

ISTANBUL BILGI UNIVERSITY
INSTITUTE OF GRADUATE PROGRAMS
INTERNATIONAL RELATIONS MASTERS DEGREE PROGRAM

**THE BELT AND ROAD INITIATIVE PROJECT: LIMITS AND PROSPECTS FOR THE
CHINESE HEGEMONIC CAPACITY**

Kerem ERVERDİ

117605021

Doç. Dr. Cemil BOYRAZ

İSTANBUL

2021

THE BELT AND ROAD INITIATIVE PROJECT: LIMITS AND PROSPECTS FOR THE
CHINESE HEGEMONIC CAPACITY

KUŞAK VE YOL GİRİŞİMİ PROJESİ: ÇİN HEGEMONİK KAPASİTESİ BAKIMINDAN
SINIRLAR VE BEKLENTİLER

Kerem ERVERDİ

117605021

Tez Danışmanı: Doç. Dr. Cemil Boyraz

İstanbul Bilgi Üniversitesi

Jüri Üyesi: Prof. Dr. Çağdaş Üngör Sunar

Marmara Üniversitesi

Jüri Üyesi: Dr. Öğr. Üyesi Can Cemgil

İstanbul Bilgi Üniversitesi

Tezin Onaylandığı Tarih: 05/02/2021

Toplam Sayfa Sayısı: 78

Anahtar Kelimeler:

- 1) Kuşak ve Yol
- 2) Çin
- 3) Hegemonya
- 4) BRI
- 5) Neogramsci

Anahtar Kelimeler:

- 1) Belt and Road
- 2) China
- 3) Hegemony
- 4) BRI
- 5) Neogramsci

Table of Contents

ABSTRACT.....	iii
ÖZET	iv
INTRODUCTION	1
THEORETICAL FRAMEWORK	8
1.1. Hegemony in International Relations: Critical Approach	9
1.2. Debates on the Hegemonic Capacity of the Belt and Road Initiative	15
A HISTORICAL OVERVIEW: CHINA IN THE WORLD ECONOMY	20
2.1. Introduction.....	20
2.2. The Chinese Economy under Mao Regime	21
2.3 Reform Era – Establishment of Chinese Hegemonic Bloc	22
2.4. China’s Reaction to 2008 Global Economic Crisis and Introduction of Belt and Road.....	30
2.5. Concluding Remarks	34
PROSPECTS AND LIMITS FOR A NEW CHINESE HEGEMONY?: THE BRI PROJECT IN QUESTION	35
3.1. Introduction.....	35
3.2. China’s Motivations for Launching Belt and Road Initiative	35
3.3. Implications of the Belt on Road Initiative for the Chinese currency Renminbi	39
3.4. Asia Infrastructure Investment Bank (AIIB) and Possibility of Cooperation	41
3.5. Split in US Hegemonic Bloc and Chinese Vision of a Harmonious World....	45
3.6. Resistance and Counterhegemony	47
3.7. Possible effects of Covid-19 pandemic on Belt and Road.....	54
3.8. Concluding Remarks	55
CONCLUSION.....	58
REFERENCES	64

ABSTRACT

Since its announcement in 2013, Chinese Belt and Road Initiative has been criticized as being more than an infrastructure investment and development move and evaluated as a hegemony project. Often compared with the Marshall Plan of the US, post-World War II strategy leading to U.S. hegemony, Belt and Road Initiative is supporting China's rise as a global power and it should be considered as the tool of China for an alternative hegemonic order. Study assesses the Belt and Road Initiative and institutions of it, Asia Infrastructure Investment Bank (AIIB), in terms of their prospects and limits in establishing Chinese hegemony. From a Neo-Gramscian perspective, China proposes an ideologic and institutional alternative to the US hegemony. China structures its alternative social formation and ideology around a 'harmonious community' and 'economic development' discourse. Ideational structure of Chinese hegemony leads to an authoritarian state at domestic level and to a non-interventionist approach at global level with great emphasis on economic performance. AIIB establishes the necessary international cooperation structure for regional integration of underdeveloped Asian countries under the hegemony of China. Although China does not propose an alternative production method or an economic structure, its embracement of non-interventionism allows for states, deemed risky for investing in by existing structure, to be integrated into the system. Biggest objection for Chinese appears to be the US. However, utilization of de-globalization-oriented policies by Trump administration to counter China only cause tension among the actors of established global order, and support China's leadership and hegemony claims.

ÖZET

2013 yılındaki ilanından itibaren Çin'in Kuşak-Yol Projesi, Çin'in sunduğunun ötesinde amaçlar taşımakla eleştirilmekte ve bir hegemonya projesi olarak değerlendirilmekte. Sıkça Amerikan hegemonyasının kurulmasını sağlamış olan İkinci Dünya Savaşı sonrası stratejisi Marshall Planı'na da benzetilen proje, Çin'in global bir güç olarak yükselişini destekleyen, Çin merkezli alternatif bir hegemonyanın enstrümanıdır. Çalışma Kuşak-Yol Projesi'ni ve proje kapsamında kurulan Asya Altyapı Yatırım Bankası'nı, Çin hegemonyası adına kapasitesini ve sınırlılıklarını incelemekte. Neo-Gramşçıyan perspektiften değerlendirildiğinde Çin bu girişimleriyle Amerikan hegemonyasına alternatif bir ideoloji ve kurumsal çerçeve sunmakta. Çin'in sunduğu alternatif ideoloji ve sosyal yapı 'ahenkli ortaklık/topluluk' ve 'ekonomik kalkınma' fikirleri etrafında şekillenmekte; yerel düzeyde otoriter devlet halini alırken, uluslararası düzeyde müdahalecilikten kaçınan, ekonomik performans odaklı iş birliği halini almakta. Çin, Asya Altyapı Yatırım Bankası ile uluslararası iş birliği için gerekli yapıyı sağlamakta. Çin iktisadi bakımdan yerleşik hegemonik düzene bir alternatif sunmamakta. Ancak benimsediği müdahalecilik karşıtı yaklaşım, kurulu düzen içerisinde memnun olmayan ve yerleşik düzen içerisinde yatırıma erişimi sınırlı olan sisteme entegrasyonunu yolunu açmakta. Çin'in stratejisine en büyük engel Amerika Birleşik Devletleri olarak gözükmekte. Ancak Trump yönetiminin Çin ile mücadelede deglobalizasyon odaklı bir strateji izlemesi, lideri olduğu sistem içerisinde gerilimlere neden olmakta ve Çin'in bölgedeki liderlik iddiasını ve hegemonik projesini güçlendirmektedir.

INTRODUCTION

The city of Duisburg was one of the places Xi Jinping, leader of the People's Republic of China, visited during his visit to Germany in 2014. This visit may surprise some, Duisburg sits at an important junction on the strategic road map drawn by the Chinese state. City is an important logistics base in the heart of Europe with expansive storage facilities and train rails extending to the banks of the River Rhine. An average of thirty trains loaded with toys, textiles and high-tech electronics arrive at the city per week - traversing through the Northern Silk Road. These trains amount to approximately eighty percent of the trains coming from China to Europe. Moreover, Chinese state invested millions of dollars to further develop the logistic capacity of the city. It is not possible to ignore the economic potential of the city created by trade volume and infrastructure works. Sören Link, the governor of Duisburg emphasized the importance of cooperation with China. Sören was going to express his views with the speech he gave during Xi Jinping's visit to Duisburg: "We are Germany's China city... We can become China's gateway to Europe and vice versa..." (Oltermann, 2018). Duisburg visit was a year after the leader of the People's Republic of China, Xi Jinping, announced The Belt and Road Initiative during his diplomatic tour to Kazakhstan and Indonesia in 2013.

The Belt and Road Initiative (BRI) is an ambitious development plan backed by The People's Republic of China consisting of grand infrastructure projects, investments in approximately 150 countries and also a marketing campaign for the Chinese investors. It is an umbrella term and covers a multitude of different investment projects. The BRI allows to promote flow of goods and investment among cooperating countries, a project coined as the "21st century silk road". Originally the aim of the BRI was, in accordance with the ancient Silk Road, to establish a belt of roads, highways and railroads and a maritime road stemming from China and reaching to Europe.

Since 2013 the BRI gathered a lot of attention from a wide audience. Today the Initiative encompass many countries from different continents, Asia, Oceania, Europe, Africa and South America, and can be referred as the economic doctrine of China. Countries involved in the Initiative comprise nearly half of the world's population and gross domestic product. Moreover, international institutions like the World Bank (WB) also take on important roles in the BRI (World Bank, 2019). A large number of leaders and diplomats from 150 countries attended the Belt and Road Initiative Forum organized in 2017. International Monetary Fund (IMF) chief Christine Lagarde announced the institution's support for the program. However, not everything was developing positively for China and their initiative. In 2016 during talks between Xi Jinping and the European leaders in Paris, French President Emmanuel Macron and German Chancellor Angela Merkel were expressing their concerns regarding the BRI and the cooperation between Europe and China. According to the European leaders, they were having a hard time finding the openness China found in Europe. Concerns about China was not limited to Europe (Willsher, 2019). Donald Trump with election promises, comprising to review US-China relations, was elected as the President of the United States. By the year 2018, West's approach to China, their view on Chinese economic strategies and as the flagship of these strategies the view on BRI was changing.

In 2018, the German government began imposing restrictions on foreign direct or indirect investments and company acquisitions by foreign investors in certain sectors for national security reasons. These restrictions came following an acquisition made the same year. Despite all of the efforts made by the German state to prevent it, a Chinese company acquired a twenty percent stake in a German electricity distribution company. Moreover, same year United States imposed new customs duties and tariffs to China, launching the Trade War between the two states. During his trip to China in 2018, French President Macron once more criticized the BRI. His concerns about the Initiative seemed to be heightened since Xi Jinping's visit in 2016: "After all, the ancient Silk Roads were never only Chinese... These roads cannot be those of a new hegemony, which would transform

those that they cross into vassals...”. Western states’ concerns regarding China might be reaching to its tipping point. Their uneasiness can be observed in the joint declaration made by NATO after the 2019 summit: “We recognize that China’s growing influence and international policies present both opportunities and challenges that we need to address together as an Alliance” (Deutsche Welle, 2019) Organization’s focus might be shifting from the North Atlantic to the Pacific.

Still, China's BRI project is a lucrative and appetizing project, not solely for Europe and the United States but for all possible investors. At first BRI seemed like another one of mega-construction projects of China. However, with ever growing scope and expanding reach of the Initiative, it is much more than an infrastructure construction and development project. With raising concerns about the project and changing attitudes towards China in the past few years interest in the initiative grew. It is not surprising that the approach to the BRI project has changed, as the BRI project has undergone significant changes since its first announcement. With increasing scope and economic volume of the project, naturally, it has become a global phenomenon and BRI’s possible consequences, the timing of the initiative, its objectives, and the underlying motivations have been the subject of numerous research and debate. There are both supporters of the Initiative as well as opposers. Supporters of the initiative put forth that areas targeted by China are suffering from underinvestment and are registering low on United Nations Human Development Index. Most utilized examples are Myanmar (145th) and Pakistan (147th) (China Power, 2017). Indeed, the initiative boosts development, growth and economic integration among contributing countries, allows for creation of a grand infrastructure network of railroads, ports, energy plants, trade hubs and also allows for the expansion of the markets with a broader range of goods. From this aspect it is compared with infrastructure project, Marshall Plan, with its effects on today’s world (Shen and Chan, 2018). Chinese Foreign Minister Wang Yi refuses such claims and openly addresses the concerns: “The BRI is neither a Marshall Plan nor a geostrategic concept, it was better described as an attempt to build a community with shared future for mankind together with other countries around the globe.”. President Xi

Jinping added by saying that BRI is “an economic cooperation initiative, not a geopolitical or military alliance.” (Financial Times, 2018).

Today China is an economic giant and an important part of the world order. Its political sphere of influence has also expanded in the last 20 years with its rising economy. In the light of these developments BRI is considered as an important project able to shape the world politics. By focusing on trade networks and infrastructure constructions, the project aims to increase the trade capacity of the Chinese economy and to reduce the damage to Chinese trade from the global crises. Additionally, BRI will ensure the development and progress in the landlocked regions which have been lacking in economic performance compared to coastal cities. By join these regions with global trade networks, China can sustain economic growth and deepen its integration into the global economy. According to another approach, the project’s utmost aim is to solve immediate problems of Chinese economy, overcapacity problem. This overcapacity problem is not limited with China's bloating construction industry, BRI is also promoted as a solution to overcrowded cities and poverty ridden rural population.

From a more global aspect, the initiative reflects the dissatisfaction with China's place in economic governance, the mismatch between its economic power and representation in global institutions. With BRI and its institutions China crates a place for itself in economic governance, leading to considerations of the project as a search for hegemony. Establishment of institutions, China’s increasing influence and cooperation in Central Asian countries directly on the belt will have hegemonic implications whether intended or not. However, there are also other views emphasizing China's dependence on the established economic order, representing different ideas about the future of the project. Among the views that highlight the dependency relationship, BRI’s need for foreign investment project come first. It is questioned whether China will be able to complete its initiative without the support established actors of the economic system or whether it will be able to handle the financial burden alone. Another view highlighting the dependency relationship is

pointing at the role of trade allowing China's rise. China needs the consumption of actors such as the USA and the EU, raw materials and energy resources to sustain its growth. Initiative will deepen China's dependence on the system while satisfying the needs in the fields of energy and trade. China is increasingly resorting to mechanisms of the established system in order to eliminate the rising doubts about BRI's motivations, increasing the cooperation with the actors of the system. Therefore, according to this views China does not seek hegemony but seeks a place within the existing system. Whatever the intention is, a project of this scale, the supporting institutional and financial structure will expand China's sphere of influence, and it will inevitably have hegemonic results. Study will engage with the existing literature and further evaluate existing opinions in the third chapter.

Thus, this study will try to evaluate China's BRI project from the framework of hegemony and evaluate the prospect and limits of the initiative for Chinese hegemony. By examining the limits and possibilities of the hegemonic capacity of the BRI project, study will try to provide answers to other questions: What is the motivation behind BRI? Why did the Chinese endorse this project now? Do new institutions offer an alternative social structure, new values, a new historic bloc, a new hegemonic order? Are the institutions established to support the initiative differentiate themselves from existing ones in terms of containing contradictions? How does it differ from the structures of the US hegemony? If it does, can BRI and its institutions legitimize Chinese hegemony? Can BRI and its institutions allow other state leaders and political elite to cooperate Chinese hegemony? Can it absorb counter-hegemonic ideas and movements?

The possibilities proposed by BRI for Chinese hegemony will be discussed and evaluated within neo-Gramscian theoretical framework and with the questions presented. According to Gramsci hegemony is cannot be created neither by economic nor by military measures alone. In order for the hegemonic order to be established, countries must find an order compatible with their own interests. For Gramsci hegemony is possible through compromise of the dominant power to

secure the consent of lesser powers. Hegemony is a mutual agreement rather than the domination of a country, a class or group over others. Moreover, hegemony should bear features that regulate and moderate inter-class relations and contradictions in the countries that will be included in this world order. Military, economic, geopolitical or geostrategic changes in international relations and world order are founded in social relations. Gramsci proposed that forces in the society, various classes and groups are organized under the leadership of a dominant one through unintentional adoption of a group's values and interests by subordinate groups as their own interests (Bates, 1975).

Accordingly, Neo-Gramscian approach focuses on social forces exceeding national borders in order to inspect world order and politics (Cox, 1981). World order and hegemony arise from the expansion of a social structure which establishes hegemony first within national boundaries and establish normative structures, institutions covering rules and rights within the framework of the values adopted. These normative structures will evolve into international regimes through international organizations. China differs both ideologically and institutionally from the west and the established US hegemony in managing its internal contradictions and class conflicts. The international institutions established under BRI and the financing it provided bear the traces of this difference. Thus, study will focus on the institutions of the BRI, capacities and constraints of these institutions. While examining these institutions, existing institutions of US hegemony and their properties will be put in perspective, however, a comparative approach will not be utilized. Literature survey will be used as the research method. Relevant news and research articles, books and other sources will be evaluated, put into perspective with Neo-Gramscian approach.

In the first part, different concepts and definitions of hegemony will be put forth and theoretical framework, Neo-Gramscian approach, of the study will be provided. In the second part, an historical overview of China will be given. From Neo-Gramscian point of view formation of society is a key element in explaining

hegemonic transitions. Thus, the second part will explain societal transformation beginning from the foundation of the People's Republic of China to its integration into the capitalist economic system and finally the effects of the 2008 global economic crisis. Changing social dynamics and the social structure in the wake of China's economic transformation and opening policies will be discussed. However, in-depth examination of the social structure will be excluded. In the third part, different outlooks on the BRI project will be reviewed, different answers for this study's research questions and different proposed motivations for Chinese initiative will be evaluated. As an important tool for material aspect of hegemony, BRI's possible effects on internationalization of Renminbi will be discussed. Institutional aspect of BRI and its capacity for establishing cooperation among global actors will be evaluated and possible resistance and counterhegemonic moves will be considered. Finally, in the fourth part prospects and limits of the BRI will be evaluated, findings of the study will be put forth and possible implications and impacts of the Initiative will be provided.

THEORETICAL FRAMEWORK

Hegemony as a contested category has been a concept that has been applied in various periods of history from the Greek city-state system to the Roman Empire and growing in popularity today (Wilkinson, 2008). The word originates from the Greek word *hegemonia*, meaning domination or leadership (Antoniades, 2017). Hegemony is used in various ways in different academic disciplines. The concept is also used in international relations to understand and explain the functioning of the international order and is used in various frameworks such as regional, global, ideological hegemony (Dirzauskaite and Ilinca, 2017, p.8). There is no single analytical framework that addresses the concept of hegemony, and the concept differs in accordance to the characteristics of its applications (Worth, 2015). In general, the concept is used to describe as a state or actor that will shape the international system and ensure its continuity (Dirzauskaite and Ilinca, 2017, p.17-18). Today, international relations are largely shaped by US-led financial institutions, American-led security structures, and are shaped around values / norms that can be described as Western (Li and Shengjun, 2018). Particularly after the cold war and recent global crisis, the assessments on US hegemony have diversified, some arguing that America has lost its leadership in the economic field and its hegemony has weakened. However, there are also others with the opinion that economic liberalism and free market mechanisms, the basis of US hegemony, are preserved and US hegemony is still functional (Ikenberry, 2018). Similarly, there are those who consider BRI as a hegemonic rise or those see it as a new step in Chinese integration to the US hegemony. In this section, different hegemonic approaches in the IR field will be evaluated. Then, the BRI project will be briefly evaluated with different hegemonic approaches and theoretical framework of the study will be explained in detail.

1.1. Hegemony in International Relations: Critical Approach

In international relations the concept of hegemony is frequently used for evaluating the international system from various aspects. Hegemony-oriented theories are often criticized for not having a single comprehensive and consistent explanation, the determinants of hegemony differ according to different schools of international relations. Natural resources, geography, population structure and characteristics, economic, technological and military capacity, cultural and ideological structure can all be indicators and arbiters of hegemony (Antoniades, 2017). Major schools in international relations have different explanations regarding hegemony, factors/enablers for establishment, change and sustainability of the hegemonic system. While the realist approach evaluates hegemony in terms of material capacity and power, the liberal approach highlights the institutional aspect. Constructivist approach evaluates hegemony in terms of ideas, values and acceptances shaping it. The neo-Gramscian approach focuses on the reciprocal relationship of material, institutional and ideological aspects (Li and Shengjun, 2018).

Realist theories of hegemony focus on power of an actor. This approach builds upon the assumption of states being main actors of anarchic international political system, acting rationally to amass power (Keohane, 1984). Power, be it military or economic, defines the order of the international system. Thus, from the realist approach hegemon is an actor, a state able to amass enough power to enforce others to act within a certain order (Mearsheimer, 2001), a state capable of ‘policing’ the international system through economic or military means (Worth, 2015). As an approach focusing on the power, most powerful actor establishes its hegemonic system and becomes one to benefit the most from it. However, the system is also enforced by the most powerful actor in a top-down fashion. As the system is the product of the most powerful actor, sustainability of such a hegemonic order relies mainly on the hegemon's ability to maintain its power. Decline of a hegemon also results with the system reverting back to its anarchic nature (Keohane, 1984).

Liberal theories of hegemony argue that rather than relying solely on power to coerce and dominate others, states seek common interests and ways of cooperation in order to achieve a stable and sustaining political system (Dunne et al, 2014). For establishing of common interest and cooperation, economy and institutions gain greater importance. Hegemon establishes a rule-based system with emphasis on common interests and by doing so it forfeits immediate gains for stability, predictability and future gains. Moreover, it establishes international institutions for its governance. Thus, continuity of the system relies on all contributing actors. In this respect, the approach focuses on the institutions and mechanisms that create hegemony rather than hegemon itself. Hegemon's decline in power does not automatically reflect as collapsing of the system (Li and Shengjun, 2020). Hegemony can outlast the hegemon, after the establishment of the system, the importance attributed to the hegemony decreases and the requirement for one recedes entirely. Liberal hegemonic orders become stronger and sturdy with each participant, each actor benefits from each other within the system and possible penalties and losses for disrupting the hegemonic order becomes more severe (Ikenberry in Mastanduno, 2019).

Realist and liberal approaches define hegemon and hegemony through power. Hegemonic system is an external structure and the system is conceptualized as the relation of hegemon and others (Antoniades, 2017). Constructivist approach differs from these. From a constructivist approach, the importance of materiel power and institutions decrease for evaluating and understanding hegemony. The main reason for this is that according to the approach, power and institutions as we understand are shaped by the common knowledge, understanding and values adopted. Therefore, ideas, concepts and identities come to the fore in the analysis of hegemony. To refer to an example frequently used to explain the effect of the adopted identity and values on perception; United States do not oppose Britain's ownership nuclear weapons, while it considers all efforts of North Korea to attain nuclear weaponry as a threat (Wendt, 1995). An evaluation of hegemony made in

this respect does not ignore the role of material capacity but does not attribute a decisive role to it. With this approach, the international system and hegemony loses their exogenous features and become subject to the actors' perception of them. Therefore, while considering hegemony in the international system, it is necessary to evaluate how ideological elements and identities are formed, spread and adopted rather than material capacity, soft and hard power, institutional characteristics.

Neo-Gramscian approach starts from Gramsci's definition of hegemony and dissimilar to other approaches, it evaluates hegemony as the product of material capacity, social forces, ideology, identity and institutional structures. Antonio Gramsci sought the roots of hegemony not only in economic or coercive means, not in hard or soft power. Gramsci viewed hegemony as a product of social, cultural, political and economic factors, as a structure of values, understandings, history and narrative which becomes infused within a society and state (Dirzauskaite and Ilinca, 2017). By shaping relations of these factors, one class/group in society can assert its authority over the society by winning the consent of masses through a political and ideological leadership in civil society.

Hegemony is the result of a constant struggle among actors within a society, in which the dominant group pursues to win 'hearts and minds' of others by means of consent by pursuing and embracing same norms and assumptions, creating a common sense, an ideational structure (Worth, 2015). Ideas are, firstly, common understandings among different groups. Secondly, it is different and/or conflicting images about social practices emanating from different groups. These are different views on legitimacy or fairness of a given social structure. Institutions are shaped in accordance with these ideological structures and instrumentalized for the stabilization and reproduction of social relations. Institutions can be used to contain conflicts and contradictions, allowing the minimization of coercion. It is this continuous process among different forces and groups of society leading to hegemony. Gramsci called this emerging formation in the society under the leadership of the dominant class as historic bloc. This formation is not necessarily

an alliance. Moreover, this formation does not have to emerge from conscious decisions of the forming parties. It can be formed and legitimized with the aid of different cultural and social forces. Focal point is that dominant groups self-interests are accepted by others as their own (Adamson, 1980). Religion, myths and practices of all nature, media, cinema and other forms of art, education and sports can all serve for this purpose. Thus, hegemony should be understood as the institutionalization of consent and persuasion established within society and state (Fontana, 2009). However, created social structure and its institutions does not propose an ultimate end to hegemonic process. Rather, they also become part of social forces and influence the hegemonic process further. Gramsci's definition of hegemony not only outlines the process of alliance and coalition forming but it also emphasizes the continuous nature of this process.

The neo-Gramscian approach places hegemony in a more comprehensive framework instead of treating hegemony as a system based on the power of states. Building upon the Gramsci's definition of hegemony, neo-Gramscian perspective on hegemony views states as interconnected structure of ideas, material capacities, institutions and social forces. States are a configuration of all, formed in line with established historic bloc's vision and represent the characteristics of this formation. States are not a separate entity but the diffusion of a social, economic and political structure from national level to the broader level of international. There is no clear distinction between states and their forming civil societies. States and societies interpenetrated each other, resulting in a state-society complex. This state-society complex is the main entity of international relations (Cox, 1981). Although historic bloc manifests at national level first, its method for social relations of production, mode of production can attain an international character and expand to the world and effect different actors and social forces within them (Morton, 2003, p.160). This mode of production represents not the production of commodities but rather the production and reproduction of all social, cultural and institutional structures within the society (Cox, 1987, p.12-14). International expansion of this mode of production can penetrate the existing world order. Through international

institutions new norms and ideas can propagate in different states, reflecting as change in the existing world order. Hegemony is the result of reciprocal relation among modes of production, state-society complexes and world order (Morton, 2003, p.155). Global hegemony is beyond a state's economic and military capabilities. World order is structured around a set of hegemonic practices, accepted by partaking states, as in a historic bloc. Rather than a conscious choice, hegemony oozes through all relations, cultural, economic ties and establishes itself by shaping values and understandings of the global order (Taylor, 1996). The Chinese state has material capacity with its economic power. With the transformation of its economy, China also witnessed a change in social forces and in its social structure, historic bloc. Through BRI, China also creates the institutional framework reflecting the characteristics of its historic bloc. However, it is important to evaluate how the Chinese alternative will be received by other actors and from which aspects it will be limited or prosper.

In evaluating this shaping power attributed to hegemony, Cox refers to the “intersubjectively constituted reality” (Germain, 2016). Considering civilizations as different areas of intersubjectivity, it is argued that rival capitalist structures, stuck in struggles between different lifestyles or different cultures, seek shared ideas that will relate different realms of intersubjectivity (Germain, 2016). In this quest, the hegemon is in a constant struggle with supporting, resisting, corrupting and reshaping movements of individual or collective action against its propositions. It is an interactive mechanism in which the hegemon acts together with all the competing elements and they constantly shape and reshape the international order together (Li and Shengjun, 2018). The weakening of the hegemon is followed by the rise of the counter hegemon offering new understanding and values. Both hegemony and counterhegemony are constantly utilizing their capabilities in line with hegemonic purposes, institutionalization and creation of consent, a bond between individual and social subjectivities (Antoniades, 2017). However, hegemony does not refer to a material condition in which an actor is superior, and it is not a status that can be obtained unilaterally, it depends on the recognition of

this situation by other actors (Morton, 2003). The maintenance of hegemony and the counterhegemonic movement are similar in this sense. Both hegemony and counterhegemony co-exist with past social structures and practices, and this will regularly cause contradictions and disorders. Hegemonic movements will regularly encounter boundaries, technologies, and tools that resist them in various ways (Antoniades, 2017). By considering ideological and material framework that led to the formation of institutions and allow the dissemination of hegemony, it will become possible to make inferences about whether these institutions are capable at managing counter movements and transforming the system, the scope and aspect of its possible effects on the system.

Neo-Gramscian definition of hegemony focuses on examining and managing of social, economic and institutional power relations and thus provides means to identify agents of change. In this context, reciprocal relationship between ideas, material capacities, institutions, existing social structures, emergence of practices and habits that shape hegemonic orders are of great importance. The framework offered by Cox allows to evaluate the configuration of the global world order and possible structural transformations through international institutions. International institutions ensure the spread of dominant economic and social forces, determine the norms and practices of legitimization, expand the order by shaping the elite level of cooperation and elite identities, and also aim to absorb potential counter-hegemonic movements and ideas by shaping elite identities. Institutions are an important element of change in international system as they are the instruments of ideological and material influences at the global level, sources of pressure for the system, buttressing its own characteristics to the existing structure. BRI and possibility of a Chinese hegemony should be evaluated from this neo-Gramscian perspective.

1.2. Debates on the Hegemonic Capacity of the Belt and Road Initiative

Belt and Road Initiative has a vast scope and Chinese government's avoidance of defining BRI with a strict framework, the fuzzy quality of it, allows different approaches and aspects to successfully explain it. All approaches are able to provide valid explanations of the initiative in their own context. However, when the underlying motivations, realized and potential effects of the initiative; economic, ideological, social and institutional; are considered as whole, the neo-Gramscian approach becomes a better alternative. When evaluated from a realist perspective, in terms of the power it will provide to China, BRI indeed orients an enormous part of the world economy towards China and increases China's economic leverage and power. Critics point at the possible implications of BRI on the military capacities of China along with the economic gains, initiative provides China with material and military power as well. The expansion of trade routes and economic ties can eventually lead to expanded military presence (Abi-Habib, 2018). Along the routes within the scope of the BRI, long-term infrastructure investments and port operation projects are realized with capacities to serve military operations (Cooper, 2018). It is also claimed that the initiative focused its investments on regions that can be described as "global chokepoints" where trade lines are concentrated, increased its power in these regions and turned into an element of military pressure. The increase in China's military capacity is not only limited to naval power and port infrastructure. The railway lines extending from Asia to Europe can be seen as transport lines for land forces (Times of India, 2018). In this approach, there is a similarity with the different perception of the military capacities of Britain and North Korea stemming from the identities adopted.

Criticism and evaluation of the initiative are not limited to China's increase in military infrastructure and power. BRI and China is openly criticized and even condemned for using BRI as a "debt-trap" policy tool (Gerstel, 2018, Hornby and Zhang, 2019). Critics say that through the massive infrastructure projects, China is forcing cooperating countries to take on high debt burdens. Examples like Sri

Lanka, Tajikistan and Pakistan arouse suspicion among scholars and politicians that China is indeed utilizing its economic leverage to exploit partner countries and align their policies in accordance with China's own interests. Sri Lanka and Pakistan leased ports to Chinese companies to compensate for repayments. Moreover, China wrote off debt of Tajikistan in exchange for disputed territory (Oltermann, 2018). China's handling of debt-trap accusations is important in this respect, Chinese Ministry of Finance established Debt Sustainability Framework for Participating Countries of the BRI in 2019 in line with IMF and WB frameworks (He, 2020). Moreover, the Chinese authorities reject the aggressive qualities attributed to the initiative and reiterate the emphasis on cooperation (Financial Times, 2018). Although it is not correct to evaluate directly within the framework of the BRI, the investment agreement between China and the EU in the last days of 2020 should be considered as an example of China's emphasis on cooperation rather than instrumentalization of its economic power. Latest agreement of cooperation is seen as ratification of the relevant international liberal organization's fundamental conventions (European Commission, 2020). When we look at Chinese officials' statements and proposed economic problems faced by China, realist view of BRI as a power-based hegemony project loses its explanatory capabilities (Wan, 2019, Ni et al., 2020).

In light of the emphasis on cooperation, evaluation of BRI from liberal and neo-Gramscian perspectives can result with conflicting resolutions. China's rising economic power and current developments should be seen as the product of the US hegemonic structure (Li and Shengjun, 2020). Interdependent structure of the US and Chinese economies is another important point emphasized in the studies. China's economy is dependent on the US consumption, and the US economy is dependent on China's production (Magnus, 2019). Moreover, global economic order is forcing states to form alliances, replacing self-interested states (Echeverri-Gent and Herlevi, 2015). Strategies are becoming more focused on coordination among states rather than a hegemonic ordering. From a liberal point of view, these developments propose BRI as a push for equality rather than a challenge to US

hegemony. However, from a neo-Gramscian perspective, same developments of cooperation and dependency creates means for Chinese influence to grow in and establish common interests.

The project is viewed as a win-win strategy for the participating countries and investors (Weihua, 2020, p.466). According to this win-win approach, underdeveloped regions will acquire the much-needed funding and leap forward with infrastructure projects and China with other investors will earn their share from this development. Trade routes stemming from China will ensure the economic integration of the countries along the BRI roadmap and expand world trade. Moreover, infrastructure building and development in Asia region could potentially benefit US as well as China (Cavanna, 2018). Again, from a liberal perspective, BRI will further China's integration to the global economy and aims to create a robust economy, not hegemony. However, by looking at the secondary result of the initiative in aligning of regulatory standards among partaking countries we can see the possible fields for Chinese influence to increase. While decreasing transport times and expansion of markets, cooperation among countries leads to improved financial ties through reduced tariffs and regulatory hurdles. BRI has the potential to reconfigure and improve international relations, international governmental cooperation and better align high level policies through rerouting economic activity.

Despite the American decline, the economic order established by the US hegemony and its supportive institutional structure are standing firmly. China is rising to the upper ranks in the hegemonic system and performing remarkably well in fields like production of high-tech goods, international aid and investment (Li and Shengjun, 2018). Increasing China's voting rights in the IMF and WB supports this view of a robust US hegemony (Peng, 2018). Adding the Renminbi, the currency of China, to the IMF's special drawing rights basket next to the US dollar, euro, yen and British pound is another example (IMF, 2016). This change shows the power of the liberal US hegemony in keeping actors within the framework it has established.

However, globalization and integration of China to the world economy proposes challenges and opportunities to both prominent actors of the existing system and to China as an emerging power. On one hand, integration of China into global economic structure will enclose China within a certain system drawn out by the US hegemony. On the other hand, Chinese successful integration and economic performance comes along with elements conflicting with the founding principles of the existing order (Li and Shengjun, 2018).

Mere existence of an alternative to the institutions of US hegemony alone may erode the materially reproduction possibilities of it. The most important indicator of this within the scope of BRI is the Asian Infrastructure Investment Bank (AIIB). AIIB creates institutional alternatives to the existing ones. Moreover, it differentiates itself from the existing ones by an ideological difference. Established for the funding of the Initiative 'non-interference' is emphasized in its founder's agreement. It is a Chinese alternative to the Washington Consensus which is considered as being interventionist. Liberal approach dismisses the hegemonic implications of the initiative emanating from differentiating world views and practices of Western and Chinese elites. However, 'Beijing Consensus' and AIIB can be considered as a reflection of China's unique economic structure and its desire to be a rule maker in the international system. Chinese capitalism, which can use the different values and practices together with focus on economic performance, can be an alternative to other states (Li and Shengjun, 2018). AIIB can be seen as a tool to create the necessary foundation and consent for this Chinese alternative. Contrary to what is envisaged in the established order, with China's alternative it is not required to diminish state influence in the economy, allowing not only private actors but also State-owned enterprises to coexist in the system as in China. This proposes an alternative for the integration of national economies into the global order (Li and Shengjun, 2018).

Recreation and adoption of Confucianist ideals of 'harmony' and 'non-interference' and basing legitimacy on 'economic development' are also facilitators for Chinese

alternative (Guo, 2003). 'Economic development' discourse is significant as a legitimization tool and the meaning attached to it changes in accordance with social and economic developments in China (Li and Soobaroyen, 2020). 'Economic development' meant prosperity and progress during the early reforms under Deng Xiaoping. During nineties it acquired the meaning of better integration to international trade and economy. After the 2008 economic crisis phrase took a vague meaning of 'national goals' (Li and Soobaroyen, 2020). Confucian teachings were one of the targets of Cultural Revolution and its revival coincides with the retreat of communist practices with market reforms (Chou, 2008). Today, Confucian arguments can be observed in Chinese political and academic elites' discourse; in 2007 Wen Jiabao, then Chinese prime minister, emphasized the importance of Confucianism and highlighted some of its basic principles: 'The traditional culture of the Chinese nation has numerous precious elements, many positive aspects regarding the nature of the people and democracy. For example, it stresses love and humanity, community, harmony among different viewpoints, and sharing the world in common' (Bell, 2010). This ideological framework, which can be observed in the speeches of Chinese politicians and in the China's international initiatives, should also be taken into account when evaluating BRI.

Established for the financing of the BRI, AIIB carries the characteristics of this ideological framework. Foundations of this ideological structure lie in the integration process of China into the international economic system and the change this process created in Chinese society. As China was transitioning to the capitalist economic model under the leadership of the CPP, changes took place in its class formation and social agreements. China's integration model is decisive in its identity, development and in its position in the international system today. Therefore, BRI should be evaluated as the international manifestation of interacting social, material and institutional factors within the Chinese society.

A HISTORICAL OVERVIEW: CHINA IN THE WORLD ECONOMY

2.1. Introduction

After the Second World War, the US pursued a strategy to expand the international network for capital movement. Starting in the 1970's internationalization of the capitalist class gained momentum with neoliberal policies. Through institutional and economic arrangements international finance and production was reorganized in global scale and as a result transnational economic structure emerged. The Western camp under the leadership of the US became responsible for maintaining mechanisms and institutions of the global economic order. Together with ideas like democracy, individualism this new structure allowed US to establish its hegemony. New global economic order has been adopted by many countries voluntarily and by some through economic and/or military force.

China, very much integrated to the global economic order today, took a different path than other countries in its economic reforms. China refrained from copying other examples of economic reforms or shock therapies and executed a series of reforms exclusive to them. These reforms in return led to the construction of a unique capitalist market economy with state influence, "market economy with Chinese characteristics". Today this difference in economic reforms and integration can be seen as the root of China's challenge of the US hegemony (Sune, 2019). Thus, it is important to analyze this integration process. Chinese economic reforms began in 1978 under the leadership of Deng Xiaoping, two years after Mao's death. In 1978 Chinese share in the world economy was negligible and not many could have foreseen the Chinese economic advancement. Today China is the second largest economy with enormous production capabilities, however in the early years it even lacked in basic commodities.

2.2. The Chinese Economy under Mao Regime

During the first years of the PRC, economy was structured around centralized planning and people's communes. People's communes were farming collectives of various sizes, responsible for agricultural production. State procured large amounts of agricultural products through communes and subsidized industrial production. However, lack of accountability and productive management caused by the sheer size and geographical diversity of the country did not allowed central plans to be fulfilled and led to low productivity and low economic performance in general (Coase and Wang, 2012). In 1958, Mao announced the ambitious economic plan, namely the Great Leap Forward. At the time steel production was the most important indicator of economic performance in industrialized countries. China was lagging behind its rivals in steel production. To accelerate development and industrialization and to retain competitiveness in international politics, China aimed to surpass Britain's steel production in fifteen years. With the Great Leap Forward government also envisioned to create independent, self-sufficient units of production, which would allow to decentralize authority and minimize bureaucratic problems caused by the size of the country. To this aim with Great Leap Forward communes were given the duty of steel production. They were not only going to farm but also produce steel in their 'backyard furnaces'. However, with disorganized small-scale factories it was impossible to produce high volumes of quality steel. Great Leap Forward not only missed its aim of industrialization and steel production, it also crippled the agricultural production. Communes were unable to keep up with government expectations in both farming and producing steel.

As a result, the agricultural output fell greatly. Although decentralization was achieved to some extent, there were no mechanisms in place to supervise and manage these small production units. Moreover, local authorities reported false, inadequate output projections mostly to avoid any possible punishment from the central government. Thus, the central government was unable to grasp the extent of

drop in agricultural production. Production projections were so optimistic that China continued to export grain aggressively. As a result, China experienced one of the most destructive famine in history. Millions of people died because of the famine. It affected the economic progression of China greatly and caused Chinese government to revert back to strict centralization. Disputes between supporters of centralization and supporters of decentralization continued well into the 1990s. Famine also marked the end of the Great Leap Forward. With strict measures economy and social life recovered (Coase and Wang, 2012). Destructive effects of the famine would be instrumentalized by capitalists in the future as a source of legitimization. In 2008 representatives of capitalists were opposing labor right regulations by referring to era of planned economy (So, 2013).

In 1966 Mao announced another program, namely the Cultural Revolution with the aim of revitalizing the communist ideology. After the disaster of the Great Leap Forward strategies and legitimacy of the communist state took a hit. Revolution had the goal of getting rid of any capitalist or traditional element in the Chinese society (So, 2013). During the Cultural Revolution many intellectuals and statesmen were labeled as ‘capitalist roaders’, enemies of the communist regime. Cultural Revolution’s most prominent effect in terms of Chinese economic development was total eradication of capitalist class, which had little significant power in the first place. Political chaos caused by the revolution led to another setback in Chinese economy. Cultural Revolution ended with the death of Mao in 1976.

2.3 Reform Era – Establishment of Chinese Hegemonic Bloc

Deng Xiaoping emerged as the leader of China in the aftermath of Cultural Revolution and Mao’s death. He was a prominent figure of the Communist Party before the Cultural Revolution. During the revolution he was labeled and punished as a ‘capitalist roader’. Deng’s leadership marked the change in Chinese economy, and he became the pioneer of the Chinese economic reforms. His approach to economy was much more pragmatic compared to Mao’s ideologic approach. Deng

prioritized ending poverty over the fight against capitalism. China adopted the 'Four Modernizations' plan as the main strategy. This new strategy aimed to modernize agriculture, industry, military and science and technology. More importantly 'Four Modernizations' plan pushed for change in production and ownership ties and marketization of the Chinese economy (So, 2013).

First economic program of the modernization plan, Leap Outward was announced in 1977. Leap Outward comprised of investments in the fields of heavy industry, energy production, infrastructure projects. Although it was similar to previous central plans, it differed in a one significant way. With the Leap Outward China turned to global capital market for investment. It should be noted that this opening coincides with the neoliberal expansion of the West experienced during the time. Economic reforms allowed Communist Party to maintain its power by both containing internal dissent and external pressure (Harvey, 2007). Leap Outward had a short lifespan as China was only able to finance a small number of projects in the program. Also, the completed projects did not become productive as they were isolated from a comprehensive supply chain and markets. China lacked proper experience and know-how needed to operate these. 1978 marked a milestone in Chinese economic reform process. Vice-premiers, high ranking officials and managers of state-owned enterprises (SOE) made a series of visits to foreign capitalist countries and experienced the advancements made possible by the free market economy. China signed trade agreements and together with Macau and Hong Kong, which had strong cultural ties with and took steps to establish special economic zones in China. China began to take part in international trade (Coase and Wang, 2012).

SOE structure was also subject to reforms. In line with Mao's vision these enterprises were also formed to be self-sufficient. This structure caused SOEs to be small and vast in numbers. However, despite their high share in the economy their performance was poor. SOEs were disconnected and mostly only able to coordinate through heavy bureaucracy. By way of mergers and consolidations SOEs became

able to utilize their potential and became much more productive. SOE managements were also given the responsibility of labor management and production decisions. After fulfilling state quotas SOEs were allowed to continue production as their management see fit and sell for profit in markets. The SOEs were able to acquire materials of production through state set prices, lower than the free market prices. Moreover, some of these materials were only accessible for Chinese firms with state permission. This unique situation, existence of both state planning and market economy, led to the emergence of dual-track system. SOEs' products were opened to the influence of market forces. With higher production capacities SOEs were able to utilize economies of scale and scope and boost the Chinese economy. However, rather than boosting the economy, reforms caused problems in government budget as SOEs were no longer transferring their entire profits to government. With rising budget deficit and inflation Chinese officials were hesitant in pursuing market reforms (Coase and Wang, 2012).

Along with SOE reforms agricultural communes were formed into township and village enterprises (TVEs). TVEs were not the focal point of the economic reforms. They were sidelined by the government in favor of much larger SOEs. TVEs were free of the bureaucratic limitations and state quotas. They were able to sell their surplus at market prices rather than state-controlled prices and were also able to retain their profits and invest in production instruments. These small enterprises were much more flexible in terms of labor management and were able to quickly respond to market demands (Harvey, 2007). TVEs became the pushing force of the economic reforms and created competitive pressure. Rural cadres were able to transform local enterprises into profitable ones by taking advantage of their political influence (So, 2013). In order to improve SOEs' productivity and economic performance Chinese state loosened the central planning. State economic plan was divided in two as compulsory and recommendatory. State involvement in economy lessened. SOE management became freer and SOEs began to act in accordance with market forces. TVEs brought great dynamism and an experimental space for economic reforms (Coase and Wang, 2012).

1980 was another crucial year in Chinese market reforms. China established the first special economic zone (SEZ) in Shenzhen. SEZ allowed Chinese officials to observe and experiment with free market system. With rising foreign direct investment flowing to both TVEs and SOEs Chinese economy moved towards a free market economy. Along with foreign investment SEZs allowed the flow of technology, know-how and managerial innovations and access to foreign markets. Opening of other SEZs followed Shenzhen. TVEs showed great economic performance by producing consumer goods for export, which in time became adopted as a statewide strategy, leading to China's export oriented economic development (Coase and Wang, 2012).

Most important one of the reforms that followed was the privatization of the SOEs. Apart from some select and critically important ones, SOEs were sold to their ex-managers and/or local officials, 'privatization for the insider' or 'crony capitalism' to some (Sune, 2019). During this privatization process nominal values of the enterprises were set well below their actual values and sold to mostly to their managerial staff. As a result, many officials responsible for the privatizations became important actors in the emerging private sector and capitalist class (Ding in So, 2013). Some of the new owners were to pay for their acquisitions with loans, which were to be paid with future profits. As another practice some officials received percentages from the sales in order to use as capital for investment (Qinglian in So, 2013). Unsold SOEs were to be managed by newly established State Asset Management Company and were opened to foreign investments. This privatization process naturally created a shift in production and ownership relations. Part of party cadres and state officials turned into capitalists or sponsored other capitalists. Capitalists sought such sponsorships and patronage in order to learn about new regulations and get around regulations, especially related to labor rights, in order to cut their costs. Moreover, to gain further advantages some private enterprises changed their status to collective enterprises, a practice came to be called 'wearing a red hat'. Chinese state did not move on with legal and

administrative reforms for private capital. Within the existing framework relations with party cadres grew in importance as they provided 'insurance' in a non-regulated market (So, 2013). Most successful foreign investors were from Hong Kong, Macau and Taiwan as weak legal structures were unable to protect foreign capitalist enterprises of the west and locals' informal relations became important (Coase and Wang, 2012). Through this process a new capitalist class was created for structuring Chinese economy into a market economy. However, the execution of the privatizations did not only lead to economic transformation, it also laid the foundations of Chinese hegemonic bloc. US hegemony was structured around the alliance of capitalists and state. Chinese capitalists were the party and the state. Method of privatizations in China blurred the ownership relations and changed the production relations. Moreover, newly emerged capitalist class dominated social and political capital creating an unfair advantage against any other entrepreneurships. State and private sectors became transitive and with opening of the economy both the effects of global free market and capitalists increased over China. In the upcoming years People's Liberation Army was going to become an economic mogul with ventures in various sectors, from production to entertainment (So, 2013).

Execution of the privatizations created a symbiotic relationship between Chinese state, Communist Party and the newly emerging Chinese capitalist class. Chinese state provided this new class many opportunities to accumulate wealth, in return for high economic performance to create prosperity, allowing state to manage internal contradictions and dissent. Chinese capitalists were able to access dual-track system as SOEs, and able to procure goods at state set prices, lower than the market prices. Moreover, state had strict controls over the foreign direct investment and was able to channel them freely. Chinese capitalist class flourished both by these and by the readily available labor supply. Chinese state utilized their vast labor supply, kept labor wages low and created great competitive advantage in international markets (Coase and Wang, 2012).

Banking reforms were the next step after privatizations. Until the beginning of 1980s People's Bank of China was the only bank in the country. It was restructured into the Central Bank of China in 1979 and four new banks were established for the conventional banking operations with all four having discrete sets of customers: Agricultural, Industrial, Commercial and People's Construction Bank of China. Central Bank would set the amount of credits for each bank and the bank management would allocate these credits as they see fit. However, Central Bank was assigning credits in accordance to the previous year's given credits. As a result, banks began to pour credits in the system to raise their share of credits next year. Credit expansion led to rising inflation and together with labor market reforms dissident rose. Worker protests began in 1986. In 1989 protests climaxed at Tiananmen Square. This time students were protesting, and they were not only protesting the economic stagnation they were also demanding greater freedom and liberalization in all spheres of life. Chinese government's response to protests was cruel. Protesting students were massacred by the Chinese army and Deng Xiaoping made it clear through this act that liberalization in fields other than economy were not going to follow. Not long before the protests Chinese capitalist were given the right to enroll to Communist Party of China. In the aftermath of Tiananmen Massacre this right to enroll was suspended (So, 2013). However, China would not be able to contain internal dissidence through coercion forever.

Foreign capital was concerned abroad, and economic reforms were questioned at home (Coase and Wang, 2012). In order to survive and gain support, Deng and the Chinese government pushed on with further economic reforms. Currency exchange rates, management of exports and foreign trade were opened to market mechanisms. Scope of the dual-track system, which created unfair competitive advantages to SOEs, was also reduced but not dissolved. Moreover, Shanghai economic zone was fully opened and more SEZs were announced. Foreign capital stayed hesitant to continue investing in China, until Deng Xiaoping's Southern Tour. International sanctions following the Tiananmen Massacre, collapse of the Soviet Union together with internal pressures amassed to significant threat to Chinese state. Deng

Xiaoping hoped to sustain the communist state by going further with marketization reforms and economic growth. Deng, although not officially in any governmental position, was still one of the paramount leaders and the pioneer of economic reforms. In 1992 he began touring the SEZs which had symbolic significance for the reform process. He held speeches guaranteeing Chinese dedication to pursue further economic reforms. His tour was followed closely by foreign media and its effects were fast. Foreign direct investment began to flow back to China (Coase and Wang, 2012). During this time economic performance held its importance for local state and party officials as an indicator of their success. Although officially banned from the party, as the locomotive of economic growth capitalists were still being admitted to the party on local level despite the ban. Capitalist-party-state structure was developing further. By year 2000 twenty percent of entrepreneurs were members of the Communist Party of China and government lifted the ban, leading to further institutionalization of capital-party relations. (Dickinson in So, 2013).

An ideational change followed these regulations too. Official newspaper of Communist Party of China, Renmin Ribao was going to redefine the meaning of being revolutionary. According to an article published in the paper, revolutionary features of a person should not be evaluated with their possessions but rather with their contributions to communist economy. Capitalists, party members of all levels, state officials, institutions, governments all became legitimate and accepted according to their economic performance with the help of “good of all” discourse emanating from Confucianism (So, 2013). Official acceptance of capitalists to the party had another important meaning as it allowed for reverse flow. Through membership capitalists become able to obtain state and party positions. This alliance of capitalists, party and state became dominant in all spheres of Chinese society. Industry standards and regulations were going to be set with capital and state partnership (Tsai, K. in So, 2013). Today many capitalists hold chairs in Communist Party Congress and advisory boards (So, 2013).

By the end of the 1990s China was at the end of the opening process. Its economy was very well integrated to the world economy and international markets. Moreover, Chinese had accumulated enough wealth to invest abroad. In 1999 Chinese government announced ‘Go Global’ strategy. Chinese firms were encouraged to invest in global markets. This was a departure from the self-sufficient, self-reliant mode of thinking. Go Global reflected Chinese ambitions of becoming a global actor. In 2001 China became a member of the World Trade Organization. Trade barriers were lowered, foreign direct investment rose. Moreover, Chinese state’s controls over foreign banks and international capital flows have been reduced. Chinese economy continued to gain momentum. However, Chinese investors were experiencing difficulties fitting in with local regulations because of the ‘crony’ character of the Chinese model (Cienski, 2011).

Despite many regulatory changes, there was no change in the basic structure of the economy. Chinese economy was still dependent on production for export, trade, construction and infrastructure development. In fact, Chinese investments were focused on resource security, energy and metals, aiming to preserve and sustain production at home. China invested heavily in resource-rich Africa since the beginning of Go Global. Over a ten-year period, close to 75 percent of the Chinese investments in Africa were in metal and energy industries (China Policy, 2017).

During this time there weren’t any changes made in the field of private ownership and capitalists were pressuring the state. In 2007 regulations to safeguarding private ownership were made and capitalists paid their respects. All-China Federation of Industry and Commerce and the Private Business Association defined itself in its constitution as: “a civil association organized by Chinese industrial and commercial groups under the leadership of the CCP. It serves as a bridge and a conveyor belt between the party-state and persons in the non-state sector. It is an assistant helping the state to manage the non-state sector”. In a similar manner China Township and Village Enterprise Association put their aim in their constitution as “to develop a bridging function between the township and village enterprises and the government,

and to propagate the government's directives, policies, and laws, as well as to convey the demands and situations of enterprises to the government and to help protect the legal interests of enterprises" (So, 2013, p.72). Although private ownership obtained legal status, as Li and Soobaroyen (2020) point out state put in different instruments to maintain its control over the SOEs. National Commission for Development and Reform (NCDR) and State-Owned Assets Supervision and Administration Commission (SASAC) are two prime examples. The NCDR makes five-year plans that serve as a guide. Voluntary nature of these guides is emphasized but there is little emphasis on the political benefits obtained from following them. And although SASAC was established as an independent third-party management mechanism, it maintains the spirit of the party alive with its recruitment and performance evaluation criteria. Moreover, party branches were established in SOEs, evaluating people who will be appointed to important positions in them, further institutionalizing hegemonic practices of capital-party-state bloc (Li and Soobaroyen, 2020). Since then, the Chinese historic bloc continued to strengthen their ties. In 2017 a clear example of capital-party-state relations would emerge, a more practical example than the ones observed in constitutions; private and state-owned Chinese enterprises bought SOE stocks, in essence subsidizing the state (Narins and Agnew, 2020).

2.4. China's Reaction to 2008 Global Economic Crisis and Introduction of Belt and Road

After its full integration into the global production chain in 1980s, China grew rapidly over the years. To boost and support development, the Chinese Communist Party adopted an export-oriented model of development. In a short period of 30 years China became the workshop of the world and found itself a peculiar place in the emerging globalized economic order. According to OECD data (2021) China's gross national income per capita was 309 dollars in 1980. It tripled to 976 dollars in 1990, to 2910 dollars in 2000 and by the time of 2008 crisis it was at 7555 dollars.

Chinese exports also rose from 2.036.136 million dollars in 1980 to 16.169.683 million dollars in 2008 (WTO, 2021).

Rapid expansion of China continued until the financial crisis of 2008. With the fall of external demand, caused by 2008 global crisis, China had changed its model of development. Until 2008 China continued growing with both mega construction/development projects and with flourishing external trade. With crisis and the following contraction in the world economy, decline in world trade followed. In 2007 China was the second largest exporter of goods and largest foreign direct investment recipient of the world and in 2008 China received 92,4 billion dollars in foreign direct investment, 23,6 percent increase from 2007 (Reuters, 2009). In 2008 exports' ratio in Chinese economy to the gross domestic product was 37%. Moreover, exports' contribution to GDP growth was more than 20%. Chinese economy was dependent on trade. Thus, when the global economic crisis of 2008 hit Chinese economy staggered because of dropping demand for its exports (Yang and Huizenga, 2010). At first, effects of the US real-estate market collapse spread through financial institutions and capital movements. Investor began looking for safe markets with few ties to US real-estate market. This created a capital outflow in many economies. China was less affected from these. Chinese financial sector was developing at a slower pace compared to its trade and was not yet involved with financial instruments like mortgage-backed securities at the time. However, US has the highest share of global imports. By 2008 US imported 18% of all Chinese exports (World Bank, 2019). US demand for Chinese imports fell dramatically. As financial crisis spread fall in global demand followed.

Chinese response to stabilize falling demand for its exports was an investment program. Chinese government mobilized SOEs and banks it directly controlled. To cushion the impact of falling demand in trade to Chinese economy, Chinese government utilized a stimulation plan and injected 600-billion-dollar investment into the economy (Zhao, 2017). Adding to this stimulus package government spending rose 3% in a year. Moreover, in 2009 government instructed banks to lend

and finance companies and support investments. As a result, bank credits rose from 12 percent in 2008 to 31 percent in a year (Jetin, 2011). Central government pushed local governments to continue their investment programs and encouraged for more projects. Funds were funneled into real-estate market and infrastructure development, as it was done in the Asian financial crisis of 1998. Although the government also tried to support consumption at home, taken measures were not very effective. As Chinese capital and state is very much integrated, government was able to quickly implement its stimulus plan, they were even successful in keeping high rates of GDP growth (Yang and Huizenga, 2010, p.122-124).

With the 2008 crisis it became evident that China could no longer rely on exports to achieve steady growth. It was too reliant on global markets and open to external factors, so they began changing their strategy. Flow of capital in the global markets created an opportunity for China to further pursue overseas investment. Foreign investments allowed China to access foreign markets through different means. As an example, China has established assembly factories all over the world, ranging from Europe to America. These factories guarantee Chinese access to markets of countries they are founded in. Moreover, Chinese firms also continued to acquire companies like IBM and Motorola to further their global market access (Wright, 2004).

In line with its capital expansion Chinese state announced the Belt and Road Initiative in 2013. Chinese state pointed at the infrastructure gap across Asia, Middle East and Europe and its aim to fill it. Moreover, China aimed to bolster trade and investment through the initiative. As the Chinese president Xi Jinping put in words: ‘China will actively promote international cooperation through Belt and Road Initiative. In doing so, we hope to achieve policy, infrastructure, trade, financial and people to people connectivity and thus build a new platform for international cooperation to create new drivers of shared development.’ (Jinping, 2017). Aims of the BRI was also listed in the 13th Five Year Plan of the government as increasing trade and investment in BRI, establishing free trade zones along it,

enhancing financial cooperation and funding infrastructure in its related regions, gaining access to natural resources, strengthening transport infrastructure along the BRI corridors and deepening cultural exchange (People's Republic of China, 2016).

The Belt and Road Initiative consists of six corridors. First one is the New Eurasia Land Bridge aiming to connect China and Europe with railways along Kazakhstan, Russia, Belarus and Poland. Second one is China, Mongolia, Russia Economic Corridor along the Eurasian Great Steppe, ancient predecessor of the Silk Road, connecting to the Land Bridge. Third one is the China, Central Asia, West Asia Economic Corridor. This corridor will stem from China and go through Iran and Turkey to reach Europe. Fourth corridor is the China Indochina Peninsula Economic Corridor, aiming to connect Vietnam, Thailand, Lao People's Democratic Republic, Cambodia, Myanmar and Malaysia. Fifth corridor China, Pakistan Economic Corridor will link the special economic zone of Kashgar, Xinjiang with the Gwadar Port in Pakistan, another project under BRI. Sixth and the last one is the China, Bangladesh, India, Myanmar Economic Corridor.

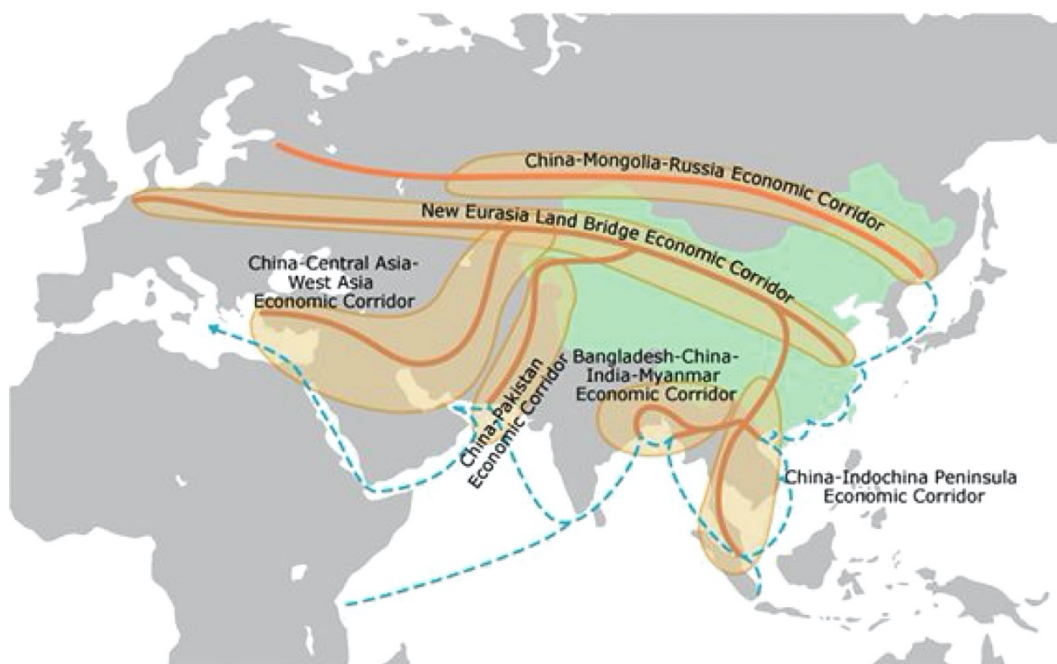


Figure 1.1. Belt and Road Map (China's “One Belt, One Road” Initiative: An ESCAP Report, 2017)

Such an ambitious project needs high investment which China is and will be unable to provide alone. China had already mobilized China Development Bank (CDB), the Export-Import Bank of China (China Eximbank). Multilateral institutions are needed for the funding of such projects as huge scope of the initiative poses countless regulatory challenges and economic risks for investors. Fortunately, China was not starting from scratch. There were already such institutions and China was able to garner support from such multilateral institutions like Asian Development Bank, Association of Southeast Asian Nations (ASEAN), World Bank and International Monetary Fund. Moreover, European Union and United Nations declared their support too. At the 2017 Belt and Road Initiative Forum the Secretary General of the UN stated: 'For countries yearning to become more integrated with the global economy, it (BRI) can promote access to markets.' (Guterres, 2017). Moreover, Asian Infrastructure Investment Bank and Silk Road Fund were established for the funding of the BRI. The European Investment Fund of the European Union made an agreement with Silk Road Fund committing to BRI. Many countries shown interest and joined the AIIB and became shareholders.

2.5. Concluding Remarks

China's establishment of new institutions along BRI axis has implications other than financing of its projects. It would be insufficient to consider these institutions as Chinese versions of the existing institutions. These institutions should be seen as an expression of the Chinese discontent with existing structure and social agreement China has established at national level. Moreover, motivations and application of BRI also reflect Chinese aims and characteristics. Mobilization of its vast resources and capabilities through BRI, represents another centralization period in China's oscillating centralization-decentralization movements (Ye, 2020). Moreover, sunken Chinese loans, acquisition of ports and other facilities for compensation of investments and late developed debt-sustainability framework show Chinese characteristics of trial and error mindset and pragmatic adaptation in development and embracement of economy policies.

PROSPECTS AND LIMITS FOR A NEW CHINESE HEGEMONY?: THE BRI PROJECT IN QUESTION

3.1. Introduction

As the BRI progressed many concerns and questions arose. The motives for such an ambitious project, limits, possible outcomes for the global economic order have been questioned and investigated since the announcement of the initiative and many studies have been conducted about it. Economists, political scientists, and experts of various topics are inspecting the project from their perspectives in countless ways, with curiosity and sometimes with anxiety. There are many aspects that are inspected such as legal dimension of the international agreements and project's possible effects on nature and global environmental crisis. In this section, BRI's prospects and limits for Chinese hegemony will be discussed by reviewing relevant literature and research questions will be answered.

3.2. China's Motivations for Launching Belt and Road Initiative

China's BRI initiative is compared with the Marshall plan, which was critical to American hegemony. BRI and Marshall Plan indeed resemble each other in nature (Shen and Chan, 2018). Both programs emerged at a time of systemic malfunctions. Marshall Plan came after the turmoil of the Second World War and BRI is following the 2008 Global Financial Crisis. US was facing the problems of overcapacity in production and saturation in domestic markets after the Second World War. With Marshall Plan US not only aimed to solve overcapacity, it also pushed US dollar to become the dominant currency in global markets. China faced similar problems with its answer to 2008 financial crisis. Although China overcame the crisis by boosting infrastructure constructions, this strategy led to an overcapacity problem similar to the US faced and, similar to the Marshall Plan, BRI has the ambitions of solving overcapacity issues and boosting the circulation of Renminbi.

Chinese state's pursuit of high growth rates lies at the bottom of the overcapacity problem that China faces today. Construction and land development allowed to sustain high growth rates. However, it also caused overcapacity and excess facilities. This can be easily observed especially in industries related to energy, construction and real-estate development; steel, cement, plate glass, aluminum, coal, solar and wind energy, shipbuilding and petrochemicals (Xin Zhang, 2017). It is possible for an infrastructure-oriented initiative to solve the capacity problem especially in the field of construction. In relation to the overcapacity problem, one other motivator of the initiative has been linking Chinese investments abroad with regards to domestic needs and internal development. Western Development Plan is an example, it has been initiated in 2000, however, due to the fragmented nature of Chinese bureaucracy it has been difficult even for Chinese leadership to coordinate local governments. Through BRI central government is able to mobilize different national actors and fragmented state for implementation of its policies (Ye, 2020). Development of its landlocked western regions will also allow for creation of economic opportunities and ending of rural poverty, which has been the cause of increasing protests and dissidence (Kuah, 2019).

However, Chinese SOEs are commissioned for sixty percent of the projects in BRI, collecting close to eighty percent of the total investments. Moreover, ninety percent of these investments are funded by Chinese state-owned banks (He, 2020). China is trying to solve its over-capacity problem with self-financed investment projects, but the sustainability of it is doubtful. Economic integration of its underdeveloped regions, high potential for economic growth in Central Asia and possibility of creating comprehensive cooperation in Eurasia will boost both China's economy and role in international politics but China is still very much dependent on the financial structure in order to realize its goals among the BRI (Shen and Chan, 2018). Economies of Central Asian countries within the scope of BRI is an important factor for this dependency. These countries were already politically unstable and already heavily in debt even before 2008, making Chinese return on their investments questionable. It has already sunken 6 billion dollars in Democratic

Republic of Congo and 10 billion dollars in Angola (Dollar, 2016). Concerns about the initiative are increasing, BRI may have been overstretching China's financial capacity (Glantz, 2020). Even if China was successful in financing of BRI projects it will still be dependent to US through global production chains and trade, globalization formed a dependency structure between Chinese production and American consumption (Sune, 2019). Therefore, the continuation of the system is very important for China. But globalization also has another implication other than this dependency structure. BRI represents a change in state-capital relations in light of globalization, it creates complex relations of state and capital, an inseparable correlation among profit maximization aims of enterprises and political aims of states (Flint and Zhu, 2018).

Another problem created by China's rapid growth is its ever-increasing energy need; especially with the shift in Chinese industry from areas with low energy consumption to areas with high energy consumption, accompanying urbanization and the increasingly growing middle class (Huang et al., 2020). China's crude oil imports from the oil-exporting Arab countries has increased by more than ten percent every year from 2004 to 2013, and if this energy need continues to increase this fast, China's petroleum need in 2030 will depend on imports by seventy percent (Minghao, 2016). China must maintain its economic position and increase its safe access to energy and raw materials in order to sustain growth. Another aim of the projects carried out under the BRI is to provide this reliable, clean and low-cost energy to participating countries. Infrastructure connection and cooperation of the countries participating in the initiative will increase energy security in the region and diversify distribution opportunities (Yang et al., 2020). Countries participating in the BRI control nearly sixty percent of the world's total oil, eighty percent of natural gas and about fifty percent of coal reserves (Sarker et al., 2018). Along with its trade networks, BRI also diversifies China's access to energy resources and provides opportunities to safely satisfy its growing energy need. China buys oil from a total of fifteen different countries, including Russia, Middle East countries

and Africa, and it can reduce uncertainties and reduce transportation costs and transportation times with the planned pipeline projects (Sarker et al., 2018, p. 126).

BRI has increasingly come to be identified as an opportunity for economic gain. Rightly, by providing the necessary financial support to the states in Asia, new Chinese institutions will counter the US hegemony and allow for a new regional order under Chinese leadership (Chan, 2017). Despite the bleak outlook of Chinese need of foreign investment, integration of its landlocked regions with the Eurasia and global markets, connecting Asia with the rest of the world will challenge Russian and US influence in the region (Gornikiewicz and Zelkowski, 2020). For Chan (2017) in order to balance US dominance China is aiming to create a regional trade block. A trade block in Eurasia will allow China to enhance its relative economic power. BRI also eases two-way flow of human capital. Firstly, China provides benefits and scholarships in return for attracting scientists and professionals. Secondly, it creates job opportunities abroad for Chinese professionals and workers. Created job opportunities not only facilitate migration of professionals, it also facilitates migration of others for provisioning of various services, creating a considerable Chinese community along BRI countries and promoting Chinese culture (Kuah, 2019).

BRI is not only a solution for domestic problems or a new step in Chinese economic integration, but it is also a plan to promote Chinese culture and image, increasing China's soft power along with economic power (Van, 2019), a step for increased influence in Asia, a move in geopolitical rivalries and hegemonic project, all at the same time. Accordingly, regional consolidation of power will also bear the potential to shift global roles from West to China (Ye, 2020). Primary impact of infrastructure projects in terms of soft power will be in terms of standardization. In particular, transport standards can be determined by China across Asia. With considering the increasing emphasis and importance of digitalization, China also has the potential to set the standards of digitalization in the region as well. China's economic breakthrough, development of its landlocked regions can also be seen as

an inspiration to various underdeveloped and developing countries, enabling China to expand its sphere of influence and export its development model. Increase in trade will inevitably increase bilateral relations between countries and cultural interaction. As a whole, the initiative has the potential to increase China's economic and soft power in the global arena.

3.3. Implications of the Belt on Road Initiative for the Chinese currency Renminbi

Most definitive aspect of US hegemony is, its currency, dollar being the global currency (Summers, 2020). Dollar being the standard in global system is a serious challenge not only for the Chinese hegemony but any counterhegemonic movement. BRI has the potential to strengthen both Renminbi's and China's position within the global order. Renminbi's standing has been increasing since the 1990's and was already accepted as a payment currency for border trades. Philippines, South Korea, Cambodia, Malaysia and Nepal central banks also accepted Renminbi as foreign exchange reserve (Hai and Yao, 2010).

In line with its Chinese 'going out' strategy, China has already been investing in energy and basic materials sectors since early 2000s. SOEs were operational in countries along the BRI in a variety of sectors even before the initiative and China has been dominating the investments along the BRI (He, 2020). And although Renminbi is not utilized for BRI investments yet, with the Cross-Border Interbank Payment System (CIPS) created by China, the use of Renminbi is increased in economies partaking in BRI, predicting a rise in Renminbi's share to amount to 10-20 percent of the global reserves by 2030 (China Power, 2020). Moreover, standing of a country's currency in global market is directly correlated to its share of the global trade, further increasing the importance of trade possibilities created by BRI (Hai and Yao, 2010). However, because of China's heavy reliance on trade, Renminbi is susceptible to fluctuations caused by external effects and foreign currencies. Internal pressure for the internationalization of Renminbi is rising.

Internationalization and increased usage and ability to conduct their businesses in Renminbi would lower the risks for Chinese capitalists. Exporters inevitably hold foreign currencies for transactions. Conducting trade in foreign currencies instead of the Renminbi increases transaction costs and risks due to exchange rate fluctuations. Exchange rate fluctuation rates against major currencies are lower for Renminbi compared to dollar (Hai and Yao, 2010, p. 147). Increasing the use of Renminbi will also support the development of the financial sector, increase its field of activity, profitability, lending and investment capacity of Chinese institutions and in parallel with Chinese motivations increase the opportunities for China to invest abroad (Zhaodung, 2014, p. 132). Moreover, if internationalized savings amassed in dollar at People's Bank of China can be utilized much better than low-income US Treasury Bonds (Pass, 2020). With BRI China will be able to divert its foreign exchange reserves away from US assets to investment projects in its region, further undermining economic reproduction capacities of US.

China emphasizes that investment done through AIIB will utilize US dollar. Even in the financing of the infrastructure projects across BRI, dollar is the standard rather than Chinese Renminbi. Chinese policy and commercial banks, institutions like The Silk Road Fund are all subject to international regulations proposed by the global structure. Moreover, in order to operate on a transnational level and attract international investment Chinese institutions must abide to the rules of the global economic structure. These are the main restraints on Renminbi's institutional power (Summers, 2020). However, with US' refrainment from AIIB membership it is possible to revert to Renminbi in the long run. Surprise admission of Britain to AIIB can be associated to this possibility and can be viewed as Britain's unwillingness to pass up on the opportunity to become international trade center of Renminbi (Pass, 2020). Chey et al. (2019) also point at the higher tendency to establish Renminbi infrastructure in more developed financial markets. This may be caused by governmental concerns for keeping their financial sector competitive or because of an actual demand for the currency (Chey et al., 2019).

China is taking the necessary steps for empowerment of its currency and utilizing the BRI in a supporting manner. Stable economic growth and substantial foreign reserves and increase in international status as a state all promote Renminbi as an international currency and it's following the path of regionalization to Asianization to internationalization (Jie, 2011). This strategy has the capacity to break the dominance of US dollar in Asia. China's long-term goal with AIIB is to offer loans in Renminbi rather than US dollar. Through BRI and AIIB China will be able to repurpose its foreign exchange reserves, mostly in US dollars, and push Renminbi as alternative (Chan, 2017).

3.4. Asia Infrastructure Investment Bank (AIIB) and Possibility of Cooperation

AIIB is not only critical for increasing Renminbi use, but also the most important apparatus for Chinese hegemony to gain ground in international sphere. Established in 2015 by China within the scope of BRI, AIIB does not differ structurally from the institution of the US hegemony World Bank. Both AIIB and WB grant their members two staged voting rights, basic and share votes. Although there are changes in the weighting of these votes, there is no significant structural differentiation between these institutions. AIIB headquarters is in China and it is under the management of Chinese professionals in similar fashion to the WB. IMF has a different managerial structure, but it is not much different in the sense of unequal representation. Similar to the Asia Development Bank, founded by Japan in 1966, AIIB differentiates its members as regional and non-regional members. Regional members are more advantageous compared to non-regional members in terms of chairs in board of directors and voting shares. Biggest structural difference between AIIB and other institutions is that China is the biggest member of AIIB with 26.06 percent share and veto power alone (Waldman, 2017, Hamanaka, 2016). This cooperation between the AIIB and the WB and to their structural similarities can be seen as limiters of change (Summers, 2020). China proposes unconditionality in its investments, but many actors are worried about the nature of

Chinese investment in general because of Chinese state involvement. China has been increasingly utilizing existing global rules to change the perception, resulting with diminishing Chinese role as a rule setter (Ye, 2020). Moreover, until now, AIIB has been sponsoring projects with collaborations of other international institutions (Ye, 2020). However, AIIB can have great importance for the region and for the future of Chinese hegemony.

BRI should be seen as a structural readjustment rather than a systemic alternative to the existing one (Sune, 2019). BRI reflects the ambitions of a major global power aiming to influence global economic governance and reflects the Chinese dissatisfaction with the existing governance structure (Tekdal, 2017). China will expand its sphere of influence especially in the Asian region with BRI and AIIB. Asian countries are incapable to provide the necessary funding for infrastructure needs of the region and the funding required for these investments is above the resources that the WB, IMF or ADB is willing to offer (Waldman, 2017). In addition to the lack of funding from these institutions Asian countries have lesser voting shares in the existing institutions. Discomfort related to the voting shares is not limited to Asia. It is an important topic for India, Brazil and other developing countries. After the latest reforms China's voting share increased both in IMF and WB, making China the third most powerful in both institutions (Peng, 2018). However, on top of the discontent created by disproportioned representation, these institutions are criticized also for favoring of western states in managing of economic crises. Moreover, the conditionality in their funding, namely Washington Consensus is viewed as a sovereignty violation (Pass, 2020). Contrary to US hegemonies institutions, China is emphasizing harmony, non-interference and sovereignty in international relations. These ideas can be observed in the founding constitution of AIIB: "The Bank, its President, officers and staff shall not interfere in the political affairs of any member, nor shall they be influenced in their decisions by the political character of the member concerned. Only economic considerations shall be relevant to their decisions. Such considerations shall be weighed impartially in order to achieve and carry out the purpose and functions of the Bank." (AIIB Articles of Agreement, 2015). These ideals are echoed in South America and

Africa, although not within the scope of BRI Chinese investment is preferred over others because of its perceived political neutrality (Tsolakis, 2008). Especially African states have been borrowing directly from China. The amount of Chinese direct investments was more than the investments of WB in developing countries in 2010 (Pass, 2020). The difference in discourse, non-interference policy, opens doors to countries that want to meet their investment needs without the impositions or sanctions of foreign countries. China provides financing while focusing only on economic performance. This offers an alternative to the countries that are in conflict with the established global order, as well as an opportunity to expand China's sphere of influence in the developing countries without raising tensions, proposes 'Beijing Consensus' as an alternative to Washington Consensus. Established as an anti-Communist measure, Association of Southeast Asian Nations (ASEAN) has been increasing cooperation and trade with China, showing an ideological unison rather than a conflict. (Owen, 2020). Shanghai Cooperation Organization's emphasis on reverting from use of dollar to local currencies in 2019 summit has parallelism with China's pursuit of internationalization of Renminbi (Khaliq, 2019). Moreover, Vadell (2020) points at strengthening and possible expansion of BRICS as another implication of rising Chinese influence. For authoritarian states and for states bearing disagreements with the global economic order and with its hegemony in general, China and its institutions offer an alternative. This fact alone can erode the means of reproduction for US hegemony.

BRI is not only offer a 'win-win' proposition, but also a 'don't ask-don't tell' like proposition. US hegemony applies its proposed sanctions and conditions selectively and does allow authoritarian structures and states to take place in the system. China itself or Saudi Arabia are two prime examples for this. At this point Chinese alternative differentiates from the US hegemony, China's proposition allows for better containment of this contradiction. Once again, with harmony and economic development discourse China proposes unconditionality in its economic aids and aims to become a norm-setting, hegemonic power by refraining from interfering with countries' sovereignty, economic model, governance or culture. States

wanting investment free from political burdens can be the first applicants of AIIB. However, finding investment is not the only aim and albeit with different reasons different actors can be observed cooperating under AIIB. Germany's AIIB membership bears the intention of keeping China in the system and further integrating it and Britain is after the opportunity of becoming trade center for Renminbi (Pass, 2020). This economic opportunism is not limited to Britain and China is trying to influence western states with possible economic gains; 'software' link provided by BRI becomes much more important than the 'hardware' infrastructure links (Narins and Agnew, 2019). Britain is trying to take advantage of China's rising power in financial sector and keep London competitive as an important international financial center by setting up necessary financial infrastructure for potential growth of Renminbi's role (Green and Gruin, 2020).

The Chinese banking system is one of the three largest systems in the world in terms of assets and stock exchange, even without Honk Kong, and has high appeal to foreign investors (Knaack and Gruin, 2020, p.5). Chinese state has the regulatory capacity and regulatory power that can exclude foreign investors from its financial market. Moreover, China has been increasing its regulatory capacity in setting standards. However, according to Drezner (2010, p. 799), economic consequences of the 2008 Global Financial Crisis crippled China's regulatory capacity. China does not yet have the market power and regulatory expertise to assume a leadership role in global financial markets and produce regulatory policies. This is another factor limiting China's hegemonic claims. An important indicator of this is regulations and standards regarding non-bank financial institutions. Although non-bank financial institutions comprise an important part of the Chinese financial sector, western institutions are defining it as "a potential source of systemic risk that deserves close monitoring and control" and taking the initiative in setting the standards (Knaack and Gruin, 2020, p. 2). Although China has increased its economic and institutional capacity with BRI, it does not elevate China's capabilities in shaping the international economic system.

3.5. Split in US Hegemonic Bloc and Chinese Vision of a Harmonious World

By providing aid to European states US was able to balance Soviet Union's power and create a strategic divide. Similarly, BRI aims to suppress US dominance in Asia and create an alternative to US to it in the region (Shen and Chan, 2018). However, there are significant differences in the global systems at the times projects emerged. Although US faced a rival with proven industrial and military capacities there were no global structure to limit. China is facing a materially, institutionally and ideologically entrenched global system today (Allan et al. 2018).

China did not follow the structural transformation as foreseen by western capitalist states and as a result China's social formation contradicts with the system (Sune, 2019). This is based on the difference between state and capitalist class relations in late capitalist states (He, 2020). Lack of a self-evolved and developed capitalist class forces late capitalist states to take on an authoritarian approach in forming their own capitalist classes (Sune, 2019). In order to close the gap, late capitalist states put central planning forward in the restructuring of production, exploitation and accumulation which leads to a contrast between the very system they try to integrate to. However, the opposite can also be possible, it is impossible for China to fully integrate into the system, which in essence, conflicts with the system since the beginning of integration process (Allan et al, 2018). The main point brought forward in this view is that China, with its authoritarian structure, will not comply with the system defending democratic values.

A contradiction similar to the arguments of China being able or unable to integrate into the system, can be observed within the actors of the established order and in their reactions (Chan, 2017). From this point of view states like Australia and South Korea, as democracies, differentiate from China as they do not view US hegemony as a threat. On the contrary US security hierarchy protects them from the threat of authoritarian regimes. However, they also differentiate from US as they can economically gain more from Chinese ascension relative to the US. For Chan

(2017) rise of China and the emerging conditions reflect a dual hierarchy, with US maintaining security hierarchy, and China economic hierarchy. However, with double hierarchy Chan points at a divide in US hegemonic bloc, ideologically different but concurring in economic opportunities. This divide can be related to the huge accumulation and wealth opportunities for capitalists provided by China through BRI (Xing and Duarte, 2019). Mobility and dispersion of production and accumulation causes national interests and boundaries to get blurred. Although China found a solution to this problem of blurriness by an alliance of capital, party and state, US hegemonic bloc has yet to find ways to contain this conflict. Chinese investments have begun to cause a divide among the bloc in their ‘common’ struggle against others, between state interests and capital interests. Germany’s government-imposed restrictions on foreign investment and company acquisitions for national security reasons (Reuters, 2020) and the prohibition of Chinese multinational technology company Huawei from using American technology and software are examples to this (Goodley and Sabbagh, 2020).

State elites view China's development unsettling in terms of security policies and its impact on the energy and financial markets. In addition to the concerns about cyber security Chinese investments in areas such as transportation infrastructures also leads to the questioning Chinese military capacities and expansion. However, according to Xing and Duarte (2019) some capitalists view China as the ‘savior’ of capitalist system. This importance attributed to China is also a result of the Chinese integration to the existing economic order. Although China’s capital-party-state bloc and controlled market economy is causing inequality of opportunities, authors emphasize China’s importance for capitalist system with Jacques Ranciere’s quote: ‘the domination of capitalism globally depends today on the existence of a Chinese Communist party that gives delocalized capitalist enterprises cheap labor to lower prices and deprive workers of the rights of self-organization’ (Xing and Duarte, 2019, p. 281).

Trump administration prohibition of Chinese multinational technology company Huawei from using American technology and software is another example of this split within the US hegemonic bloc. The US state officials were pleased with their decisions. However, contrary to the state officials, John Neuffer voiced his concerns as the representative of chip makers and the president of the Semiconductor Industry Association. Neuffer said that the rule would ‘create uncertainty and disruption for the global semiconductor supply chain’ (Swanson, 2020). Britain may be following in the US’s footsteps. UK announced that it would be reviewing its deal with Huawei too. Exclusion of Huawei would not only harm UK-China relations, but it will also cost hundreds of millions to British phone companies (Goodley and Sabbagh, 2020). Chinese officials are denying any interference on their behalf, emphasizing harmonious coexistence once again.

3.6. Resistance and Counterhegemony

BRI and AIIB will allow for projecting and reproduction of Chinese hegemonic bloc in international sphere. The most powerful barrier for global hegemony of China would be the existing hegemonic structure. However, a unified resistance should not be expected. On one hand, BRI as a project has high potential to align Asian states with Chinese ambitions, it allows Chinese influence seep into countries participating in it (Yu, 2017). On the other hand, we should also point out the rising tension between China and other major powers, United States and regional powers like Japan, India, Russia and to their possible oppositions and hindrances to BRI. China needs to adopt a more collaborative and equalitarian approach in execution of the BRI as it might feed major powers’ skepticism and push small Asian countries to become opposition as well, resulting in failure of the strategy (Chan, 2017). Accusations of BRI being a debt-trap policy tool is a major debate feeding skepticism (Gerstel, 2018, Hornby and Zhang, 2019). Investments in Sri Lanka are the most used example for debt-trap policy. However, Chinese loans make up only ten percent of Sri Lankan external debt (He, 2020). Moreover, in order to bring an end to such claims Chinese Ministry of Finance established Debt Sustainability

Framework for Participating Countries of the BRI in 2019 in line with IMF and WB frameworks. Moreover, by inspecting the members of the AIIB we are able to show that the US allies in Asia are already charmed by the Chinese. Only exception is Japan (Chan, 2017).

With a variety of national concerns, states are making decisions and passing laws conflicting with the interests of capitalists and sometimes leading to diminishing of existing gains. This conflict of interest even leads to a movement of de-globalization, as it was the case with Trump administration's ambitions (Watson, 2019). Trump administration's 'America First' campaign tried to revert from globalization to counter Chinese hegemonic rise, bearing the potential to become a self-fulfilling prophecy by turning China into the defender, facilitator and hegemon of the neoliberal global economic order. US withdrawal from Trans-Pacific Partnership (TPP) can help China in gaining strength and forming an economic dominance in Asia. Withdrawal from the TPP created a gap for Chinese to fill. China can replace TPP with its Regional Comprehensive Economic Partnership Agreement (RCEP), allowing them to set the trade rules in the region and fill the gap of declining western influence in trade and economy in Asia (Nordin and Weissmann, 2018). China signed the Regional Comprehensive Economic Partnership (RCEP) agreement in 2020. Agreement covers ASEAN plus six countries and comprises approximately 30 percent of the world's population and trade. Unlike other agreements which the USA and the EU are parties, this agreement does not require the signatories to organize their economies according to any ideological framework or to comply with regulations in the fields of workers' rights, environment and sustainability (Aran, 2020). If successful in economic performance China can contain dissidence and legitimize its ideas in the region as it does at home, or bargain for a better place in the global economic order, which will also lead to expansion of Chinese ideas. However, a similar contrast created by the Trump administration adoption of both world leadership and anti-globalization can also be observed in Chinese policies. Although China advocates globalization,

it has yet to open its domestic market to the world (Narins and Agnew, 2019) and the WTO even rejects Chinese claims of being a market economy (Reuters, 2019).

According to Mahir (2109), despite the decline of the hegemon, neither China nor any other state is able or willing to fulfill the role of hegemon. Rather than becoming a hegemonic power states are trying to strengthen their hands in their respected regions. From this point of view BRI and AIIB should be seen as a venture to strengthen trade and geopolitical interest of China. Moreover, with AIIB's structural similarities with the existing ones BRI and AIIB will serve the existing economic order by expanding, forming new alliances and reproducing it on a larger scale. Examples of England and Germany are important to show both declining power of the US and rigidity of the global structure. England was one of the founding members of the AIIB, and Germany has also joined the AIIB despite objections from US. On one hand these examples show the lessening power of the US in impacting on global politics (He, 2020). On the other hand, cooperation of England and Germany within the AIIB as important actors of the existing hegemony, can be understood as international actors behaving within the intact framework of hegemonic structure, despite the objections of the hegemon (Allan et al., 2018).

The fact that the WTO does not define China as a market economy provides various advantages to China's competitors in trade. Thanks to this status, countries that are afraid of China dumping its goods, can continue to trade at prices determined by the WTO instead of the prices set by China. This causes unfair competition for Chinese exporter (Hughes, 2005). The pressure from European manufacturing industry on politicians and resistance to a change in China's status of a market economy is increasing, according to this view BRI will harm production in the US and Europe. (Casarini, 2015). However, considering the trade deficit of the USA with China, it is also not true that China has damaged the economic power of US with unfair trade methods. A significant portion of China's exports are made by foreign companies producing in China, not Chinese (Hughes, 2005). China's rapidly

expanding trade also has its roots in the fact that China became the final assembly center of products exported to western countries. Many foreign companies have fragmented their production between countries in order to reduce costs and have moved their facilities abroad. Moreover, another aim of the companies that continue production in China despite the unregulated practices, is to find a place in Chinese market, the world's largest (Sukar and Ahmed, 2019).

Despite growing economic relations and interdependence, China's trade relations are gradually deteriorating. While China claims that its market economy status has been abused through the WTO, the US accuses China with not implementing its intellectual property rights and being selective in fulfilling its WTO obligations (Li et al., 2018). In the past, the Obama government tried to challenge China's import restrictions and intellectual property rights practices through the WTO, Trump government prioritized tackling the trade deficit between the US and China (Sukar and Ahmed, 2019). Trump government's initiation of taxes on Chinese products will cause disruption in supply chains and within this extremely complex supply chain and trade structure, it will be difficult to directly target China. The US producers and consumers will also suffer from these tax practices. Almost half of the US imports are made up of intermediate products, taxes on steel have reduced the competitiveness of machinery manufacturers such as Caterpillar and John Deere (Sukar and Ahmed, 2019). With policies focused on decreasing trade deficit with China, trade is shifted to different actors. Moreover because of the market intervening, import costs will increase and export returns will decrease for US (Stiglitz, 2018).

Trade is undoubtedly at the center of China European Union relations; the EU and China are mutually major trading partners and BRI provides great opportunities to both actors in this regard. However, the increased trade or financial gain is not the sole reason behind the European countries' participation in AIIB. With BRI, the EU will renew its own infrastructure which will help with its long-term development. Accordingly, it was announced at the summit of China and Central and Eastern

European (CEE) countries in 2013 that the Serbia-Hungary railway will be built in partnership with China (Yan, 2015). Moreover, in 2015, the European Fund for Strategic Investments (EFSI), also known as the Juncker fund, and China's Belt and Road initiative called for the creation of common working areas (Casarini, 2015). However, the EU's share in world trade is decreasing and despite their partnership, European companies are having difficulties in entering the developing Chinese markets (Garcia-Herrero et al., 2020). On top of that, the acquisition of Piraeus Port in Greece by Chinese shipping company COSCO pushes European countries with large port facilities such as Belgium, Netherlands and Germany into a fierce competition with China, causing problems in their relations with the EU in general (Casarini, 2015). To challenge rising Chinese influence and respond to the BRI the 2018 Joint Communication on "Connecting Europe and Asia - building blocks for an EU strategy" was announced. Moreover in 2019, EU declared China as a systemic rival in some areas, as well as a competitor and potential partner in others (Gaens, 2018). BRI is criticized for being unsustainable in terms of environment, social, financial and economic terms and not providing market access to European businesses (Garcia-Herrero et al., 2020).

With the increase in China's investments, its political influence is also increasing. Especially China's initiatives aiming to develop cooperation with CEE are seen as a division within the EU. The EU-Asia Connectivity Strategy, presented by EU, emphasizes conditionality of the investments to be made, especially on environmental, labor and human rights standards and aims to create an alternative to BRI (Cameron, 2018). As part of this new strategy, the EU signed an agreement with Japan in 2019 to cooperate in the field of infrastructure projects and to set sustainability-oriented standards in cooperation. All of these should be considered as steps taken by the EU in order to limit China's growing influence.

Allan et al. (2018) emphasizes the identity of actors and political elites within the international system as the most important factor, defining the character of the hegemonic system. Although hegemony relies upon an ideological structure for its

legitimization, establishment, operation and endurance of hegemony is dependent on the embracement of the same ideological values by the people themselves. Ideologies and views of Chinese and prominent elites of the established hegemonic order are conflicting and more importantly their ideologies are framed and bounded by the values they are rooted in. China does not fit into the ideological framework of the prevailing hegemony and apply pressure on it. However, change in the hegemonic structure is only possible with shifts in values and identities of actors happening on a local level (Allan et al. 2018). Embracement of an ideology, depending on its extent, allows the sustaining of the hegemonic order even if the hegemon itself is in decline. China is also increasing its efforts in this area. In addition to the Confucius Institutes currently operating in various Asian countries, leading Chinese universities are opening branches in Europe, one in Italy in 2014 with focus on architecture, art and design, and another one in Oxford in 2017, HSBC Business School (Kuah, 2019). It will undoubtedly have an impact on the spread of Chinese influence and identity, various institutions will inevitably allow Chinese values to seep in and create a shared tradition. However, China's flexible attitude in implementing its strategies also allows foreign actors to influence the evolution of the process and in a sense limits China's influence (Ye, 2020).

China is increasingly attracting larger number of foreign students to its universities. More than 400.000 students from around 160 countries are studying in China. Especially after the terrorist attack in the US on 9/11 2001, changing regulations and visa applications caused a serious decrease in the number of students studying in the US from Muslim Asian countries. And China is one of the places preferred over America (Ding and Saunders, 2006). According to OECD statistics, as of 2018 China ranks second in the world in research and development (OECD, 2020). Best 7 out of 10 universities among developing countries are located in China (Fleming, 2020). According to the targets set by the Central Party Committee and the State Council in 2015, China aims to increase the number of leading universities in their field by 2050. In doing so, Chinese officials also aim to develop and spread branches such as Chinese medicine and culture, which are also called "world

disciplines" (Peters and Besley, 2018). However, English is still the popular and necessary language for international students and Chinese is rarely used in classrooms (Wang, 2017). Chinese efforts to spread Chinese language education started with the National Office for Teaching Chinese as a Foreign Language (NOTCFL) in 1987 and today it continues with Confucius Institutes (Ding and Saunders, 2006).

The number of people seeking to learn Chinese is increasing in countries such as the USA, France and Japan. Although Chinese is unrivaled in terms of the number of speakers of the language, it falls far behind among the second languages learned. There is no doubt that the American domination in both high and popular culture, has an effect on this issue (Ding and Saunders, 2006). Moreover, interest in learning English and the number of institutions providing English education is booming in China (Jiang, 2011). This growing interest in English has increased gradually with China's opening policy and especially with WTO membership. English has become an indispensable feature for many people who want to advance in their career in China, as in many countries today (Jiang, 2011). The opportunities created by China with BRI will undoubtedly increase the interest in Chinese. However, Chinese interest in learning English will further increase too.

Although not directly related to BRI, foreign companies' complaints about having difficulty in entering Chinese market are irrelevant for Hollywood. As one of the most important tools of US hegemony, Hollywood is increasing its influence in the Chinese market. In 2006, the share of Chinese movies in global box office was 1.6 percent, while the share of English was 54.2 (Ding and Saunders, 2006). In 2018, the US box Office revenues were around 12 billion, while China's revenues approached 8 billion dollars (World101, 2020). The main reason for this is that Hollywood is increasingly working towards Chinese market and audience. Movie coproduction in recent years allowed US and Chinese production companies to create films that count as non-foreign in China. US production companies can participate in coproduction as long as a film ensures few Chinese state requirements

like casting Chinese actors for one-third of its main roles (World101, 2020). Producing films appealing to the Chinese people will contribute to the increase in Chinese sphere of influence, but it is Hollywood again that greatly shapes production and the industry. Chinese cultural power is limited by global actors and institutions.

3.7. Possible effects of Covid-19 pandemic on Belt and Road

Despite the Covid19 epidemic affecting the whole world, China's investments in countries along the Belt and Road route has increased by 11.7 percent and its trade has increased by 3.2 percent in the first quarter (Yuanzhe, 2020). Moreover, Xi Jinping made a call for cooperation in the health sector, in his meeting with the Italian Prime Minister Conte on March 16, making the Health Silk Road project and investments in health infrastructure under the Belt and Road popular (Yuanzhe, 2020). China has increased its initiatives in health sector and also its influence by helping countries in their fight with Covid-19. China is able to change the outlook of some actors who have been indifferent or reserved to Chinese investment before (Górnikiewicz and Zelkowski, 2020). Chinese technology companies have created online doctor consultation platforms, patient tracking systems, and it is predicted that China will take initiatives to create similar infrastructures abroad (Boo et al., 2020, p.2). Furthermore, China's success against the disease and assumed leadership role harms America's image as the global hegemon (Górnikiewicz and Zelkowski, 2020).

On one hand Covid-19 creates a new opportunity for investment, development and Chinese initiative. But on the other hand, Covid-19 has seriously disrupted China's other endeavors, production processes, domestic and global trade and services (Glantz, 2020). Curfews, closed factories and reduced consumption are also reflected in BRI investments and projects are being delayed, diminishing returns and increasing debt. The longer the completion time of the projects, the longer the return on investments will be. This may result in, China reviewing its loans, debt

restructuring or focusing on fewer or different projects (Glantz, 2020). It is also doubtful whether the projects will be able to resume as before once the epidemic is over. Many countries are dealing with the economic effects of the epidemic and will prefer to shift their investments to more reliable investments and countries (Boo et al., 2020). Even before the pandemic, some BRI countries were already facing the risk of loan defaults and contrary to past examples, China is not in a position to waive off payments. Unemployment is rising in China, only in January and February 240.000 bankruptcies have been declared across China and official figures show a record high three million increase in unemployment (Mouritz, 2020). This may put the pressure on Chinese banks and their capacity to invest in BRI. As far as the pandemic shows, BRI is dependent on China for investment and implementation (Mouritz, 2020). Although China will be able to increase its influence and soft power with cooperation and investments in the health sector, it is doubtful how much more it can support infrastructure projects under BRI alone.

3.8. Concluding Remarks

China is at a new stage in its transition to a capitalist economy and its integration into the global economic system. During the process China achieved great trade potential, foreign currency and assets and dangerous overcapacity in some of its sectors. With the Belt and Road, China wants to overcome its excess capacity in a controlled manner and mobilize all dispersed Chinese enterprises and initiatives with a common goal. The initiative allows China to shift its capacity, expand and strengthen its trade network, increase its regional influence and its influence in global economic governance. The continuation of China's economic expansion increases the material capacity as well as the appeal of China's economic model to the underdeveloped and developing countries. Along with this, China can set standards with its infrastructure investments and shape business practices. The most important element BRI can provide for Chinese hegemony will be increased use of renminbi and reordering of the financial structure. The initiative is an important opportunity for the use and internationalization of the Chinese currency Renminbi.

The fact that the project financing will be with dollars is restrictive in a sense, but the initiative will promote Renminbi use with the trade opportunities it creates, and increased trade will inevitably lead to an increase for Renminbi circulation (Hai and Yao, 2010).

Belt and Road also increases cooperation through the established institutions. This cooperation has two consequences for Chinese hegemony. Firstly, the initiative provides opportunity for Chinese investment to reach places that the established system of cannot. Moreover, it seems to be able to coordinate various actors, states and international institutions with its inclusive discourse, creating a commonality. Secondly, important actors of the system are forcing China to operate more within the boundaries of the economic system. This can be seen from China's adoption of established norms to attract funding (Ye, 2020). Chinese state's involvement in economy causes reservations in other actors in the international system (Chan, 2017). Compromising and adopting established norms in order to eliminate reservations paves the way for the initiative, while limiting the Chinese hegemony. AIIB expands China's sphere of influence. However, with its similarities to established institutions, it does not offer a significant alternative to the system.

The cultural/ideological aspects of the initiative for Chinese hegemony are even more limited. Increasing trade has the potential to increase cultural interaction. Increase in learning Chinese in the West and English in China are indicative of this. However, nature of these cultural interactions also points at an integration for China. Although unrelated to the BRI, the effectiveness of Hollywood in the Chinese cinema industry is an important example. Another example is related to the Chinese lunar year celebrations in Europe. These celebrations can be considered as cultural expansion for China. However, to celebrate large numbers of Chinese tourists flocked to Europe and spent large amounts on luxury brand (Biondi, 2019). These can be seen as China's adoption of the existing norms and values on a wider scale.

The fight against the Covid-19 epidemic seems to have provided another common ground for China and the initiative. China is taking steps and investing in the health sector, seeking to further increase its influence (Mouritz, 2020). However, the epidemic may have shown the weakest point of the initiative, its dependence on China. China needs the support of the established system to finance the BRI. This situation alone limits Chinese hegemony. The emphasis on non-interference and economic development of Chinese investments creates an area to be shared, but rather than transforming into the identity of the established order it becomes a complimentary formation to the established order and expands the existing system into new investment areas.

CONCLUSION

The Belt and Road Initiative (BRI) is an ambitious development plan backed by The People's Republic of China consisting of grand infrastructure projects, investments in approximately 150 countries and also a marketing campaign for the Chinese investors. It is an umbrella term and covers a multitude of different investment projects. Initiative allows to promote flow of goods and investment among cooperating countries, a project coined as the "21st century silk road". Study aims to evaluate the Chinese initiative announced in 2013 in terms of its prospects and limits for the fulfillment of China's hegemonic capacity. Although Belt and Road Initiative is being conducted with economic development in focus, by inspecting the supporting institutional structure and the prevailing ideology put forth in Chinese rhetoric, initiative's prospects and limits for Chinese hegemony can be identified. After the introduction part, theoretical framework of the study is presented in the first chapter. Second chapter summarizes the history of People's Republic of China with focus on its economic development, integration to the capitalist system. In the third chapter different views and interpretations of the BRI and Chinese hegemony are evaluated.

In the first part of the study, different outlooks on hegemony and the emergence of the Chinese alternative are given. Hegemony, analyzed from the neo-Gramscian framework, is an agreement, adoption of ideas and goals of a group by others in a society and the establishment of mechanisms and institutions making reproduction of this relation possible. Social forces, material capacities and existing institutional structures are determinants of hegemony. After establishment of a national historic bloc it can be reflected to international sphere through international institutions. Therefore, the actors of international relations, in terms of hegemonic ambitions, are domestic national historic blocs reproduced at international level. US has established the liberal international order by internationalizing its national hegemonic structure through the IMF and WB. Today China is proposing an

alternative bearing the characteristics of its own stemming from its way of integration to the world economy.

In the second part of the study, early years of the Chinese state, integration process to the global economy and US hegemonic structure and Chinese economic countermeasures in face of the 2008 crisis are described. China had a socialist economy until the death of Mao Zedong, the founder of the People's Republic and the Communist Party of China. In this period Chinese economic leadership could not provide economic success and prosperity, leading to poverty and instability. After Mao's death China entered a transition to free market economy with the Deng Xiaoping. Chinese political elite progressed by creating a capitalist class from within the party and state. The capital-party-state partnership, historic bloc, created an institutional basis with party and business management practices and mechanisms. This bloc set their target as economic development for its legitimization. Economic development was later supported by Confucian ideas for a more sophisticated ideological character and structure. Inclusion of capitalists in party cadres, their participation in the advisory boards that shape state decisions, integration of party loyalty in business bylaws and regulations, establishment of party branches in companies, including multinational and foreign companies, are practices that institutionalize and ensure the continuity and reproduction of the historic bloc and. Although Confucian thought was one of the teachings Chinese tried to erase in the early years of communist China, today it has become a one that shapes the Chinese identity. Fundamental difference of Chinese hegemonic bloc and American hegemony is that the emphasis on the individual is reduced, individual and libertarian thought is replaced by the majoritarian common good of the people. This difference not only allows for the explanation and legitimization of Chinese authoritarian governance, it also allows to present China as an alternative to other authoritarian states.

In the third part of the study, relevant literature is reviewed, limits and possibilities of BRI for Chinese hegemony are evaluated. In this chapter, the motivation behind

the BRI, the split among the components of the established hegemonic structure caused by the initiative are discussed. Possible consequences of establishment of Asia Infrastructure Investment Bank and BRI's implications for Chinese currency Renminbi are evaluated for their respected contributions to Chinese hegemony.

The initiative serves a variety of different purposes. With its export-oriented economy harmed by the 2008 economic crisis, China managed its economy with state-sponsored projects during the crisis. However, they faced various problems related to this strategy in the following years. BRI has also emerged as an answer to the economic problems faced by China today. Among its goals are to solve China's overcapacity problem, to increase trade networks and cooperation, to utilize dollar reserves efficiently, to increase the use of renminbi, to establish regional hegemony by ensuring the development of the Asian region under the leadership of China. The initiative causes a split among US hegemonic bloc with its offerings to the world. On one hand capitalists want to take advantage of the economic opportunities provided by the initiative worldwide. On the other hand, states take an anti-Chinese stance with a variety of concerns. The reasons for this split should be sought in the composition of the Chinese hegemonic bloc. Because of the transitional nature of the capitalist-party-state bloc, China's economic and political goals have been integrated, and the elements of the bloc cannot be treated independently of each other. However, as a characteristic of Chinese state, policies are highly pragmatic and always emphasize cooperation and common good.

The most important effect BRI can provide for Chinese hegemony will be to increase the use of Renminbi. China pledges to provide the financing of BRI in dollars. However, so far there are no confining agreements for China to use Renminbi. Therefore, in the long term, financing can be provided by Renminbi. More importantly China has developed the Cross-Border Interbank Payment System under the supervision of People's Bank of China to regulate the global use of Renminbi and has already put it into use in countries along BRI. This system provides the necessary institutional infrastructure for the spread of Chinese money.

Additionally, AIIB, which was established for the financing of BRI, is central for the Chinese hegemony. AIIB seems to be the Chinese counterpart of the institutions of US hegemony in terms of organization, but it has an important difference in terms of ideology. Difference is that provided loans does not have any condition or sanctions other than economic ones. Accordingly, AIIB aims to establish a harmonious world economy that does not interfere with the internal functioning of states. This ideological feature of Chinese hegemonic bloc allows to better manage the existence of various states/structures, whether authoritarian or democratic. Although US hegemony allows non-democratic states to participate in the global economy, it does so selectively. China's alternative can easily find a response in states that are disadvantaged within the existing global order, in societies with resentment to the US and in authoritarian states. Moreover, the nature of Chinese financing is particularly attractive for countries that are economically at the fringes of the established system. Mere existence of an alternative way of financing may damage the mechanisms of reproduction for US hegemony. However, leading states of US hegemony did not refrain and got involved in the initiative. This can be attributed to their efforts to keep China within the limits of the system. Moreover, despite the high concentration of non-bank financial institutions in Chinese financial sector, western institutions are leading in regulating and setting the standards. China is limited in utilizing its strong regulatory capacity it has in its own financial markets in a global scale.

The most important test BRI faces will be economic performance. Economic performance provides the material capacity of the historic block of China as well as its legitimacy. The inefficiency of projects will also weaken the appetite of foreign capitalists and therefore international cooperation. Along with this, China is also facing reactions from established hegemony. With various security concerns, states have already started to oppose Chinese investments. Moreover, China has not yet opened its domestic market to the world, increasing reactions to Chinese practices and undermining its harmonious community claims. However, if successful in achieving economic performance in Asia, China can legitimize its

alternative and export its development model to underdeveloped and developing countries, which will also provide wider cooperation area and legitimacy to China.

China utilized highly pragmatic, centralized and unique economy policies during its development and global market integration process under the leadership of Communist party elites. It is possible to see this feature of China in Belt and Road Initiative and Asian Infrastructure Investment Bank. Today with BRI China is offering its own structure to the world as an alternative to the US hegemonic order, with discourses of harmony, community with shared future for mankind. Again, Chinese pragmatism underlies this discourse. On the one hand, the discourse provides a guarantee for the unconditionality of the provided investments to authoritarian states in Central Asia, on the other hand, it provides a guarantee to the actors of the established system who would normally avoid investing in the region within. As long as a practice provides economic growth and economic stability utilization of authoritarian practices is not a problem for China. As Deng Xiaoping stated, 'What does it if it is a ginger cat or a black as long as it catches mice?' (Harvey, 2007). If successful, the initiative will provide the necessary economic and material capacity for Chinese hegemony, with the potential to reorganize world trade with focus on China and increase the power of the Chinese currency renminbi. With the possible change in the role of the renminbi, AIIB can become an important structural alternative. However, at this point, China's economic performance-oriented pragmatic approach pushes Chinese state to comply with the established order in many areas and frames China in institutional and ideological terms. China's attitude, its mildness and cooperation on a variety of issues undermines the hegemonic claims of the initiative. In a sense, China proposes itself as a candidate for being the champion of Asia's integration into the global economic network and asks for support for this purpose rather than toppling existing structures. Along with these, the initiative will have inevitable effects for China and the world order. For China, it will provide solution to its over-capacity problem. Moreover, initiative will expand global trade networks, provide new investment areas, internationalize the Chinese currency Renminbi redirect Chinese foreign reserves and further

advance the internationalization of capital. Chinese ambitions are for a regional hegemony and larger share in the existing system rather than a challenge to US hegemony. However, if China can sustain its economic growth, the established US led hegemonic bloc will not be able to stay as it is, it has to evolve, and it will bear Chinese characteristics.

Future research should focus on the investment shifts caused by the Covid-19 release. This shift is especially prevalent in two fields, healthcare sector and technology. The epidemic has accelerated investments in healthcare and opened a way and increased the reach of Chinese investments, accordingly the role that BRI can play in the field of health and how it will affect the world economy in general should be examined. The digitalization discourse is also emphasized, Chinese utilization of new technologies in combating Covid-19 is being illustrated. New technologies can provide a drive for a shift in organizational capacity of China. The application areas of digital technology and how they will affect BRI and China's hegemonic capacity should be examined. Taking into account the expansion in the trade network it will provide, BRI should also be evaluated for its implications on tariffs and trade wars. The share of energy in the expanding trade, relations and investments between China and energy rich countries should be taken into consideration as well. Moreover, role of the initiative on controversial issues, such as Kashmir Conflict between Pakistan and India, possible effects on defense and armament policies should be investigated.

REFERENCES

- Abi-Habib, M. (2018). China's 'Belt and Road' Plan in Pakistan Takes a Military Turn. Retrieved from <https://www.nytimes.com/2018/12/19/world/asia/pakistan-china-belt-road-military.html>
- Adamson, W. L. (1980) *Hegemony and Revolution: A Study of Antonio Gramsci's Political and Cultural Theory*. Berkeley: University of California Press
- Allan, B. B., Vucetic, S., Hopf, T. (2018). The Distribution of Identity and the Future of International Order: China's Hegemonic Prospects in *International Organization* 72, (pp. 839–869)
- Antoniades, A. (2018). Hegemony and international relations in. *Int Polit* (2018) 55. (pp. 595–611). doi. <https://doi.org/10.1057/s41311-017-0090-4>
- Aran, B. (2020). *Küresel Ticarette Neler Oluyor: Bölgesel Kapsamlı Ekonomik Ortaklık Anlaşması - TEPAV*
- Asian Infrastructure Investment Bank Articles of Agreement (2015). Retrieved from https://www.aiib.org/en/about-aiib/basic-documents/_download/articles-of-agreement/basic_document_english-bank_articles_of_agreement.pdf
- Bates, T. R. (1975). Gramsci and the Theory of Hegemony. *Journal of the History of Ideas, Vol. 36, No.2 (Apr. – Jun., 1975), pp. 351-366*
- Bell, D. A. (2010). From Communism to Confucianism: Changing Discourses on China's Political Future. In *China's New Confucianism – Politics and Everyday Life in a Changing Society* (pp. 3-19) New Jersey, USA: Princeton University Press
- Bieler, A., Morton, A. D. (2004). A critical theory route to hegemony, world order and historical change: neo-Gramscian perspectives in International Relations in *Capital and Class* (e-journal) 28/85
- Biondi, Annachiara. (2019). *Chinese New Year pays off for Italy*. Retrieved from: <https://www.voguebusiness.com/consumers/chinese-new-year-tourist-spending-italy-gucci>

- Boo, B., C., David, M., Simpfendorfer, B. (2020). *How will COVID-19 affect China's Belt and Road Initiative?* Retrieved from:
<https://www.weforum.org/agenda/2020/05/covid-19-coronavirus-disrupt-chinas-bri/>
- Callahan, W.A. (2016). China's "Asia Dream": The Belt Road Initiative and the new regional order. *Asian Journal of Comparative Politics* 1-18. doi: 10.1177/2057891116647806
- Cameron, F. (2018). *Europe's Answer to China's Belt and Road* retrieved from <https://thediplomat.com/2018/09/europes-answer-to-chinas-belt-and-road/>
- Carminati, D. (2018, July 11). Pushing the Boundaries of Soft Power: The Controversial Chinese Case. Retrieved from <https://www.e-ir.info/2018/07/11/pushing-the-boundaries-of-soft-power-the-controversial-chinese-case/>
- Carminati, D. (2019, September 1). China's Belt and Road Initiative: Debt Trap or Soft Power Catalyst?. Retrieved from <https://www.e-ir.info/2019/09/01/chinas-belt-and-road-initiative-debt-trap-or-soft-power-catalyst/>
- Cassarini, N., (2015). Is Europe to Benefit from China's Belt and Road Initiative? In *Istituto Affari Internazionali* 2015
- Cavanna, T., P., (2018). *What Does China's Belt and Road Initiative Mean for US Grand Strategy?* Retrieved from <https://thediplomat.com/2018/06/what-does-chinas-belt-and-road-initiative-mean-for-us-grand-strategy/>
- Chan, L., (2017). Soft balancing against the US 'pivot to Asia': China's geostrategic rationale for establishing the Asian Infrastructure Investment Bank. In *Australian Journal of International Affairs, Volume 71, Issue 6* (pp. 568-590). Doi: <https://doi.org/10.1080/10357718.2017.1357679>
- Chey, H., Kim, G., Lee, D., H. (2019). *Which foreign states support the global use of the Chinese renminbi? The international political economy of currency internationalisation* . DOI: 10.1111/twec.12794

- China Power. (2017). How will the Belt and Road Initiative advance China's interests?. (2017, September 11). Retrieved from <https://chinapower.csis.org/china-belt-and-road-initiative/>
- China Power. (2020). Will China's push to internationalize the renminbi succeed?. Retrieved from <https://chinapower.csis.org/china-renminbi-rmb-internationalization/>
- China Policy. (2017). China going global: Between ambition and capacity. Retrieved from <https://policy.cn.com/wp-content/uploads/2017/05/2017-Chinas-going-global-strategy.pdf>
- China's "One Belt, One Road" Initiative: An ESCAP Report. (2017). In *Population and Development Review*, 43 (pp. 583-587)
Doi: <https://doi.org/10.1111/padr.12089>
- Chou, C. C. (2008). Bridging the Global and the Local: China's Effort at Linking Human Rights Discourse and Neo-Confucianism in *China Report* 44/2 (pp.139–152). Doi: 10.1177/000944550804400203
- Ciensi, J., (2011). Poland to China: You're fired. Retrieved from <https://www.ft.com/content/77f1d8c3-d258-3760-b035-6edee87cb6c2>
- Coase, R., Wang, N. (2012). How China Became Capitalist London, UK: Palgrave Macmillan Doi: 10.1057/9781137019370
- Cox, R. W. (1981). Social forces, states and world orders: beyond International Relations theory. in *Approaches to World Order* (pp. 85-123). Cambridge, UK: Cambridge University Press
- Cox, R. W. (1981). Gramsci, hegemony and international relations: an essay in method. in *Approaches to World Order* (pp. 124-143). Cambridge, UK: Cambridge University Press
- Cox, R. W. (1987). *Production, Power, and World Order: Social Forces in Making of History*. Cambridge: Columbia University Press.
- Cooper, Z. (2018). Security Implications of China's Military Presence in Indian Ocean. In *China's Maritime Silk Road Strategic Implications for the Indo-Pacific Region* (pp. 26-30). Retrieved from <https://www.csis.org/analysis/chinas-maritime-silk-road>

- Demiryol, T. (2019). Political Economy of Connectivity: China's Belt and Road Initiative. doi: 10.5281/zenodo.3267663
- Deutsche Welle. (2019). NATO recognizes China 'challenges' for the first time. Retrieved from <https://www.dw.com/en/nato-recognizes-china-challenges-for-the-first-time/a-51519351>
- Ding, S., Saunders, R. A. (2006). Talking up China: An Analysis of China's Rising Cultural Power and Global Promotion of the Chinese Language in *East Asia* 23/2 (pp. 3-33)
- Dirzauskaite, G., Ilinca, N., C. (2017). Understanding "Hegemony" in International Relations Theories
- Dollar, D. (2016). China as a Global Investor. In L. Song, R. Garnaut, C. Fang, & L. Johnston (Eds.), *China's New Sources of Economic Growth: Reform, Resources and Climate Change (Vol. 1)*.
- Drezner, D. W. (2010). Is historical institutionalism bunk? In *Review of International Political Economy* 17/4 (pp. 791-804)
- Dunne, T., Flockhart, T., Koivisto, M. (2014). Liberal World Order. in *Proceedings of the British Academy* 190. (pp. 1–22)
- Echeverri-Gent, J., Herlevi, A. (2015). Economic Interdependence and Strategic Interest: China, India, and the United States in the New Global Order. Retrieved from <https://politics.virginia.edu/johnecheverrigent/wp-content/uploads/sites/5/2016/08/Economic-Interdependence-and-Strategic-Interest-China-India-and-the-United-States-in-the-New-Global-Order.pdf>
- European Commission. (2020). *EU and China reach agreement in principle on investment* retrieved from https://ec.europa.eu/commission/presscorner/detail/en/ip_20_2541
- Financial Times. (2018, September 25). Beijing insists BRI is no Marshall plan. Retrieved from <https://www.ft.com/content/48f21df8-9c9b-11e8-88de-49c908b1f264>

- Fleming, S. (2020). *These are top universities in emerging economies* retrieved from <https://www.weforum.org/agenda/2020/03/best-universities-in-emerging-economies-china>
- Flint, C., Zhu, C. (2018) The Geopolitics of Connectivity, Cooperation and Hegemonic Competition: The Belt and Road Initiative Doi: <https://doi.org/10.1016/j.geoforum.2018.12.208>
- Fontana, B. (2009). Power and Democracy: Gramsci and hegemony in America in *Perspectives on Gramsci: Politics, culture and social theory* (pp.80-96) New York, US: Routledge Press
- Gaens, B. (2018). *Europe's Connectivity Strategy and the Challenge of China: Rivalry, Reciprocity, or Both?*
- Garcia-Herrero, A., Wolff, G., Xu, J., Poiters, N., Felbermayr, G., Langhammer, R., Liu, W., Sandkamp, A. (2020). *EU-China trade and investment relations in challenging times*
- Gater-Smith, P. (2018) Complex interdependence in the China-Saudi-US triangle? Assessing shifts in the issue area linkages between energy trade and security ties in *China's Presence in the Middle East* (pp. 88-119). New York, US: Routledge Press
- Germain, R. (2016) *Robert W. Cox and the Idea of History: Political Economy as Philosophy*. Globalizations, 13/5. DOI: 10.1080/14747731.2015.1128107
- Gerstel, G. (2018). It's a (Debt) Trap! Managing China-IMF Cooperation Across the Belt and Road. in *New Perspectives in Foreign Policy* Fall 2018. Issue 16. (pp. 12-16). retrieved from https://csis-prod.s3.amazonaws.com/s3fs-public/publication/181017_NewPerspectives_FINAL.pdf?aV5pX5jR15O5P0stg7a2nfBYPlmxa7ph
- Gill, S. R. (1993). Gramsci and Global Politics: Towards a Post-Hegemonic Research Agenda in *Gramsci, Historical Materialism and International Relations*. (pp. 1-18). Cambridge: Cambridge University Press.
- Gill, S. R., Law, D. (1989). Global Hegemony and the Structural Power of Capital in *International Studies Quarterly*, 33/4 (pp. 475- 499)

- Gilpin, R. (1981). *War and Change in World Politics*. Cambridge: Cambridge University Press.
- Glantz, M., H., (2020). *China's One Belt One Road (OBOR) Initiative and the Coronavirus Pandemic*
- Goodley, S., Sabbagh, D. (2020). China raises US trade tensions with warning of new cold war. Retrieved from <https://www.theguardian.com/world/2020/may/24/china-raises-us-trade-tensions-with-warning-of-new-cold-war>
- Górnikiewicz, M., Zelkowski, J. (2020). Belt and Road Initiative in the Age of COVID-19 Pandemic: Implications for the Development of the Strategic Project of the People's Republic of China in *European Research Studies Journal* V23/3. (pp. 302-310).
- Green, J., Gruin, J. (2020). RMB transnationalization and the infrastructural power of international financial centers in *Review of International Political Economy*. Doi: DOI: 10.1080/09692290.2020.1748682
- Guo, Baogang. (2003). Political legitimacy and China's transition. in *Journal of Chinese Political Science*. 8. (pp. 1-25). Doi: 10.1007/BF02876947.
- Hai, W., Yao, H. (2010). Pros and Cons of International Use of the RMB for China in *Currency Internationalization: Global Experiences and Implications for the Renminbi*. (pp. 139-167) Edited by Wensheng Peng Chang Shu
- Hamanaka, S. (2016). Insights to Great Powers' Desire to Establish Institutions: Comparison of ADB, AMF, AMRO and AIIB. In *Global Policy Volume 7 Issue 2*
- Harvey, D. (2007). Neoliberalism with Chinese characteristics. In *A Brief History of Neoliberalism* (pp. 120-151). Oxford, England: OUP Oxford.
- He, A. (2020). The Belt and Road Initiative: Motivations, financing, expansion and challenges of Xi's ever-expanding strategy. in *Journal of Infrastructure, Policy and Development* 4/1 (pp.139–169). doi: 10.24294/jipd.1180

- Hornby, L., Zhang, A. (2019). Belt and Road debt trap accusations hound China as it hosts forum. Retrieved from <https://www.ft.com/content/3e9a0266-6500-11e9-9adc-98bf1d35a056>
- Huang, J., Zhang, H., Peng, W., Hu, C., (2020). Impact of energy technology and structural change on energy demand in China in *Science of Total Environment* 760
- Hughes, N. C. (2005). A Trade War with China? In *Foreign Affairs* 84/4 (pp. 94-106)
- Ikenberry, G. J. (2018). Why the Liberal World Order Will Survive in *Ethics & International Affairs*. 32/1 (pp. 17-29). Doi: 10.1017/S0892679418000072
- Ikenberry, G. J. (2003). State Power and the Institutional Bargain: America's Ambivalent Economic and Security Multilateralism. in *US Hegemony and International Organizations: The United States and Multilateral Institutions* (pp. 49-72). Oxford, UK: Oxford University Press
- IMF News. (2016). *IMF Adds Chinese Renminbi to Special Drawing Rights Basket*. Retrieved from <https://www.imf.org/en/News/Articles/2016/09/29/AM16-NA093016IMF-Adds-Chinese-Renminbi-to-Special-Drawing-Rights-Basket#:~:text=Effective%20October%201%2C%20the%20IMF,Special%20Drawing%20Right%2C%20or%20SDR>
- Jetin, B. (2011). The Crisis in East Asia: Rebalancing Growth without Increasing Income? *Revue Tiers Monde*, 3(207).
- Jiang, Z. (2011). A Research and Counter-measures of English Cultural Hegemony in China in *Asian Social Science* 7/1
- Jie, Z. (2011). The Dilemma of China's Currency Standard in *Internationalization of the Renminbi: History, Theories and Policies*. (pp. 34-82)
- Jinping, X., (2017). Work Together to Build the Silk Road Economic Belt and The 21st Century Maritime Silk Road, *Opening speech, The Belt and Road Forum for International Cooperation*

- Keohane, R. (1984). *After Hegemony: Cooperation and Discord in the World Political Economy*. Princeton, NJ: Princeton University Press
- Khaliq, R. (2019). Shanghai Cooperation Organization summit kicks off in Bishkek retrieved from. <https://www.aa.com.tr/en/asia-pacific/shanghai-cooperation-organization-summit-kicks-off-in-bishkek/1504148>
- Knaack, P., Gruin, J. (2020). From shadow banking to digital financial inclusion: China's rise and the politics of epistemic contestation within the financial stability board in *Review of Political Economy*.
Doi:10.1080/09692290.2020.1772849
- Kotz, D. M. (2002). Globalization and Neoliberalism in *Rethinking Marxism* 14/2 (pp.64-79). Doi: 10.1080/089356902101242189
- Kuah, K., E., (2019). China's Soft Power: Culturalisation Along the Belt Road Corridors in *Silk Road to Belt Road Reinventing the Past and Shaping the Future* edited by Nazrul Islam. Doi: <https://doi.org/10.1007/978-981-13-2998-2>
- Laike Y. L., Huizenga, C., (2010). China's Economy in the Global Economic Crisis: Impact and Policy Responses in *The Financial and Economic Crisis of 2008-2009 and Developing Countries* United Nations Publications
- Guterres, A. (2017). Remarks at the opening of the Belt and Road Forum.
Retrieved from <https://www.un.org/sg/en/content/sg/speeches/2017-05-14/secretary-general%E2%80%99s-belt-and-road-forum-remarks>
- Lei, Z. (2018). Understanding China's Belt and Road Initiative in the New Era. in *Series on China's Belt and Road Initiative Volume 1 The Political Economics of China's Belt and Road Initiative* (pp. 121-158). Singapore: World Scientific Publishing
- Li, C., He, C., Lin, C. (2018). Economic Impacts of the Possible China-US Trade War in *Emerging Markets Finance & Trade* 54 (pp. 1557-1577)
- Li, X., Soobaroyen, T., (2020). Accounting, Ideological and Political Work and Chinese multinational operations: A neo-Gramscian perspective, *Critical Perspectives on Accounting*, <https://doi.org/10.1016/j.cpa.2020.102160>

- Li, X., Shengjun, Z. (2020). The international political economy of the rise of China and emerging powers: Traditional perspectives and beyond in *The Routledge Handbook to Global Political Economy; Conversations and Inquiries*. (pp. 74-91). Edited by Ernesto Vivares. New York : Routledge Press
- Li, X., Shengjun, Z. (2018). Interdependent Hegemony: China's Rise Under the Emerging New World Order in *World Century Publishing Corporation and Shanghai Institutes for International Studies China Quarterly of International Strategic Studies*. Vol. 4/2 (pp. 1–17). DOI: 10.1142/S237774001850015X
- Mahir, Y. E. (2019). Hegemonic Cycles of the World System and China's One Belt, One Road Initiative. In *Praksis 51 – 2019/3* (pp. 81-103). Ankara, Turkey: Dipnot Yayınları
- Magnus, G. (2019). China and the US are too intertwined to keep up the trade war. Retrieved from <https://www.ft.com/content/6d0534f2-8870-11e9-b861-54ee436f9768>
- Mastanduno, M. (2019). Liberal hegemony, international order, and US foreign policy: A reconsideration. In *The British Journal of Politics and International Relations* 21/1. (pp. 47–54). Doi: 10.1177/1369148118791861
- Mearsheimer, John, J., (2001), *The Tragedy of Great Power Politics*, New York: W. W. Norton&Company.
- Minghao, Z. (2016). The Belt and Road Initiative and its Implications for China-Europe Relations in *The International Spectator* 51/4 (pp. 109-118)
- Mouritz, F. (2020). Implications of the COVID-19 Pandemic on China's Belt and Road Initiative in *Connections* 19/2 (pp.115-124). Doi: <https://doi.org/10.11610/Connections.19.2.09>
- Mozur, P., Krolik, A. (2019). A Surveillance Net Blankets China's Cities, Giving Police Vast Powers. Retrieved from <https://www.nytimes.com/2019/12/17/technology/china-surveillance.html>

- Ni, Z., Lu, X. & Xue, W., (2020). Does the belt and road initiative resolve the steel overcapacity in China? Evidence from a dynamic model averaging approach. in *Empirical Economics*. Doi: <https://doi.org/10.1007/s00181-020-01861-z>
- Narins, T. P., Agnew, J. (2020). Missing from the Map: Chinese Exceptionalism, Sovereignty Regimes and the Belt Road Initiative, In *Geopolitics* 25/4 (pp. 809-837). Doi: 10.1080/14650045.2019.1601082
- Nordin, A. H. M., Weissmann, M., (2018). Will Trump make China great again? The belt and road initiative and international order. In *International Affairs*, Volume 94, Issue 2. (pp. 231–249). Doi: <https://doi.org/10.1093/ia/iix242>
- Nye, J. S. (1990). Soft Power in *Foreign Policy* 80. (pp. 153-171). Doi: <https://doi.org/10.2307/1148580>
- OECD (2021), Gross domestic product (GDP) (indicator). doi: 10.1787/dc2f7aec-en (Accessed on 27 February 2021)
- OECD (2020). *Main Science and Technology Indicators* retrieved from <https://www.oecd.org/sti/msti.htm>
- Oltermann, P. (2018, August 1). Germany's 'China City': how Duisburg became Xi Jinping's gateway to Europe. Retrieved from <https://www.theguardian.com/cities/2018/aug/01/germanys-china-city-duisburg-became-xi-jinping-gateway-europe>
- Pass, J. (2020). China's institutional statecraft within the liberal international order: The asian infrastructure investment bank. *Spanish Journal of International Law*, 72(2), 89-116.
- Peng, B. (2018) China, Global Governance and Hegemony – Neo Gramscian Perspective in the World Order
- People's Republic of China (2016). 13th Five-Year Plan on National Economic and Social Development. Retrieved from <http://en.ndrc.gov.cn/newsrelease/201612/P020161207645765233498.pdf>

- Peters, M. A., Besley, T. (2018). China's double first-class university strategy in *Education Philosophy and Theory* 50/12, (pp. 1075-1079). Doi: 10.1080/00131857.2018.1438822
- Radice, H. (2008). The Developmental State under Global Neoliberalism. In *Third World Quarterly*. 29/6. (pp. 1153-1174)
- Rarick, C. A. (2008), Neo-Confucianism and Chinese Business Culture. Doi: <http://dx.doi.org/10.2139/ssrn.1131745>
- Reuters (2020). *Germany tightens rules on foreign takeovers*. Retrieved from <https://www.reuters.com/article/us-health-coronavirus-germany-mergers-idUSKBN21Q0VI>
- Reuters (2019). *China pulls WTO suit over claim to be a market economy*. Retrieved from <https://www.reuters.com/article/us-usa-china-wto-eu-idUSKCN1TI10A>
- Reuters (2009). *China 2008 FDI rises 23.6 pct to 92.4 billion-dollar*. Retrieved from <https://www.reuters.com/article/china-economy-fdi-idUSBJA00020220090115>
- Ruggie, J. (1982). International Regimes, Transactions, and Change: Embedded Liberalism in the Postwar Economic Order. *International Organization*, 36(2), 379-415. Doi: <http://www.jstor.org/stable/2706527>
- Sarker, N., I., Hossin, A., Hua, Y., Sarkar, K., Kumar, N. (2018). Oil, Gas and Energy Business under One Belt One Road Strategic Context in *Open Journal of Social Sciences*, 6, (pp. 119-134). Doi: <https://doi.org/10.4236/jss.2018.64011>
- Shen, S., & Chan, W. (2018). A comparative study of the Belt and Road Initiative and the Marshall plan. *Palgrave Communications*, 4(1). doi:10.1057/s41599-018-0077-9
- Shichor, Y. (2018). Vision, Revision and Supervision: The Politics of China's OBOR and AIIB and Their Implications for the Middle East. in *China's Presence in the Middle East* (pp. 38-53). New York, US: Routledge Press
- So, A. Y. (2013). The Making of a Cadre–Capitalist Class in *Class and Class Conflict in Post-socialist China*. <https://doi.org/10.1142/8712>

- Sukar, A., Ahmed, S., (2019). Rise of trade protectionism: the case of US-Sino trade war in *Transnational Corporations Review* 11/4 (pp. 279-289)
- Summers, T. (2018). Rocking the Boat? China's "belt and road" and global order. in *China's Presence in the Middle East* (pp. 24-37). New York, US: Routledge Press
- Summers, T. (2020). Structural power and the financing of the Belt and Road Initiative. In *Eurasian Geography and Economics*. Doi: 10.1080/15387216.2020.1715234
- Sune, E. (2019). Internationalization and State in Late Capitalisms: The Axis of China, Russia and Iran. In *Praksis 51 – 2019/3* (pp. 51-79). Ankara, Turkey: Dipnot Yayınları
- Swanson, A. (2020). US Delivers Another Blow to Huawei With New Tech Restrictions. Retrieved from <https://www.nytimes.com/2020/05/15/business/economy/commerce-department-huawei.html>
- Stiglitz, J. (2018). *The US is at Risk of Losing a Trade War with China*
- Taylor, P. (1996). What's modern about the modern world-system? Introducing ordinary modernity through world hegemony in *International Political Economy* 3/2 (pp. 260-286)
- Tekdal, V. (2017). China's Belt and Road Initiative: at the crossroads of challenges and ambitions. Doi: 10.1080/09512748.2017.1391864
- Times of India. (2018). China's military could soon rival American power 'across almost every domain': Top US Admiral. Retrieved from <https://timesofindia.indiatimes.com/world/us/chinas-military-could-soon-rival-american-power-across-almost-every-domain-top-us-admiral/articleshow/62926388.cms>
- Tsolakis, A. A. (2008). US Unilateralism, transnational elite formation and the global state
- Vadell, J., A. (2020). The BRICS initiative as a challenge to contemporary IPE in *The Routledge Handbook to Global Political Economy: Conversations and Inquiries* Edited by Ernesto Vivares

- Voon, J.P., & Xu, X. (2019). Impact of the Belt and Road Initiative on China's soft power: preliminary evidence. in *Asia-Pacific Journal of Accounting & Economics* (pp. 120-131). doi: 10.1080/16081625.2020.1686841
- Waldman, E. (2017). China's Approach to Multilateralism – The Case of AIIB. *Mapping China Working Paper Series No:4*
- Waltz, K. N. (1979). Globalization and Governance. in *Political Science and Politics* 32/4 (pp. 693-700)
- Waltz, K. N. (1979). Theory of International Politics. Reading, MA: Addison-Wesley Publishing Company.
- Wan, A. (2019). A road to nowhere? Problems with China's Belt and Road Initiative. Retrieved from <https://blog.bakerinstitute.org/2019/06/27/a-road-to-nowhere-problems-with-chinas-belt-and-road-initiative/>
- Wang, Y. (2017). Language policy in Chinese higher education: A focus on international students in China in *European Journal of Language Policy*
- Watson, P. W. (2019). Globalization Hits A Brick Wall Named Trump. Retrieved from <https://www.forbes.com/sites/patrickwwatson/2019/09/04/globalization-hits-a-brick-wall-named-trump/#6b85c7367d1b>
- Weihua, A. L., Wang, S. (2020). The Belt and Road Initiative's Impact on China's Outward Foreign Direct Investment in *Advances in Economics, Business and Management Research* 150 (pp. 462-466)
- Wendt, A. (1995). Constructing International Politics. *International Security*, 20/1. (pp. 71-81). doi:10.2307/2539217
- Willsher, K. (2019). Macron meets Xi Jinping to strengthen EU-China relationship. Retrieved from <https://www.theguardian.com/world/2019/mar/26/emmanuel-macron-meets-chinese-leader-in-attempt-to-strengthen-ties>
- Wilkinson, D. (2008). Hegemonia: Hegemony, Classical and Modern in *Journal of World-Systems Research* 14/2. (pp. 119-141)

- World101. (2020) Big in China: The Global Market for Hollywood Movies
Council on Foreign Relations, world101.cfr.org/global-era-
 issues/globalization/big-china-global-market-hollywood-movies.
- World Bank. (2019). Belt and Road Economics: Opportunities and Risks of
 Transport Corridors. Washington, DC: World Bank. License: Creative
 Commons Attribution CC BY 3.0 IGO.
- Worth, O. (2020). The concept(s) of hegemony in IPE in *The Routledge
 Handbook to Global Political Economy: Conversations and Inquiries*
 Edited by Ernesto Vivares
- Worth, O. (2015). Hegemony and Global Politics in *Rethinking Hegemony* (pp.
 1-18). London, UK: Palgrave Macmillan
- Wong, Y. Y., Maher, T. E., Evans, N. A., Nicholson, J. D. (1998). Neo-
 Confucianism: The Bane of Foreign Firms in China. In *Management
 Research News* 21/1 (pp. 13-22)
- Wright, G. (2004) Lenovo Buys IBM Pc Business. retrieved from:
<https://www.theguardian.com/technology/2004/dec/08/business.china>
- WTO (2021). *Annual merchandise exports by product groups* retrieved from
<https://data.wto.org/>
- Xin Zhang. (2017, February 26). Chinese Capitalism and the Maritime Silk
 Road: A World-Systems Perspective. Retrieved from
<https://www.tandfonline.com/doi/abs/10.1080/14650045.2017.1289371>
- Xing, L., Duarte, P. (2018). The One Belt One Road in the politics of fear and
 hope. *Mapping China's 'One Belt One Road' Initiative*, (pp. 279-290).
 doi:10.1007/978-3-319-92201-0_1
- Unger, J. (2006). China's Conservative Middle Class. In *Far Eastern Economic
 Review*. (pp. 27-31)
- Van, D., T., (2019). The Rise of China's Past in the "Belt and Road Initiative"
 (from Historical Perspectives) in *Silk Road to Belt Road Reinventing the
 Past and Shaping the Future* edited by Nazrul Islam. Doi:
<https://doi.org/10.1007/978-981-13-2998-2>

- Yan, S. (2015). *Why the 'One Belt One Road' Initiative Matters for the EU?*
Retrieved from <https://thediplomat.com/2015/04/why-the-one-belt-one-road-initiative-matters-for-the-eu/>
- Yang, B., Swe, T., Chen, Y., Zeng, C., Shu, H., Li, X., Yu, T., Zhang, X., Sun, L. (2020). Energy cooperation between Myanmar and China under One Belt One Road: Current state, challenges and perspectives in *Energy* 215. Doi: <https://doi.org/10.1016/j.energy.2020.119130>
- Ye, M. (2020). *The Belt Road and Beyond State-Mobilized Globalization in China: 1998–2018*. doi: 10.1017/9781108855389
- Yuanzhe, R. (2020). BRI and Cities: New Opportunities of Investment After Covid-19. Retrieved from: <https://www.ispionline.it/en/pubblicazione/bri-and-cities-new-opportunities-investment-after-covid-19-26860>
- Yu, H., (2017). Motivation behind China's 'One Belt, One Road' Initiatives and Establishment of the Asian Infrastructure Investment Bank. In *Journal of Contemporary China, Volume 26 – Issue 105* (pp. 353-368). doi: <https://doi.org/10.1080/10670564.2016.1245894>
- Zhao, C. (2017). Stop worrying about Chinese debt, a crisis is not brewing. Retrieved from <https://www.ft.com/content/0ca50290-d82c-11e7-9504-59efdb70e12f>