it was the challenges facing China.
On your talk, you referred to China as a giant on the feet of clay.
Would you like to expand on that a little bit?

[Heidi Østbø Haugen]
So it was the organizers who picked the title Giant on the Feet of Clay.
And I think that's reflective of maybe an image that we often have in the West that, yeah, it's going well now, but it's going to stop very soon.
Like... feet of clay, that implies that it's not very sustainable.
It's not very solid, right?
But what we have, contrary to that, what we have seen is that China has been facing very big dilemmas, very big contradictions in the past.
And it's managing that through, for example, loosening up and tightening in incrementally in response as the challenges are coming up.
And I don't think there's anything right at this moment that would imply that this is less sustainable than it has been before.
That doesn't mean that the Chinese government isn't facing a lot of challenges in its economic policy, like the demographic challenge that we just spoke to, or the challenge of encouraging more consumption and the inner circulation.
But to say that that's standing on the feet of clay, I think that's maybe an exaggeration.

[Tommy Galliver]
And so if we go back, if we move away from internal Chinese affairs and look more at the economic interactions with other states and outside of China, a big story that we see continuing is Chinese economic interaction with South

American countries, but also especially a lot of African countries, which is something you've done a lot of work on.
But it's often framed as big grand states competing for Africa.
And that, you know, the Chinese are investing in Africa or the Chinese are exploiting Africa.
Is that the case?
Should we think about it as the state of China doing this?
Or is it more complicated than that?

[Heidi Østbø Haugen]
Well, China's economic growth came at a time where African countries, if we speak very broadly, have been part of a global system that is very uneven and where they have been exporters of raw material, extracted materials to a large extent, and importer of consumer goods.
And that's a great economic challenge to almost all African countries, maybe except South Africa and some North African countries.
And one can say that China has helped sustain this system in the way that or because its trade follows many of the same patterns.
But it's not a system that's newly created, nor is it one that has been created by China on its own.

[Tommy Galliver]
Mm hmm.
And you touched on this earlier a bit, but you said that China is not only developing these new high-tech economies, industries, but it's also keeping the ones it had before.
I think in what sounds a lot like the kind of de-risking we now talk about in Europe or North America, this must be having a huge effect on these industries, countries with a lower development level than China, because the model we've seen in the past is that America or Europe would move up the value chain and then leave the slightly lower value added options for developing countries, and as a whole we would all move up.
But if China is absorbing the whole value chain, how does that interact with its economic trade partners when they're left with almost nothing to do except the resource extraction?
Or is that not a fair representation?

[Heidi Østbø Haugen]
No, I think if we paint with a very broad brush, it is.
And there was an article in Qiushi, like a policy setting journal in China, first, that said we should also keep the low-end industries.
And then it was repeated by President Xi Jinping.
And I think this wasn't good news for all the countries in Africa or otherwise that are attempting to industrialize by starting with the simple labor intensive, area intensive, maybe polluting industries and work their way up from there, because that obviously means there's less space for them to do so.
But that's with a very broad brush.
For example, we've seen that in response to European countries' import barriers for electric cars or forthcoming ones, there's been Chinese investments in car making in Morocco, for example.
There's Chinese investments in manufacturing in Ethiopia, partly in response to the demographic challenge that China itself is facing and the rising labor costs, in addition to lower barriers to entering markets by moving production closer or in countries that face different import barriers.

[Raj Kharel]
OK, moving a little bit from the low skill, low complexity to the high skill, high complexity value chain that China is also increasingly dominating.
It used to be an imitator and now it's a genuine inventor of super high quality products.
And in the context where in Europe we're talking a lot about de-risking from China, trying to get sovereignty over batteries and AI.
How do you see we should respond to this, in a way, how they phrase it as a threat from China?

[Heidi Østbø Haugen]
So I think as Europe is responding, it's important to recognize where China came into these high-tech industries from, which was not from the top, not always even from the point of a government priority or subsidies, but by advancing and making more and more complicated products available within a certain category.
So you can think cars going from making cars for European manufacturers, for Chinese markets, to a global market, and then eventually restarting its own car brands.
And then you would see some unexpected connections, for example, with the battery industry that is very well supported also by the government that enabled China to leapfrog into electric cars in a way that wouldn't have been possible unless you also had this government priority.
So as a starting point for thinking about how we as Europe and Germany in particular, which is the biggest competitor with China in this field, should respond to it.
We need to understand how China acquired this advantage and then from there make our strategy for how to respond to it.

[Tommy Galliver]
And then returning to the nature of this interaction of China with Europe and China with some of these West African states you've looked at, should we think about it as a market interaction, these firms competing with European firms, or should we think about it in terms of how it's, you know, often framed in the media, is, you know, the state of China and Chinese subsidies, and, you know, that this is a highly political thing?
Or is it a, like, an organic market interaction?

[Heidi Østbø Haugen]
At one end of that, we have some highly ideologically tainted images like debt trap, like this is something that the Chinese government, through a grand scheme, has set African countries up for.
And I think they have been thoroughly debunked by academics and others.
And for me, a useful way to think about this is through the framework of plurality of capital or plurality of capitalisms, in that capital comes from China with very different logics and very different driving forces.
So you have some capital that comes simply because competition within China is so great or resources have been exhausted in gold mining, for example.
And then you have individual entrepreneurs who are looking for opportunities elsewhere, seeing a lot of competition within China itself, are going out to other countries to make their individual fortunes.
You have state-owned companies that also have to work with a profit-making agenda, but in addition have a political mandate.

And in normal times, they can work mainly on the profit-oriented agenda, but they can also be reined in and employed by the state to reach more political goals.
And then they have to take precedence over pure profit-making.
And then... yeah, and maybe stop there.

[Tommy Galliver]
You mentioned earlier that there's often this wishful thinking, maybe, among some actors, that China can't go on forever like this.
It's this house of cards.
It has to fall at some point.
We apply our economic analysis or our political analysis from this particular perspective and we think, yeah, it might be working now, but it won't work forever.
In a totally unfair question, put you on the spot and say, do you think it can go on forever or long term?
Or do you think the forces that destabilise China, like the underconsumption, like the political model, if the political model is in fact a destabilising force, do you think if you had to put your money on one, do you think it will last forever?
Or is it the house of cards some people hope for?

[Heidi Østbø Haugen]
I think it's a pretty safe bet to say that it will not last forever in its current form.
And if we look back at China's history since 1945 or in the Second World War, 1949, when CCP took over the government.
We have seen so many different ways of making things work or not work within China.
So the China that we will know 10 years from now is probably going to be very different.
At the same time, for the past four decades, the Chinese government has proven adept at balancing different kinds of needs and moving forward, even though it has to contend with some very challenging contradictions.
So there's also nothing to say that this will not be done under the leadership of the Chinese Communist Party 10 years from now.

[Raj Kharel]
Well, towards the end, and also narrowing down a little bit towards Norway, what do you think of the Norway-China relationship?

[Heidi Østbø Haugen]
Norway, like most other countries, are afraid of angering China.
And that has to do with the history that Norway has of having strained trade relations with China after the Nobel Peace Prize was given to Liu Xiaobo.
So the relationship now is stable and most Norwegian politicians would like it to stay that way and not rock the boat.
And this is not specific to Norway, I think, but one of the interesting things that we are seeing these times is, for example, Canada is putting up more challenges or putting challenges more upfront again in its conversations with China.
So this could change.
But in the case of Norway, we are very happy exporting salmon to China and importing cheap consumer goods that we can afford to buy because we have

petroleum, which price is high in part because the demand for energy in China is very high, which drives up global energy prices.
So we are living good and wealthy days in part because China is like it is right now and in part because we don't have many industries that are competing with Chinese industries.
So we don't feel the downside.
We didn't feel the downside in China, so-called China shock one, when consumer goods were started to be produced in China or China shock two, where China moved up in green industries simply because we didn't have many manufacturers that were in direct competition with these ones in China.

[Raj Kharel]
Super interesting.
Do you have something?
OK, then we can probably come to the last and the most fun section of our podcast, which is where we have a trend where the last guest leaves you a keyword and then you leave a keyword to the next guest.
And you're supposed to reflect on the keyword by a couple of sentences from your perspective, from your research or your experience.
So the last guest was César Hidalgo and the keyword he left you is knowledge.

[Heidi Østbø Haugen]
Okay, so if I am to reflect on knowledge and what I in my research find interesting about that right now, it would be how knowledge and governance are intertwined.
And specifically in China, in the past, when I was studying the Greater Bay Area Initiative, that was an interest of mine.
So how academia is sort of giving a stamp of approval of quality on governance and is helping states govern in providing knowledge, for example, about which measures work and which measures don't.
And right now I'm exploring the same topic, but in relation to areas that have been reliant on extraction and where extraction has ended.

[Raj Kharel]
That is super cool.
And the keyword for your next guest is going to be?

[Heidi Østbø Haugen]
That would need to be logistics.
So I look forward to hearing what the next person has to say about that topic.

[Raj Kharel]
Yeah, it's a challenging subject.
And OK, that brings us to the end of the podcast.
That was episode 13.
Thank you so much, Heidi, for being here with us and talking to us about China and the trade relationship it has with different countries in the world.
Thank you so much, Tommy.
Do you have any words?

[Tommy Galliver]
No words for me, but thank you very much, Heidi.

[Raj Kharel]

Thank you, Heidi.

[Heidi Østbø Haugen]
Thank you for the invitation.

[Raj Kharel]
Of course.
You have been listening to a podcast from the University of Stavanger.